REFINITIV

DELTA REPORT

10-Q

BLUE FOUNDRY BANCORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	918
CHANGES	284
DELETIONS	387
ADDITIONS	247

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-40619

BLUE FOUNDRY BANCORP

(Exact name of the registrant as specified in its charter)

Delaware	**86-2831373**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
19 Park Avenue, Rutherford, New Jersey	**07070**
(Address of principal executive offices)	(Zip Code)

(201) 939-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	BLFY	The NASDAQ Stock Market LLC

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging Growth Company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of November 8, 2023 May 10, 2024 there were 28,522,500 shares issued and 24,924,802 23,708,983 shares outstanding of the Registrant's Common Stock, par value $0.01 per share.

BLUE FOUNDRY BANCORP
FORM 10-Q
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Part I Financial Information

ITEM 1. FINANCIAL STATEMENTS

BLUE FOUNDRY BANCORP
Consolidated Balance Sheets

		September 30, 2023	December 31, 2022	
		(Unaudited)	(Audited)	
		(In thousands)		
	March 31, 2024	March 31, 2024		December 31, 2023
	(Unaudited)	(Unaudited)		(Audited)
	(In thousands)			(In thousands)
ASSETS	**ASSETS**			
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	$ 52,407	$ 41,182	
Securities available-for-sale, at fair value	Securities available-for-sale, at fair value	283,649	314,248	

Securities held-to-maturity, net (fair value of $27,914 at September 30, 2023 and $29,115 at December 31, 2022, and allowance for credit losses of $168 at September 30, 2023 and $0 at December 31, 2022)		33,298	33,705
Other investments		20,515	16,069
Loans held for sale		2,435	—
Loans receivable, net of allowance for credit losses of $13,872 at September 30, 2023 and $13,400 at December 31, 2022		1,557,118	1,531,727
Securities held-to-maturity, net (fair value of $28,623 at March 31, 2024 and $28,323 at December 31, 2023, and allowance for credit losses of $140 at March 31, 2024 and $158 at December 31, 2023)			
Securities held-to-maturity, net (fair value of $28,623 at March 31, 2024 and $28,323 at December 31, 2023, and allowance for credit losses of $140 at March 31, 2024 and $158 at December 31, 2023)			
Securities held-to-maturity, net (fair value of $28,623 at March 31, 2024 and $28,323 at December 31, 2023, and allowance for credit losses of $140 at March 31, 2024 and $158 at December 31, 2023)			
FHLB stock and other investments			
Loans receivable, net of allowance for credit losses of $13,749 at March 31, 2024 and $14,154 at December 31, 2023			
Loans receivable, net of allowance for credit losses of $13,749 at March 31, 2024 and $14,154 at December 31, 2023			
Loans receivable, net of allowance for credit losses of $13,749 at March 31, 2024 and $14,154 at December 31, 2023			
Real estate owned, net	Real estate owned, net	593	—
Interest and dividends receivable	Interest and dividends receivable	7,787	6,893
Premises and equipment, net	Premises and equipment, net	32,031	29,825
Right-of-use assets	Right-of-use assets	25,885	25,906
Bank owned life insurance	Bank owned life insurance	21,919	21,576
Bank owned life insurance			
Bank owned life insurance			
Other assets	Other assets	22,939	22,207
Total assets	Total assets	$2,060,576	$2,043,338
LIABILITIES AND SHAREHOLDERS' EQUITY	**LIABILITIES AND SHAREHOLDERS' EQUITY**		
Liabilities	Liabilities		
Liabilities			
Liabilities			

Deposits			
Deposits			
Deposits	Deposits	$1,253,104	$1,288,862
Advances from the Federal Home Loan Bank	Advances from the Federal Home Loan Bank	402,500	310,500
Advances by borrowers for taxes and insurance	Advances by borrowers for taxes and insurance	9,615	9,302
Lease liabilities	Lease liabilities	27,466	27,324
Other liabilities	Other liabilities	8,742	13,632
Total liabilities	Total liabilities	1,701,427	1,649,620
Shareholders’ equity	Shareholders’ equity		
Preferred stock, $0.01 par value, 10,000,000 authorized: none issued	Preferred stock, $0.01 par value, 10,000,000 authorized: none issued	—	—
Common stock $0.01 par value; 70,000,000 shares authorized; 28,522,500 shares issued at September 30, 2023 and December 31, 2022; 25,174,412 and 27,523,219 shares outstanding at September 30, 2023 and December 31, 2022, respectively		285	285
Preferred stock, $0.01 par value, 10,000,000 authorized: none issued			
Preferred stock, $0.01 par value, 10,000,000 authorized: none issued			
Common stock $0.01 par value; 70,000,000 shares authorized; 28,522,500 shares issued at March 31, 2024 and December 31, 2023; 23,958,888 and 24,509,950 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	273,194	279,454
Retained earnings	Retained earnings	167,271	171,763
Treasury stock, at cost: 3,348,088 and 999,281 shares at September 30, 2023 and December 31, 2022, respectively		(34,141)	(12,072)

Treasury stock, at cost: 4,563,612 and 4,012,550 shares at March 31, 2024 and December 31, 2023, respectively			
Unallocated common shares held by Employee Stock Ownership Plan	Unallocated common shares held by Employee Stock Ownership Plan	(20,308)	(20,993)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(27,152)	(24,719)
Total shareholders' equity	Total shareholders' equity	359,149	393,718
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$2,060,576	$2,043,338

See accompanying notes to the consolidated financial statements.

BLUE FOUNDRY BANCORP
Consolidated Statements of Operations
(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		(Dollars in thousands)			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024		2024	2023
		(Dollars in thousands)			(Dollars in thousands)
Interest and dividend income:	Interest and dividend income:				
Loans					
Loans					
Loans	Loans	$ 16,728	$ 13,692	$ 48,778	$ 37,792
Taxable investment income	Taxable investment income	3,339	2,571	9,663	6,708

Non-taxable investment income	Non-taxable investment income	106	109	329	344
Total interest income	Total interest income	20,173	16,372	58,770	44,844
Interest expense:	Interest expense:				
Deposits	Deposits	7,034	1,424	16,361	3,256
Deposits					
Deposits					
Borrowed funds	Borrowed funds	3,263	1,133	9,686	2,672
Total interest expense	Total interest expense	10,297	2,557	26,047	5,928
Net interest income	Net interest income	9,876	13,815	32,723	38,916
Release of provision for credit losses (1)		(717)	(419)	(597)	(777)
Release of provision for credit losses					
Net interest income after release of credit losses	Net interest income after release of credit losses	10,593	14,234	33,320	39,693
Non-interest income:	Non-interest income:				
Fees and service charges	Fees and service charges	291	650	833	1,815
Gain on securities, net		—	—	—	14
Fees and service charges					
Fees and service charges					
Gain on sale of loans					
Gain on sale of loans					
Gain on sale of loans	Gain on sale of loans	—	—	159	—
Other income					
Other income					
Other income	Other income	78	149	241	391
Total non-interest income	Total non-interest income	369	799	1,233	2,220
Non-interest expense:	Non-interest expense:				
Compensation and benefits	Compensation and benefits	6,640	7,433	21,552	21,627
Compensation and benefits					
Compensation and benefits					
Occupancy and equipment					
Occupancy and equipment					

Occupancy and equipment	Occupancy and equipment	2,104	1,921	6,210	5,716					
Data processing	Data processing	1,473	1,559	4,609	4,430					
Data processing										
Data processing										
Advertising										
Advertising										
Advertising	Advertising	85	125	234	993					
Professional services	Professional services	646	1,012	2,390	3,279					
Provision for (release of) losses on commitments and letters of credit (1)		—	170	—	(108)					
Federal deposit insurance premiums										
Federal deposit insurance premiums										
Federal deposit insurance premiums	Federal deposit insurance premiums	263	98	599	275					
Other expense	Other expense	1,183	1,351	3,425	3,692					
Other expense										
Other expense										
Total non-interest expenses	Total non-interest expenses	12,394	13,669	39,019	39,904					
(Loss) income before income tax expense		(1,432)	1,364	(4,466)	2,009					
Loss before income tax expense										
Income tax expense	Income tax expense	—	123	—	175					
Net (loss) income		$ (1,432)	$ 1,241	$ (4,466)	$ 1,834					
Basic (loss) earnings per share		$ (0.06)	$ 0.05	$ (0.18)	$ 0.07					
Diluted (loss) earnings per share		$ (0.06)	$ 0.05	$ (0.18)	$ 0.07					
Net loss										
Basic loss per share										
Diluted loss per share										
Weighted average shares outstanding - basic	Weighted average shares outstanding - basic	23,278,490	26,128,851	24,289,599	26,278,775	Weighted average shares outstanding - basic	22,095,260	25,374,095		25,374,095
Weighted average shares outstanding - diluted (2)		23,278,490	26,246,039	24,289,599	26,318,267					

Weighted average shares outstanding - diluted (1)	Weighted average shares outstanding - diluted (1)	22,095,260	25,374,095

(1) The Company adopted ASU 2016-13 as of January 1, 2023. Prior year periods have not been restated.
(2) The assumed vesting of outstanding restricted stock units had an antidilutive effect on diluted earnings per share due to the Company's net loss for the 2024 and 2023 periods.

See accompanying notes to the consolidated financial statements.

BLUE FOUNDRY BANCORP
Consolidated Statements of Comprehensive Loss Income (Loss)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)			
Net (loss) income	$ (1,432)	$ 1,241	$ (4,466)	$ 1,834
Other comprehensive income loss, net of tax (1):				
Unrealized loss on securities available-for-sale:				
Unrealized loss arising during the period	(5,926)	(12,968)	(5,687)	(39,512)
Reclassification adjustment for gain included in net income	—	—	—	(14)
	(5,926)	(12,968)	(5,687)	(39,526)
Unrealized gain (loss) on cash flow hedge:				
Unrealized gain arising during the period	3,435	4,294	7,144	11,745
Reclassification adjustment for (gain) loss included in net income	(1,535)	(198)	(3,885)	270
	1,900	4,096	3,259	12,015
Post-Retirement plans:				
Net benefit arising from plan amendment (2)	—	—	—	164
Reclassification adjustment for amortization of:				
Net actuarial (gain) loss	(1)	65	(5)	165
	(1)	65	(5)	329
Total other comprehensive loss, net of tax (1)	(4,027)	(8,807)	(2,433)	(27,182)
Comprehensive loss	$ (5,459)	$ (7,566)	$ (6,899)	$ (25,348)

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Net loss	$ (2,839)	$ (1,209)
Other comprehensive income (loss), net of tax (1):		
Unrealized (loss) gain on securities available-for-sale:		
Unrealized (loss) gain arising during the period	(1,109)	4,039
	(1,109)	4,039
Unrealized gain (loss) on cash flow hedge:		
Unrealized gain (loss) arising during the period	1,164	(1,440)
Reclassification adjustment for loss (gain) included in net loss	1,649	(1,004)
	2,813	(2,444)
Post-Retirement plans:		
Reclassification adjustment for amortization of:		

Net actuarial loss (gain)	1	(2)
	1	(2)
Total other comprehensive income, net of tax (1)	1,705	1,593
Comprehensive (loss) income	$ (1,134)	$ 384

(1) Reflects deferred tax valuation allowance.

(2) Benefit arising from plan amendment approved in June 2022.

See accompanying notes to the consolidated financial statements.

BLUE FOUNDRY BANCORP
Consolidated Statements of Changes in Shareholders' Equity
Three Months Ended September 30, 2022 March 31, 2023 and 2023 2024
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Unallocated Common Stock Held by ESOP	Total Shareholders' Equity
	Shares	Par Value						
	(In thousands, except share data)							
Balance at June 30, 2022	28,522,500	$ 285	$ 282,154	$ 170,050	$ —	$ (18,747)	$ (21,449)	$ 412,293
Net income	—	—	—	1,241	—	—	—	1,241
Other comprehensive loss	—	—	—	—	—	(8,807)	—	(8,807)
Purchase of Treasury stock	(666,689)	—	—	—	(7,781)	—	—	(7,781)
Treasury stock allocated to restricted stock plan	299,481	—	(3,456)	(90)	3,546	—	—	—
Compensation cost for stock options and restricted stock	—	—	125	—	—	—	—	125
ESOP shares committed to be released (22,818 shares)	—	—	38	—	—	—	229	267
Balance at September 30, 2022	28,155,292	$ 285	$ 278,861	$ 171,201	$ (4,235)	$ (27,554)	$ (21,220)	$ 397,338
Balance at June 30, 2023	25,493,422	285	$ 272,267	$ 168,703	$ (31,060)	$ (23,125)	$ (20,536)	$ 366,534
Net loss	—	—	—	(1,432)	—	—	—	(1,432)
Other comprehensive loss	—	—	—	—	—	(4,027)	—	(4,027)
Purchase of Treasury stock	(298,210)	—	—	—	(2,835)	—	—	(2,835)
Treasury stock allocated to restricted stock plan	(20,800)	—	246	—	(246)	—	—	—
Compensation cost for stock options and restricted stock	—	—	693	—	—	—	—	693
ESOP shares committed to be released (22,818 shares)	—	—	(12)	—	—	—	228	216
Balance at September 30, 2023	25,174,412	$ 285	$ 273,194	$ 167,271	$ (34,141)	$ (27,152)	$ (20,308)	$ 359,149

See accompanying notes to the consolidated financial statements.

BLUE FOUNDRY BANCORP

Consolidated Statements of Changes in Shareholders' Equity

Nine Months Ended September 30, 2022 and 2023

(Unaudited)

	Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accu C Comp Incon
	Shares					
	(In thousands, except share data)					
	(In thousands, except share data)					
	(In thousands, except share data)					
Balance at December 31, 2022						
Cumulative effect of adopting ASU No. 2016-13						
Cumulative effect of adopting ASU No. 2022-02						
Net loss						
Other comprehensive income						
Purchase of Treasury stock						
Treasury stock allocated to restricted stock plan						
Compensation cost for stock options and restricted stock						
ESOP shares committed to be released (22,818 shares)						
Balance at March 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						

	Common Stock		Additional			Accumulated Other	Unallocated Common	Total
	Shares	Par Value	Paid-In Capital	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)	Stock Held by ESOP	Shareholders' Equity
	(In thousands, except share data)							
Balance at December 31, 2021	28,522,500	$285	$282,006	$169,457	$ —	$ (372)	$ (21,905)	$ 429,471

Net loss									
Net income		—	—	—	1,834	—	—	—	1,834
Other comprehensive loss		—	—	—	—	—	(27,182)	—	(27,182)
Purchase of Treasury stock		(666,689)	—	—	—	(7,781)	—	—	(7,781)
Treasury stock allocated to restricted stock plan		299,481	—	(3,456)	(90)	3,546	—	—	—
Compensation cost for stock options and restricted stock		—	—	125	—	—	—	—	125
ESOP shares committed to be released (68,454 shares)		—	—	186	—	—	—	685	871
Balance at September 30, 2022		28,155,292	$285	$278,861	$171,201	$ (4,235)	$ (27,554)	$ (21,220)	$ 397,338
Net loss									
Balance at December 31, 2022		27,523,219	$285	$279,454	$171,763	$(12,072)	$ (24,719)	$ (20,993)	$ 393,718
Cumulative effect of adopting ASU No. 2016-13		—	—	—	(18)	—	—	—	(18)
Cumulative effect of adopting ASU No. 2022-02		—	—	—	(8)	—	—	—	(8)
Net loss	Net loss	—	—	—	(4,466)	—	—	—	(4,466)
Other comprehensive loss		—	—	—	—	—	(2,433)	—	(2,433)
Other comprehensive income									
Purchase of Treasury stock	Purchase of Treasury stock	(3,060,787)	—	—	—	(30,480)	—	—	(30,480)
Treasury stock allocated to restricted stock plan		711,980	—	(8,411)	—	8,411	—	—	—
Treasury stock allocated to restricted stock plan, net of forfeitures									
Compensation cost for stock options and restricted stock	Compensation cost for stock options and restricted stock	—	—	2,137	—		—	—	2,137
ESOP shares committed to be released (68,454 shares)		—	—	14	—	—	—	685	699
Balance at September 30, 2023		25,174,412	$285	$273,194	$167,271	$(34,141)	$ (27,152)	$ (20,308)	$ 359,149
ESOP shares committed to be released (22,818 shares)									
Balance at March 31, 2024									

See accompanying notes to the consolidated financial statements.

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BLUE FOUNDRY BANCORP
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,		Three Months Ended March 31,
	2024	2024	2023
	(In thousands)		(In thousands)
Cash flows from operating activities			
Net loss			
Net loss			
Net loss			
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization of premises and equipment			
Depreciation and amortization of premises and equipment			
Depreciation and amortization of premises and equipment			
Amortization (accretion) of:			
Right-of-use asset			
Right-of-use asset			
Right-of-use asset			
Deferred loan fees, costs, and discounts, net			
Premiums and discounts on securities			

	Nine Months Ended September 30,	
	2023	2022
	(In thousands)	
Cash flows from operating activities		
Net (loss) income	$ (4,466)	$ 1,834
Adjustments to reconcile net (loss) income to net cash (used in) operating activities:		
Depreciation and amortization of premises and equipment	2,072	1,973
Change in right-of-use asset	2,109	1,943
(Accretion) amortization of:		
Deferred loan fees, costs, and discounts, net	(479)	(451)
Premiums and discounts on securities	810	819

Release of provision for credit losses			
Change in deferred taxes		—	175
Release of provision for credit losses	Release of provision for credit losses	(597)	(777)
Gain on sales and calls of securities		—	(14)
Release of provision for credit losses			
Proceeds from sales of loans held for sale			
Proceeds from sales of loans held for sale			
Proceeds from sales of loans held for sale	Proceeds from sales of loans held for sale	2,408	—
Gains on sale of loans, net	Gains on sale of loans, net	(159)	—
Origination of loans held for sale	Origination of loans held for sale	(4,684)	—
Loss on disposal of premises and equipment		13	—
Increase in bank owned life insurance cash surrender value			
Increase in bank owned life insurance cash surrender value			
Increase in bank owned life insurance cash surrender value	Increase in bank owned life insurance cash surrender value	(343)	(350)
ESOP and stock-based compensation expense	ESOP and stock-based compensation expense	2,836	996
ESOP and stock-based compensation expense			
ESOP and stock-based compensation expense			
Increase in interest and dividends receivable	Increase in interest and dividends receivable	(894)	(1,059)
Decrease (increase) in other assets		2,049	(2,261)
(Decrease) increase in other liabilities		(3,642)	483
Increase in interest and dividends receivable			
Increase in interest and dividends receivable			

(Increase) decrease in other assets			
Decrease in other liabilities			
Change in lease liability	Change in lease liability	(1,946)	(1,844)
Net cash (used in) provided by operating activities		(4,913)	1,467
Net cash used in operating activities			
Cash flows from investing activities	**Cash flows from investing activities**		
Net originations of loans receivable		(19,217)	(120,056)
Net change in loans receivable			
Net change in loans receivable			
Net change in loans receivable			
Purchases of residential mortgage loans	Purchases of residential mortgage loans	(6,804)	(86,369)
Purchases of securities available-for-sale		—	(80,039)
Purchases of securities held-to-maturity		—	(7,600)
Proceeds from sales and calls of securities available for sale		2,520	2,408
Principal payments and maturities on securities available-for-sale	Principal payments and maturities on securities available-for-sale	21,821	40,828
Purchases of other investments		—	(150)
Principal payments and maturities on securities available-for-sale			
Principal payments and maturities on securities available-for-sale			
Purchase of Federal Home Loan Bank stock			
Purchase of Federal Home Loan Bank stock			
Purchase of Federal Home Loan Bank stock	Purchase of Federal Home Loan Bank stock	(48,425)	(12,548)
Redemption of Federal Home Loan Bank stock	Redemption of Federal Home Loan Bank stock	43,875	7,493

Proceeds from bank owned life insurance	Proceeds from bank owned life insurance	582	—
Proceeds from disposal of fixed assets		38	—
Purchases of premises and equipment	Purchases of premises and equipment	(4,329)	(4,841)
Net cash used in investing activities		(9,939)	(260,874)
Purchases of premises and equipment			
Purchases of premises and equipment			
Net cash provided by (used in) investing activities			
Cash flows from financing activities	**Cash flows from financing activities**		
Net (decrease) increase in deposits		(35,758)	19,457
Net increase (decrease) in deposits			
Net increase (decrease) in deposits			
Net increase (decrease) in deposits			
Proceeds from advances from Federal Home Loan Bank			
Proceeds from advances from Federal Home Loan Bank			
Proceeds from advances from Federal Home Loan Bank	Proceeds from advances from Federal Home Loan Bank	1,848,000	646,000
Repayments of advances from Federal Home Loan Bank	Repayments of advances from Federal Home Loan Bank	(1,756,000)	(536,000)
Net increase in advances by borrowers for taxes and insurance	Net increase in advances by borrowers for taxes and insurance	313	1,344
Purchase of treasury stock	Purchase of treasury stock	(30,478)	(7,516)
Net cash provided by financing activities		26,077	123,285
Net increase (decrease) in cash and cash equivalents		11,225	(136,122)
Net cash (used in) provided by financing activities			

Net cash (used in) provided by financing activities			
Net cash (used in) provided by financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	41,182	193,446
Cash and cash equivalents at end of period	**Cash and cash equivalents at end of period**	$ 52,407	$ 57,324

See accompanying notes to the consolidated financial statements.

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BLUE FOUNDRY BANCORP
Consolidated Statements of Cash Flows
(Unaudited)

		Nine Months Ended September 30,	
		2023	2022
		(In thousands)	
		Three Months Ended March 31,	
		2024	2023
		(In thousands)	
Supplemental disclosures of cash flow information	**Supplemental disclosures of cash flow information**		
Cash paid during the period for:	Cash paid during the period for:		
Cash paid during the period for:			
Cash paid during the period for:			
Interest			
Interest			
Interest	Interest	$ 24,794	$5,974
Income taxes	Income taxes	36	190
Supplemental noncash disclosures	**Supplemental noncash disclosures**		
Transfers of assets to held for sale		—	917
Transfers of loans to other real estate owned		593	—

Lease liabilities arising from obtaining right-of-use assets	Lease liabilities arising from obtaining right-of-use assets	2,088	2,023
Lease liabilities arising from obtaining right-of-use assets			
Lease liabilities arising from obtaining right-of-use assets			

See accompanying notes to the consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Blue Foundry Bancorp (the "Company"), and its wholly owned subsidiary, Blue Foundry Bank (the "Bank"), and the Bank's wholly owned subsidiaries, Blue Foundry Service Corp., Rutherford Center Development Corp., TrackView LLC and Blue Foundry Investment Company (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation. Blue Foundry Bancorp owns 100% of the common stock of Blue Foundry Bank.

On July 15, 2021, the Company became the holding company for the Bank when Blue Foundry, MHC completed its conversion into the stock holding company form of organization. In connection with the conversion, the Company sold 27,772,500 shares of common stock at a price of $10 per share, for gross proceeds of $277.7 million. The Company also contributed 750,000 shares of common stock and $1.5 million in cash to Blue Foundry Charitable Foundation, Inc. and established an Employee Stock Ownership Plan ("ESOP") acquiring 2,281,800 shares of common stock. Shares of the Company's common stock began trading on July 16, 2021 on the Nasdaq Global Select Market under the trading symbol "BLFY."

Segment Reporting: The Company operates as a single operating segment for financial reporting purposes.

Basis of Financial Statement Presentation: The consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles. Certain information and note disclosures usually included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the preparation of the Quarterly Reports on Form 10-Q and with Regulation S-X. The interim unaudited consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, considered necessary for a fair presentation of the consolidated balance sheets and the consolidated statements of income for the periods presented. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheets and revenues and expenses for the period. Actual results could differ from those estimates. Some items in the prior year financial statements may be reclassified to conform to the current presentation. Reclassifications had no effect on prior year net income or shareholders' equity. The results of operations and other data presented for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results of operations that may be expected for subsequent periods or the full year results. These financial statements should be read in conjunction with the annual financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 filed on March 30, 2023 March 27, 2024.

The accounting policies of the Company conform to U.S. GAAP and to general practice within the financial services industry. A discussion of these policies can be found in Note 1, Summary of Significant Accounting Policies, included in the Company's 2022 2023 Annual Report on Form 10-K. Except for the below, there have been no changes to the Company's significant accounting policies since December 31, 2022 December 31, 2023.

Adoption of New Accounting Standards: The Company adopted Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform ("ASU 2020-04"): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts and hedging relationships, subject to meeting certain criteria, that reference the London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. It is intended to help stakeholders during the global market-wide reference rate transition period. The guidance was effective for all entities as of March 12, 2020 through December 31, 2022. However, in December 2022, the FASB issued ASU 2022-06, deferring the sunset date to December 31, 2024. The Company has evaluated the regulatory requirements to cease the use of LIBOR and has put in place systems and capabilities for this purpose. The adoption did not have a material impact on the Company's consolidated financial statements.

The Company adopted ASU No. 2016-13, “Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments,” which replaces the incurred loss model for loans and other financial assets with an expected loss model and is referred to as the current expected credit loss (“CECL”) model. The Company adopted ASU 2016-13 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. The adoption of the new standard resulted in the Company recording an increase in the allowances for credit losses of $18 thousand, comprised of an increase of $660 thousand on loans, establishing a $170 thousand reserve on held-to-maturity securities and a reversal in the reserve for commitments and letters of credit of $811 thousand. There was no allowance for credit losses required on available-for-sale securities. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loans receivable and held-to maturity debt securities. It also applies to off-balance-sheet credit exposures (loan commitments, standby letters of credit, financial guarantees and other similar instruments) and net investments in certain leases recognized by a lessor. In addition, the amendments in ASU 2016-13 require credit losses on available-for-sale securities to be presented as a valuation allowance rather than a direct write-down on the basis of the securities. Results for reporting periods beginning after January 1, 2023, are presented under CECL, while prior period amounts continue to be presented under previously-applied U.S. GAAP.

Loans

Under the CECL model, the allowance for credit losses on financial assets is a valuation allowance estimated at each balance sheet date in accordance with U.S. GAAP, and is deducted from the financial assets’ amortized cost basis to present the net amount expected to be collected on the financial assets.

The Company estimates the allowance for credit losses on loans based on the underlying assets’ amortized cost basis, which is the amount at which the financing receivable is originated or acquired, adjusted for applicable accretion or amortization of premium, discount, net deferred fees or costs, collection of cash, and charge-offs. In the event that collection of principal becomes uncertain, the Company has policies in place to write-off accrued interest receivable by reversing interest income in a timely manner. Therefore, the Company has made a policy election to exclude accrued interest from the amortized cost basis and therefore excludes it from the measurement of the allowance for credit loss.

Changes in expected credit losses are reflected through a charge to the provision for credit losses. The Company’s estimate of the allowance for credit loss reflects losses expected over the remaining contractual life of the assets. When the Company deems all or a portion of a financial asset to be uncollectible, the appropriate amount is written off and the allowance for credit losses is reduced by the same amount. The Company applies judgment to determine when a financial asset is deemed uncollectible. When available information confirms that specific loans, securities, other assets, or portions thereof, are uncollectible, these amounts are charged-off against the allowance for credit losses. Subsequent recoveries, if any, are credited to the allowance for credit losses when received.

The Company measures expected credit losses of financial assets on a collective portfolio segment basis when the financial assets share similar risk characteristics. The Company generally measures expected credit losses using discounted cash flows (“DCF”) models at the portfolio segment level, whereby the total shortfall in comparing the portfolio segment DCFs to the amortized cost basis reflects management’s estimate of expected credit losses.

Our CECL models for loans includes the following major items:

– a historical loss period, which represents a full economic credit cycle utilizing loss experience including peer bank historical loss data, to calculate probabilities of default at the portfolio segment level;

– macroeconomic variable forecasts, including the national housing price index, unemployment and gross domestic product, to adjust probabilities of default over a reasonable and supportable forecast period of one year, based on management’s current review of the reliability of extended forecasts;

– a reversion period of one year to adjust probabilities of default (after the reasonable and supportable forecast period) to historical means using a straight-line approach;

– a risk index that measures loss given defaults as a function of probabilities of default at the portfolio segment level;

– expected prepayment rates based on our historical experience and benchmark assumptions where internal data is limited; and

– incorporation of qualitative factors not captured within the modeled results.

For collateral dependent financial assets where the Company has determined that foreclosure of the collateral is probable and where the borrower is experiencing financial difficulty, the allowance for credit loss is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date. Fair value is calculated based on the value of the underlying collateral less an appraisal discount and the estimated cost to sell.

Off-Balance-Sheet Exposures

The Company records changes in the allowance for credit losses on off-balance-sheet credit exposures through a charge to provision for credit losses. The allowance for credit loss on off-balance-sheet credit exposures is estimated by portfolio segment at each balance sheet date under the CECL model using the same methodologies as portfolio loans, taking into consideration management’s assumption of the likelihood that funding will occur, and is included in other liabilities on the Company’s consolidated balance sheets.

Securities

For securities available-for-sale, ASU 2016-13 eliminates the concept of other-than-temporary impairment and instead requires entities to determine if impairment is related to credit loss or non-credit loss. In making the assessment of whether a loss is from credit or other factors, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and adverse conditions related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows is less than the amortized cost basis, a credit loss exists and an allowance is created, limited by the amount that the fair value is less than the amortized cost basis.

The allowance for credit losses on held-to-maturity debt securities is initially recognized upon acquisition of the securities, and subsequently remeasured on a recurring basis. Expected credit losses on held-to-maturity debt securities through the life of the financial instrument are estimated and recognized as an allowance for credit losses on the balance sheet with a corresponding adjustment to current earnings. Subsequent favorable or unfavorable changes in expected cash flow will decrease or increase the allowance for credit losses through a charge to the provision for credit losses.

Management measures expected credit losses on held-to-maturity securities on a collective basis by major security type. The held-to-maturity portfolio is classified into the following major security types: corporate bonds and asset-backed securities.

At each reporting period, the Company evaluates whether the securities in a segment continue to exhibit similar risk characteristics as the other securities in the segment. If the risk characteristics of a security change, such that they are no longer similar to other securities in the segment, the Company will evaluate the security with a different segment that shares more similar risk characteristics.

The Company has a non-accrual policy that results in a timely reversal of interest receivable, therefore the Company made the election to exclude accrued interest receivable on securities from the estimate of credit losses.

In addition, the Company adopted ASU No. 2022-02, "Financial Instruments - Credit Losses ("ASU 2022-02"): Troubled Debt Restructurings ("TDR") and Vintage Disclosures." The amendments in this ASU were issued to (1) eliminate accounting guidance for TDRs by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty; (2) require disclosures of current period gross write-offs by year of origination for financing receivables and net investments in leases. The amendments in this ASU were applied on a modified retrospective basis to recognize any change in the allowance for credit losses that had been recognized for receivables previously modified (or reasonably expected to be modified) in a TDR. This election resulted in a cumulative-effect adjustment to retained earnings as of January 1, 2023 of $8 thousand.

Accounting Standards Not Yet Adopted: As an "emerging growth company" as defined in Title 1 of the Jumpstart Our Business Startups ("JOBS") Act, the Company elected to use the extended transition period to delay the adoption of new or reissued accounting pronouncements applicable to public companies until such pronouncements were made applicable to private companies.

BLUE FOUNDRY BANCORP
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SECURITIES

The amortized cost of securities available-for-sale and their estimated fair values at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
September 30, 2023				
U.S. Treasury note	$ 46,935	$ —	$ (2,698)	$ 44,237
Corporate bonds	79,052	59	(6,466)	72,645
U.S. Government agency obligations	15,290	—	(607)	14,683
Obligations issued by U.S. states and their political subdivisions	15,594	—	(793)	14,801
Mortgage-backed securities:				
Residential one-to-four family	153,360	—	(29,732)	123,628
Multifamily	13,765	—	(1,418)	12,347
Asset-backed securities	1,523	—	(215)	1,308

Total	$ 325,519	$ 59	$ (41,929)	$ 283,649
December 31, 2022				
U.S. Treasury note	$ 46,937	$ —	$ (3,178)	$ 43,759
Corporate bonds	81,725	4	(5,431)	76,298
U.S. Government agency obligations	16,367	—	(944)	15,423
Obligations issued by U.S. states and their political subdivisions	16,559	49	(340)	16,268
Mortgage-backed securities:				
Residential one-to-four family	164,843	—	(24,657)	140,186
Multifamily	19,475	—	(1,317)	18,158
Asset-backed securities	4,525	—	(369)	4,156
Total	$ 350,431	$ 53	$ (36,236)	$ 314,248

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
March 31, 2024				
U.S. Treasury note	$ 26,934	$ —	$ (1,765)	$ 25,169
Corporate bonds	79,708	145	(5,232)	74,621
U.S. Government agency obligations	11,440	—	(271)	11,169
Obligations issued by U.S. states and their political subdivisions	6,406	—	(300)	6,106
Mortgage-backed securities:				
Residential	146,518	—	(23,129)	123,389
Multifamily	11,092	—	(925)	10,167
Asset-backed securities	14,901	—	(331)	14,570
Total	$ 296,999	$ 145	$ (31,953)	$ 265,191
December 31, 2023				
U.S. Treasury note	$ 36,935	$ —	$ (1,875)	$ 35,060
Corporate bonds	82,248	56	(5,681)	76,623
U.S. Government agency obligations	11,519	—	(379)	11,140
Obligations issued by U.S. states and their political subdivisions	6,423	—	(228)	6,195
Mortgage-backed securities:				
Residential	149,808	—	(21,266)	128,542
Multifamily	12,522	—	(999)	11,523
Asset-backed securities	15,010	—	(327)	14,683
Total	$ 314,465	$ 56	$ (30,755)	$ 283,766

The amortized cost of securities held-to-maturity, allowance for credit losses and their estimated fair values at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value

(In thousands)

September 30, 2023

Amortized Cost

Amortized Cost

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			(In thousands)

March 31, 2024

Corporate bonds

Corporate bonds

Corporate bonds	Corporate bonds	$ 18,600	$ —	$ (3,567)	$ 15,033
Asset-backed securities	Asset-backed securities	14,866	—	(1,985)	12,881

Asset-backed securities

Asset-backed securities

Total	Total	$ 33,466	$ —	$ (5,552)	$ 27,914
Allowance for credit loss	Allowance for credit loss				(168)
					$ 27,746

December 31, 2022

$

$

$

December 31, 2023

December 31, 2023

December 31, 2023

Corporate bonds

Corporate bonds

Corporate bonds	Corporate bonds	$ 18,600	$ —	$ (2,281)	$ 16,319
Asset-backed securities	Asset-backed securities	15,105	—	(2,309)	12,796
Total	Total	$ 33,705	$ —	$ (4,590)	$ 29,115

Allowance for credit loss

$

$

$

At September 30, 2023March 31, 2024 and December 31, 2023, the allowance for credit losses on securities held-to-maturity totaled $168$140 thousand and $158 thousandrespectively, and related to the corporate bonds. The asset-backed securities are in a AAA tranche determined by a third party. No loss is expected on these securities.

There were no sales of available-for-sale securities for the three and nine months ended September 30, 2023. There were no sales of securities in the third quarter of 2022, while proceeds from sales of securities available-for-sale totaled $2.4 million resulting in gross realized gains of $14 thousand and no gross realized losses for the nine months ended

September 30, 2022. Securities pledged at September 30, 2023 March 31, 2024 and December 31, 2022, December 31, 2023 had a carrying amount of $5.8 million $13.2 million and $4.2 million $11.7 million, respectively, and were pledged to secure public deposits and our credit line with the Federal Reserve Bank.

The amortized cost and fair value of debt securities are shown below by contractual maturity as of September 30, 2023 March 31, 2024. Expected maturities on mortgage and asset-backed securities generally exceed 20 years; however, they may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without penalties. Securities not due at a single maturity are shown separately.

		Amortized Cost (1)	Estimated Fair Value
		(In thousands)	
	Amortized Cost (1) (In thousands)	Amortized Cost (1)	Estimated Fair Value (In thousands)
Available-for-sale	Available-for-sale		
Due in one year or less			
Due in one year or less			
Due in one year or less	Due in one year or less	$ 45,805	$ 44,887
Due from one year to five years	Due from one year to five years	86,865	81,504
Due from five to ten years	Due from five to ten years	20,619	16,471
Due after ten years	Due after ten years	3,582	3,504
Mortgage-backed and asset-backed securities	Mortgage-backed and asset-backed securities	168,648	137,283
Total	Total	$325,519	$283,649
Held-to-maturity	Held-to-maturity		
Due from one year to five years	Due from one year to five years	$ 16,600	$ 13,419
Due from one year to five years			
Due from one year to five years			
Due from five to ten years	Due from five to ten years	2,000	1,614
Mortgage-backed and asset-backed securities	Mortgage-backed and asset-backed securities	14,866	12,881
Mortgage-backed and asset-backed securities			

Mortgage-backed and asset-backed securities			
Total	Total	$ 33,466	$ 27,914

(1) Excludes the allowance for credit losses on held-to-maturity securities at September 30, 2023 March 31, 2024 and December 31, 2023.

Credit Quality Indicators

Credit ratings are a key measure for estimating the probability of a bond's default and for monitoring credit quality on an on-going basis. For bonds other than U.S. Treasuries and bonds issued or guaranteed by U.S. government agencies, credit ratings issued by one or more nationally recognized statistical rating organization are considered in conjunction with an assessment by the Company's management. Investment grade reflects a credit quality of BBB- or above. None of the Company's securities are on non-accrual status, nor are any past due.

The table below indicates the credit profile of the Company's debt securities held-to-maturity at amortized cost at September 30, 2023. for the periods shown.

March 31, 2024	AAA	A1	BBB+	BBB	BBB-	Total
March 31, 2024						
March 31, 2024						
(In thousands)						(In thousands)
Corporate bonds						
Corporate bonds						
Corporate bonds						
Asset-backed securities						
Asset-backed securities						

		AAA	A1	BBB+	BBB	BBB-	Total
				(In thousands)			
Corporate bonds		$ —	$ —	$1,600	$11,000	$6,000	$18,600
Asset-backed securities	Asset-backed securities	8,886	5,980	—	—	—	14,866
Total held-to-maturity	Total held-to-maturity	$8,886	$5,980	$1,600	$11,000	$6,000	$33,466

December 31, 2023	AAA	A1	BBB+	BBB	BBB-	Total
			(In thousands)			
Corporate bonds	$ —	$ —	$ 1,600	$ 11,000	$ 6,000	$ 18,600
Asset-backed securities	8,844	5,968	—	—	—	14,812
Total held-to-maturity	$ 8,844	$ 5,968	$ 1,600	$ 11,000	$ 6,000	$ 33,412

At September 30, 2023 March 31, 2024 and December 31, 2023, there was one security with a value of $2.0 million included in the BBB rating that had a split rating.

The following tables summarize available-for-sale securities with unrealized losses at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, aggregated by major security type and length of time in a continuous loss position.

	Less than 12 Months		12 Months or More		Total		
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)						
September 30, 2023							
March 31, 2024							
U.S. Treasury note	$ —	$ —	$ (2,698)	$ 44,237	5	$ (2,698)	$ 44,237
Corporate bonds	—	—	(6,466)	60,421	27	(6,466)	60,421
U.S. Government agency obligations	—	—	(607)	14,683	4	(607)	14,683
Obligations issued by U.S. states and their political subdivisions	(175)	7,924	(618)	6,877	16	(793)	14,801
Mortgage-backed securities:							
Residential one-to-four family	—	8	(29,732)	123,617	51	(29,732)	123,625
Residential							
Multifamily	—	—	(1,418)	12,347	6	(1,418)	12,347
Asset-backed securities	—	—	(215)	1,308	1	(215)	1,308
Total	$ (175)	$ 7,932	$ (41,754)	$ 263,490	110	$ (41,929)	$ 271,422
December 31, 2022							
December 31, 2023							
U.S. Treasury note	$ (1,342)	$ 28,670	$ (1,836)	$ 15,089	5	$ (3,178)	$ 43,759

Corporate bonds	Corporate bonds	(3,608)	58,509	(1,823)	15,522	31	(5,431)	74,031
U.S. Government agency obligations	U.S. Government agency obligations	(5)	696	(939)	14,727	5	(944)	15,423
Obligations issued by U.S. states and their political subdivisions	Obligations issued by U.S. states and their political subdivisions	(65)	5,641	(275)	1,568	8	(340)	7,209
Mortgage-backed securities:	Mortgage-backed securities:							
Residential one-to-four family		(8,273)	60,986	(16,384)	79,189	49	(24,657)	140,175
Residential								
Residential								
Residential								
Multifamily	Multifamily	(1,166)	17,689	(151)	469	5	(1,317)	18,158
Asset-backed securities	Asset-backed securities	—	—	(369)	4,156	2	(369)	4,156
Total	Total	$ (14,459)	$172,191	$ (21,777)	$130,720	105	$ (36,236)	$302,911

Of the available-for-sale securities in an unrealized loss position at September 30, 2023 March 31, 2024, 66 58 are comprised of U.S. Government agency obligations, Treasury notes, and mortgage-backed securities. These securities were all issued by U.S. Government-sponsored entities and agencies, which the government has affirmed its commitment to support. Corporate bonds, obligations issued by U.S. states and their political subdivisions and asset-backed securities in an unrealized loss position all experienced a decline in fair value, which is attributable to changes in interest rates and liquidity, not credit quality. The Company also does not intend to sell these securities, nor does it foresee being required to sell them before the anticipated recovery or maturity.

The following tables summarizes held-to-maturity securities with unrealized losses at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, aggregated by major security type and length of time in a continuous loss position.

		Less than 12 Months		12 Months or More		Total		
		Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
		(In thousands)						
September 30, 2023								
		Less than 12 Months Unrealized Losses						
		Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
		(In thousands)						
March 31, 2024								
Corporate Bonds								
Corporate Bonds								
Corporate Bonds	Corporate Bonds	(379)	2,621	(3,188)	12,412	9	(3,567)	15,033
Asset-backed securities	Asset-backed securities	—	—	(1,985)	12,881	2	(1,985)	12,881
Total	Total	$ (379)	$ 2,621	$ (5,173)	$ 25,293	11	$ (5,552)	$ 27,914

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	Less than 12 Months		12 Months or More		Total		
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
	(In thousands)						
December 31, 2022							
	Less than 12 Months		12 Months or More		Total		
	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Number of Securities	Unrealized Losses	Estimated Fair Value
	(In thousands)						
December 31, 2023							
Corporate Bonds							
Corporate Bonds							
Corporate Bonds Corporate Bonds	(1,177)	10,423	(1,104)	5,896	9	(2,281)	16,319
Asset-backed securities Asset-backed securities	—	—	(2,310)	12,796	2	(2,310)	12,796
Total Total	$ (1,177)	$ 10,423	$ (3,414)	$ 18,692	11	$ (4,591)	$ 29,115

The held-to-maturity securities in an unrealized loss position at September 30, 2023 March 31, 2024, are corporate bonds and asset-backed securities, which experienced a decline in fair value attributable to changes in interest rates and liquidity, not credit quality. The Company also does not intend to sell these securities, nor does it foresee being required to sell them before the anticipated recovery or maturity.

NOTE 3 – LOANS RECEIVABLE

The Company adopted ASU 2016-13 on January 1, 2023. All disclosures as of September 30, 2023 are presented in accordance with ASU 2016-13. The Company did not reclassify comparative financial periods and has presented those disclosures under previously-applied U.S. GAAP.

A summary of loans receivable, net at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, follows:

	September 30, 2023
	(In thousands)
Residential one-to-four family	$ 567,384
Multifamily	689,966
Non-residential	236,325
Construction	45,064
Junior liens	22,297
Commercial and industrial	9,904
Consumer and other	50
Total loans	1,570,990
Allowance for credit losses on loans (1)	(13,872)
Loans receivable, net	$ 1,557,118

		December 31, 2022
		(In thousands)
Residential one-to-four family	$	594,521
Multifamily		690,278
Non-residential		216,394
Construction		17,990
Junior liens		18,477
Commercial and industrial		4,682
Consumer and other		38
Total gross loans		1,542,380
Deferred fees, costs and premiums and discounts, net		2,747
Total loans		1,545,127
Allowance for loan losses		(13,400)
Loans receivable, net	$	1,531,727

		March 31, 2024		December 31, 2023
		(In thousands)		
Residential	$	540,427	$	550,929
Multifamily		671,011		682,564
Commercial real estate		244,207		232,505
Construction		63,052		60,414
Junior liens		22,052		22,503
Commercial and industrial		13,372		11,768
Consumer and other		56		47
Total loans		1,554,177		1,560,730
Less: Allowance for credit losses (1)		13,749		14,154
Loans receivable, net	$	1,540,428	$	1,546,576

(1) For more information, see Footnote 4 - Allowance for Credit Losses.

Loans are recorded at amortized cost, which includes principal balance, net deferred fees or costs, premiums and discounts. The Company elected to exclude accrued interest receivable from amortized cost. Accrued interest receivable is reported separately in the consolidated balance sheets and totaled $6.0 million $6.2 million and $5.3 million $6.1 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Loan origination fees and certain direct loan origination costs are deferred and the net fee or cost is recognized in interest income as an adjustment of yield. At September 30, 2023 both March 31, 2024 and December 31, 2023, net deferred loan fees are included in loans by respective segment and totaled $2.2 million $2.0 million.

The portfolio classes in the above table have unique risk characteristics with respect to credit quality:

- Payment on multifamily and non-residential commercial real estate mortgages is driven principally by operating results of the managed properties or underlying business and secondarily by the sale or refinance of such properties. Both primary and secondary sources of repayment and the value of the properties in liquidation, may be affected to a greater extent by adverse conditions in the real estate market or the economy in general.
- Properties underlying construction loans often do not generate sufficient cash flows to service debt and thus repayment is subject to the ability of the borrower and, if applicable, guarantors, to complete development or construction of the property and carry the project, often for extended periods of time. As a result, the performance of these loans is contingent upon future events whose probability at the time of origination is uncertain.

- Commercial and industrial ("C&I") loans include C&I revolving lines of credit, term loans, SBA 7a loans and to a lesser extent, Paycheck Protection Program ("PPP") loans. Payments on C&I loans are driven principally by the cash flows of the businesses and secondarily by the sale or refinance of any collateral securing the loans. Both the cash flow and value of the collateral in liquidation may be affected by adverse general economic conditions.
- The ability of borrowers to service debt in the residential, one-to-four family, junior liens and consumer loan portfolios is generally subject to personal income which may be impacted by general economic conditions, such as increased unemployment levels. These loans are predominately collateralized by first and second liens on single family properties. If a borrower cannot maintain the loan, the Company's ability to recover against the collateral in sufficient amount and in a timely manner may be significantly influenced by market, legal and regulatory conditions.

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the quality and realizable value of collateral, if any, and the ability of borrowers to service their debts such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans by credit risk. This analysis is performed whenever credit is extended, renewed, or modified, or when an observable event occurs indicating a potential decline in credit quality, and no less than annually for large balance loans. The Company used the following definitions for risk ratings for loan classification:

Pass – Loans classified as pass are loans performing under the original contractual terms, do not currently pose any identified risk and can range from the highest to pass/watch quality, depending on the degree of potential risk.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or the Company's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor, or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the repayment and liquidation of the debt. They are characterized by a distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

Loss – Assets classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off the asset even though partial recovery may be effected in the future.

BLUE FOUNDRY BANCORP
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the risk category of loans by class of loan and vintage as of September 30, 2023 March 31, 2024:

	Term Loans by Origination Year							
	2023	2022	2021	2020	2019	Pre-2019	Revolving Loans	Total
	(in thousands)							
Residential one-to-four family								
Pass	$ 12,286	$ 98,347	$ 116,375	$ 14,973	$ 18,839	$ 300,468	$ —	$ 561,288
Special mention	—	—	—	—	—	204	—	204
Substandard	—	—	—	—	—	5,892	—	5,892
Total	12,286	98,347	116,375	14,973	18,839	306,564	—	567,384
Multifamily								
Pass	17,196	283,153	159,490	35,620	59,653	134,374	—	689,486

Special mention	—	—	—	—	—	327	—	327
Substandard	—	—	—	—	—	153	—	153
Total	17,196	283,153	159,490	35,620	59,653	134,854	—	689,966
Non-residential								
Pass	27,219	119,960	14,858	15,196	5,432	52,738	—	235,403
Special mention	—	—	—	—	—	922	—	922
Total	27,219	119,960	14,858	15,196	5,432	53,660	—	236,325
Construction								
Pass	13,750	16,215	15,099	—	—	—	—	45,064
Total	13,750	16,215	15,099	—	—	—	—	45,064
Junior liens								
Pass	4,374	5,820	1,209	324	1,823	8,697	—	22,247
Substandard	—	—	—	—	—	50	—	50
Total	4,374	5,820	1,209	324	1,823	8,747	—	22,297
Commercial and industrial								
Pass	6,627	107	3,000	123	—	—	—	9,857
Substandard (1)	—	—	47	—	—	—	—	47
Total	6,627	107	3,047	123	—	—	—	9,904
Consumer and other								
Pass	29	—	—	—	—	—	21	50
Total	29	—	—	—	—	—	21	50
Total gross loans	$ 81,481	$ 523,602	$ 310,078	$ 66,236	$ 85,747	$ 503,825	$ 21	$ 1,570,990

(1) Balance represents PPP loans which carry the federal guarantee of the SBA.

	Term Loans by Origination Year							
	2024	2023	2022	2021	2020	Pre-2020	Revolving Loans	Total
	(in thousands)							
Residential								
Pass	$ 1,235	$ 13,238	$ 96,819	$ 107,128	$ 14,200	$ 301,423	$ —	$ 534,043
Special mention	—	—	—	—	—	659	—	659
Substandard	—	—	—	—	—	5,725	—	5,725
Total	1,235	13,238	96,819	107,128	14,200	307,807	—	540,427
Multifamily								
Pass	—	17,092	280,854	152,383	35,190	185,353	—	670,872
Substandard	—	—	—	—	—	139	—	139
Total	—	17,092	280,854	152,383	35,190	185,492	—	671,011
Commercial real estate								
Pass	13,746	26,617	117,687	14,711	14,970	55,591	—	243,322
Special mention	—	—	—	—	—	885	—	885
Total	13,746	26,617	117,687	14,711	14,970	56,476	—	244,207
Construction								
Pass	—	20,761	24,941	17,350	—	—	—	63,052
Total	—	20,761	24,941	17,350	—	—	—	63,052
Junior liens								
Pass	641	5,439	4,974	1,136	253	9,561	—	22,004
Substandard	—	—	—	—	—	48	—	48
Total	641	5,439	4,974	1,136	253	9,609	—	22,052
Commercial and industrial								
Pass	3,608	6,366	102	2,486	31	—	—	12,593
Substandard	—	756	—	23	—	—	—	779
Total	3,608	7,122	102	2,509	31	—	—	13,372

Consumer and other								
Pass	29	—	—	—	—	—	27	56
Total	29	—	—	—	—	—	27	56
Total gross loans	$ 19,259	$ 90,269	$ 525,377	$ 295,217	$ 64,644	$ 559,384	$ 27	$ 1,554,177

The following table presents the risk category of loans by class of loans loan and vintage as of December 31, 2022 December 31, 2023:

	Term Loans by Origination Year							
	Term Loans by Origination Year							
	Term Loans by Origination Year							
	2023							
	2023							
	2023	2022	2021	2020	2019	Pre-2019	Revolving Loans	Total
	(in thousands)						(in thousands)	
Residential								
Pass								
Pass								
Pass								
Special mention								
Substandard								
Total								
Total								
Total								
Multifamily								
Pass								
Pass								
Pass								
Substandard								
Substandard								
Substandard								
Total								
Total								
Total								
Commercial real estate								
Pass								
Pass								
Pass								
Special mention								

	Pass	Special Mention	Substandard	Doubtful / Loss	Total

		(In thousands)				
Residential one-to-four family		$ 589,137	$ 247	$ 7,870	$ —	$ 597,254
Multifamily		689,277	897	516	—	690,690
Non-residential		214,981	1,080	—	—	216,061
Total						
Total						
Total						
Construction	Construction	17,799	—	—	—	17,799
Pass						
Pass						
Pass						
Total						
Total						
Total						
Junior liens	Junior liens	18,579	—	52	—	18,631
Pass						
Pass						
Pass						
Substandard						
Substandard						
Substandard						
Total						
Total						
Total						
Commercial and industrial	Commercial and industrial	4,653	—	—	—	4,653
Pass						
Pass						
Pass						
Substandard						
Substandard						
Substandard						
Total						
Total						
Total						
Consumer and other	Consumer and other	8	—	31	—	39
Pass						
Pass						
Pass						
Total	Total	$1,534,434	$ 2,224	$ 8,469	$ —	$1,545,127
Total						
Total						
Total gross loans						

Past Due and Non-accrual Loans

The following table presents the recorded investment in past due and current loans by loan portfolio class as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Receivable
			(In thousands)			
September 30, 2023						
Residential one-to-four family	$ —	$ —	$4,954	$4,954	$ 562,430	$ 567,384
	30-59 Days Past Due					
	(In thousands)					
	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Current	Total Loans Receivable
						(In thousands)
March 31, 2024						
Residential						
Residential						
Residential						
Multifamily Multifamily	—	—	—	—	689,966	689,966
Non-residential	—	—	—	—	236,325	236,325
Commercial real estate						
Construction Construction	—	—	—	—	45,064	45,064
Junior liens Junior liens	—	—	50	50	22,247	22,297
Commercial and industrial Commercial and industrial	—	—	47	47	9,857	9,904
Consumer and other Consumer and other	—	—	—	—	50	50
Total Total	$ —	$ —	$5,051	$5,051	$1,565,939	$1,570,990
December 31, 2022						
Residential one-to-four family	$ —	$845	$6,738	$7,583	$ 589,671	$ 597,254
December 31, 2023						
December 31, 2023						
December 31, 2023						
Residential						
Residential						
Residential						
Multifamily Multifamily	—	—	182	182	690,508	690,690
Non-residential	—	—	—	—	216,061	216,061
Commercial real estate						
Construction Construction	—	—	—	—	17,799	17,799

Junior liens	Junior liens	—	—	52	52	18,579	18,631
Commercial and industrial	Commercial and industrial	—	—	96	96	4,557	4,653
Consumer and other	Consumer and other	—	—	—	—	39	39
Total	Total	$ —	$845	$7,068	$7,913	$1,537,214	$1,545,127

The following tables presents information on non-accrual loans at March 31, 2024 and December 31, 2023:

March 31, 2024	Non-accrual	Interest Income Recognized on Non-accrual Loans	Amortized Cost Basis of Loans >= 90 Day Past Due and Still Accruing	Amortized Cost Basis of Non-accrual Loans Without Related Allowance
	(In thousands)			
Residential	$ 5,725	$ —	$ —	$ 5,725
Multifamily	139	—	—	139
Junior liens	48	—	—	48
Commercial and industrial	779	—	—	779
Total	$ 6,691	$ —	$ —	$ 6,691
December 31, 2023				
Residential	$ 5,884	$ —	$ —	$ 5,884
Multifamily	146	—	—	146
Junior liens	49	—	—	49
Commercial and industrial	39	—	—	39
Total	$ 6,118	$ —	$ —	$ 6,118

The following table presents information on non-accrual loans at September 30, 2023:

	Non-accrual	Interest Income Recognized on Non-accrual Loans	Amortized Cost Basis of Loans >= 90 Day Past Due and Still Accruing	Amortized Cost Basis of Non-accrual Loans Without Related Allowance
	(In thousands)			
Residential one-to-four family	$ 5,889	$ —	$ —	$ 5,889
Multifamily	153	—	—	153
Junior liens	50	—	—	50
Commercial and industrial	47	—	—	47
Total	$ 6,139	$ —	$ —	$ 6,139

The following table presents the recorded investment in non-accrual loans at December 31, 2022:

	Non-accrual	Loans Past Due 90 Days and Still Accruing
	(In thousands)	
Residential one-to-four family	$ 7,498	$ —
Multifamily	182	—
Junior liens	52	—
Commercial and industrial (1)	35	61
Total	$ 7,767	$ 61

(1) Loans 90 days past due and accruing were comprised of PPP loans which carry the federal guarantee of the SBA.

The Company had $2.4 million of loans held-for-sale at September 30, 2023 and no loans held-for-sale at December 31, 2022 March 31, 2024 and December 31, 2023. Gains and losses on sales of loans are specifically identified and accounted for in accordance with U.S. GAAP.

Impaired Loans

The following table presents, under previously applicable U.S. GAAP, information related to impaired loans by class of loans at and as of September 30, 2022 and at December 31, 2022:

	September 30, 2022			Nine Months Ended September 30, 2022		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
	(In thousands)					
With no related allowance recorded:						
Residential one-to-four family	$ 7,027	$ 7,327	$ —	$ 7,346	$ 74	$ 71
Multifamily	652	651	—	666	19	15
Non-residential	3,320	3,159	—	3,220	107	97
Junior liens	53	53	—	54	2	2
	11,052	11,190	—	11,286	202	185
With an allowance recorded:						
Residential one-to-four family	1,116	1,125	33	857	33	29
	1,116	1,125	33	857	33	29
Total	$ 12,168	$ 12,315	$ 33	$ 12,143	$ 235	$ 214

	December 31, 2022		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
	(in thousands)		
With no related allowance recorded:			
Residential one-to-four family	$ 7,368	$ 7,669	$ —
Multifamily	516	516	—
Non-residential	2,834	2,671	—
Junior liens	52	52	—
	10,770	10,908	—
With an allowance recorded:			
Residential one-to-four family	743	749	27
	743	749	27
Total	$ 11,513	$ 11,657	$ 27

The recorded investment in loans includes deferred fees, costs and discounts. For purposes of this disclosure, the unpaid principal balance would not be reduced for partial charge-offs.

The Company adopted ASU 2022-02 on January 1, 2023. Modifications made to borrowers experiencing financial difficulty may include principal forgiveness, interest rate reductions, other than insignificant payment delays, terms extensions or a combination thereof. At September 30, 2023, loans with thereof intended to minimize economic loss and to avoid foreclosure or repossession of collateral. If the borrower has demonstrated performance under the previous terms and our underwriting process show the borrower has the capacity to continue to perform under the restructured terms, the loan will continue to accrue interest.

The following tables presents the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty totaled $5.5 million. These loans included one construction loan during the first quarter of $3.5 million and one residential loan 2024, by type of $374 thousand related to term extensions and two residential loans of $1.6 million related to other than insignificant payment delays. The Company did not reclassify comparative financial periods and has presented those disclosures under previously-applied U.S. GAAP. modification.

Prior to the adoption of ASU 2022-02, the Company classified certain loans as troubled debt restructuring ("TDR") loans when credit terms to a borrower in financial difficulty were modified in accordance with ASC 310-40. The total recorded investment of loans whose terms were modified in TDRs was $4.8 million as of December 31, 2022. The Company allocated $27 thousand of specific reserves to TDR loans as of December 31, 2022. The modification of the terms of TDR loans may have included one or a combination of the following: a reduction of the stated interest rate of the loan, short-term deferral of payment, or an extension of the maturity date.

	Three Months Ended March 31, 2024			
	Payment Delays	Term Extensions	Total Principal	% of Total Class of Loans
	(Dollars in thousands)			
Residential	$ —	$ 116	$ 116	0.02 %
Commercial and industrial	737	—	737	5.51
Total	$ 737	$ 116	$ 853	0.05 %

A TDR loan was considered to be in payment default once it is 90 days contractually past due under the modified terms.

	Types of Modifications
Residential	Term extensions of 3 to 12 months
Commercial and industrial	Deferral of three payments

There were no TDRs for which there was a payment default within twelve months following the modification modifications during the period ended September 30, 2022. There were no TDRs first quarter of 2023.

The following table presents loan modifications made during the three months ended September 30, 2022 and TDRs totaled $453 thousand during the nine months ended September 30, 2022. first quarter of 2024 by payment status as of March 31, 2024:

	Three Months Ended March 31, 2024					
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Non-Accrual	Total
	(In thousands)					
Residential	$ 3	$ —	$ —	$ —	$ 113	$ 116
Commercial and industrial	—	—	—	—	737	737
Total	$ 3	$ —	$ —	$ —	$ 850	$ 853

The Company had $3.8 million and $4.5 million $4.0 million in consumer mortgage loans secured by residential real estate properties for which foreclosure proceedings are in process at September 30, 2023 March 31, 2024 and December 31, 2022, respectively. December 31, 2023. At September 30, 2023 March 31, 2024 and December 31, 2023, the Company had one one-to-four family residential loan with a carrying value of $593 thousand in real estate owned. There was no real estate owned at December 31, 2022.

NOTE 4 – ALLOWANCE FOR CREDIT LOSSES

On January 1, 2023, the Company adopted ASU 2016-13, which requires the measurement of expected credit losses for financial assets measured at amortized cost, including loans, held-to-maturity securities and certain off-balance-sheet credit exposures and ASU 2022-02, which eliminates the recognition and measurement guidance of TDRs, so that creditors will apply the same guidance to all modifications when determining whether a modification results in a new receivable or continuation of an existing receivable. See Note 1 - Summary of Significant Accounting Policies for a description of the adoption of ASU 2016-13 and the Company's allowance methodology.

Under ASU 2016-13, the Company's methodology for determining the allowance for credit losses on loans is based upon key assumptions, including the lookback period, historical loss experience, economic forecasts over a reasonable and supportable forecast period, reversion period, prepayments and qualitative adjustments. The allowance is measured on a pool basis when similar risk characteristics exist. Loans that do not share common risk characteristics are evaluated on an individual basis and are excluded from the collective evaluation.

Allowance for Credit Losses - Loans

The allowance for credit losses on loans is summarized in the following table:

	For the Three Months Ended September 30,	For the Nine Months Ended September 30,

	2023	2022	2023	2022
	(In thousands)			
Balance at beginning of period	$ 14,413	$ 14,050	$ 13,400	$ 14,425
Impact of adopting ASU 2016-13 and ASU 2022-02	—	—	668	—
Charge-offs	(29)	(33)	(47)	(52)
Recoveries	2	2	3	4
Net charge-offs	(27)	(31)	(44)	(48)
Recovery of provision for credit loss on loans	(514)	(419)	(152)	(777)
Balance at end of period	$ 13,872	$ 13,600	$ 13,872	$ 13,600

	For the Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Balance at beginning of period	$ 14,154	$ 13,400
Impact of adopting ASU 2016-13 and ASU 2022-02	—	668
Charge-offs	(13)	(5)
Recoveries	4	1
Net charge-offs	(9)	(4)
(Recovery of) provision for credit loss on loans	(396)	89
Balance at end of period	$ 13,749	$ 14,153

The following tables present the activity in the Company’s allowance for credit losses by class of loans based on the analysis performed for the three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Balance at June 30, 2023	Charge-offs	Recoveries	(Recovery of) Provision for Credit Loss - Loans	Balance at September 30, 2023
	(In thousands)				
Residential one-to-four family	$ 1,994	$ (18)	$ —	$ (10)	$ 1,966
Multifamily	7,017	—	—	(194)	6,823
Non-residential	3,813	—	—	(85)	3,728
Construction	1,428	—	—	(261)	1,167
Commercial and industrial	111	—	—	23	134
Junior liens	50	—	—	4	54
Consumer and other	—	(11)	2	9	—
Total	$ 14,413	$ (29)	$ 2	$ (514)	$ 13,872

	Balance at June 30, 2022	Charge-offs	Recoveries	(Recovery of) Provision for Loan Loss	Balance at September 30, 2022
	(In thousands)				
Residential one-to-four family	$ 2,582	$ —	$ —	$ (35)	$ 2,547
Multifamily	5,139	—	—	920	6,059
Non-residential	3,640	—	—	(536)	3,104
Construction	2,094	—	—	(813)	1,281
Commercial and industrial	42	—	—	6	48
Junior liens	468	—	—	—	468
Consumer and other	—	(33)	2	31	—

Unallocated	85	—	—	8	93
Total	$ 14,050	$ (33)	$ 2	$ (419)	$ 13,600

	Balance at December 31, 2023	Charge-offs	Recoveries	(Recovery of) Provision for Credit Loss - Loans	Balance at March 31, 2024
			(In thousands)		
Residential	$ 1,968	$ —	$ —	$ (49)	$ 1,919
Multifamily	7,046	—	—	(43)	7,003
Commercial real estate	3,748	—	—	(5)	3,743
Construction	1,222	—	—	(338)	884
Junior liens	$ 76	—	—	1	77
Commercial and industrial	94	—	—	29	123
Consumer and other	—	(13)	4	9	—
Total	$ 14,154	$ (13)	$ 4	$ (396)	$ 13,749

The following tables present the activity in the Company's allowance for credit losses by class of loans based on the analysis performed for the nine months ended September 30, 2023 and 2022:

	Balance at December 31, 2022	Impact of adopting ASU 2016-13 and ASU 2022-02	Charge-offs	Recoveries	(Recovery of) Provision for Credit Loss - Loans	Balance at September 30, 2023
			(In thousands)			
Residential one-to-four family	$ 2,264	$ (183)	$ (18)	$ —	$ (97)	$ 1,966
Multifamily	5,491	2,057	—	—	(725)	6,823
Non-residential	3,357	146	—	—	225	3,728
Construction	1,697	(832)	—	—	302	1,167
Commercial and industrial	47	(23)	—	—	110	134
Junior liens	451	(405)	—	—	8	54
Consumer and other	—	1	(29)	3	25	—
Unallocated	93	(93)	—	—	—	—
Total	$ 13,400	$ 668	$ (47)	$ 3	$ (152)	$ 13,872

	Balance at December 31, 2021	Charge-offs	Recoveries	(Recovery of) Provision for Loan Loss	Balance at September 30, 2022
			(In thousands)		
Residential one-to-four family	$ 2,822	$ —	$ —	$ (275)	$ 2,547
Multifamily	5,263	—	—	796	6,059
Non-residential	2,846	—	—	258	3,104
Construction	2,678	—	—	(1,397)	1,281
Commercial and industrial	51	—	—	(3)	48
Junior liens	636	—	—	(168)	468
Consumer and other	38	(52)	4	10	—
Unallocated	91	—	—	2	93
Total	$ 14,425	$ (52)	$ 4	$ (777)	$ 13,600

During the three and nine months ended September 30, 2023, one residential loan, that was originated in 2006, had a charge-off of $18 thousand. The loan was transferred to other real estate owned in the third quarter of 2023. Consumer and other charge-offs relate to overdrafts in the three months ended March 31, 2024, which were originated in the fourth quarter of 2023 or the first quarter of 2024, as it is our policy to charge these off within 60 days of occurrence.

	Balance at December 31, 2022	Impact of adopting ASU 2016-13	Charge-offs	Recoveries	(Recovery of) Provision for Loan Loss	Balance at March 31, 2023
	(In thousands)					
Residential	$ 2,264	$ (183)	$ —	$ —	$ (25)	$ 2,056
Multifamily	5,491	2,057	—	—	(357)	7,191
Commercial real estate	3,357	146	—	—	67	3,570
Construction	1,697	(832)	—	—	325	1,190
Junior liens	451	(405)	—	—	—	46
Commercial and industrial	47	(23)	—	—	76	100
Consumer and other	—	1	(5)	1	3	—
Unallocated	93	(93)	—	—	—	—
Total	$ 13,400	$ 668	$ (5)	$ 1	$ 89	$ 14,153

Consumer and other charge-offs relate to overdrafts in the three months ended March 31, 2023, which originated in the fourth quarter of 2022 or the first quarter of 2023, as it is our policy to charge these off within 60 days of occurrence.

The following table represents the allocation of allowance for loan losses and the related recorded investment, including deferred fees and costs, in loans by loan portfolio segment, disaggregated based on the impairment methodology at September 30, 2023 March 31, 2024 and December 31, 2022 2023:

	Loans			Allowance for Credit Losses on Loans		
September 30, 2023	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
	(In thousands)					
Residential one-to-four family	$ 6,328	$ 561,056	$ 567,384	$ —	$ 1,966	$ 1,966
March 31, 2024	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
	(In thousands)					
Residential						
Multifamily Multifamily	—	689,966	689,966	—	6,823	6,823
Non-residential	—	236,325	236,325	—	3,728	3,728
Commercial real estate						
Construction Construction	—	45,064	45,064	—	1,167	1,167
Junior liens						
Commercial and industrial (1) Commercial and industrial (1)	—	9,904	9,904	—	134	134

Junior liens		50	22,247	22,297	—	54	54
Consumer and other	Consumer and other	—	50	50	—	—	—
Total	Total	$ 6,378	$1,564,612	$1,570,990	$ —	$ 13,872	$13,872
Total							
Total							

(1) Includes PPP loans which carry the federal guarantee of the SBA and do not have an allowance for credit losses.

	Loans			Allowance for Loan Losses		
December 31, 2022	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
	(In thousands)					
Residential one-to-four family	$ 8,418	$ 588,[illegible]	$ [illegible]	$ 27	$ 2,237	$ 2,264
Multifamily	51[illegible]	[illegible]	[illegible]	—	5,491	5,491
Non-residential	2,671	213,390	216,061	—	3,357	3,357
Construction	—	17,799	17,799	—	1,697	1,697
Commercial and industrial (1)	—	4,653	4,653	—	47	47
Junior liens	52	18,579	18,631	—	451	451
Consumer and other	—	39	39	—	—	—
Unallocated	—	—	—	—	93	93
Total	$ [illegible]	$ [illegible]	$ [illegible]	$ 27	$ [illegible]	$ [illegible]

	Loans			Allowance for Credit Losses on Loans		
December 31, 2023	Individually Evaluated	Collectively Evaluated	Total	Individually Evaluated	Collectively Evaluated	Total
	(In thousands)					
Residential	$ [illegible]	$ [illegible]	$ [illegible]	$ —	$ [illegible]	$ [illegible]
Multifamily	146	682,418	682,564	—	7,046	7,046
Commercial real estate	—	232,505	232,505	—	3,748	3,748
Construction	—	60,414	60,414	—	1,222	1,222
Junior liens	49	22,454	22,503	—	76	76
Commercial and industrial (1)	—	11,768	11,768	—	94	94
Consumer and other	—	47	47	—	—	—
Unallocated	—	—	—	—	—	—
Total	$ 5,916	$ 1,554,814	$ 1,560,730	$ —	$ 14,154	$ 14,154

(1) Includes PPP loans which carry the federal guarantee of the SBA and do not have an allowance for credit losses.

Allowance for Credit Losses - Securities

At March 31, 2024 and December 31, 2023, the balance of the allowance of credit losses on securities was $140 thousand and $158 thousand, respectively. The Company recorded a decrease in provision for credit losses on held-to-maturity securities of $18 thousand for the three months ended March 31, 2024, and a provision for credit losses on held-to-maturity securities of $17 thousand for the three months ended March 31, 2023. In addition, the Company recorded an allowance of credit losses on securities of $170 thousand upon adoption of ASU 2016-13 on January 1, 2023. Prior year disclosures have not been restated. At September 30, 2023, the balance of the allowance of credit losses on securities was $168 thousand. For the three and nine months ended September 30, 2023, the Company recorded a decrease in provision for credit losses of $2 thousand on held-to-maturity securities. Accrued interest receivable on securities is reported as a component of accrued interest receivable on the consolidated balance sheets and totaled $1.8 million and $1.0 million $1.5 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company made the election to exclude accrued interest receivable from the estimate of credit losses on securities.

Allowance for Credit Losses - Off-Balance-Sheet Exposures

The allowance for credit losses on off-balance-sheet exposures is reported in other liabilities in the consolidated balance sheets. The liability represents an estimate of expected credit losses arising from off-balance-sheet exposures such as letters of credit, guarantees and unfunded loan commitments. The process for measuring lifetime expected credit losses on these exposures is consistent with that for loans as discussed above, but is subject to an additional estimate reflecting the likelihood that funding will occur. No liability is recognized for off-balance-sheet credit exposures that are unconditionally cancellable by the Company. Adjustments to the liability are reported as a component of provision for credit losses.

At March 31, 2024 and December 31, 2023, the balance of the allowance for credit losses for off-balance-sheet exposures was $182 thousand and $303 thousand, respectively. The Company recorded a recovery of provision for credit loss on off-balance-sheet exposures of $121 thousand and $130 thousand for the three months ended March 31, 2024 and

2023, respectively. The Company also recorded a decrease in the allowance for credit losses for off-balance-sheet exposures of $811 thousand upon adoption of ASU 2016-13 on January 1, 2023. Prior year disclosures have not been restated. At September 30, 2023 and December 31, 2022, the balance of the allowance for credit losses for off-balance-sheet exposures was $435 thousand and $1.7 million, respectively. The Company recorded a recovery of provision for credit loss on off-balance-sheet exposures of $201 thousand and $443 thousand for the three and nine months ended September 30, 2023, respectively. For the three and nine months ended September 30, 2022, the Company recorded a provision on unfunded lending commitments of $170 thousand and a recovery of $108 thousand, respectively, in other non-interest expense.

NOTE 5 – LEASES

The Company leases certain office space, land and equipment under operating leases. These leases have original terms ranging from one year to 40 years. Operating lease liabilities and right-of-use assets are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term.

The Company had the following related to operating leases:

		September 30, 2023	December 31, 2022			
		(Dollars in thousands)				
		March 31, 2024			March 31, 2024	December 31, 2023
		(Dollars in thousands)			(Dollars in thousands)	
Right-of-use assets	Right-of-use assets	$ 25,885	$25,906			
Lease liabilities	Lease liabilities	27,466	27,324			
Weighted average remaining lease term for operating leases	Weighted average remaining lease term for operating leases	10.5 years	11.3 years	Weighted average remaining lease term for operating leases	10.1 years	10.3 years
Weighted average discount rate used in the measurement of lease liabilities	Weighted average discount rate used in the measurement of lease liabilities	2.40 %	2.19 %	Weighted average discount rate used in the measurement of lease liabilities	2.41 %	2.40 %

The following table is a summary of the Company's components of net lease cost for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. The variable lease cost primarily represents variable payments such as common area maintenance and utilities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)			
	Three Months Ended March 31,			
	Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2023	

		(In thousands)				(In thousands)
Operating lease cost	Operating lease cost	$ 873	$ 777	$2,588	$2,317	
Finance lease cost	Finance lease cost	—	6	4	18	
Variable lease cost	Variable lease cost	75	56	202	169	
Total lease cost included as a component of occupancy and equipment	Total lease cost included as a component of occupancy and equipment	$ 948	$ 839	$2,794	$2,504	

The following table presents supplemental cash flow information related to operating leases:

	Three Months Ended March 31,	
	2024	2023
	(In thousands)	
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows from operating leases	$ 918	$ 819
Operating lease liabilities arising from obtaining right-of-use assets (non-cash):		
Operating leases	$ —	$ 1,107

The following table presents supplemental cash flow information related to operating leases:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)			
Cash paid for amounts included in the measurement of operating lease liabilities:				
Operating cash flows from operating leases	$ 894	$ 747	$ 2,596	$ 2,272
Operating lease liabilities arising from obtaining right-of-use assets (non-cash):				
Operating leases	$ —	$ 2,023	$ 2,088	$ 2,023

Future undiscounted lease payments for operating leases with initial terms of one year or more as of September 30, 2023 March 31, 2024 are as follows:

Through March 31,	Through September 30,	(In thousands)	Through March 31,	(In thousands)
2024	2024	$ 3,410		
2025	2025	3,113		
2026	2026	3,044		
2027	2027	2,923		
2028	2028	2,694		
Thereafter	Thereafter	15,963		

Total undiscounted lease payments	Total undiscounted lease payments	31,147	Total undiscounted lease payments	29,445
Less: imputed interest	Less: imputed interest	3,681		
Total	Total	$ 27,466		

NOTE 6 – DEPOSITS

Deposits at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
		(In thousands)		(In thousands)	(In thousands)
Non-interest bearing deposits	Non-interest bearing deposits	$ 23,787	$ 37,907		
NOW and demand accounts	NOW and demand accounts	378,268	410,937		
Savings	Savings	278,665	423,758		
Time deposits	Time deposits	572,384	416,260		
Total	Total	$ 1,253,104	$1,288,862		

Money market accounts are included within the NOW and demand accounts and savings captions. Included in time deposits are brokered deposits totaling $125.0 million at March 31, 2024 and $75.0 million at September 30, 2023 and December 31, 2022, respectively. December 31, 2023.

Time deposits mature as follows for the years ending December 31:

		(In thousands)
Remainder of 2024	$	608,789
2025		25,577
2026		3,553
2027		2,031
2028		1,988
2029		434
	$	642,372

Time deposits mature as follows for the years ending December 31:

		(In thousands)
Remainder of 2023	$	162,274
2024		384,264
2025		17,493

2026		3,772
2027		2,076
2028		2,505
	$	572,384

NOTE 7 - STOCK-BASED COMPENSATION

Employee Stock Ownership Plan

The Company maintains an ESOP, a tax-qualified plan designed to invest primarily in the Company's common stock. The ESOP provides employees with the opportunity to receive a funded retirement benefit from the Bank, based primarily on the value of the Company's common stock.

The ESOP borrowed funds from the Company to purchase 2,281,800 shares of stock at $10 per share. The loan is secured by the shares purchased, which are held until allocated to participants. Shares are released for allocation to participants as loan payments are made. Loan payments are principally funded by discretionary cash contributions by the Bank, as well as dividends, if any, paid to the ESOP on unallocated shares. When loan payments are made, ESOP shares are allocated to participants at the end of the plan year (December 31) based on relative compensation, subject to federal tax law limits. Participants receive the allocated vested shares at the end of employment. Dividends on allocated shares, if any, increase participants accounts.

At September 30, 2023 March 31, 2024, the principal balance on the ESOP loan was $21.2 million $20.6 million. There were no contributions to the ESOP during the three and nine months ended September 30, 2023 March 31, 2024, as loan payments are made annually during the fourth quarter of each year. ESOP shares are committed to be released from unallocated and compensation expense is recognized over the service period. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 2,099,256 2,007,984 unallocated shares and 182,544 273,816 shares allocated to participants. The fair value of unallocated shares at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $17.6 million $18.8 million and $27.0 million $19.4 million, respectively, computed using the closing trading price of the Company's common stock on each date.

For the three and nine months ended September 30, 2023 March 31, 2024 and March 31, 2023, ESOP compensation expense for the shares committed to be released from unallocated was $216 $214 thousand and $699 $262 thousand respectively. Shares committed to be released from unallocated total 22,818 and 68,454 for the three and nine months ended September 30, 2022, respectively. During the three March 31, 2024 and nine months ended September 30, 2022, the Company recorded $266 thousand and $870 thousand, respectively, of ESOP compensation expense. March 31, 2023.

Equity Incentive Plan

At the annual meeting held on August 25, 2022, stockholders shareholders of the Company approved the Blue Foundry Bancorp 2022 Equity Incentive Plan ("Equity Plan") which provides for the granting of up to 3,993,150 shares (1,140,900 restricted stock awards and 2,852,250 stock options) of the Company's common stock.

Restricted shares granted under the Equity Plan generally vest in equal installments, over a service period between five and seven years beginning one year from the date of grant. Additionally, certain restricted shares awarded can be performance vesting awards, which may or may not vest depending upon the attainment of certain corporate financial targets. The vesting of the awards accelerate upon death, disability or an involuntary termination at or following a change in control. The product of the number of shares granted and the grant date closing market price of the Company's common stock determine the fair value of restricted shares under the Equity Plan. Management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period.

Stock options granted under the Equity Plan generally vest in equal installments, over a service period between five and seven years beginning one year from the date of grant. The vesting of the options accelerate upon death, disability or an involuntary termination at or following a change in control. Stock options were granted at an exercise price equal to the fair value of the Company's common stock on the grant date based on the closing market price and have an expiration period of ten years.

There were no 48,133 stock options granted during the nine three months ended September 30, 2023 March 31, 2024. The fair value of stock options granted during 2022 the first quarter of 2024 were estimated utilizing the Black-Scholes option pricing model using the following assumptions: model: an expected life of 6.5 6.50 years, risk-free rate of 3.15% 3.94%, volatility of 29.74% 32.26% and a dividend yield of 0.88% 0.84%. There were no stock options granted during the three months ended March 31, 2023. Due to the limited historical information of the Company's stock, management considered the weighted historical volatility of the Company and similar entities for an appropriate period in determining the volatility rate used in the estimation of fair value. The expected life of the stock option was estimated using the simplified method. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The Company recognizes compensation expense for the fair values of these awards, which have straight-line vesting, on a straight-line basis over the requisite service period of the awards. Upon exercise of vested options, management expects to draw on treasury stock as the source for shares.

BLUE FOUNDRY BANCORP
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the share-based compensation expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

		Three Months Ended September 30,			Nine Months Ended September 30,		
		2023		2022	2023		2022
		(In thousands)					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
		(In thousands)					
		(In thousands)					
		(In thousands)					
Stock option expense	Stock option expense	$ 403		$ 57	$ 1,199		$ 57
Restricted stock expense	Restricted stock expense	290		69	938		69
Restricted stock expense							
Restricted stock expense							
Total share-based compensation expense	Total share-based compensation expense	$ 693	$ —	$ 126	$ 2,137	$ —	$ 126
Total share-based compensation expense							
Total share-based compensation expense							

The following is a summary of the Company's stock option activity and related information for the nine three months ended September 30, 2023 March 31, 2024:

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding - December 31, 2022	2,591,063	$ 4.12	$ 11.65	9.8
Forfeited	(100,200)	4.25	11.69	9.0
Outstanding - September 30, 2023	2,490,863	$ 4.12	$ 11.65	9.0
Exercisable - September 30, 2023	—			

	Number of Stock Options	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)
Outstanding - December 31, 2023	2,475,363	$ 4.12	$ 11.65	8.8
Granted	48,133	3.67	9.95	6.5
Forfeited	(103,713)	4.25	11.69	—
Outstanding - March 31, 2024	2,419,783	$ 4.11	$ 11.61	8.5
Exercisable - March 31, 2024	396,419			

Expected future expense relating to the non-vested options outstanding as of September 30, 2023 March 31, 2024 is $8.6 million $7.5 million over a weighted average period of 5.5 5.0 years.

On March 6, 2023, During the first quarter of 2024, the Company granted to directors and employees, under the 2022 Equity Incentive Plan, 372,540 184,625 restricted stock awards with a total grant-date fair value of $4.5 million. $1.8 million. Of these grants, 12,300 2,900 vest one year from the date of grant, 19,255 and 360,240 162,470 vest in equal installments over a seven-year period five and six years, respectively, beginning one year from the date of grant. The Company also issued 360,240 193,070 performance-based restricted stock awards to its officers with a total grant date fair value of $4.3 million $1.8 million. Vesting of the performance-based restricted stock units will be based on achievement of certain levels of loan growth, deposit growth and net interest margin and will convert to a seven-year four-year time vest after the one-year three-year measurement period ending December 31, 2023 December 31, 2026. At the end of the performance period, the number of actual shares to be awarded may vary between 0% and 100% of target amounts.

During the first quarter of 2024, 347,640 of performance-based restricted stock awards were forfeited when none of the performance target metrics were met.

The following is a summary of the status of the Company's restricted shares as of September 30, 2023 March 31, 2024 and changes therein during the nine three months ended:

		Number of Shares Awarded	Weighted Average Grant Date Fair Value					
Outstanding - December 31, 2022		299,481	$ 11.54					
		Number of Shares Awarded					Number of Shares Awarded	Weighted Average Grant Date Fair Value
Outstanding - December 31, 2023								
Granted	Granted	732,780	12.00					
Forfeited	Forfeited	(20,800)	12.00	Forfeited	(372,404)	11.99		11.99
Vested	Vested	(59,899)	11.54					
Outstanding - September 30, 2023		951,562	$ 12.15					
Outstanding - March 31, 2024								
Outstanding - March 31, 2024								
Outstanding - March 31, 2024								

Expected future expense relating to the non-vested restricted shares outstanding as of September 30, 2023 March 31, 2024 is $6.6 million $9.1 million over a weighted average period of 5.4 5.2 years.

NOTE 8 – DERIVATIVES AND HEDGING ACTIVITIES

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

The Company had interest rate swaps with notional amounts totaling $254.0 million and $259.0 million at March 31, 2024 and $109.0 million at September 30, 2023 and December 31, 2022 December 31, 2023, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2023, they were designated as cash flow hedges of certain Federal Home Loan Bank ("FHLB") advances and brokered deposits and, as of December 31, 2022, they were designated as cash flow hedges of certain Federal Home Loan Bank ("FHLB") advances. deposits. They were determined to be highly effective during all periods presented. The Company expects the hedges to remain highly effective during the remaining terms of the swaps.

Summary information about the interest rate swaps designated as cash flow hedges as of period-end is as follows:

		September 30, 2023	December 31, 2022					
		(Dollars in thousands)						
	March 31, 2024				March 31, 2024		December 31, 2023	
	(Dollars in thousands)						(Dollars in thousands)	
Notional amounts	Notional amounts	$259,000	$109,000					
Weighted average pay rates	Weighted average pay rates	2.91 %	1.46 %	Weighted average pay rates	2.95	%	2.91	%
Weighted average receive rates	Weighted average receive rates	5.43 %	4.61 %	Weighted average receive rates	5.45	%	5.49	%
Weighted average maturity (in years)		3.4	4.2					
Weighted average maturity				Weighted average maturity	3.0 years		3.2 years	
Gross unrealized gain included in other assets								
Gross unrealized gain included in other assets								
Gross unrealized gain included in other assets	Gross unrealized gain included in other assets	$ 14,350	$ 11,091					
Gross unrealized loss included in other liabilities	Gross unrealized loss included in other liabilities	—	—					
Unrealized gains, net	Unrealized gains, net	$ 14,350	$ 11,091					

At September 30, 2023 March 31, 2024, the Company held $15.3 million $10.8 million as cash collateral pledged from the counterparty for these interest-rate swaps and had no securities pledged to the counterparty. At December 31, 2022 December 31, 2023, the Company held $11.5 million $8.1 million as cash collateral pledged from the counterparty and had no securities pledged to the counterparty.

Interest income or expense recorded on these swap transactions is reported as a component of interest expense on FHLB advances or brokered deposits. Interest income during the three months ended September 30, 2023 March 31, 2024 and 2023 totaled $1.5 million $1.6 million and interest income for the three months ended September 30, 2022 totaled $198 thousand. Interest income during the nine months ended September 30, 2023 totaled $3.9 million and interest expense for the nine months ended September 30, 2022 totaled $270 thousand. $1.0 million, respectively. At September 30, 2023 March 31, 2024, the Company expected $1.8 million $4.5 million of the unrealized gain to be reclassified as a reduction to interest expense during the remainder of 2023.

2024.

Cash Flow Hedge

The effect of cash flow hedge accounting on accumulated other comprehensive income for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022, 2023 is as follows:

	Amount of Gain Recognized in OCI (Net of Tax) on Derivative (1)		Amount of Gain Recognized in OCI (Net of Tax) on Derivative (1)	Location of Gain (Loss) Reclassified from OCI into Income/(Expense)	Amount of Gain (Loss) Reclassified from OCI to Income/(Expense)
	(In thousands)				(In thousands)
Three months ended March 31, 2024					
Interest rate contracts					
Interest rate contracts					
Interest rate contracts					
Three months ended March 31, 2023					
Three months ended March 31, 2023					
Three months ended March 31, 2023					
Interest rate contracts					
Interest rate contracts					
Interest rate contracts					

	Amount of Gain Recognized in OCI (Net of Tax) on Derivative (1)	Location of Gain (Loss) Reclassified from OCI into Income/(Expense)	Amount of Gain (Loss) Reclassified from OCI to Income/(Expense)
	(In thousands)		
Three months ended September 30, 2023			

Interest rate contracts	$	1,900	Interest Expense	$	1,535
<u>Three months ended September 30, 2022</u>					
Interest rate contracts	$	4,096	Interest Expense	$	198
<u>Nine months ended September 30, 2023</u>					
Interest rate contracts	$	3,259	Interest Expense	$	3,885
<u>Nine months ended September 30, 2022</u>					
Interest rate contracts	$	12,015	Interest Expense	$	(270)

(1) Net of tax, adjusted for deferred tax valuation allowance.

NOTE 9 – ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income represents the net unrealized holding gains on securities available-for-sale, derivatives and the funded status of the Company's post-retirement plans, as of the balance sheet dates, net of the related tax effect. The tax effect in accumulated other comprehensive income is adjusted to reflect the Company's valuation allowance on deferred tax assets.

The following table presents the components of other comprehensive income (loss) both gross and net of tax, inclusive of a deferred tax valuation allowance, for the periods indicated: 2024 and 2023 periods:

	Three Months Ended September 30,					
	2023			2022		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Unrealized loss on securities available-for-sale:						
Unrealized loss arising during the period	$ (5,926)	$ —	$ (5,926)	$ (13,091)	$ 123	$ (12,968)
Unrealized gain on cash flow hedge:						
Unrealized gain arising during the period	3,435	—	3,435	4,294	—	4,294
Reclassification adjustment for loss included in net (loss) income	(1,535)	—	(1,535)	(198)	—	(198)
Total gain	1,900	—	1,900	4,096	—	4,096
Post-retirement plans:						
Reclassification adjustment for amortization of:						

Net actuarial (gain) loss	(1)	—	(1)	65	—	65
Total other comprehensive loss	$ (4,027)	$ —	$ (4,027)	$ (8,930)	$ 123	$ (8,807)

	Nine Months Ended September 30,					
	2023			2022		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Unrealized gain (loss) on securities available-for-sale:						
Unrealized loss arising during the period	$ (5,687)	$ —	$ (5,687)	$ (39,687)	$ 175	$ (39,512)
Reclassification adjustment for gain included in net income	—	—	—	(14)	—	(14)
Total	(5,687)	—	(5,687)	(39,701)	175	(39,526)
Unrealized gain on cash flow hedge:						
Unrealized gain arising during the period	7,144	—	7,144	11,745	—	11,745
Reclassification adjustment for (gain) loss included in net (loss) income	(3,885)	—	(3,885)	270	—	270
Total gain	3,259	—	3,259	12,015	—	12,015
Post-retirement plans:						
Net benefit arising from plan amendment (1)	—	—	—	164	—	164
Reclassification adjustment for amortization of:						
Net actuarial (gain) loss	(5)	—	(5)	165	—	165
Total	(5)	—	(5)	329	—	329
Total other comprehensive income (loss)	$ (2,433)	$ —	$ (2,433)	$ (27,357)	$ 175	$ (27,182)

(1) Benefit arising from plan amendment approved in June 2022.

	Three Months Ended March 31,					
	2024			2023		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Components of Other Comprehensive Income:						
Unrealized (loss) gain on securities available-for-sale:						
Unrealized (loss) gain arising during the period	$ (1,109)	$ —	$ (1,109)	$ 4,039	$ —	$ 4,039
Unrealized gain (loss) on cash flow hedge:						
Unrealized gain (loss) arising during the period	1,164	—	1,164	(1,440)	—	(1,440)
Reclassification adjustment for loss (gain) included in net loss	1,649	—	1,649	(1,004)	—	(1,004)
Total gain (loss)	2,813	—	2,813	(2,444)	—	(2,444)
Post-Retirement plans:						
Reclassification adjustment for amortization of:						
Net actuarial loss (gain)	1	—	1	(2)	—	(2)
Total other comprehensive income	$ 1,705	$ —	$ 1,705	$ 1,593	$ —	$ 1,593

The following is a summary of the changes in accumulated other comprehensive income by component, net of tax, inclusive of a deferred tax valuation allowance, for the periods indicated:

	Unrealized Gains on Cash Flow Hedges	Unrealized Losses on Available-for-Sale Securities	Post-Retirement Plans	Total
	(In thousands)			

Balance at June 30, 2023	$ 12,450	$ (35,944)	$ 369	$ (23,125)
Other comprehensive income (loss) before reclassification	3,435	(5,926)	—	(2,491)
Amounts reclassified from accumulated other comprehensive income	(1,535)	—	(1)	(1,536)
Net current period other comprehensive gain (loss)	1,900	(5,926)	(1)	(4,027)
Balance at September 30, 2023	$ 14,350	$ (41,870)	$ 368	$ (27,152)

	Unrealized Gains on Cash Flow Hedges	Unrealized Losses on Available-for-Sale Securities	Post-Retirement Plans	Total
		(In thousands)		
Balance at June 30, 2022	$ 7,673	$ (25,467)	$ (953)	$ (18,747)
Other comprehensive income (loss) before reclassification	4,294	(12,968)	—	(8,674)
Amounts reclassified from accumulated other comprehensive income	(198)	—	65	(133)
Net current period other comprehensive gain (loss)	4,096	(12,968)	65	(8,807)
Balance at September 30, 2022	$ 11,769	$ (38,435)	$ (888)	$ (27,554)

	Unrealized Gains on Cash Flow Hedges	Unrealized Losses on Available-for-Sale Securities	Post-Retirement Plans	Total
		(In thousands)		
Balance at December 31, 2023	$ 7,582	$ (30,699)	$ 237	$ (22,880)
Other comprehensive income (loss) before reclassification	1,164	(1,109)	—	55
Amounts reclassified from accumulated other comprehensive income	1,649	—	1	1,650
Net current period other comprehensive income (loss)	2,813	(1,109)	1	1,705
Balance at March 31, 2024	$ 10,395	$ (31,808)	$ 238	$ (21,175)

	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-Sale Securities	Post-Retirement Plans	Total
		(In thousands)		
Balance at December 31, 2022	$ 11,091	$ (36,183)	$ 373	$ (24,719)
Other comprehensive income (loss) before reclassification	7,144	(5,687)	—	1,457
Amounts reclassified from accumulated other comprehensive income	(3,885)		(5)	(3,890)
Net current period other comprehensive gain (loss)	3,259	(5,687)	(5)	(2,433)
Balance at September 30, 2023	$ 14,350	$ (41,870)	$ 368	$ (27,152)

	Unrealized Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Available-for-Sale Securities	Post-Retirement Plans	Total
		(In thousands)		
Balance at December 31, 2021	$ (246)	$ 1,091	$ (1,217)	$ (372)
Other comprehensive income (loss) before reclassification	11,745	(39,512)	164	(27,603)

Amounts reclassified from accumulated other comprehensive income	270	(14)	165	421
Net current period other comprehensive gain (loss)	12,015	(39,526)	329	(27,182)
Balance at September 30, 2022	$ 11,769	$ (38,435)	$ (888)	$ (27,554)

	Unrealized Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Post-Retirement Plans	Total
	(In thousands)			
Balance at December 31, 2022	$ 11,091	$ (36,183)	$ 373	$ (24,719)
Other comprehensive (loss) income before reclassification	(1,440)	4,039	—	2,599
Amounts reclassified from accumulated other comprehensive (loss) income	(1,004)	—	(2)	(1,006)
Net current period other comprehensive (loss) income	(2,444)	4,039	(2)	1,593
Balance at March 31, 2023	$ 8,647	$ (32,144)	$ 371	$ (23,126)

The following table presents information about amounts reclassified from accumulated other comprehensive income (loss) to the consolidated statements of income for the periods indicated:

Details about Accumulated Other Comprehensive Income Components	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Item in the Statement Where Net Income is Presented
	2023	2022	2023	2022	
	(In thousands)				
Unrealized gains on securities available for sale:					
Realized gains on securities available for sale	$ —	$ —	$ —	$ 14	Gain on securities, net
Losses on cash flow hedges:					
Interest rate contracts	1,535	198	3,885	(270)	Interest expense
Amortization of post-retirement plan items:					
Net actuarial loss	1	(65)	5	(165)	Compensation and employee benefits
Total tax effect (1)	—	—	—	—	Income tax expense
Total reclassification for the period, net of tax	$ 1,536	$ 133	$ 3,890	$ (421)	

(1) Reflects deferred tax valuation allowance.

Details about Accumulated Other Comprehensive Income Components	Three Months Ended March 31,		Affected Line Item in the Statement Where Net Income is Presented
	2024	2023	
(Gains) losses on cash flow hedges:			
Interest rate contracts	(1,649)	1,004	Interest expense
Amortization of post-retirement plan items:			
Net actuarial (gains) loss	(1)	2	Compensation and employee benefits
Total tax effect	—	—	Income tax expense
Total reclassification for the period, net of tax	$ (1,650)	$ 1,006	

NOTE 10 – FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

Securities: For securities available-for-sale and equity securities, fair value was estimated using a market approach. The majority of the Company's securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. Prices for these instruments are obtained through third party data service providers or dealer market participants with which the Company has historically transacted both purchases and sales of securities. Prices obtained from these sources include market quotations and matrix pricing. Matrix pricing, a Level 2 input as defined by ASC 820, is a mathematical technique used principally to value certain securities to benchmark or comparable securities.

The Company evaluates the quality of Level 2 matrix pricing through comparison to similar assets with greater liquidity and evaluation of projected cash flows. The Company also holds debt instruments issued by the U.S. government and U.S. government sponsored agencies that are traded in active markets with readily accessible quoted market prices that are considered Level 1 inputs.

Derivatives: The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The Company's derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Impaired loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are usually significant and typically result in a Level 3 classification of the inputs for determining fair value.

Other real estate owned (OREO): Property acquired through foreclosure or deed in lieu of foreclosure is carried at fair value less estimated disposal costs of the acquired property. Fair value of OREO is based on the appraised value of the collateral using discount rates similar to those used in impaired loan valuation.

Assets held for sale: Nonrecurring adjustments to certain non-residential properties classified as assets held for sale are measured at The following table summarizes the fair value less costs to sell. Fair values are based on contracts or letters of intent.assets and liabilities as of March 31, 2024:

	Total	Fair Value Measurements at March 31, 2024, Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Measured on a recurring basis:				
Financial assets				
Securities available-for-sale:				
U.S. Treasury note	$ 25,169	$ 25,169	$ —	$ —
Corporate bonds	74,621	—	74,621	—
U.S. Government agency obligations	11,169	11,169	—	—
Obligations issued by U.S. states and their political subdivisions	6,106	—	6,106	—
Mortgage-backed securities:				
Residential	123,389	—	123,389	—
Multifamily	10,167	—	10,167	—
Asset-backed securities	14,570	—	14,570	—
Total securities available-for-sale	265,191	36,338	228,853	—
Derivatives	10,620	—	10,620	—
Total financial assets measured on a recurring basis	$ 275,811	$ 36,338	$ 239,473	$ —
Financial liabilities				
Derivatives	$ 224	$ —	$ 224	$ —
Measured on a nonrecurring basis:				
Nonfinancial assets				
Real estate owned	$ 593	$ —	$ —	$ 593

The following table summarizes the fair value of assets and liabilities as of September 30, 2023 December 31, 2023:

		Fair Value Measurements at September 30, 2023, Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Measured on a recurring basis:				
Financial assets				
Securities available-for-sale:				
U.S. Treasury note	$ 44,237	$ 44,237	$ —	$ —
Corporate bonds	72,645	—	72,645	—
U.S. Government agency obligations	14,683	11,179	3,504	—
Obligations issued by U.S. states and their political subdivisions	14,801	—	14,801	—
Mortgage-backed securities:				
Residential one-to-four family	123,628	—	123,628	—
Multifamily	12,347	—	12,347	—
Asset-backed securities	1,308	—	1,308	—
Total securities available-for-sale	283,649	55,416	228,233	—
Derivatives	14,350	—	14,350	—
Total financial assets measured on a recurring basis	$ 297,999	$ 55,416	$ 242,583	$ —
Financial liabilities				
Derivatives	$ —	$ —	$ —	$ —
Measured on a nonrecurring basis:				
Nonfinancial assets				
Real estate owned	$ 593	$ —	$ 593	$ —

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the fair value of assets and liabilities as of December 31, 2022:

		Fair Value Measurements at December 31, 2022, Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			

	Total	Fair Value Measurements at December 31, 2023, Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Measured on a recurring basis:				
Financial assets				
Financial assets				
Financial assets				
Securities available-for-sale:				
Securities available-for-sale:				
Securities available-for-sale:				
U.S. Treasury note				
U.S. Treasury note				
U.S. Treasury note	$ 43,759	$ 43,759	$ —	$ —
Corporate bonds	76,298	—	76,298	—
U.S. Government agency obligations	15,423	11,295	4,128	—
Obligations issued by U.S. states and their political subdivisions	16,268	—	16,268	—
Mortgage-backed securities:				
Residential one-to-four family	140,186	—	140,186	—
Residential				
Residential				
Residential				
Multifamily	18,158	—	18,158	—
Asset-backed securities	4,156	—	4,156	—
Total securities available-for-sale	314,248	55,054	259,194	—
Derivatives	11,091	—	11,091	—
Total financial assets measured on a recurring basis	$ 325,339	$ 55,054	$ 270,285	$ —

Financial liabilities	Financial liabilities				
Derivatives	Derivatives	$ —	$ —	$ —	$ —
Derivatives					
Derivatives					
Measured on a nonrecurring basis:	Measured on a nonrecurring basis:				
Measured on a nonrecurring basis:					
Measured on a nonrecurring basis:					
Nonfinancial assets	Nonfinancial assets				
Assets held for sale		$ 917	$ —	$ 917	$ —
Nonfinancial assets					
Nonfinancial assets					
Real estate owned					
Real estate owned					
Real estate owned					

Other Fair Value Disclosures

Fair value estimates, methods and assumptions for the Company's financial instruments that are not recorded at fair value on a recurring or non-recurring basis are set forth below.

Securities held-to-maturity: The Company's debt securities held-to-maturity portfolio is carried at amortized cost less allowance for credit losses. The fair values of debt securities held-to-maturity are provided by a third-party pricing service. The pricing service may use quoted market prices of comparable instruments or a variety of other forms of analysis, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes.

Loans, net: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type, such as residential mortgage and consumer. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing categories. Estimated fair value of loans is determined using a discounted cash flow model that employs an exit discount rate that reflects the current market pricing for loans with similar characteristics and remaining maturity, adjusted for estimated credit losses inherent in the portfolio at the balance sheet date.

Time deposits: The fair value of time deposits is based on the discounted value of contractual cash flows. The discount rate is estimated using rates for currently offered deposits of similar remaining maturities.

Federal Home Loan Bank advances: The fair value of borrowings is based on securities dealers' estimated fair values, when available, or estimated using discounted cash flow analysis. The discount rates used approximate the rates offered for similar borrowings of similar remaining terms.

The following tables present the book value, fair value, and placement in the fair value hierarchy of financial instruments not recorded at fair values in their entirety on a recurring basis on the Company's consolidated balance sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The fair value measurements presented are consistent with Topic 820, Fair Value Measurement, in which fair value represents exit price.

These tables exclude financial instruments for which the carrying amount approximates fair value. Financial instruments for which the carrying amount approximates fair value include cash and cash equivalents, other investments, non-maturity deposits, overnight borrowings and accrued interest, which are excluded from the table below.

		Fair Value Measurements at September 30, 2023, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Financial assets				
Securities held-to-maturity	$ 33,466	$ —	$ 27,914	$ —
Loans, net	1,557,118	—	—	1,336,222
Financial liabilities				

Time deposits	572,384	—	565,713	—
FHLB advances	402,500	—	403,612	—

		Fair Value Measurements at December 31, 2022, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Measured on a recurring basis:				
Financial assets				
Securities held-to-maturity	$ 33,705	$ —	$ 29,115	$ —
Loans, net	1,531,727	—	—	1,332,882
Financial liabilities				
Time deposits	416,260	—	408,904	—
FHLB advances	310,500	—	318,688	—

The carrying amounts and fair value of financial instruments not carried at fair value, at March 31, 2024 and December 31, 2023, are as follows:

		Fair Value Measurements at March 31, 2024, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Financial assets				
Securities held-to-maturity:				
Corporate bonds	18,600	—	15,317	—
Asset-backed securities	14,757	—	13,306	—
Securities held-to-maturity	$ 33,357	$ —	$ 28,623	$ —
Loans, net	1,540,428	—	—	1,410,308
Financial liabilities				
Time deposits	642,372	—	638,932	—
FHLB advances	342,500	—	349,484	—

		Fair Value Measurements at December 31, 2023, Using		
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Measured on a recurring basis:				
Financial assets				
Securities held-to-maturity:				
Corporate bonds	18,600	—	15,007	—
Asset-backed securities	14,812	—	13,316	—
Securities held-to-maturity	$ 33,412	$ —	$ 28,323	$ —
Loans, net	1,546,576	—	—	1,332,138
Financial liabilities				
Time deposits	596,624	—	592,676	—
FHLB advances	397,500	—	405,015	—

NOTE 11 – REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within non-interest income in the statements of income.

The following table presents the Company's sources of revenue from contracts with customers for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively:

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,		
	2024	2024	2023
	(In thousands)		(In thousands)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Service charges on deposits					
		(In thousands)			
Service charges on deposits					
Service charges on deposits	Service charges on deposits	$ 205	$255	$636	$752
Interchange income	Interchange income	13	12	38	31
Total revenue from contracts with customers	Total revenue from contracts with customers	$ 218	$267	$674	$783

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance and, prior to November 1, 2022, overdraft services. maintenance. Transaction based fees, which include services such as ATM use fees, stop payment charges, statement rendering and wire transfer fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. When they were assessed, overdraft fees were recognized at the point in time the overdraft occurred. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income: The Company earns interchange fees from debit cardholder transactions conducted through a payment network. Interchange fees from debit cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. In addition, the Company earns interchange fees from credit cardholder transactions through its partnership with a third party.

NOTE 12 - EARNINGS PER SHARE

Basic earnings per share (“EPS”) represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares (such as unexercised stock options and unvested restricted stock) were exercised or converted into additional common shares that would then share in the earnings of the entity. Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, plus the effect of potential dilutive common share equivalents.

Shares held by the Employee Stock Ownership Plan (“ESOP”) that have not been allocated to employees in accordance with the terms of the ESOP, referred to as “unallocated ESOP shares,” are not deemed outstanding for earnings per share calculations.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Income in thousands)			
Net (loss) income applicable to common shares	$ (1,432)	$ 1,241	$ (4,466)	$ 1,834

	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	2024	2023
	(Income in thousands)	(Income in thousands)
Net loss applicable to common shares		

Shares	Shares				
Average number of common shares outstanding					
Average number of common shares outstanding					
Average number of common shares outstanding	Average number of common shares outstanding	25,320,701	28,262,210	26,354,461	28,434,783
Less: Average unallocated ESOP shares	Less: Average unallocated ESOP shares	2,042,211	2,133,359	2,064,862	2,156,008

Average number of common shares outstanding used to calculate basic earnings per common share	Average number of common shares outstanding used to calculate basic earnings per common share	23,278,490	26,128,851	24,289,599	26,278,775
Common stock equivalents	Common stock equivalents	—	117,188	—	39,492
Average number of common shares outstanding used to calculate diluted earnings per common share	Average number of common shares outstanding used to calculate diluted earnings per common share	23,278,490	26,246,039	24,289,599	26,318,267
Earnings per common share					
Loss per common share					
Basic					
Basic					
Basic	Basic	$ (0.06)	$ 0.05	$ (0.18)	$ 0.07
Diluted	Diluted	$ (0.06)	$ 0.05	$ (0.18)	$ 0.07

Excluded from the earnings per share calculation are anti-dilutive equity awards for the three and nine months ended September 30, 2023 March 31, 2024, totaling 1,496,475 and 1,278,351, respectively. 1,417,627. For the three and nine months ended September 30, 2022 March 31, 2023, anti-dilutive equity awards totaling 98,000 and 33,000, respectively, 909,804 were excluded from the earnings per share calculation. Due to the Company's net loss for the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the assumed vesting of outstanding restricted stock units had an antidilutive effect on diluted earnings per share.

NOTE 13 - SUBSEQUENT EVENTS

As defined in FASB ASC 855, "Subsequent Events," subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or available to be issued. Financial statements are considered issued when they are widely distributed to stockholders and other financial statement users for general use and reliance in a form and format that complies with U.S. GAAP. The Company performed an evaluation and determined that there are no subsequent events to report.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section is intended to assist in the understanding of the financial performance of the Company and its subsidiary through a discussion of our financial condition as of September 30, 2023 March 31, 2024, and our results of operations for the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022. 2023. This section should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto of the Company appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q that are not historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and

Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements, which are based on certain current assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of the words “may,” “will,” “should,” “could,” “would,” “plan,” “potential,” “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” “target” and similar expressions.

Forward-looking statements are based on current beliefs and expectations of management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: inflation and changes in the interest rate environment that reduce our margins and yields, the fair value of financial instruments or our level of loan originations, or increase the level of defaults, losses and prepayments on loans we have made and make; adverse changes in the securities or secondary mortgage markets; changes in monetary or fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board; general economic conditions, either nationally or in our market areas, that are worse than expected; changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for credit losses; our ability to access cost-effective funding; fluctuations in real estate values and both residential and commercial real estate market conditions; demand for loans and deposits in our market area; our ability to implement and change our business strategies; competition among depository and other financial institutions; changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees, capital requirements and insurance premiums; the effects of the recent turmoil in the banking industry (including the failure of three financial institutions); changes in the quality or composition of our loan or investment portfolios; technological changes that may be more difficult or expensive than expected; a failure or breach of our operational or security systems or infrastructure, including cyber-attacks; the inability of third party providers to perform as expected; our ability to manage market risk, credit risk and operational risk in the current economic environment; our ability to enter new markets successfully and capitalize on growth opportunities; our ability to successfully integrate into our operations any assets, liabilities, customers, systems and management personnel we may acquire and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related there to; changes in consumer spending, borrowing and savings habits; changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission or the Public Company Accounting Oversight Board; our ability to retain key employees; the current or anticipated impact of military conflict, terrorism or other geopolitical events; the impact of potential government shutdown; the ability of the U.S. Government to manage federal debt limits; and changes in the financial condition, results of operations or future prospects of issuers of securities that we own.

Because of these and other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. Except as required by applicable law or regulation, we do not undertake, and we specifically disclaim any obligation, to release publicly the results of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of the statements or to reflect the occurrence of anticipated or unanticipated events.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and assumptions. Our actual results could differ from these estimates.

On January 1, 2023, the Company adopted new accounting guidance, which requires entities to estimate and recognize an allowance for lifetime expected credit losses for loans and other financial assets measured at amortized cost. Previously, an allowance was recognized based on probable and reasonably estimable incurred losses inherent in the loan portfolio at the balance sheet date. See Note 1 to our Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further discussion of the Company’s accounting policies and methodologies for establishing the allowance and the liability for off-balance sheet commitments beginning in 2023.

The allowance for credit losses is a critical accounting estimate for the following reasons:

- estimates relating to the allowance for credit losses require management to project future loan performance, including cash flows, delinquencies, charge-offs and collateral values, based on a reasonable and supportable forecast period utilizing forward-looking economic scenarios in order to estimate potential credit losses;
- the allowance for credit losses is influenced by factors outside of management’s control such as industry and business trends, geopolitical events and the effects of laws and regulations as well as economic conditions including, but not limited to, interest rates, housing prices, GDP, inflation and unemployment; and
- judgment is required to determine whether the models used to generate the allowance for credit losses produce results that appropriately reflect a current estimate of lifetime expected credit losses.

Because management's estimates of the allowance for credit losses involve a high degree of judgment, the subjectivity of the assumptions used and the potential for changes in the forecasted economic environment that could result in changes to the amount of the allowance recorded, there is uncertainty inherent in such estimates. Changes in these estimates could significantly impact the allowance and provision for credit losses.

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Comparison of Operating Results for the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

General. The Company recorded a net loss of $1.4 million $2.8 million for the three months ended September 30, 2023 March 31, 2024, compared to a net income loss of $1.2 million for the three months ended September 30, 2022 March 31, 2023.

Interest Income. Interest income increased $3.8 $2.0 million, or 23.2% 10.7%, to $20.2 million $20.8 million for the three months ended September 30, 2023 March 31, 2024 from $16.4 million $18.8 million for the three months ended September 30, 2022 March 31, 2023, driven by increases in rates earned on most categories of interest-earning assets and an increase in the average balance balances of cash and cash equivalents and loans of $112.1 million. $5.0 million and $2.4 million, respectively. The yield on average interest-earning assets increased 60 43 basis points to 3.97% 4.25% for the three months ended September 30, 2023 March 31, 2024 from 3.37% 3.82% for the three months ended September 30, 2022 March 31, 2023.

Interest Expense. Interest expense was $10.3 million $11.4 million for the three months ended September 30, 2023 March 31, 2024 compared to $2.6 million $6.9 million for the three months ended September 30, 2022 March 31, 2023, an increase of $7.7 million $4.5 million driven by increases in rates paid on interest-bearing liabilities and an increase in the average balance of FHLB advances. Average balances of FHLB advances and time deposits increased $151.7 million $14.4 million and $152.4 million $203.0 million, respectively, while the average balances of interest-bearing core deposits decreased $147.0 million $189.2 million when compared to the third first quarter of 2022. 2023. The cost of average interest-bearing liabilities increased 180 109 basis points to 2.49% 2.86% for the three months ended September 30, 2023 March 31, 2024 from 0.69% 1.77% for the three months ended September 30, 2022 March 31, 2023.

Net Interest Income. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, net interest income was $9.9 million $9.4 million and $13.8 million $11.9 million, respectively. Net interest spread decreased 120 66 basis points to 1.48% 1.39% and net interest margin decreased 90 50 basis points to 1.94% 1.92%.

Provision for Credit Losses. The Company recorded a $717 $535 thousand release of provision for credit losses for the three months ended September 30, 2023 March 31, 2024, compared to a $419 $23 thousand release of provision for loan credit losses for the same period of 2022. Under prior accounting guidance 2023. For March 31, 2024, the release of provision in on loans of $396 thousand and the third quarter release of 2022 excluded the provision on commitments and letters of credit which was recorded in non-interest expense. For September 30, 2023, the release of provision reflected a release of $514 $121 thousand on loans and a release of $201 thousand on commitments and letters of driven by forecasted improvements to economic drivers used to model credit due to the impact of the change in forecast on the loan portfolio, losses, coupled with a decline in portfolio balances and unused lines. In addition, the release of provision included a $2 $18 thousand release on securities. As of September 30, 2023 March 31, 2024, the Allowance for Credit Losses ("ACL") on loans as a percentage of total loans was 0.88%.

Non-interest Income. Non-interest income decreased $430 $33 thousand, or 53.8% 6.8%, to $369 $451 thousand for the third first quarter of 2023 2024 from $799 $484 thousand for the third first quarter of 2022. 2023. The decrease in non-interest income from the prior year period was primarily related to a decline in the gain on sale of loans partially offset by an increase in loan prepayment fee activity and the absence of overdraft fees. Prepayment fees decreased $218 thousand. Beginning in November 2022, the Company no longer charges overdraft fees; therefore, there were no fees for the third quarter of 2023, while these fees totaled $79 thousand for the third quarter of 2022.

Non-interest Expense. Non-interest expense decreased $1.3 million $415 thousand to $12.4 million $13.2 million for the third first quarter of 2023 2024 when compared to the same period in 2022. Excluding the provision for commitments and letters of credit, which prior to January 1, 2023 was recorded in non-interest expense, non-interest expense decreased $1.1 million. 2023. This decrease was primarily driven by decreases of $793 $298 thousand in compensation and benefits expenses, and $366 $250 thousand decrease in professional fees and $214 thousand in data processing expense, partially offset by increases an increase of $183 $210 thousand in occupancy and equipment and $165 thousand in the FDIC assessment. expense.

Income Tax Expense. The Company's current tax position reflects the previously established full valuation allowance on its deferred tax assets. At September 30, 2023 March 31, 2024, the valuation allowance on deferred tax assets was $23.1 million $23.5 million. The Company did not record a tax benefit for the loss incurred during the current or previous year quarter due to the full valuation allowance required on its deferred tax assets. The third quarter 2022 effective tax rate of 9.0% was a result of the taxable income produced during the prior year quarter, partially offset by the ability to utilize a portion of the net operating losses that were fully reserved.

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Average Balances and Yields

The following tables present information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting annualized average yields and costs. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. Average balances have been calculated using daily balances. Non-accrual loans are included in average balances only. The amortization and accretion of deferred fees and costs are included in interest income on loans and are not material.

	Three Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
	(Dollar in thousands)					
Assets:						
Loans (1)	$1,577,173	$16,728	4.21 %	$1,465,114	$13,692	3.71 %
Mortgage-backed securities	170,326	840	1.96 %	197,406	1,055	2.12 %
Other investment securities	194,953	1,507	3.07 %	204,506	1,230	2.39 %
FHLB stock	21,047	456	8.60 %	13,141	139	4.20 %
Cash and cash equivalents	51,884	642	4.91 %	49,163	256	2.07 %
Total interest-earning assets	2,015,383	20,173	3.97 %	1,929,330	16,372	3.37 %
Non-interest earning assets	58,042			61,264		
Total assets	$2,073,425			$1,990,594		
Liabilities and shareholders' equity:						

	Three Months Ended March 31,							
	2024				2024			
	Average Balance	Average Balance		Interest	Average Yield/Cost			Avera
	(Dollars in thousands)							Balan
Assets:								
Loans (1)								
Loans (1)								
Loans (1)	$1,555,534	$	$ 17,192	4.45	4.45 %	$ 1,553,118	$	
Mortgage-backed securities	160,349	876	876	2.20	2.20 %		179,604	9
Other investment securities	183,717	1,652	1,652	3.62	3.62 %		199,069	1,5
FHLB stock	20,123	492	492	9.83	9.83 %		20,141	3
Cash and cash equivalents	51,561	630	630	4.92	4.92 %		46,530	4
Total interest-earning assets	1,971,284	20,842	20,842	4.25	4.25 %		1,998,462	18,8
Total assets								
Total assets								
Liabilities and shareholders' equity:								
Liabilities and shareholders' equity:								
NOW, savings, and money market deposits								
NOW, savings, and money market deposits								

NOW, savings, and money market deposits	NOW, savings, and money market deposits	$ 684,228	$ 2,123	1.23 %	$ 831,191	$ 759	0.36 %
Time deposits	Time deposits	558,252	4,911	3.49 %	405,823	665	0.65 %
Interest-bearing deposits	Interest-bearing deposits	1,242,480	7,034	2.25 %	1,237,014	1,424	0.46 %
FHLB advances	FHLB advances	395,359	3,263	3.27 %	243,647	1,133	1.84 %
Total interest-bearing liabilities	Total interest-bearing liabilities	1,637,839	10,297	2.49 %	1,480,661	2,557	0.69 %
Non-interest bearing deposits	Non-interest bearing deposits	25,540			49,869		
Non-interest bearing other	Non-interest bearing other	44,628			48,103		
Non-interest bearing other							
Non-interest bearing other							
Total liabilities							
Total liabilities							
Total liabilities	Total liabilities	1,708,007			1,578,633		
Total shareholders' equity	Total shareholders' equity	365,418			411,961		
Total shareholders' equity							
Total shareholders' equity							
Total liabilities and shareholders' equity							
Total liabilities and shareholders' equity							
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 2,073,425			$ 1,990,594		
Net interest income	Net interest income		$ 9,876			$ 13,815	
Net interest income							
Net interest income							
Net interest rate spread (2)							
Net interest rate spread (2)							
Net interest rate spread (2)	Net interest rate spread (2)			1.48 %			2.68 %
Net interest margin (3)	Net interest margin (3)			1.94 %			2.84 %

	$ 616,169	$	$ 1,937		1.26	1.26 %		$ 805,392	$	
Time deposits	619,220	6,476		6,476	4.21	4.21	%		416,238	2,1
Interest-bearing deposits	1,235,389	8,413		8,413	2.74	2.74	%		1,221,630	4,1
FHLB advances	373,874	3,012		3,012	3.24	3.24	%		359,511	2,7
Total interest-bearing liabilities	1,609,263	11,425		11,425	2.86	2.86	%		1,581,141	6,8
						1.39	%			
Net interest margin (3)							1.92 %			

(1) Average loan balances are net of deferred loan fees and costs, premiums and discounts and include non-accrual loans.
(2) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average interest-earning assets.

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Comparison of Operating Results for the Nine Months Ended September 30, 2023 and 2022

General. The Company recorded a net loss of $4.5 million for the nine months ended September 30, 2023, compared to net income of $1.8 million for the nine months ended September 30, 2022.

Interest Income. For the nine months ended September 30, 2023 and 2022, interest income totaled $58.8 million and $44.8 million, respectively. This represents an increase of $13.9 million, or 31.1%, driven primarily by increases in rates earned on interest-earning assets and an increase in the average balance of loans of $198.9 million. The yield on average interest-earning assets was 3.91% and 3.18% for the nine months ended September 30, 2023 and 2022, respectively, an increase of 73 basis points from the prior period.

Interest Expense. For the nine months ended September 30, 2023, interest expense increased $20.1 million to $26.0 million when compared to the 2022 period due primarily to increases in rates paid on interest-bearing liabilities and an increase in the average balance of FHLB advances. FHLB advances for the nine months ended September 30, 2023 averaged $395.8 million as the Company borrowed to fund loan growth and to replace deposit outflows. Average deposit balances decreased $5.2 million when compared to the 2022 period. The cost of average interest-bearing liabilities increased 160 basis points to 2.15% for the nine months ended September 30, 2023 from 0.55% for the same period in 2022.

Net Interest Income. Net interest income was $32.7 million for the nine months ended September 30, 2023 compared to $38.9 million for the nine months ended September 30, 2022, a $6.2 million decrease. Net interest spread was 1.76% for the nine months ended September 30, 2023 compared to 2.64%, a decrease of 88 basis points. For the nine months ended September 30, 2023 and 2022, the net interest margin was 2.18% and 2.76%, respectively, a decrease of 58 basis points.

Provision for Credit Losses. The Company recorded a release of provision for credit losses totaling $597 thousand for the nine months ended September 30, 2023 and a release of provision for loan losses of $777 thousand for the same period in 2022. The release of provision on commitments and letters of credit, loans and securities totaled $443 thousand, $152 thousand and $2 thousand, respectively, for the nine months ended September 30, 2023.

Non-interest Income. For the nine months ended September 30, 2023 and 2022, non-interest income was $1.2 million and $2.2 million, respectively. The decrease of $987 thousand, or 44.5%, was primarily due to the reduction in prepayment fees of $758 thousand. In addition, there were no overdraft fees for the nine months ended September 30, 2023, while these fees totaled $218 thousand for the same period in 2022.

Non-interest Expense. Non-interest expense totaled $39.0 million for the nine months ended September 30, 2023, a decrease of $885 thousand from the same period in 2022. Excluding the provision for commitments and letters of credit, which prior to January 1, 2023 was recorded in non-interest expense, non-interest expense decreased $993 thousand. The decrease was primarily driven by decreases in professional fees and advertising expenses of $889 thousand and $759 thousand, respectively, partially offset by increases of $494 thousand in occupancy and equipment expense, $179 thousand in data processing and $324 thousand in FDIC assessment.

Income Tax Expense. The Company's current tax position reflects the previously established full valuation allowance on its deferred tax assets. At September 30, 2023, the valuation allowance on deferred tax assets was $23.1 million. The Company did not record a tax benefit for the loss incurred during the year to date period because a full valuation allowance was required on its deferred tax assets. The effective tax rate for the first nine months of 2022 was 8.7% and was the result of the taxable income produced during the nine months ended September 30, 2022, partially offset by the ability to utilize a portion of the net operating losses that were fully reserved.

Average Balances and Yields

The following tables present information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting annualized average yields and costs. The yields and costs for the periods indicated are derived by dividing income or expense by the average balances of assets or liabilities, respectively, for the periods presented. Average balances have been calculated using daily balances. Non-accrual loans are included in average balances only. The amortization and accretion of deferred fees and costs are included in interest income on loans and are not material.

	Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
	(Dollars in thousands)					
Assets:						

Loans (1)	$ 1,571,204	$ 48,778	4.15 %	$ 1,372,306	$ 37,792	3.68 %
Mortgage-backed securities	174,742	2,789	2.13 %	191,662	2,842	1.98 %
Other investment securities	197,522	4,523	3.06 %	204,009	3,395	2.22 %
FHLB stock	21,343	1,106	6.93 %	11,080	371	4.48 %
Cash and cash equivalents	46,363	1,574	4.54 %	103,526	444	0.57 %
Total interest-earning assets	2,011,174	58,770	3.91 %	1,882,583	44,844	3.18 %
Non-interest earning assets	56,762			69,008		
Total assets	$ 2,067,936			$ 1,951,591		
Liabilities and shareholders' equity:						
NOW, savings, and money market deposits	$ 753,419	$ 6,350	1.13 %	$ 799,762	$ 1,323	0.22 %
Time deposits	472,866	10,011	2.83 %	431,724	1,933	0.60 %
Interest-bearing deposits	1,226,285	16,361	1.78 %	1,231,486	3,256	0.35 %
FHLB advances	395,800	9,686	3.27 %	205,828	2,672	1.74 %
Total interest-bearing liabilities	1,622,085	26,047	2.15 %	1,437,314	5,928	0.55 %
Non-interest bearing deposits	23,092			45,338		
Non-interest bearing other	44,572			47,691		
Total liabilities	1,689,749			1,530,343		
Total shareholders' equity	378,187			421,248		
Total liabilities and shareholders' equity	$ 2,067,936			$ 1,951,591		
Net interest income		$ 32,723			$ 38,916	
Net interest rate spread (2)			1.76 %			2.64 %
Net interest margin (3)			2.18 %			2.76 %

(1) Average loan balances are net of deferred loan fees and costs, premiums and discounts and include non-accrual loans.
(2) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by average interest-earning assets.

Comparison of Financial Condition at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023

Total Assets. Total assets increased decreased $17.2 million, or 0.8%, to $2.06 billion $2.03 billion at September 30, 2023 March 31, 2024 from $2.04 billion at December 31, 2022 December 31, 2023.

Cash and cash equivalents. Cash and cash equivalents increased $11.2 million $7.7 million, or 27% 17%, to $52.4 million $53.8 million at September 30, 2023 March 31, 2024 from $41.2 million $46.0 million at December 31, 2022 December 31, 2023.

Securities and other investments. available-for-sale. Securities available-for-sale decreased $30.6 million $18.6 million, or 9.7% 6.6%, to $283.6 million $265.2 million at September 30, 2023 March 31, 2024 from $314.2 million $283.8 million at December 31, 2022 December 31, 2023, due to amortization, maturities and calls. principal paydowns. In addition, the unrealized loss on available-for-sale securities increased by $5.7 million $1.1 million.

Securities held-to-maturity. Held-to-maturity securities totaled $33.2 million and $33.3 million at March 31, 2024 and $33.7 million at September 30, 2023 and December 31, 2022 December 31, 2023, respectively.

FHLB stock and other investments. Other investments increased $4.4 million decreased $2.4 million to $20.5 million $17.9 million at September 30, 2023 March 31, 2024 due to an increase a decrease in the Federal Home Loan Bank stock held by the Company.

Gross Loans. Gross loans held for investment increased $25.9 million, or 2%, decreased $6.6 million to $1.57 billion $1.55 billion at September 30, 2023 March 31, 2024, from $1.55 billion $1.56 billion at December 31, 2022 December 31, 2023. Construction Multifamily loans and land residential loans increased $27.3 million decreased $11.6 million and non-residential $10.5 million, respectively, while commercial real estate loans increased $20.3 million, while residential one-to-four family $11.7 million and construction loans decreased $29.9 million increased $2.6 million. Year-to-date 2023 2024 loan fundings totaled $97.1 million $20.6 million, including originations of $27.4 million $13.7 million in non-residential commercial real estate loans $27.6 million and $3.8 million in construction loans commercial and $17.3 million in multifamily industrial loans. In addition, $6.8 million of conforming residential mortgages in New Jersey were purchased during the period.

The following table presents loans at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 allocated by loan category:

	September 30, 2023	December 31, 2022
	(In thousands)	
Residential one-to-four family	$ 567,384	$ 594,521
Multifamily	689,966	690,278
Non-residential real estate	236,325	216,394
Construction and land	45,064	17,990
Junior liens	22,297	18,477
Commercial and industrial	9,904	4,682
Consumer and other	50	38
Total loans	1,570,990	1,542,380
Deferred fees, costs, premiums and discounts, net (1)	—	2,747
Total loans	1,570,990	1,545,127
Less: Allowance for credit losses	13,872	13,400
Loans receivable, net	$ 1,557,118	$ 1,531,727

(1) Deferred fees, costs, premiums and discounts, net, at September 30, 2023 are reflected in the respective loan categories as a result of the adoption of ASU 2016-13.

	March 31, 2024	December 31, 2022
	(In thousands)	
Residential	$ 540,427	$ 550,929
Multifamily	671,011	682,564
Commercial real estate	244,207	232,505
Construction	63,052	60,414
Junior liens	22,052	22,503
Commercial and industrial	13,372	11,768
Consumer and other	56	47
Total loans	1,554,177	1,560,730
Less: Allowance for credit losses	13,749	14,154
Loans receivable, net	$ 1,540,428	$ 1,546,576

The table below presents the balance of non-performing loans on the dates indicated:

	March 31, 2024	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)
Residential			
Multifamily			
Junior liens			
Junior liens			
Junior liens			
Commercial and industrial			
Total non-performing loans			
Total non-performing loans			

	September 30, 2023	December 31, 2022
	(In thousands)	
Residential one-to-four family	$ 5,889	$ 7,498
Multifamily	153	182
Junior liens	50	52
Commercial and industrial	47	35
Total non-performing loans	6,139	7,767

Total non-performing loans			
Other real estate owned	Other real estate owned	593	—
Total non-performing assets	Total non-performing assets	$ 6,732	$ 7,767

Total Deposits. Total deposits were $1.25 billion $1.29 billion at September 30, 2023 March 31, 2024, a decrease an increase of $35.8 $46.3 million, or 2.77% 3.7%, from December 31, 2022 December 31, 2023. Time deposits increased $45.7 million, or 7.7%, to $642.4 million at March 31, 2024 from $596.6 million at December 31, 2023. Checking and savings accounts decreased $191.9 million, increased $532 thousand, or 22.0% 0.1%, to $680.7 $648.8 million at September 30, 2023 March 31, 2024 from $872.6 million $648.3 million at December 31, 2022 December 31, 2023. This decrease was partially offset by an increase in time deposits of $156.1 million, or 37.5%, to $572.4 million at September 30, 2023 from $416.3 million at December 31, 2022. The increase in time deposits includes $50.0 million of brokered deposits. Uninsured and uncollateralized deposits to third party customers were $127.3 $133.4 million, or 10% of total deposits, at the end of the quarter.

The following table presents the totals of deposit accounts by account type, at the dates shown below:

		September 30, 2023	December 31, 2022
		(In thousands)	
		March 31, 2024	March 31, 2024	December 31, 2023
		(In thousands)		(In thousands)
Non-interest bearing deposits	Non-interest bearing deposits	$ 23,787	$ 37,907
NOW and demand accounts (1)	NOW and demand accounts (1)	378,268	410,937
Savings (1)	Savings (1)	278,665	423,758
Core deposits	Core deposits	680,720	872,602
Time deposits	Time deposits	572,384	416,260
Total deposits	Total deposits	$ 1,253,104	$1,288,862

(1) Money market accounts are included within the NOW and demand accounts and Savings captions.

Borrowings. The Company had $402.5 $342.5 million of borrowings at September 30, 2023 March 31, 2024, an increase a decrease of $92.0 million $55.0 million, or 29.6% 13.8% from $310.5 million $397.5 million at December 31, 2022 December 31, 2023. Borrowings consist solely of Federal Home Loan Bank of New York advances.

Total Shareholders' Equity. Total shareholders' equity decreased by $34.6 $5.5 million, or 8.8% 1.5%, to $359.1 $350.2 million at September 30, 2023 March 31, 2024 compared to $393.7 $355.6 million at December 31, 2022 December 31, 2023. The decrease was primarily driven by the repurchase of treasury shares. The Company repurchased approximately 3.06 million 556,353 shares at a weighted average cost of $9.99 $9.49 per share.

Off-Balance Sheet. To help manage our interest rate position, the Company had $259.0 million $254.0 million in interest rate hedges at September 30, 2023 March 31, 2024, with a weighted average duration of 3.4 3.0 years and a weighted average rate of 2.52% 2.50%. This represents an increase a decrease of $150.0 million $5.0 million from December 31, 2022 December 31, 2023, when we had $109.0 million $259.0 million in interest rate hedges with a weighted average duration of 4.2 3.2 years and a weighted average rate of 3.15% 2.58%. See Note 8, Derivatives and Hedging Activities, of Notes to Consolidated Financial Statements in “Item 1- Financial Statements.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Qualitative Analysis. Our most significant form of market risk is interest rate risk because, as a financial institution, the majority of our assets and liabilities are sensitive to changes in interest rates. Therefore, a principal part of our operations is to manage interest rate risk and limit the exposure of our balance sheet and results of operations to changes in market interest rates. Our ALCO/Investment Committee, which consists of members of management, is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the policy and guidelines approved by our board of directors. We currently utilize a modeling program, on a quarterly basis, to evaluate our sensitivity to changing interest rates, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the guidelines approved by the board of directors.

We have sought to manage our interest rate risk in order to minimize the exposure of our earnings and capital to changes in interest rates. We have implemented the following strategies to manage our interest rate risk: growing target deposit accounts, such as small business accounts; utilizing our investment securities portfolio and interest rate swaps as part of our balance sheet asset and liability and interest rate risk management strategy to reduce the impact of movements in interest rates on net interest income and economic value of equity, which can create temporary valuation adjustments to equity in Accumulated Other Comprehensive Income; continuing the diversification of our loan portfolio by adding more commercial loans, which typically have shorter maturities and/or balloon payments.

By following these strategies, we believe that we are positioned to react to increases and decreases in market interest rates.

Other than cash flow hedging on interest expense, we generally do not engage in hedging activities such as engaging in futures or options, or investing in high-risk mortgage derivatives such as collateralized mortgage obligation residual interests, real estate mortgage investment conduit residual interests or stripped mortgage-backed securities.

The Company has entered into derivative financial instruments to reduce risk associated with interest rate volatility by matching asset maturities and liability maturities. These derivatives had an aggregate notional amount of $259.0 million $254.0 million as of September 30, 2023 March 31, 2024.

Quantitative Analysis. We compute amounts by which the net present value of our cash flow from assets, liabilities and off-balance-sheet items would change in the event of a range of assumed changes in market interest rates. The economic value of equity (“EVE”) analysis estimates the change in the net present value (“NPV”) of assets and liabilities and off-balance-sheet contracts over a range of immediate rate shock interest rate scenarios. This model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. The model estimates the economic value of each type of asset, liability and off-balance-sheet contract under the assumption that the United States Treasury yield curve increases or decreases instantaneously by 100 to 200 basis points in 100 basis point increments. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100-basis point increase in the “Basis Point Change in Interest Rates” column below.

The following table sets forth, at September 30, 2023 March 31, 2024, the calculation of the estimated changes to the Bank’s net interest income, at the Bank level, that would result from the specified immediate changes in the United States Treasury yield curve. For purposes of this table, 100 basis points equals 1%.

		Net Interest Income						
		Net Interest Income					Net Interest Income	
Change in Interest Rates (basis points)	Change in Interest Rates (basis points)	Amount	Change	Percent	Change in Interest Rates (basis points)	Amount	Change	Percent
		(Dollars in Thousands)						
		(Dollars in thousands)					(Dollars in thousands)	
+200	+200	$48,138	$ (587)	(1.2) %	+200	$ 41,775	$ $ (1,523)	(3.5) (3.5) %
+100	+100	48,436	(289)	(0.6)				
0	0	48,725	—	—				
-100	-100	50,085	1,360	2.8				
-200	-200	50,268	1,543	3.2				

The following table sets forth, at September 30, 2023 March 31, 2024, the calculation of the estimated changes in our net portfolio value, at the Bank level, that would result from the specified immediate changes in the United States Treasury yield curve. For purposes of this table, 100 basis points equals 1%.

		EVE			NPV as a Percent of Portfolio Value of Assets	
		EVE			NPV as a Percent of Portfolio Value of Assets	EVE
Change in Interest Rates (basis points)	Change in Interest Rates (basis points)	Estimated EVE	Estimated Increase (Decrease) Amount	Estimated Increase (Decrease) Percent	NPV as a Percent of Portfolio Value of Assets	NPV as a Percent of Portfolio Value of Assets
		(Dollars in thousands)				
		Amount				
		Amount		Percent	NPV Ratio	Change
		(Dollars in thousands)				(Dollars in thousands)
+200	+200	$ 7,890	$(76,453)	(90.7)%	0.4 %	(3.7)
+100	+100	45,245	(39,098)	(46.4)	2.2	(1.9)
0	0	84,343	—	—	4.1	—
-100	-100	123,910	39,567	46.9	6.0	1.9
-200	-200	163,183	78,841	93.5	7.9	3.8

The tables above indicates that at September 30, 2023 March 31, 2024, in the event of an instantaneous 100 basis point increase in interest rates, we would experience a 46% 24% decrease in EVE. In the event of an instantaneous 100 basis point decrease in interest rates, we would experience a 47% 25% increase in EVE.

Certain short comings are inherent in the methodologies used in the above interest rate risk measurements. Modeling changes require making certain assumptions that may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. The above tables assume that the composition of our interest sensitive assets and liabilities existing at the date indicated remains constant uniformly across the yield curve regardless of the duration or repricing of specific assets and liabilities. Accordingly, although the table provides an indication of our interest rate risk exposure at a particular point in time, the data does not reflect any actions we may take in response to changes in interest rates. In addition, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on our NPV and will differ from actual results.

Liquidity and Capital Resources

Liquidity is the ability to meet current and future financial obligations of a short-term and long-term nature. Our primary sources of funds consist of deposit inflows, loan repayments, maturities principal and sales interest payments on loans and securities, maturity of securities, borrowings from the Federal Home Loan Bank of New York and, securities sold under agreements to repurchase. a lesser extent, proceeds from the sale of securities. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows, calls of investment securities and borrowed funds and prepayments on loans are greatly influenced by general interest rates, economic conditions and competition.

Management regularly adjusts our investments in liquid assets based upon an assessment of (1) expected loan demand, (2) expected deposit flows, (3) yields available on interest-earning deposits and securities, and (4) the objectives of our interest-rate risk and investment policies.

At September 30, 2023 March 31, 2024, we had no $7.6 million in commitments to originate loans and unused lines of credit totaled $107.7 $84.1 million. We anticipate that we will have sufficient funds available to meet our current loan origination and lines of credit commitments. Certificates of deposit that are scheduled to mature in less than one year from September 30, 2023 March 31, 2024 totaled $536.0 $622.4 million. Management expects, based on historical experience, that a deposit relationship will be retained with a substantial portion of certificate holders. However, if a substantial portion of these deposits is not retained, we may utilize Federal Home Loan Bank of New York advances or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense. Available borrowing capacity at September 30, 2023 March 31, 2024 was $343.6 million $379.7 million with Federal Home Loan Bank of New York, a $30.0 million $30.0 million line of credit with a correspondent bank and a $2.5 million $3.2 million line of credit with the Federal Reserve Bank of New York. Total available borrowing capacity is 3.0 3.1 times total uninsured and uncollateralized deposits to third-party customers. The estimated fair market value of unencumbered securities totaled $305.8 million $280.6 million or 98.1% 95.5% of the portfolio at September 30, 2023 March 31, 2024.

We are a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to originate loans, unused lines of credit and standby letters of credit, which involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. Our exposure to credit loss is represented by the contractual amount of the instruments. We use the same credit policies in making commitments that we do for on-balance sheet instruments. Management believes that our current sources of liquidity are more than sufficient to fulfill our obligations as of September 30, 2023 March 31, 2024 pursuant to off-balance-sheet arrangements and contractual obligations.

The Bank is subject to various regulatory capital requirements administered by the New Jersey Department of Banking and Insurance (“NJDOBI”) and the Federal Deposit Insurance Corporation (“FDIC”). At September 30, 2023 March 31, 2024, the Bank exceeded all applicable regulatory capital requirements, and was considered “well capitalized” under regulatory guidelines.

	Actual		Minimum Capital Adequacy		For Classification With Capital Buffer		For Classification as Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)							
September 30, 2023								
Common equity tier 1	$ 298,111	20.26 %	$ 66,200	4.50 %	$ 102,977	7.00 %	$ 95,622	6.50 %
Tier 1 capital	298,111	20.26 %	88,266	6.00 %	125,044	8.50 %	117,688	8.00 %
Total capital	312,586	21.25 %	117,688	8.00 %	154,466	10.50 %	147,111	10.00 %
Tier 1 (leverage) capital	298,111	14.22 %	83,872	4.00 %	N/A	N/A	104,841	5.00 %
December 31, 2022								
Common equity tier 1	$ 298,132	20.85 %	$ 64,348	4.50 %	$ 100,097	7.00 %	$ 92,947	6.50 %
Tier 1 capital	298,132	20.85 %	85,797	6.00 %	121,546	8.50 %	114,396	8.00 %
Total capital	313,221	21.90 %	114,396	8.00 %	150,145	10.50 %	142,995	10.00 %
Tier 1 (leverage) capital	298,132	14.61 %	81,611	4.00 %	N/A	N/A	102,013	5.00 %

	Actual			Actual	
	Amount			Amount	Ratio
	(Dollars in thousands)				
March 31, 2024					
Common equity tier 1					
Common equity tier 1	$ 294,355	20.12	20.12 %	$ 65,830	4.50
Tier 1 capital	294,355	20.12	20.12 %	87,773	6
Total capital	308,426	21.08	21.08 %	117,030	8
Tier 1 (leverage) capital	294,355	14.46	14.46 %	81,425	4
December 31, 2023					
Common equity tier 1					
Common equity tier 1	$ 296,238	20.13	20.13 %	$ 66,219	4.50
Tier 1 capital	296,238	20.13	20.13 %	88,292	6
Total capital	310,853	21.12	21.12 %	117,723	8
Tier 1 (leverage) capital	296,238	14.31	14.31 %	82,798	4

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective. There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not engaged in any legal proceedings of a material nature at the present time. The Company is subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial condition or results of operations.

ITEM 1.A. RISK FACTORS

There have been no material changes in risk factors from those identified in the Annual Report on Form 10-K or Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 March 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES. USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table reports information regarding repurchases of our common stock during the quarter ended September 30, 2023 March 31, 2024, and the stock repurchase plans approved by our board of directors.

Period	Total Number of Shares Purchased (1)	Average Price paid Per Share	As part of Publicly Announced Plans or Programs	Yet to be Purchased Under the Plans or Programs (1)
July	125,787	10.01	125,787	250
August	56,981	9.57	56,981	1,211,651
September	115,442	8.93	115,442	1,096,209
Total	298,210	$9.51	298,210	

Period	Total Number of Shares Purchased (1)	Average Price paid Per Share	As part of Publicly Announced Plans or Programs	Yet to be Purchased Under the Plans or Programs (2)
January	225,600	$9.96	225,600	213,447
February	186,111	9.26	186,111	1,230,881
March (1)	144,642	9.07	120,341	1,110,540
Total	556,353	$9.49	532,052	

(1) 24,301 shares were withheld to cover income taxes related to restricted stock vesting under our 2022 Equity Incentive Plan ("2022 Plan"). Shares withheld to pay income taxes are repurchased pursuant to the terms of the 2022 Plan and not under our share repurchase program.

(2) On April 19, 2023 February 21, 2024, the Company adopted a its fourth repurchase program to repurchase up to 1,335,126 1,203,545 shares, or 5%, of its outstanding common stock. As of September 30, 2023, all shares authorized pursuant to this program have been repurchased. On August 16, 2023, the Company adopted its third repurchase program, which authorized the purchase of 5%, or 1,268,382 shares, of its outstanding common stock commencing upon the completion of the Company's second stock repurchase program on August 17, 2023. The third fourth repurchase program has no expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable. During the first quarter of 2024, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as that term is used in SEC regulations.

ITEM 6. EXHIBITS

The following exhibits are either filed as part of this report or are incorporated herein by reference:

3.1	Amended and Restated Certificate of Incorporation of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement Annual Report on Form S-1 10-K (File No. 333-254079)001-40619))
3.2	Bylaws of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079))
4	Form of Common Stock Certificate of Blue Foundry Bancorp (Incorporated by reference to the Registrant's Registration Statement on Form S-1 (File No. 333-254079))
10.1 21	Subsidiaries of Blue Foundry Bancorp 2022 Equity Incentive Plan (Incorporated by reference to Appendix A to the Proxy Statement for the 2022 Annual Meeting of Stockholders (File No. 001-40619))
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following materials from the Company's Form 10-Q for the quarter ended September 30, 2023March 31, 2024, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets; (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Shareholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLUE FOUNDRY BANCORP

Dated:	November 13, 2023 May 14, 2024	By:	/s/ James D. Nesci
			James D. Nesci
			Chief Executive Officer
			(Principal Executive Officer)
Dated:	May 14, 2024	By:	/s/ Kelly Pecoraro
			Kelly Pecoraro
			Chief Financial Officer
			(Principal Financial Officer)

Exhibit 21

Subsidiaries of the Registrant

Dated:	November 13, 2023Name	Percent	By:Percent Ownership	/s/ Kelly Pecoraro	State of Incorporation/Organization
				Kelly Pecoraro	
Blue Foundry Bank		100%		Chief Financial OfficerNew Jersey	
Blue Foundry Investment Company*		100%		(Principal Financial Officer)New Jersey	
Rutherford Center Development Corp.*		100%		New Jersey	
TrackView LLC*		100%		New Jersey	

*Subsidiary of Blue Foundry Bank

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Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James D. Nesci, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant:

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: November 13, 2023 May 14, 2024

/s/ James D. Nesci

James D. Nesci

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kelly Pecoraro, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of the Registrant:

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 13, 2023 May 14, 2024

/s/ Kelly Pecoraro

Kelly Pecoraro

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

James D. Nesci, Principal Executive Officer of Blue Foundry Bancorp, Inc. (the "Company") and Kelly Pecoraro, Principal Financial Officer of the Company, each certify in our capacity as an officer of the Company that we have reviewed the quarterly report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the "Report") and that to the best of our knowledge:

1. the Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	November 13, 2023 May 14, 2024	/s/ James D. Nesci
		James D. Nesci
		Chief Executive Officer
		(Principal Executive Officer)
Dated:	November 13, 2023 May 14, 2024	/s/ Kelly Pecoraro
		Kelly Pecoraro
		Executive Vice President and Chief Financial Officer
		(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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