REFINITIV

DELTA REPORT

10-K

PFS - PROVIDENT FINANCIAL SERVI

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3280
CHANGES	575
DELETIONS	1273
ADDITIONS	1432

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended December 31, 2022 December 31, 2023

OR ☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File No. 1-31566

PROVIDENT FINANCIAL SERVICES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware			**42-1547151**
(State or Other Jurisdiction of Incorporation or Organization)			**(I.R.S. Employer Identification No.)**
239 Washington Street	**Jersey City**	**New Jersey**	**07302**
(Address of Principal Executive Offices)	**(City)**	**(State)**	**(Zip Code)**

(732) 590-9200

(Registrant's Telephone Number)

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	PFS	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes ☐ No ☒

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 twelve months (or for such shorter period that the Registrant was required to file such reports); 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 and every Interactive Data File required to be submitted 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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements Yes ☐ No ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

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 February 1, 2023 February 1, 2024, there were 83,209,012 issued and 75,325,206 75,601,505 outstanding shares of the Registrant's Common Stock, including 94,533 65,744 shares held by the First Savings Bank Directors' Deferred Fee Plan not otherwise considered outstanding under accounting principles generally accepted in the United States of America. The aggregate value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the Common Stock as of June 30, 2022 June 30, 2023, as quoted by the NYSE, was approximately $1.67 billion $1.12 billion.

Auditor Name: KPMG LLP	**Auditor Location: Short Hills, New Jersey**	**Auditor Firm ID: 185**

DOCUMENTS INCORPORATED BY REFERENCE

1. Proxy Statement for the 2023 2024 Annual Meeting of Stockholders of the Registrant (Part III).

PROVIDENT FINANCIAL SERVICES, INC.

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Forward Looking Statements

Certain statements contained herein are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may be identified by reference to a future period or periods, or by the use of forward-looking terminology, such as “may,” “will,” “believe,” “expect,” “estimate,” "project," "intend," “anticipate,” “continue,” or similar terms or variations on those terms, or the negative of those terms. Forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, those set forth in Item 1A of the Company's Annual Report on Form 10-K, as supplemented by its Quarterly Reports on Form 10-Q, and those related to the economic environment, particularly in the market areas in which the Company operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, the effects of any turmoil or negative news in the banking industry, changes in accounting policies and practices that may be adopted by the regulatory agencies and the accounting standards setters, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, potential goodwill impairment, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets, the availability of and costs associated with sources of liquidity, the ability to complete, or any delays in completing, the pending merger between the Company and Lakeland Bancorp, Inc. ("Lakeland"); any failure to realize the anticipated benefits of the transaction when expected or at all; certain restrictions during the pendency of the transaction that may impact the Company’s ability to pursue certain business opportunities or strategic transactions; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of conditions imposed by regulators, unexpected factors or events, diversion of management’s attention from ongoing business operations and opportunities; and potential adverse reactions or changes to business or employee relationships, including those resulting from the completion of the merger and integration of the companies.

In addition, companies; and the effects impact of a potential shutdown of the COVID-19 pandemic continue to have an uncertain impact on the Company, its customers and the communities it serves. Given its dynamic nature, including potential variants, it is difficult to predict the continuing impact of the pandemic on the Company's business, financial condition or results of operations. The extent of such impact will depend on future developments, which remain uncertain. federal government.

The Company cautions readers not to place undue reliance on any such forward-looking statements which speak only as of the date they are made. The Company advises readers that the factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not assume any duty, and does not undertake, to update any forward-looking statements to reflect events or circumstances after the date of this statement.

PART I

Item 1. Business

Provident Financial Services, Inc.

The Company is a Delaware corporation which became the holding company for Provident Bank (the “Bank”) on January 15, 2003, following the completion of the Bank's conversion to a New Jersey-chartered capital stock savings bank. On January 15, 2003, the Company issued an aggregate of 59,618,300 shares of its common stock, par value $0.01 per share in a subscription offering, and contributed $4.8 million in cash and 1,920,000 shares of its common stock to The Provident Bank Foundation, a charitable foundation established by the Bank. As a result of the conversion and related stock offering, the Company raised $567.2 million in net proceeds, of which $293.2 million was utilized to acquire all of the outstanding common stock of the Bank. The Company owns all of the outstanding common stock of the Bank, and as such, is a bank holding company subject to regulation by the Federal Reserve Board.

On July 31, 2020, the Company completed its acquisition of SB One Bancorp ("SB One"), which added $2.20 billion to total assets, $1.77 billion to total loans, which included purchased credit deteriorated ("PCD") loans totaling $294.2 million, and $1.76 billion to total deposits, and added 18 full-service banking offices in New Jersey and New York. As part of the acquisition, the addition of Provident Protection Plus, Inc., formerly SB One Insurance Agency, Inc., allowed the Company to expand its products offerings to its customers to include an array of commercial and personal lines of insurance.

Under the merger agreement, each share of outstanding SB One common stock was exchanged for 1.357 shares of the Company's common stock. The Company issued 12.8 million shares of common stock from treasury stock, plus cash in lieu of fractional shares in the acquisition of SB One. The total consideration paid for the acquisition of SB One was $180.8 million. In connection with the acquisition, SB One Bank, a wholly owned subsidiary of SB One, was merged with and into Provident Bank.

The acquisition was accounted for under the acquisition method of accounting. Under this method of accounting, the respective assets acquired and liabilities assumed were recorded at their estimated fair value. The excess of consideration paid over the estimated fair value of the net assets acquired totaled $23.9 million and was recorded as goodwill.

On September 26, 2022, the Company, NL 239 Corp., a direct, wholly owned subsidiary of the Company ("Merger Sub"), and Lakeland Bancorp, Inc. entered into an Agreement and Plan of Merger (as may be amended, modified or supplemented from time to time in accordance with its terms, the "merger agreement"), pursuant to which Provident the Company and Lakeland have agreed to combine their respective businesses.

Under the merger agreement, Merger Sub will merge with and into Lakeland, with Lakeland as the surviving entity (the "merger"), and as soon as reasonably practicable following the merger, Lakeland will merge with and into the Company, with the Company as the surviving entity (the "holdco merger"). At a date and time following the holdco merger as determined by the Company, Lakeland Bank, a New Jersey state-charted commercial bank and a wholly owned subsidiary of Lakeland, ("Lakeland Bank"), will merge with and into Provident the Bank, a New Jersey state-chartered savings bank and a wholly owned subsidiary of with the Company ("Provident Bank"), with Provident Bank as the surviving bank (the "bank merger" and, together with the merger and the holdco merger, the "mergers"). The Company as the surviving institution will have approximately $25 billion in total assets and $20 billion in total deposits with banking locations across northern and central New Jersey and in surrounding areas of New York and Pennsylvania.

In the merger, Lakeland shareholders will receive 0.8319 of a share of the Company's common stock for each share of Lakeland common stock they own. Based on the closing price Upon completion of the Company's common stock on the New York Stock Exchange on September 26, 2022, the last trading day before the public announcement transaction, which remains subject to regulatory approvals and other closing conditions, Company shareholders will own approximately 58% and Lakeland shareholders will own approximately 42% of the merger, the exchange ratio represented approximately $19.27 in value for each share of Lakeland common stock, representing a merger consideration of approximately $1.3 billion on an aggregate basis. combined company.

The Company has received stockholder approval to proceed with the merger at a special meeting of stockholders held on February 1, 2023. Lakeland has received shareholder approval to proceed with the merger at a special meeting of shareholders held on February 1, 2023. The completion of On December 20, 2023, the Company and Lakeland agreed to extend the merger remains subject agreement to receipt of March 31, 2024, to provide additional time to obtain the requisite bank required regulatory approvals and other customary closing conditions. approvals.

Capital Management. During 2022, 2023, the Company paid cash dividends totaling $72.0 million $72.4 million and repurchased 2,045,762 71,781 shares of its common stock at an average cost of $23.23 $23.28 per share, which totaled $47.5 million. At December 31, 2022 $1.7 million, all of which were made in connection with withholding to cover income taxes on the vesting of stock-based compensation. As of December 31, 2023, 1.1 million shares remained eligible for repurchase under the board approved board-approved stock repurchase program. The Company and the Bank were "well capitalized" at December 31, 2022 as of December 31, 2023 under current regulatory standards.

Available Information. The Company is a public company, and files interim, quarterly and annual reports with the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company. All SEC reports and amendments to these reports are available on the SEC's website and are made available as soon as practical after they have been filed or furnished to the SEC and are available on the Bank's website, www.provident.bank, at the "Investor Relations" page, without charge from the Company. Information on our website should not be considered a part of this Annual Report on Form 10-K.

Provident Bank

Established in 1839, the Bank is a New Jersey-chartered capital stock savings bank operating full-service branch offices throughout northern and central New Jersey, as well as Bucks, Lehigh and Northampton counties in Pennsylvania, as well as Queens and Queens County, Nassau Counties in New York. As a community- and customer-oriented institution, the Bank emphasizes personal service and customer convenience in serving the financial needs of the individuals, families and businesses residing in its primary market areas. The Bank attracts deposits from the general public and businesses primarily in the areas surrounding its banking offices and uses those funds, together with funds generated from operations and borrowings, to originate commercial real estate loans, commercial business loans, residential mortgage loans, and consumer loans. The Bank invests in mortgage-backed securities and other permissible investments. Also, the The Bank also provides fiduciary and wealth management services through its wholly owned subsidiary, Beacon Trust Company and insurance brokerage services through its wholly owned subsidiary, Provident Protection Plus, Inc.

The following are highlights of Provident the Bank's operations:

Diversified Loan Portfolio. To improve asset yields and reduce manage its exposure to interest rate risk, the Bank continues to emphasize the origination of commercial real estate loans, multi-family loans and commercial business loans. These loans generally have adjustable rates or shorter fixed terms and interest rates that are higher than the rates applicable to one-to four-

family four-family residential mortgage loans. However, these loans generally have a higher risk of loss than one- to four-family residential mortgage loans.

Asset Quality. As of December 31, 2022 December 31, 2023, non-performing assets were $61.3 million or 0.43% of total assets, compared to $60.6 million or 0.44% of total assets compared to $56.8 million or 0.41% as of total assets at December 31, 2021 December 31, 2022. The Bank continues to focus on conservative underwriting criteria and on active and timely collection efforts.

Emphasis on Relationship Banking and Core Deposits. The Bank emphasizes the acquisition and retention of core deposit accounts, consisting of savings and demand deposit accounts, and expanding customer relationships. Core deposit accounts totaled $9.81 billion at December 31, 2022 $9.20 billion as of December 31, 2023, representing 92.9% 89.4% of total deposits, compared with $10.54 billion $9.81 billion, or 93.8% 92.9% of total deposits at December 31, 2021 as of December 31, 2022. The Bank also focuses on increasing the number of households and businesses served and the number of banking products per customer.

Non-Interest Income. The Bank's focus on transaction accounts and expanded products and services has enabled the Bank it to generate increased significant non-interest income. In addition to traditional depository and lending fees, the Bank generates non-interest income from investment, insurance, wealth and asset management services it offers to generate non-interest income. Total non-interest income was $79.8 million for the year ended December 31, 2023, compared with $87.8 million for the year ended December 31, 2022, compared with $86.8 million of which wealth management income, fee income and insurance agency income were $27.7 million, $24.4 million and $13.9 million, respectively, for the year ended December 31, 2021 December 31, 2023, of which fee income and wealth management income were compared with $27.9 million, $28.1 million and $27.9 million $11.4 million, respectively, for the year ended December 31, 2022, compared with $30.0 million and $30.8 million, respectively, for the year ended December 31, 2021.

Managing Interest Rate Risk. The Bank manages its exposure to interest rate risk through the origination and retention of adjustable rate and shorter-term loans, and its investments in securities. In addition, the Bank uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Bank making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. These interest rate swaps are used to hedge the variable cash outflows associated with Federal Home Loan Bank of New York ("FHLBNY") borrowings and brokered demand deposits. At December 31, 2022 As of December 31, 2023, 59.37% 54.53% of the Bank's loan portfolio had a term to maturity of one year or less, or had adjustable interest rates. At December 31, 2022 As of December 31, 2023, the Bank's securities portfolio totaled $2.26 billion $2.13 billion and had an expected average life of 5.82 5.48 years.

MARKET AREA

The Company and the Bank are headquartered in Jersey City, New Jersey, and each maintain administrative offices in Iselin, New Jersey. At December 31, 2022 As of December 31, 2023, the Bank operated a network of 95 94 full-service banking offices throughout fourteen counties in northern and central New Jersey, as well as three counties in Pennsylvania and two counties in New York. The Bank maintains satellite loan production offices in Convent Station, Flemington, Paramus and Sea Girt, New Jersey, as well as in Bethlehem, Newtown and Plymouth Meeting, Pennsylvania and Nassau and Queens County, New York. The Bank's lending activities, though concentrated in the communities surrounding its offices, extend predominantly throughout New Jersey, eastern Pennsylvania and Nassau and Queens County, New York.

The Bank's primary market area includes a mix of urban and suburban communities, and has a diversified mix of industries including pharmaceutical, manufacturing, companies, network communications, insurance and financial services, healthcare, and retail. According to the U.S. Census Bureau's most recent population data, the Bank's New Jersey market area has a population of approximately 7.4 million, which was 79.7% 79.2% of the state's total population. The Bank's Pennsylvania market area has a population of approximately 1.3 million, which was 10.3% 10.4% of that state's total population. The Bank's New York market area has a population of approximately 3.7 million 3.6 million, which was 18.8% 18.4% of the state's total population. Because of the diversity of industries within the Bank's market area and, to a lesser extent, its proximity to the New York City financial markets, the area's economy can be significantly affected by changes in national and international economies. According to the U.S. Bureau of Labor Statistics, the unemployment rate in New Jersey was 4.8% as of December 31, 2023, an increase from 3.4% at as of December 31, 2022, a decrease from 6.3% at December 31, 2021. The unemployment rate in Pennsylvania was 3.9% at December 31, 2022 3.5% as of December 31, 2023, a decrease from 5.4% at December 31, 2021 3.9% as of December 31, 2022. The unemployment rate in New York was 4.5% as of December 31, 2023, an increase from 4.3% at as of December 31, 2022, a decrease from 6.2% at December 31, 2021.

Within its primary market areas in New Jersey, Pennsylvania and New York, the Bank had an approximate 2.57% 2.51%, 0.90% 0.66% and 0.07% 0.12% share of bank deposits as of June 30, 2022 June 30, 2023, respectively, the latest date for which statistics are available.

COMPETITION

The Bank faces significant competition in originating and retaining loans and attracting deposits as its market areas have a high concentration of financial institutions, including large money center and regional banks, community banks, credit unions, investment brokerage firms and insurance companies. The Bank faces direct competition for loans from each of these institutions as well as from mortgage companies, online lenders and other loan origination firms operating in its market area. The Bank's most direct competition for deposits comes from several commercial banks and savings banks in its market area. Certain of these banks have substantially greater financial resources than the Bank. The Bank also faces significant competition for deposits from the mutual fund and investment advisory industries and from investors' direct purchases of short-term money market securities and other corporate and government securities.

The Bank competes in this environment by maintaining a diversified product line, including mutual funds, annuities and other investment services made available through its investment subsidiaries. Relationships with customers are built and maintained through the Bank's branch network, its deployment of branch ATMs, and its mobile, digital and telephone services.

LENDING ACTIVITIES

The Bank originates commercial real estate loans, commercial business loans, fixed-rate and adjustable-rate mortgage loans collateralized by one- to four-family residential real estate and other consumer loans, for borrowers generally located within its primary market area.

Residential mortgage loans are primarily underwritten to standards that allow the sale of the loans to the secondary markets, primarily to the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). To manage interest rate risk, the Bank generally sells fixed-rate residential mortgages that it originates with terms greater than 15 years. The Bank commonly retains biweekly payment fixed-rate residential mortgage loans with a maturity of 30 years or less and a majority of the originated adjustable-rate mortgages for its portfolio.

The Bank originates commercial real estate loans that are secured by income-producing properties such as multi-family apartment buildings, office buildings, industrial and retail properties and industrial properties. office buildings. Generally, these loans have maturities of either 5 or 10 years.

The Bank has historically provided construction loans for both single family and condominium projects intended for sale and commercial projects, including residential rental and industrial projects, that will be retained as investments by the borrower. borrowers and to a lesser extent single family and condominium projects intended for sale. The Bank underwrites most construction loans for a term of three years or less. The majority of these loans are underwritten on a floating rate basis. The Bank recognizes that there is higher risk in construction lending than permanent lending. As such, the Bank takes certain precautions to mitigate this risk, including the retention of an outside engineering firm to perform plan and cost reviews, and to review all construction advances made against work in place, and a limitation on how and when loan proceeds are advanced. In most cases, for the single family and condominium projects, the Bank limits its exposure against houses or units that are not under contract. Similarly, commercial construction loans usually have commitments for significant pre-leasing, or funds are held back until the leases are finalized. Funding requirements and loan structure for residential rental projects vary depending on whether such projects are vertical or horizontal construction.

Commercial loans are made to businesses of varying size and type within the Bank's market. The Bank lends to established businesses, and the loans are generally secured by business assets such as equipment, receivables, inventory, real estate or marketable securities. On a limited basis, the Bank makes unsecured commercial loans. Most commercial lines of credit are made on a floating interest rate basis and most term loans are made on a fixed interest rate basis, usually with terms of five years or less.

Residential mortgage loans are primarily underwritten to standards that allow the sale of the loans to the secondary markets, primarily to the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). To manage interest rate risk, the Bank has the option to sell fixed-rate residential mortgages that it originates with terms greater than 15 years. However, the Bank commonly retains biweekly payment fixed-rate residential mortgage loans with a maturity of 30 years or less and most of the originated adjustable-rate mortgages for its portfolio.

The Bank originates consumer loans that are secured, in most cases, by a borrower's assets. Home equity loans and home equity lines of credit that are secured by a first or second mortgage lien on the borrower's residence comprise the largest category of the Bank's consumer loan portfolio.

Loan Portfolio Composition. Set forth below is selected information concerning the composition of the loan portfolio by type (after deductions for deferred fees and costs, unearned discounts and premiums and allowances for credit losses) at the dates indicated. The allowance for credit losses for 2023, 2022, 2021 and 2020 were based upon the adoption of the current expected credit loss ("CECL") guidance, while the prior year's credit losses for 2019 were based upon the incurred loss methodology:

		At December 31,									
		2022		2021		2020		2019		2018	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
		(Dollars in thousands)									
Residential mortgage loans		$ 1,177,698	11.59 %	$ 1,202,638	12.66 %	$ 1,294,702	13.32 %	$ 1,078,227	14.82 %	$ 1,100,009	15.29 %
Commercial mortgage loans	Commercial mortgage loans	4,316,185	42.48	3,827,370	40.28	3,458,666	35.58	2,578,477	35.43	2,299,417	31.96
Multi-family mortgage loans	Multi-family mortgage loans	1,513,818	14.90	1,364,397	14.36	1,484,515	15.27	1,225,675	16.84	1,339,800	18.62
Construction loans	Construction loans	715,494	7.04	683,166	7.19	541,939	5.57	429,812	5.91	388,999	5.41
Residential mortgage loans											
Total mortgage loans	Total mortgage loans	7,723,195	76.01	7,077,571	74.49	6,779,822	69.74	5,312,191	73.00	5,128,225	71.28
Commercial loans	Commercial loans	2,233,670	21.98	2,188,866	23.04	2,567,470	26.41	1,634,759	22.46	1,695,148	23.56
Consumer loans	Consumer loans	304,780	3.00	327,442	3.45	492,566	5.07	391,360	5.38	431,428	6.00
Total gross loans	Total gross loans	10,261,645	100.99	9,593,879	100.98	9,839,858	101.22	7,338,310	100.84	7,254,801	100.84
Premiums on purchased loans	Premiums on purchased loans	1,380	0.01	1,451	0.02	1,566	0.02	2,474	0.02	3,243	0.04
Unearned discounts		—	—	(6)	—	(12)	—	(26)	—	(33)	—
Net deferred fees	Net deferred fees	(14,142)	(0.14)	(13,700)	(0.15)	(18,522)	(0.20)	(7,873)	(0.10)	(7,423)	(0.11)
Total loans	Total loans	10,248,883	100.86	9,581,624	100.85	9,822,890	101.04	7,332,885	100.76	7,250,588	100.77
Allowance for credit losses	Allowance for credit losses	(88,023)	(0.86)	(80,740)	(0.85)	(101,466)	(1.04)	(55,525)	(0.76)	(55,562)	(0.77)

	As of De					
	2023			2022		
	Amount		Percent	Amount		Perce
	(Dollars i					
Commercial mortgage loans	$ 4,512,411	41.91	41.91 %	$ 4,316,185	42.48	

Total loans, net	Total loans, net	$10,160,860	100.00 %	$9,500,884	100.00 %	$9,721,424	100.00 %	$7,277,360	100.00 %	$7,195,026	100.00 %	Total loans, net	$10,766,501	100.00	100.00 %	$10,160,860	100.00

Loan Maturity Schedule. The following table sets forth certain information as of December 31, 2022 December 31, 2023, regarding the maturities of loans in the loan portfolio. Demand loans having no stated schedule of repayment and no stated maturity, and overdrafts are reported as due within one year.

	Within One Year	One Through Five Years	Five Through Fifteen Years	Greater than Fifteen Years	Total
	(In thousands)				

	Within One Year	One Through Three Years	Three Through Five Years	Five Through Ten Years	Ten Through Twenty Years	Beyond Twenty Years	Total
				(In thousands)			
Residential mortgage loans	$ 2,079	$ 5,848	$ 11,288	$ 95,999	$ 435,989	$ 626,495	$ 1,177,698
Commercial mortgage loans	351,181	637,477	961,714	1,832,182	356,934	176,697	4,316,185
Multi-family mortgage loans	105,434	210,038	285,588	698,109	116,535	98,114	1,513,818
Construction loans	213,186	377,321	—	92,264	32,723	—	715,494
Residential mortgage loans							
Total mortgage loans	671,880	1,230,684	1,258,590	2,718,554	942,181	901,306	7,723,195
Commercial loans	304,547	368,659	397,199	821,144	215,706	126,415	2,233,670
Consumer loans	17,799	4,620	15,468	57,410	142,098	67,385	304,780
Total gross loans	$994,226	$1,603,963	$1,671,257	$3,597,108	$1,299,985	$1,095,106	$10,261,645

Fixed- and Adjustable-Rate Loan Schedule. The following table sets forth as of December 31, 2022 December 31, 2023 the amount of all fixed-rate and adjustable-rate loans due after December 31, 2022 December 31, 2024.

	Due After December 31, 2022		
	Fixed	Adjustable	Total
		(In thousands)	
Residential mortgage loans	$ 999,603	$ 176,016	$ 1,175,619
Commercial mortgage loans	1,869,277	2,095,727	3,965,004
Multi-family mortgage loans	457,137	951,247	1,408,384
Construction loans	63,906	438,402	502,308
Total mortgage loans	3,389,923	3,661,392	7,051,315
Commercial loans	667,541	1,261,582	1,929,123
Consumer loans	172,656	114,325	286,981
Total loans	$ 4,230,120	$ 5,037,299	$ 9,267,419

Residential Mortgage Loans. The Bank originates residential mortgage loans secured by first mortgages on one- to four-family residences, generally located in the states of New Jersey, New York and the eastern part of Pennsylvania. The Bank originates residential mortgages primarily through commissioned mortgage representatives. The Bank originates both fixed-rate and adjustable-rate mortgages. As of December 31, 2022, $1.18 billion or 11.6% of the total loan portfolio consisted of residential real estate loans. Of the one- to four-family loans at that date, 85.1% were fixed-rate and 14.9% were adjustable-rate loans.

The Bank originates fixed-rate fully amortizing residential mortgage loans with the principal and interest payments due each month, that typically have maturities ranging from 10 to 30 years. The Bank also originates fixed-rate residential mortgage loans with maturities of 10, 15, 20 and 30 years that require the payment of principal and interest on a biweekly basis. Fixed-rate jumbo residential mortgage loans (loans over the maximum that one of the government-sponsored agencies will purchase) are originated with maturities of up to 30 years. The Bank currently offers adjustable-rate mortgage loans with a fixed-rate period of 5, 7 or 10 years prior to the first annual interest rate adjustment. The standard adjustment formula is the one-year constant maturity Treasury rate plus 2.75%, adjusting annually after its first re-set period, with a 2% maximum annual adjustment and a 6% maximum adjustment over the life of the loan.

Residential mortgage loans are primarily underwritten to Freddie Mac standards. The Bank's standard maximum loan to value ratio is 80%. However, working through mortgage insurance companies, the Bank underwrites loans for sale to Freddie Mac programs that will finance up to 97% of the value of the residence. Generally all fixed-rate loans with terms of 20 years or more are sold into the secondary market with servicing rights retained. Fixed-rate residential mortgage loans retained in the Bank's portfolio generally include loans with a term of 15 years or less and biweekly payment residential mortgage loans with a term of 30 years or less. The Bank retains the majority of the originated adjustable-rate mortgages for its portfolio.

Loans are sold without recourse, generally with servicing rights retained by the Bank. The percentage of loans sold into the secondary market will vary depending upon interest rates and the Bank's strategies for reducing exposure to interest rate risk. In 2022, no residential real estate loans originated were sold into the secondary market.

The retention of adjustable-rate mortgages, as opposed to longer-term, fixed-rate residential mortgage loans, helps reduce the Bank's exposure to interest rate risk. However, adjustable-rate mortgages generally pose credit risks different from the credit risks inherent in fixed-rate loans primarily because as interest rates rise, the underlying debt service payments of the borrowers rise, thereby increasing the potential for default. The Bank believes that these credit risks, which have not had a material adverse effect on the Bank to date, generally are less onerous than the interest rate risk associated with holding 20- and 30-year fixed-rate loans in its loan portfolio.

For many years, the Bank has offered discounted rates on residential mortgage loans to low- to moderate-income individuals. Loans originated in this category over the last five years have totaled $35.7 million. The Bank also offers a special rate program for first-time homebuyers under which originations have totaled over $75.2 million for the past five years. The Bank does not originate or purchase sub-prime or option ARM loans.

	Due After December 31, 2024		
	Fixed	Adjustable	Total
	(In thousands)		
Commercial mortgage loans	$ 2,239,331	$ 1,809,146	$ 4,048,477
Multi-family mortgage loans	748,804	954,629	1,703,433
Construction loans	48,734	227,569	276,303
Residential mortgage loans	952,776	210,446	1,163,222
Total mortgage loans	3,989,645	3,201,790	7,191,435
Commercial loans	843,471	1,273,167	2,116,638
Consumer loans	178,164	119,294	297,458
Total loans	$ 5,011,280	$ 4,594,251	$ 9,605,531

Commercial Real Estate Loans. The Bank originates loans secured by mortgages on various commercial income producing properties, including office buildings industrial and retail properties and industrial properties. office buildings. Commercial real estate loans were 42.5% 41.9% of the total loan portfolio at December 31, 2022 as of December 31, 2023. A substantial majority of the Bank's commercial real estate loans are secured by properties located in New Jersey, New York and Pennsylvania.

The Bank originates commercial real estate loans with adjustable rates and with fixed interest rates for a period that is generally five to ten years or less, which may adjust after the initial period. Typically these loans are written for maturities of ten years or less and generally have an amortization schedule of 25 or 30 years. As a result, the typical amortization schedule will result in a substantial principal payment upon maturity. The Bank generally underwrites commercial real estate loans to a maximum 75% advance against either the appraised value of the property, or its purchase price (for loans to fund the acquisition of real estate), whichever is less. The Bank generally requires minimum debt service coverage of 1.20 times. There is a potential risk that the borrower may be unable to pay off or refinance the outstanding balance at the loan maturity date. The Bank typically lends to experienced owners or developers who have knowledge and expertise in the commercial real estate market.

Among the reasons for the Bank's continued emphasis on commercial real estate lending is the desire to invest in assets bearing interest rates that are generally higher than interest rates on residential mortgage loans and more sensitive to changes in market interest rates. Commercial real estate loans, however, entail significant additional credit risk as compared to one- to four-family residential mortgage loans, as they typically involve larger loan balances concentrated with single borrowers or groups of related borrowers. In addition, the payment experience on commercial real estate loans secured by income-producing properties is typically dependent on the successful operation of the related real estate project, and thus may be more significantly impacted by adverse conditions in the real estate market or in the economy generally.

The Bank performs extensive due diligence in underwriting commercial real estate loans due to the larger loan amounts and the riskier nature of such loans. The Bank assesses and mitigates the risk in several ways, including inspection of all such properties and the review of the overall financial condition of the borrower and guarantors, which may include, for example, the review of the rent rolls and the verification of income. If applicable, a tenant analysis and market analysis are part of the underwriting. Generally, for commercial real estate secured loans in excess of $1.0 million and for all other commercial real estate loans where it is deemed appropriate, the Bank requires environmental professionals to inspect the property and ascertain any potential environmental risks.

In accordance with regulatory guidelines, the Bank requires a full independent appraisal for commercial real estate properties. The appraiser must be selected from the Bank's approved list, or otherwise approved by the Chief Credit Officer in instances such as an out-of-state or special use property. The Bank also employs an independent review appraiser to ensure that the appraisal meets the Bank's standards. Financial statements are also required annually for review. The Bank's policy also requires that a property inspection of commercial mortgages over $2.5 million be completed at least every 18 months, or more frequently when warranted.

The Bank's largest commercial mortgage loan as of December 31, 2022 December 31, 2023 was a $38.5 million $37.8 million loan secured by a first leasehold mortgage lien on two adjacent industrial warehouse buildings totaling 675 million 675 thousand square feet located in Aberdeen, Maryland. The properties are 100% leased to two large investment grade tenants. This refinance was for an existing sponsor client that is a large real estate investment group based in New York City that specializes in the purchase of warehouse distribution facilities located in the Northeast and Midwest. The loan has a risk rating of "3" (loans rated 1-4 are deemed to be or of "acceptable quality"—see discussion of the Bank's nine-point risk rating system for loans under "Allowance for Credit Losses" in the "Asset Quality" section) and was performing in accordance with its terms and conditions as of December 31, 2022 December 31, 2023. (For the Bank's largest group borrower exposure —see discussion on "Loans to One Borrower").)

Multi-family Loans. The Bank underwrites loans secured by multi-family properties that have five or more units. The Bank considers multi-family lending a component of the commercial real estate lending portfolio. Multi-family loans were 14.9% 16.8% of the total loan portfolio at December 31, 2022 as of December 31, 2023. The underwriting standards and procedures that are used to underwrite commercial real estate loans are used to underwrite multi-family loans, except the loan-to-value ratio generally should not exceed 80% of the appraised value of the property, the debt-service coverage should be a minimum of 1.15 times and an amortization period of up to 30 years may be used.

The Bank's largest multi-family loan as of December 31, 2022 December 31, 2023 was a $38.7 million $42.2 million loan secured by a first leasehold mortgage lien liens on a 129-unit, six-story class A luxury rental four, three to nine story apartment building with 12,000 square feet of office/retail space buildings totaling 283 units, located in Morristown, Jamaica (Queens), New Jersey. York. The project sponsor is one has over 40 years of the largest privately-held investment, repositioning, and management experience in multi-family real estate owner/developers in the United States, and has extensive experience and a successful track record in the development and management of multi-family projects. Queens County, New York. The loan has a risk rating of "3" (loans rated 1-4 are deemed to be "4" or of "acceptable quality"—see discussion of the Bank's nine-point risk rating system for loans under "Allowance for Credit Losses" in the "Asset Quality" section) and was performing in accordance with its terms and conditions as of December 31, 2022 December 31, 2023. (For the Bank's largest group borrower exposure —see discussion on "Loans to One Borrower").

Construction Loans. The Bank originates commercial construction loans. Commercial construction lending includes both new construction of residential and commercial real estate projects and the rehabilitation of existing structures.

The Bank's commercial construction financing includes projects constructed for investment purposes (rental property), owner-occupied business properties and to a lesser extent, projects for sale (single family/condominiums) and to a lesser extent, owner-occupied business properties. . To mitigate the speculative nature of construction loans, the Bank generally requires may require significant pre-leasing on rental properties; requires that a percentage of the for-sale single-family residences or condominiums be under contract to support construction loan advances; and requires other covenants on residential for rental projects depending on whether the project is vertical or horizontal construction; and requires meaningful guarantees from financially strong sponsors. In most cases, for the single family and condominium projects, the Bank limits its exposure against houses or units that are not under contract. Similarly, commercial construction loans usually have commitments for significant pre-leasing, or funds are held back until the leases are finalized. As of December 31, 2023, the Bank's construction and land development portfolio balance to capital ratio was approximately 47%. Given the current economic environment, this ratio is being closely managed and has been reducing moderately over time. Funding requirements and loan structure for residential rental projects vary depending on whether such projects are vertical or horizontal construction.

The Bank generally underwrites construction loans for a term of three years or less. The majority of the Bank's construction loans are floating-rate loans with a maximum 75% loan-to-value ratio for the completed project. The Bank employs professional engineering firms to assist in the review of construction cost estimates and make site inspections to determine if the work has been completed prior to the advance of funds for the project.

Construction lending generally involves a greater degree of risk than commercial real estate or multi-family lending. Repayment of a construction loan is, to a great degree, dependent upon the successful and timely completion of the construction of the subject project and the successful marketing of the sale or lease of the project. Construction delays, slower than anticipated absorption or the financial impairment of the builder may negatively affect the borrower's ability to repay the loan.

For all construction loans, the Bank requires an independent appraisal, which includes information on market rents and/or comparable sales for competing projects. The Bank also obtains personal guarantees, where appropriate, and conducts environmental due diligence as appropriate.

The Bank also employs other means to mitigate the risk of the construction lending process. On commercial construction projects that the developer maintains for rental, the Bank typically holds back funds for tenant improvements until a lease is executed. For single family and condominium financing, the Bank generally requires payment for the release of a unit that exceeds the amount of the loan advance attributable to such unit.

The Bank's largest construction loan at December 31, 2022 as of December 31, 2023 was a $45.5 million commitment secured by a first mortgage lien on property and improvements related to the construction of a 165-unit, multi-family luxury apartment complex in Wilmington, Delaware. The loan had an outstanding balance of $14.4 million at December 31, 2022 $41.2 million as of December 31, 2023. This loan closed in 2022 with construction completion and lease-up expected by the end of 2023. in 2024. The project sponsor is an experienced and long standing long-standing real estate owner and developer based in Pennsylvania with a successful track record in the development and management of commercial real estate and is an existing client. The loan has a risk rating of "4" (loans rated 1-4 are deemed or of "acceptable quality" – see discussion of the Bank's nine-point risk rating system for loans under "Allowance for Credit Losses" in the "Asset Quality" section) and was performing in accordance with its terms and conditions as of December 31, 2022 December 31, 2023.

Residential Mortgage Loans. The Bank originates residential mortgage loans secured by first mortgages on one- to four-family residences, generally located in the states of New Jersey, New York and the eastern part of Pennsylvania. The Bank originates residential mortgages primarily through commissioned mortgage representatives. The Bank originates both fixed-rate and adjustable-rate mortgages. As of December 31, 2023, $1.16 billion or 10.8% of the total loan portfolio consisted of residential real estate loans. Of the one- to four-family loans at that date, 81.9% were fixed-rate and 18.1% were adjustable-rate loans.

The Bank originates fixed-rate fully amortizing residential mortgage loans with principal and interest payments due each month, that typically have maturities ranging from 10 to 30 years. The Bank also originates fixed-rate residential mortgage loans with maturities of 10, 15, 20 and 30 years that require the payment of principal and interest on a biweekly basis. Fixed-rate jumbo residential mortgage loans (loans over the maximum that one of the government-sponsored agencies will purchase) are originated with maturities of up to 30 years. The Bank currently offers adjustable-rate mortgage loans with a fixed-rate period of 5, 7 or 10 years prior to the first annual interest rate adjustment. The standard adjustment formula is the one-year constant maturity Treasury rate plus 2.75%, adjusting annually after its first re-set period, with a 2% maximum annual adjustment and a 6% maximum adjustment over the life of the loan.

Residential mortgage loans are primarily underwritten to Freddie Mac standards. The Bank's standard maximum loan to value ratio is 80%. However, working through mortgage insurance companies, the Bank underwrites loans for sale to Freddie Mac programs that will finance up to 97% of the value of the residence. Generally all fixed-rate loans with terms of 20 years or more are sold into the secondary market with servicing rights retained. Fixed-rate residential mortgage loans retained in the Bank's portfolio generally include loans with a term of 15 years or less and biweekly payment residential mortgage loans with a term of 30 years or less. The Bank retains the majority of originated adjustable-rate mortgages for its portfolio.

Loans are sold without recourse, generally with servicing rights retained by the Bank. The percentage of loans sold into the secondary market will vary depending upon interest rates and the Bank's strategies for managing exposure to interest rate risk. In 2023, one residential real estate loan originated totaling $208,000 was sold into the secondary market.

The retention of adjustable-rate mortgages, as opposed to longer-term, fixed-rate residential mortgage loans, helps reduce the Bank's exposure to interest rate risk. However, adjustable-rate mortgages generally pose credit risks different from the credit risks inherent in fixed-rate loans primarily because as interest rates rise, the underlying debt service payments of the borrowers rise, thereby increasing the potential for default. The Bank believes that these credit risks, which have not had a material adverse effect on the Bank to date, generally are less onerous than the interest rate risk associated with holding 20- and 30-year fixed-rate loans in its loan portfolio.

For many years, the Bank has offered discounted rates on residential mortgage loans to low- and moderate-income individuals. Loans originated in this category over the last five years have totaled $35.7 million. The Bank also offers a special rate program for first-time homebuyers under which originations have totaled over $75.2 million for the past five years. The Bank does not originate or purchase sub-prime or option ARM loans.

Commercial Loans. The Bank underwrites commercial loans to corporations, partnerships and other businesses. Commercial loans represented 22.0% 22.7% of the total loan portfolio at December 31, 2022. The majority as of the Bank's commercial loan customers are local businesses with revenues of less than $50.0 million December 31, 2023. The Bank primarily offers commercial loans for equipment purchases, lines of credit for working capital purposes, letters of credit and real estate loans where the borrower is the primary occupant of the property. Most commercial loans are originated on a floating-rate basis and the majority of fixed-rate commercial term loans are fully amortized over a five-year period. Owner-occupied commercial real estate loans are generally underwritten to terms consistent with those utilized for commercial real estate; however, the maximum loan-to-value ratio for owner-occupied commercial real estate loans is generally 80%.

The Bank also underwrites Small Business Administration ("SBA") guaranteed loans and guaranteed or assisted loans through various state, county and municipal programs. These governmental guarantees are typically used in cases where the borrower requires additional credit support. The Bank has "Preferred Lender" status with the SBA, allowing a more streamlined application and approval process.

The Company participated in the Paycheck Protection Program ("PPP") through the United States Department of the Treasury and Small Business Administration. PPP loans were fully guaranteed by the SBA and were eligible for forgiveness by the SBA to the extent that the proceeds were used to cover eligible payroll costs, interest costs, rent, and utility costs over a period of up to 24 weeks after the loan was made as long as certain conditions were met regarding employee retention and compensation levels. PPP loans deemed eligible for forgiveness by the SBA will be were repaid by the SBA to the Company. Eligibility ended for this program on in May of 2021. PPP loans are included in our commercial loan portfolio. During the program, As of December 31, 2023, the Company secured 2,067 PPP loans for its customers totaling $682.0 million. million, which includes both the initial round and the second round of PPP. As of December 31, 2022 December 31, 2023, 2,053 2,054 PPP loans totaling $679.2 $679.4 million secured for customers were forgiven or paid off. forgiven. The balance as of December 31, 2023 for PPP loans at December 31, 2022 was $2.8 $2.5 million.

The underwriting of a commercial loan is based upon a review of the financial statements of the prospective borrower and guarantors. In most cases, the Bank obtains a general lien on accounts receivable and inventory, along with the specific collateral such as real estate or equipment, as appropriate.

Commercial loans generally bear higher interest rates than mortgage loans, but they also involve a higher risk of default and a higher loss given default since their repayment is generally dependent on the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may be substantially dependent on the success of the business itself and the general economic environment.

The Bank's largest commercial loan commitment as of December 31, 2022 December 31, 2023 was a $60.0 million working capital line of credit to a large New Jersey based automobile leasing company. The loan, which was originated in late 2021, has a four-year term and is secured by lease contracts and the underlying vehicles. Funding is limited to the aggregate net book value of eligible leases pledged at any time. The loan has a risk rating of "3" (loans rated 1-4 are deemed "4" or of "acceptable quality" – see discussion. As of the Bank's nine-point risk rating system for loans under "allowance for credit losses" in the "Asset Quality" section). At December 31, 2022 December 31, 2023, there was no outstanding balance under the line. (For the Bank's largest group borrower exposure —see discussion on "Loans to One Borrower").

Consumer Loans. The Bank offers a variety of consumer loans on a direct basis to individuals. Consumer loans represented 3.0% 2.8% of the total loan portfolio at December 31, 2022 as of December 31, 2023. Home equity loans and home equity lines of credit constituted 93.9% 94.65% of the consumer loan portfolio and indirect marine loans constituted 0.6% secured personal lines of credit originated through Beacon Trust constitute 4.71% of the consumer loan portfolio at December 31, 2022 as of December 31, 2023. The remaining 5.5% 0.64% of the consumer loan portfolio includes personal loans and unsecured lines of credit, direct auto loans and recreational and marine vehicle loans. The Bank no longer purchases or originates indirect auto, marine or recreational vehicle loans.

Interest rates on home equity loans are fixed for a term not to exceed 20 years, and with the maximum loan amount being $1.0 million, which is $650,000. dependent on lien position and credit score. A portion of the home equity loan portfolio includes "first-lien product loans," under which the Bank has offered special rates to borrowers who refinance first mortgage loans on the a home equity (first-lien) basis. At December 31, 2022 As of December 31, 2023, first-lien home equity loans outstanding totaled $148.6 million $141.5 million. The Bank's home equity lines of credit are made at floating interest rates and the Bank provides lines of credit of up to $500,000. $1.0 million, dependent on lien position and credit score. The approved home equity lines and utilization amounts as of December 31, 2022 December 31, 2023 were $302.0 million $350.3 million and $100.4 million $94.8 million, respectively, representing a utilization rate of 33.3% 27.1%.

Consumer loans generally entail greater credit risk than residential mortgage loans, particularly in the case of home equity loans and lines of credit secured by second lien positions, consumer loans that are unsecured or that are secured by assets that tend to depreciate, such as automobiles, boats and recreational vehicles. Collateral repossessed by the Bank from a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance, and the remaining deficiency may warrant further substantial collection efforts against the borrower. In addition, consumer loan collections are dependent upon the borrower's continued financial stability, which is more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount the Bank can recover on such loans.

Loan Originations, Purchases, and Repayments. The following table sets forth the Bank's loan origination, purchase and repayment activities for the periods indicated.

		Year Ended December 31,			Year Ended December 31,		
		2022	2021	2020	2023	2022	2021
		(In thousands)			(In thousands)		
Originations:	Originations:						
Residential mortgage		$ 128,417	$ 240,231	$ 284,207			
Commercial mortgage							
Commercial mortgage							
Commercial mortgage	Commercial mortgage	1,100,698	885,051	720,416			
Multi-family mortgage	Multi-family mortgage	148,979	169,912	233,944			
Construction	Construction	536,414	495,386	391,268			
Residential mortgage							
Commercial	Commercial	1,922,693	1,620,114	1,764,099			
Consumer	Consumer	106,883	108,574	101,596			
Subtotal of loans originated	Subtotal of loans originated	3,944,084	3,519,268	3,495,530			
Loans purchased	Loans purchased	6,971	5,230	—			
Total loans originated and purchased	Total loans originated and purchased	$3,951,055	$3,524,498	$3,495,530			
Loans acquired at fair value in acquisition	Loans acquired at fair value in acquisition	$ —	—	1,766,115			
Loans acquired at fair value in acquisition							
Loans acquired at fair value in acquisition							
Loans sold							
Loans sold							
Loans sold	Loans sold	44,006	47,675	87,413			
Repayments:	Repayments:						
Residential mortgage		159,292	305,008	290,908			
Repayments:							
Repayments:							
Commercial mortgage							
Commercial mortgage							
Commercial mortgage	Commercial mortgage	591,904	616,310	57,358			
Multi-family mortgage	Multi-family mortgage	120,549	356,813	484,404			
Construction	Construction	370,721	275,673	108,873			
Residential mortgage							
Commercial	Commercial	1,866,390	1,977,290	1,447,267			
Consumer	Consumer	128,981	163,644	214,248			
Total repayments	Total repayments	$3,237,837	$3,694,738	$2,603,058			

Total reductions	Total reductions	3,281,843	3,742,413	2,690,471
Other items, net(1)	Other items, net(1)	(1,953)	(23,351)	(81,169)
Net increase (decrease)	Net increase (decrease)	$ 667,259	$ (241,266)	$2,490,005

(1) Other items, net include charge-offs, deferred fees and expenses, discounts and premiums.

Loan Approval Procedures and Authority. The Bank's Board board of Directors directors approves the Lending Policy on at least an annual basis and on an interim basis as modifications are warranted. The Lending Policy sets the Bank's lending authority for each type of loan. The Bank's lending officers are assigned dollar authority limits based upon their experience and expertise. All commercial loan approvals require dual signature authority.

The largest individual lending authority is $15.0 million for unsecured loans and $20.0 million for secured loans, which is only available to the Chief Executive Officer, the Chief Lending Officer and the Chief Credit Officer. Loans in excess of these limits, or which when combined with existing credits of the borrower or related borrowers exceed these limits, are presented to the management Credit Committee for approval. The Credit Committee currently consists of nine eight senior officers including the Chief Executive Officer, the Chief Lending Officer, the Chief Financial Officer, the Chief Credit Officer, the Chief Administrative Officer, the Director of Credit Risk and the Lending Chief of Staff.

While the Bank discourages loan policy exceptions, based upon reasonable business considerations exceptions to the policy may be warranted. The business reason and mitigants for the exception must be noted on the loan approval document. The policy exception requires the approval of the Chief Lending Officer, Lending Chief of Staff or the Department Manager of the lending department responsible for the underlying loan, if it is within their approval authority limit. All other policy exceptions must be approved by the Credit Committee. The Credit Administration Department reports the type and frequency of loan policy exceptions to the Risk Committee of the Board board of Directors directors on a quarterly basis, or more frequently if necessary.

The Bank has adopted a risk rating system as part of the credit risk assessment of its loan portfolio. The Bank's commercial real estate and commercial lending officers are required to maintain an appropriate risk rating for each loan in their portfolio. When the lender learns of important financial developments, the risk rating is reviewed accordingly. Risk ratings are subject to review by the Credit Department during the underwriting, lending review and loan review processes. Loan review examinations are performed by an independent third party which validates the risk ratings on a sample basis. In addition, a risk rating can be adjusted at the weekly Credit Committee meeting and quarterly at management's Credit Risk Management Committee, which meets to review loans rated a "Pass/Watch" ("5") or worse. The Bank requires an annual review be performed for commercial and commercial real estate loans above certain dollar thresholds, depending on loan type, to help determine the appropriate risk ratings. The risk ratings play an important role in the establishment of the loan loss provision and to confirm the adequacy of the allowance for credit losses.

Loans to One Borrower. The regulatory limit on total loans to any borrower or attributed to any one borrower is 15% of the Bank's unimpaired capital and surplus. As of December 31, 2022 December 31, 2023, the regulatory lending limit was $234.8 million $217.9 million. The Bank's current internal policy limit on total loans to a borrower or related borrowers that constitute a group exposure is up to 80% of regulatory lending limit for commercial real estate loans and 50% of regulatory lending limit for commercial and industrial loans. The Bank reviews these group exposures on a quarterly basis. The Bank also sets additional limits on size of loans by loan type.

At December 31, 2022 As of December 31, 2023, the Bank's largest group exposure with an individual borrower and its related entities was $135.1 million $134.5 million. This group exposure consisted of three multi-family commercial real estate loans totaling $45.9 million $45.3 million, secured by three properties in Delaware, two construction loans totaling $87.5 million, secured by two multi-family properties in Delaware and Pennsylvania, and $1.7 million in interest rate swap exposure. The loans have an average risk rating of "4". The borrower, headquartered in Pennsylvania, is an experienced real estate owner and developer in the states of Delaware and Pennsylvania. As of December 31, 2022 December 31, 2023, all of the loans in this lending relationship were performing in accordance with their respective terms and conditions.

As of December 31, 2022 December 31, 2023, the Bank had $2.63 billion $1.91 billion in loans outstanding to its 50 largest borrowers and their related entities.

ASSET QUALITY

General. One of the Bank's key objectives has been and continues to be to maintain maintaining a high level of asset quality. In addition to maintaining sound credit standards for new loan originations, the Bank employs proactive collection and workout processes in dealing with delinquent or problem loans. The Bank actively markets properties that it acquires through foreclosure or otherwise in the loan collection process.

Collection Procedures. In the case of residential mortgage and consumer loans, collection activities begin on the sixteenth day of delinquency. Collection efforts include automated notices of delinquency, telephone calls, letters and other notices to delinquent borrowers. Foreclosure proceedings and other appropriate collection activities such as repossession of collateral are commenced within at least 90 to 120 days after a loan is delinquent provided a plan of repayment to cure the delinquency or other loss mitigation arrangement cannot be reached with the borrower. Periodic inspections of real estate and other collateral are conducted throughout the collection process. The Bank's collection procedures for Federal Housing Association ("FHA") and Veteran's Administration ("VA") one- to four-family mortgage loans follow the collection and loss mitigation guidelines outlined by those agencies.

Real estate and other assets acquired through foreclosure or in connection with a loan workout are held as foreclosed assets. The Bank carries other real estate owned and other foreclosed assets at the lower of their cost or their fair value less estimated selling costs. The Bank attempts to sell the property at foreclosure sale or as soon as practical after the foreclosure sale through a proactive marketing effort.

The collection procedures for commercial real estate and commercial loans include sending periodic late notices and letters to a borrower once a loan is past due. The Bank attempts to make direct contact with a borrower once a loan is 16 days past due, usually by telephone. The Chief Lending Officer and Chief Credit Officer review all commercial real estate and commercial loan delinquencies on a weekly basis. Generally, delinquent commercial real estate and commercial loans are transferred to the Asset Recovery Department for further action if the delinquency is not cured within a reasonable period of time, typically 90 days. The Chief Lending Officer and Chief Credit Officer have the authority to transfer performing commercial real estate or commercial loans to the Asset Recovery Department if, in their opinion, a credit problem exists or is likely to occur.

In the case of residential mortgage and consumer loans, collection activities begin on the sixteenth day of delinquency. Collection efforts include automated notices of delinquency, telephone calls, letters and other notices to delinquent borrowers. Foreclosure proceedings and other appropriate collection activities such as repossession of collateral are commenced within at least 90 to 120 days after a loan is delinquent provided a plan of repayment to cure the delinquency or other loss mitigation arrangement cannot be reached with the borrower. Periodic inspections of real estate and other collateral are conducted throughout the collection process. The Bank's collection procedures for Federal Housing Association and Veterans Administration one- to four-family mortgage loans follow the collection and loss mitigation guidelines outlined by those agencies.

Real estate and other assets acquired through foreclosure or in connection with a loan workout are held as foreclosed assets. The Bank carries other real estate owned and other foreclosed assets at the lower of their cost or their fair value less estimated selling costs. The Bank attempts to sell the property at foreclosure sale or as soon as practical after the foreclosure sale through a proactive marketing effort.

Loans deemed uncollectible are proposed for charge-off on a monthly basis. Any charge-off recommendation of $500,000 or greater is submitted to executive management.

Delinquent Loans and Non-performing Loans and Assets. Bank policy requires that the Chief Credit Officer continuously monitor the status of the loan portfolios and report to the Board board of Directors directors on at least a quarterly basis. These reports include information on impaired loans, delinquent loans, criticized and classified assets, and foreclosed assets. An impaired loan is defined as a non-homogeneous loan greater than $1.0 million for which it is probable, based on current

information, that the Bank will not collect all amounts due under the contractual terms of the loan agreement. Impaired loans also include all loans modified as troubled debt restructurings ("TDRs"). A loan is deemed to be a TDR when a modification resulting in a concession is made by the Bank in an effort to mitigate potential loss arising from a borrower's financial difficulty. Smaller balance homogeneous loans including residential mortgages and other consumer loans are evaluated collectively for impairment and are excluded from the definition of impaired loans, except for TDRs. loans. Impaired loans are individually identified and reviewed to determine that each loan's carrying value is not in excess of the fair value of the related collateral or the present value of the expected future cash flows. As of December 31, 2023, impaired loans totaled $42.3 million with related specific reserves of $2.9 million.

Loan modifications to borrowers experiencing financial difficulty may include interest rate reductions, principal or interest forgiveness, forbearance, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. In addition, management attempts to obtain additional collateral or guarantor support when modifying such loans. If the borrower has demonstrated performance under the previous terms and our underwriting process shows the borrower has the capacity to continue to perform under the restructured terms, the loan will continue to accrue interest. Non-accruing restructured loans may be returned to accrual status when there has been a sustained period of repayment performance (generally six consecutive months of payments) and both principal and interest are deemed collectible.

The following illustrates the most common loan modifications by loan classes offered by the Company that are required to be disclosed pursuant to the requirements of Accounting Standards Update ("ASU") 2022-02:

Loan Classes	**Modification types**
Commercial	Term extension, interest rate reductions, payment delay, or combination thereof. These modifications extend the term of the loan, lower the payment amount, or otherwise delay payments during a defined period for the purpose of providing borrowers additional time to return to compliance with the original loan term.
Residential Mortgage/ Home Equity	Forbearance period greater than six months. These modifications require reduced or no payments during the forbearance period for the purpose of providing borrowers additional time to return to compliance with the original loan term, as well as term extension and rate adjustment. These modifications extend the term of the loan and provides for an adjustment to the interest rate, which reduces the monthly payment requirement.
Automobile/ Direct Installment	Term extension greater than three months. These modifications extend the term of the loan, which reduces the monthly payment requirement.

Effective January 1, 2023, the Company adopted ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" ("ASU 2022-02"), which eliminated the accounting guidance for troubled debt restructurings ("TDRs") while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This guidance was applied on a modified retrospective basis. Upon adoption of this guidance, the Company no longer establishes a specific reserve for loan modifications to borrowers experiencing financial difficulty. Instead, these loan modifications are included in their respective pool and a projected loss rate is applied to the current loan balance to arrive at the quantitative and qualitative baseline portion of the allowance for credit losses.

The Company implemented various consumer and commercial loan modification programs to provide its borrowers relief from the economic impacts of COVID-19. In accordance with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Company elected to not apply troubled debt restructuring classification to any COVID-19 related loan modifications that occurred after March 1, 2020 to borrowers who were current as of December 31, 2019. Accordingly, these modifications are exempt from troubled debt restructuring classification under U.S. generally accepted accounting principles ("U.S. GAAP") and were not classified as troubled debt restructurings ("TDRs"). TDRs. In addition, for loans modified in response to the COVID-19 pandemic that did not meet the above criteria (e.g., current payment status at as of December 31, 2019), the Company applied the guidance included in an interagency statement issued by the bank regulatory agencies. This guidance states that loan modifications performed in light of the COVID-19 pandemic, including loan payment deferrals that are up to six months in duration, that were granted to borrowers who were current as of the implementation date of a loan modification program or modifications granted under government mandated modification programs, are not TDRs. For loan modifications that include a payment deferral and are not TDRs, the borrower's past due and non-accrual status have not been impacted during the deferral period. The majority of our deferrals initially consisted of 90-day principal and interest deferrals with additional deferral periods granted on a case by case case-by-case basis at the Bank's option. At December 31, 2022 As of December 31, 2023, there are no material remaining deferrals related to the CARES Act.

At December 31, 2022, there were 128 impaired loans totaling $68.8 million, of which 118 loans totaling $26.0 million were TDRs. Included in this total were 104 TDRs related to 101 borrowers totaling $19.5 million that were performing in accordance with their restructured terms and which continued to accrue interest at December 31, 2022.

Interest income stops accruing on loans when interest or principal payments are 90 days in arrears or earlier when the timely collectability of such interest or principal is doubtful. When the accrual of interest on a loan is stopped, the loan is designated as a non-accrual loan and the outstanding unpaid interest previously credited is reversed. A non-accrual loan is returned to accrual status when factors indicating doubtful collection no longer exist, the loan has been brought current and the borrower demonstrates some period (generally six months) of timely contractual payments.

Federal and state regulations as well as the Bank's policy require the Bank to utilize an internal risk rating system as a means of reporting problem and potential problem assets. Under this system, the Bank classifies problem and potential problem assets as "substandard," "doubtful" or "loss" assets. An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that the Bank will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard" with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the Bank to sufficient risk to warrant classification in one of the aforementioned categories, but possess potential weaknesses, are designated "special mention." When the Bank classifies one or more assets, or portions thereof, as "loss," the Bank is required either to establish a specific allowance for losses equal to 100% of the amount of the asset so classified or to charge-off such amount.

Management performs a quarterly evaluation of the adequacy of the allowance for credit losses. The analysis of the allowance for credit losses has two elements: loans collectively evaluated for impairment and loans individually evaluated for impairment. As part of its evaluation of the adequacy of the allowance for credit losses, each quarter management prepares an analysis that segments the entire loan portfolio by loan type into groups of loans that share common attributes and risk characteristics. The allowance for credit losses collectively evaluated for impairment consists of a quantitative loss factor and a qualitative adjustment component. Management estimates the quantitative component by segmenting the loan portfolio and employing a discounted cash flow ("DCF") model framework to estimate the allowance for credit losses on the loan portfolio. The CECL estimate incorporates life-of-loan aspects through this DCF approach. For each segment, this approach compares

each loan's amortized cost to the present value of its contractual cash flows adjusted for projected credit losses, prepayments and curtailments to determine the appropriate reserve for that loan. Quantitative loss factors are evaluated at least annually. Management completed its most recent development and evaluation of its quantitative loss factors in the fourth quarter of 2022. Qualitative adjustments give consideration to other qualitative factors such as trends in industry conditions, effects of changes in credit concentrations, changes in the Company's loan review process, changes in the Company's loan policies and procedures, economic forecast uncertainty and model imprecision. The Company considers qualitative adjustments to credit loss estimates for information not already captured in the quantitative component of the loss estimation process. Qualitative adjustments are recalibrated at least annually and evaluated quarterly. The reserves resulting from the application of both of these sets of loss factors are combined to arrive at the allowance for credit losses on loans collectively evaluated for impairment.

Management's determination as to the classification of assets and the amount of the valuation allowances is subject to review by the FDIC Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Department of Banking and Insurance, each of which can require the establishment of additional general or specific loss allowances. The FDIC, in conjunction with the other federal banking agencies, issued an interagency policy statement on the allowance for credit losses. The policy statement provides guidance for financial institutions on both the responsibilities of the board of directors and management for the maintenance of adequate allowances, and guidance for banking agency examiners to use in determining the adequacy of the allowances. Generally, the policy statement reaffirms that institutions should have effective loan review systems and controls to identify, monitor and address asset quality problems; that loans deemed uncollectible are promptly charged off; and that the institution's process for determining an adequate level for its valuation allowance is based on a comprehensive, adequately documented, and consistently applied analysis of the institution's loan and lease portfolio. While management believes that on the basis of information currently available to it, the allowance for credit losses is adequate as of December 31, 2022 December 31, 2023, actual losses are dependent upon future events and, as such, further additions to the level of allowances for credit losses may become necessary.

Loans are classified in accordance with the risk rating system described previously. At December 31, 2022 As of December 31, 2023, $88.4 million $70.4 million of loans were classified as "substandard," which consisted of $47.5 million $54.8 million in commercial loans, $35.6 $13.7 in commercial mortgage, construction and multi-family mortgage loans, $4.7 million $1.3 million in residential loans and $657,000 $634,000 in consumer loans. Within the substandard classification, $13.2 million $3.0 million were PCD purchased credit deteriorated ("PCD") loans. There were no loans was one commercial loan totaling $1.7 million, classified as "doubtful" or "loss" at December 31, 2022 as of December 31, 2023. As of December 31, 2022 December 31, 2023, $159.8 million $169.3 million of loans were designated "special mention." Within the special mention classification, $18.0 million $13.6 million were PCD loans.

The following table sets forth delinquencies in the loan portfolio as of the dates indicated.

		At December 31, 2022				At December 31, 2021				At December 31, 2020			
		60-89 Days		90 Days or More		60-89 Days		90 Days or More		60-89 Days		90 Days or More	
		Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
		(Dollars in thousands)											
Residential mortgage loans		9	$ 1,114	14	$ 1,928	7	$ 1,131	28	$ 6,072	39	$ 8,853	44	$ 10,232
Commercial mortgage loans	Commercial mortgage loans	2	412	5	4,068	2	3,960	8	6,852	1	113	13	11,097
Multi-family mortgage loans	Multi-family mortgage loans	—	—	—	—	—	—	1	439	2	585	—	—

As of December 31, 2023				As of December 31, 2022				As of December 31, 2021			
60-89 Days		90 Days or More		60-89 Days		90 Days or More		60-89 Days		90 Days or More	
Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Princ Balar of Lo
(Dollars in thousands)											

Construction loans	1	1,097	2	1,878	—	—	2	2,365	—	—	2	1,392
Residential mortgage loans												
Total mortgage loans	12	2,623	21	7,874	9	5,091	39	15,728	42	9,551	59	22,721
Commercial loans	5	1,014	19	7,057	5	1,289	21	7,614	1	1,179	44	27,782
Consumer loans	4	147	9	653	7	228	16	1,650	13	4,518	27	2,175
Total loans	21	$ 3,784	49	$ 15,584	21	$ 6,608	76	$ 24,992	56	$ 15,248	130	$ 52,678

Non-Accrual Loans and Non-Performing Assets. The following table sets forth information regarding non-accrual loans and other non-performing assets. At December 31, 2022, there were 14 TDRs totaling $6.5 million that were classified as non-accrual, compared to 14 non-accrual TDRs which totaled $3.5 million at December 31, 2021. Loans are generally placed on non-accrual status when they become 90 days or more past due or if they have been identified as presenting uncertainty with respect to the collectability of interest or principal.

	At December 31,				
	2022	2021	2020	2019	2018
	(Dollars in thousands)				
Non-accruing loans:					
Residential mortgage loans	$ 1,928	$ 6,072	$ 9,315	$ 8,543	$ 5,853
Commercial mortgage loans					
Commercial mortgage loans					
Commercial mortgage loans	28,212	16,887	31,982	5,270	3,180
Multi-family mortgage loans	1,565	439	—	—	—
Construction loans	1,878	2,365	1,392	—	—
Residential mortgage loans					
Commercial loans	24,188	20,582	42,118	25,160	15,391
Consumer loans	738	1,682	2,283	1,221	1,266
Total non-accruing loans	$58,509	48,027	87,090	40,194	25,690
Accruing loans - 90 days or more delinquent	—	—	—	—	—
Total non-performing loans	$58,509	48,027	87,090	40,194	25,690
Foreclosed assets	2,124	8,731	4,475	2,715	1,565
Total non-performing assets	$60,633	$56,758	$91,565	$42,909	$27,255

As of December 31,				
2023	2022	2021	2020	2019
(Dollars in thousands)				

Total non-performing assets as a percentage of total assets	Total non-performing assets as a percentage of total assets	0.44 %	0.41 %	0.71 %	0.44 %	0.28 %	Total non-performing assets as a percentage of total assets	0.43 %	0.44 %	0.41 %	0.71 %	0.44 %
Total non-performing loans to total loans	Total non-performing loans to total loans	0.57 %	0.50 %	0.89 %	0.55 %	0.35 %	Total non-performing loans to total loans	0.46 %	0.57 %	0.50 %	0.89 %	0.55 %

Non-performing (i.e., non-accruing) commercial mortgage loans increased $11.3 million decreased $23.1 million to $28.2 million at December 31, 2022 $5.2 million as of December 31, 2023, from $16.9 million at December 31, 2021 $28.2 million as of December 31, 2022. Non-performing commercial mortgage loans consisted of 10 seven loans at December 31, 2022 as of December 31, 2023. Of these 10 seven loans, four loans one loan totaling $6.9 million were $95,600 was a PCD loans. loan. The largest non-performing commercial mortgage loan was a $12.3 million $3.0 million loan secured by a first mortgage on two office buildings a retail building located in the Township of Upper Providence, Pennsylvania. Subsequent to December 31, 2022, the underlying real estate securing the loan was acquired in a negotiated settlement and recorded as a foreclosed asset. Wayne, New Jersey.

Non-performing commercial loans increased $3.6 million $17.3 million, to $24.2 million at December 31, 2022 $41.5 million as of December 31, 2023, from $20.6 million at December 31, 2021 $24.2 million as of December 31, 2022. Non-performing commercial loans at December 31, 2022 as of December 31, 2023 consisted of 34 26 loans, of which 15 14 loans were under 90 days accruing. past-due. Of these non-performing commercial loans, 11 four were PCD loans totaling $3.3 million $1.2 million. The largest non-performing commercial loan relationship consisted of two three loans with aggregate outstanding balances of $7.6 million at

December 31, 2022. $19.7 million as of December 31, 2023. These loans are secured by a general lien on real estate and all business assets. These loans are currently not paying have matured and the borrower is in accordance with the process of an orderly wind-down of their restructured terms. A new modification/forbearance agreement is currently being negotiated. operations.

Non-performing construction loans decreased $487,000 $1.1 million to $1.9 million at December 31, 2022 $771,000 as of December 31, 2023, from $2.4 million at December 31, 2021 $1.9 million as of December 31, 2022. Non-performing construction loans at December 31, 2022 as of December 31, 2023 consisted of two loans, one of which is a PCD loan. There were $2.4 million two non-performing construction loans at 2021. in 2022.

Non-performing multi-family mortgage loans totaled $1.6 million at December 31, 2022. There was consisted of one loan totaling $744,000 as of December 31, 2023, compared to two non-performing multi-family mortgage loan at December 31, 2021 loans totaling $1.6 million as of December 31, 2022.

At December 31, 2022 As of December 31, 2023, the Company held $2.1 million $11.7 million of foreclosed assets, compared with $8.7 million at December 31, 2021 $2.1 million as of December 31, 2022. Foreclosed assets at December 31, 2022 as of December 31, 2023 are carried at fair value based on recent appraisals and valuation estimates, less estimated selling costs. During the year ended December 31, 2022 December 31, 2023, there were five four additions to foreclosed assets with an aggregate carrying value of $1.2 million $15.1 million, four properties sold with an aggregate carrying value of $7.6 million $3.7 million and a valuation charge one write-down of $200,000. $2.0 million.

Non-performing assets totaled $61.3 million, or 0.43% of total assets as of December 31, 2023, compared to $60.6 million, or 0.44% of total assets at as of December 31, 2022, compared to $56.8 million, or 0.41% of total assets at December 31, 2021. Within total non-performing assets, $3.9 million were PCD loans over 90 days past due. If the non-accrual loans had performed in accordance with their original terms, interest income would have increased by $1.0 million $1.6 million during the year ended December 31, 2022 December 31, 2023. The amount of cash basis interest income that was recognized on impaired loans during the year ended December 31, 2022 December 31, 2023 was not material.

Allowance for Credit Losses. On January 1, 2020, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss methodology with the current expected credit loss ("CECL") CECL methodology. It also applies to off-balance sheet credit exposures, including loan commitments and lines of credit. The adoption of the new standard resulted in the Company recording a $7.9 million increase to the allowance for credit losses and a $3.2 million liability for off-balance sheet credit exposures. The adoption of the standard did not result in a change to the Company's results of operations upon adoption as it was recorded as an $8.3 million cumulative effect adjustment, net of income taxes, to retained earnings.

The allowance for credit losses is a valuation account that reflects management's evaluation of the current expected credit losses in the loan portfolio. The Company maintains the allowance for credit losses through provisions for credit losses that are charged to income. Charge-offs against the allowance for credit losses are taken on loans where management determines that the collection of loan principal and interest is unlikely. Recoveries made on loans that have been charged-off are credited to the allowance for credit losses.

The calculation of the allowance for credit losses is a critical accounting policy of the Company. Management estimates the allowance balance using relevant available information, from internal and external sources, related to past events, current conditions, and a reasonable and supportable forecast. Historical credit loss experience for both the Company and peers provides the basis for the estimation of expected credit losses, where observed credit losses are converted to probability of default rate ("PDR") curves through the use of segment-specific loss given default ("LGD") risk factors that convert default rates to loss severity based on industry-level, observed relationships between the two variables for each segment, primarily due to the nature of the underlying collateral. These risk factors were assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical default and loss severity deviate from that of the wider industry. The historical PDR curves, together with corresponding economic conditions, establish a quantitative relationship between economic conditions and loan performance through an economic cycle.

Using the historical relationship between economic conditions and loan performance, management's expectation of future loan performance is incorporated using an externally developed economic forecast. This forecast is applied over a period that management has determined to be reasonable and supportable. Beyond the period over which management can develop or source a reasonable and supportable forecast, the model will revert to long-term average economic conditions using a straight-line, time-based methodology. The Company's current forecast period is six quarters, with a four quarter four-quarter reversion period to historical average macroeconomic factors. The Company's economic forecast is approved by the Company's Asset-Liability Allowance for Credit Loss ("ACL") Committee.

The allowance for credit losses is measured on a collective (pool) basis, with both a quantitative and qualitative analysis that is applied on a quarterly basis, when similar risk characteristics exist. The respective quantitative allowance for each loan segment is measured using an econometric, discounted PDR/LGD modeling methodology in which distinct, segment-specific multi-variate regression models are applied to an external economic forecast. Under the discounted cash flows methodology, expected credit losses are estimated over the effective life of the loans by measuring the difference between the net present value of modeled cash flows and amortized cost basis. Contractual cash flows over the contractual life of the loans are the basis for modeled cash flows, adjusted for modeled defaults and expected prepayments and discounted at the loan-level effective interest rate. The contractual term excludes expected extensions, renewals and modifications unless either of the following applies: applies at the reporting date: management has a reasonable expectation at the reporting date that a troubled debt restructuring ("TDR") modification will be executed with an individual borrower borrower; or the when an extension or renewal options are option is included in the original or modified contract at the reporting date and are is not unconditionally cancellable by the Company. Management will assess the likelihood of the option being exercised by the borrower and appropriately extend the maturity for modeling purposes.

The Company considers qualitative adjustments to credit loss estimates for information not already captured in the quantitative component of the loss estimation process. Qualitative factors are based on portfolio concentration levels, model imprecision, changes in industry conditions, changes in the Company's loan review process, changes in the Company's loan policies and procedures, and economic forecast uncertainty.

One of the most significant judgments involved in estimating the Company's allowance for credit losses relates to the macroeconomic forecasts used to estimate expected credit losses over the forecast period. As of December 31, 2023, the model incorporated Moody's baseline economic forecast, as adjusted for qualitative factors, as well as an extensive review of classified loans and loans that were classified as impaired with a specific reserve assigned to those loans. For example, the commercial property price index used in the model has a higher proportion of office exposure relative to that of the Bank. This baseline outlook reflected a worsened economic forecast and related deterioration in the projected commercial property price index used in our CECL model. The Company made qualitative adjustments to the projected commercial real estate property price index, considering the differences in portfolio collateral composition versus the commercial property price index used in our CECL models. This resulted in a total provision of $27.9 million for the year ended December 31, 2023, and an overall coverage ratio of 99 basis points. Management believes the allowance for credit losses allocated to the commercial real estate non-owner occupied portfolio segment accurately represents the estimated inherent losses, factoring in the qualitative adjustment and other assumptions, including the selection of the baseline forecast within the model. If the Company used the unadjusted baseline outlooks for the commercial property price index over the expected lives of Commercial Real Estate Non-Owner Occupied and Owner-Occupied loan portfolios, the provision would have risen by $6.5 million, leading to an overall coverage ratio of 105 basis points.

Portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Management developed segments for estimating loss based on type of borrower and collateral which is generally based upon federal call report segmentation. The segments have been combined or sub-segmented as needed to ensure loans of similar risk profiles are appropriately pooled. As of December 31, 2022 December 31, 2023, the portfolio and class segments for the Company's loan portfolio were:

- Mortgage Loans – Residential, Commercial Real Estate, Multi-Family and Construction
- Commercial Loans – Commercial Owner Occupied and Commercial Non-Owner Occupied
- Consumer Loans – First Lien Home Equity and Other Consumer

The allowance for credit losses on loans individually evaluated for impairment is based upon loans that have been identified through the Company's normal loan monitoring process. This process includes the review of delinquent and problem loans at the Company's Delinquency, Credit, Credit Risk Management and Allowance Committees; or which may be identified through the Company's loan review process. Generally, the Company only evaluates loans individually for impairment if the loan is non-accrual, non-homogeneous and the balance is at least greater than $1.0 million. In instances where the loan is under $1.0 million, or if but part of a relationship over $1.0 million, all loans in the loan was modified as a TDR. relationship would be evaluated individually for impairment.

For all classes of loans deemed collateral-dependent, the Company estimates expected credit losses based on the fair value of the collateral less any selling costs. If the loan is not collateral dependent, the allowance for credit losses related to individually assessed loans is based on discounted expected cash flows using the loan's initial effective interest rate.

A loan for which the terms have been modified resulting in a concession by the Company, and for which the borrower is experiencing financial difficulties is considered to be a TDR. The allowance for credit losses on a TDR is measured using the same method as all other impaired loans, except that the original interest rate is used to discount the expected cash flows, not the rate specified within the restructuring.

For loans acquired that have experienced more-than-insignificant deterioration in credit quality since their origination are considered PCD loans. The Company evaluates acquired loans for deterioration in credit quality based on any of, but not limited to, the following: (1) non-accrual status; (2) troubled debt restructured modification designation; (3) risk ratings of special mention, substandard or doubtful; (4) watchlist credits; and (5) delinquency status, including loans that are current on acquisition date, but had been previously delinquent. At the acquisition date, an estimate of expected credit losses is made for groups of PCD loans with similar risk characteristics and individual PCD loans without similar risk characteristics. Subsequent to the acquisition date, the initial allowance for credit losses on PCD loans will increase or decrease based on future evaluations, with changes recognized in the provision for credit losses.

Management believes the primary risks inherent in the portfolio are a general decline in the economy, a decline in real estate market values, rising unemployment or a protracted period of elevated unemployment, increasing vacancy rates in commercial investment properties and possible increases in interest rates in the absence of economic improvement. Any one or a combination of these events may adversely affect borrowers' ability to repay the loans, resulting in increased delinquencies, credit losses and higher levels of provisions. Management considers it important to maintain the ratio of the allowance for credit losses to total loans at an acceptable level given current and forecasted economic conditions, interest rates and the composition of the portfolio.

The CECL approach to calculate the allowance for credit losses on loans is significantly influenced by the composition, characteristics and quality of the Company's loan portfolio, as well as the prevailing economic conditions and forecast utilized. Although management believes that the Company has established and maintained the allowance for credit losses at appropriate levels, additions may be necessary if future economic and other conditions differ substantially from the current operating environment and economic forecast. Management evaluates its estimates and assumptions on an ongoing basis giving consideration to forecasted economic factors, historical loss experience and other factors. The model includes both quantitative and qualitative components. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods, and to the extent actual losses are higher than management estimates, additional provision for credit losses on loans could be required and could adversely affect our earnings or financial position in future periods. In addition, various regulatory agencies periodically review the adequacy of the Company's allowance for credit losses as an integral part of their examination process. Such agencies may require the Company to recognize additions to the allowance or additional write-downs based on their judgments about information available to them at the time of their examination. Although management uses the best information available, the level of the allowance for credit losses remains an estimate that is subject to significant judgment and short-term change. volatility.

The CECL approach to calculate the allowance for credit losses on loans is significantly influenced by the composition, characteristics and quality of the Company's loan portfolio, as well as the prevailing economic conditions and forecast utilized. Material changes to these and other relevant factors creates greater volatility to the allowance for credit losses, and therefore, greater volatility to the Company's reported earnings. For the year ended December 31, 2022 December 31, 2023, the increase in the provision for credit losses was largely primarily attributable to a function of the significant favorable impact of the post-pandemic recovery resulting in a large negative provision taken worsened economic forecast and related deterioration in the prior year and an increase projected commercial property price indices used in total loans outstanding. our CECL model. See Note 7 to the Consolidated Financial Statements for more information on the allowance for credit losses on loans.

Analysis of the Allowance for Credit Losses on Loans. The following table sets forth the analysis of the allowance for credit losses for the periods indicated.

Years Ended December 31,

(Dollars in thousands)

		Years Ended December 31,				
		2022	2021	2020	2019	2018
		(Dollars in thousands)				
Balance at beginning of period	Balance at beginning of period	$80,740	$101,466	$ 55,525	$55,562	$60,195
Initial allowance due to the adoption of CECL		—	—	7,920	—	—
Adjustments as a result of adopted ASUs (1)						
Adjustments as a result of adopted ASUs (1)						
Adjustments as a result of adopted ASUs (1)						
Charge offs:	Charge offs:					
Residential mortgage loans		21	74	69	44	277
Charge offs:						
Charge offs:						
Commercial mortgage loans						
Commercial mortgage loans						
Commercial mortgage loans	Commercial mortgage loans	5,471	3,234	2,647	222	—
Multi-family mortgage loans	Multi-family mortgage loans	66	34	—	—	—
Multi-family mortgage loans						
Multi-family mortgage loans						
Construction loans	Construction loans	—	—	—	—	—
Construction loans						
Construction loans						
Residential mortgage loans						
Residential mortgage loans						
Residential mortgage loans						
Commercial loans						
Commercial loans						
Commercial loans	Commercial loans	633	1,597	4,763	14,023	28,986

Consumer loans	Consumer loans	357	517	434	743	755
Consumer loans						
Consumer loans						
Total						
Total						
Total	Total	6,548	5,456	7,913	15,032	30,018
Recoveries:	Recoveries:					
Residential mortgage loans		386	457	109	46	58
Recoveries:						
Recoveries:						
Commercial mortgage loans						
Commercial mortgage loans						
Commercial mortgage loans	Commercial mortgage loans	198	378	177	376	431
Multi-family mortgage loans	Multi-family mortgage loans	—	4	—	—	—
Multi-family mortgage loans						
Multi-family mortgage loans						
Construction loans	Construction loans	—	20	110	—	—
Construction loans						
Construction loans						
Residential mortgage loans						
Residential mortgage loans						
Residential mortgage loans						
Commercial loans						
Commercial loans						
Commercial loans	Commercial loans	4,193	7,169	1,776	665	428
Consumer loans	Consumer loans	654	1,002	465	808	768
Consumer loans						
Consumer loans						
Total						
Total						
Total	Total	5,431	9,030	2,637	1,895	1,685
Net charge-offs (recoveries)	Net charge-offs (recoveries)	1,117	(3,574)	5,276	13,137	28,333
Net charge-offs (recoveries)						
Net charge-offs (recoveries)						
Provision charge (benefit) to operations	Provision charge (benefit) to operations	8,400	(24,300)	29,711	13,100	23,700
Initial allowance related to PCD loans		—	—	13,586	—	—
Provision charge (benefit) to operations						
Provision charge (benefit) to operations						
Balance at end of period						

Balance at end of period						
Balance at end of period	Balance at end of period	$88,023	$ 80,740	$101,466	$55,525	$55,562
Ratio of net charge-offs (recoveries) to average loans outstanding during the period	Ratio of net charge-offs (recoveries) to average loans outstanding during the period	0.01 %	(0.04)%	0.06 %	0.18 %	0.39 %
Ratio of net charge-offs (recoveries) to average loans outstanding during the period						
Ratio of net charge-offs (recoveries) to average loans outstanding during the period						
Allowance for credit losses to total loans						
Allowance for credit losses to total loans						
Allowance for credit losses to total loans	Allowance for credit losses to total loans	0.86 %	0.84 %	1.03 %	0.76 %	0.77 %
Allowance for credit losses to non-performing loans	Allowance for credit losses to non-performing loans	150.44 %	168.11 %	116.51 %	138.14 %	216.28 %
Allowance for credit losses to non-performing loans						
Allowance for credit losses to non-performing loans						

(1) On January 1, 2020, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss methodology with the CECL methodology. The adoption of the new standard resulted in the Company recording a $7.9 million increase to the allowance for credit losses. Additionally, in 2020, for PCD loans, an allowance for credit losses was calculated using management's best estimate of projected losses over the remaining life of the loans in accordance with ASC 326-20. This represents the portion of the loan balances that has been deemed uncollectible based on the Company's expectations of future cash flows for each respective PCD loan pool, given the outlook and forecasts inclusive of the impact of the COVID-19 pandemic and related fiscal and regulatory interventions. A $13.6 million allowance for credit losses was recorded on PCD loans.

On January 1, 2023, the Company adopted ASU 2022-02, "Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures," which addresses areas identified by the FASB as part of its post-implementation review of the credit losses standard (ASU 2016-13) that introduced the CECL model. As a result, the Company recorded a $594,000 reduction to the allowance for credit losses.

Allowance for Credit Losses on Loans by Loan Category. The following table sets forth the allowance for credit losses by loan category for the periods indicated. The allowance for credit losses for 2023, 2022, 2021 and 2020 were based upon reflected the adoption of the current expected credit loss ("CECL") guidance, CECL methodology, while the prior year credit losses were based upon the incurred loss methodology. This The following allocation of the allowance for credit losses is based on management's assessment as of a given point in time. This is neither indicative of the specific amounts or the loan categories in which future charge-offs may be taken, nor is it an indicator of future loss trends. The allowance allocated to each category does not restrict the use of the allowance to absorb losses in any category.

	At December 31,									
	2022		2021		2020		2019		2018	
	Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)									
Residential mortgage loans	$ 5,794	11.48 %	$ 5,221	12.54 %	$ 7,142	13.16 %	$ 3,414	14.69 %	$ 3,971	15.16 %

2023		2022
Amount of Allowance for Loan Losses	Percent of Loans in Each Category to Total Loans	Amount of Allowance for Loan Losses

Commercial mortgage loans	Commercial mortgage loans	39,848	42.06	34,912	39.89	42,014	35.15	12,831	35.14	12,639	31.70	Commercial mortgage loans	$ 53,147	41.46	41.46 %	$ 39,848	42
Multi-family mortgage loans	Multi-family mortgage loans	10,208	14.75	9,339	14.22	15,262	15.09	3,374	16.70	4,745	18.46						
Construction loans	Construction loans	2,368	6.97	2,633	7.12	3,890	5.51	5,892	5.86	6,323	5.36						
Residential mortgage loans																	
Commercial loans	Commercial loans	27,414	21.77	26,343	22.82	27,083	26.08	28,263	22.28	25,693	23.37						
Consumer loans	Consumer loans	2,391	2.97	2,292	3.41	6,075	5.01	1,751	5.33	2,191	5.95						
Total	Total	$ 88,023	100.00 %	$ 80,740	100.00 %	$ 101,466	100.00 %	$ 55,525	100.00 %	$ 55,562	100.00 %						
Total																	
Total													$107,200		100.00 %	$88,023	

INVESTMENT ACTIVITIES

General. The Board board of Directors directors annually approves the Investment Policy for the Bank and the Company. The Chief Financial Officer and the Treasurer are authorized by the Board to implement the Investment Policy and establish investment strategies. Each of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Treasurer and Assistant Treasurer is authorized to make investment decisions consistent with the Investment Policy. Investment transactions for the Bank are reported to the Board board of Directors directors of the Bank on a monthly basis.

The Investment Policy is designed to generate a favorable rate of return, consistent with established guidelines for liquidity, safety, duration and diversification, and to complement the lending activities of the Bank. Investment decisions are made in accordance with the policy and are based on credit quality, interest rate risk, balance sheet composition, market expectations, liquidity, income and collateral needs.

The Investment Policy does not currently permit the purchase of any securities that are below investment grade.

The investment strategy is to maximize the return on the investment portfolio consistent with the Investment Policy. The investment strategy considers the Bank’s and the Company’s interest rate risk position as well as liquidity, loan demand and other factors. Acceptable investment securities include U.S. Treasury and Agency obligations, collateralized mortgage obligations (“CMOs”), corporate debt obligations, municipal bonds, mortgage-backed securities, commercial paper, mutual funds, bankers’ acceptances and Federal funds.

Securities in the investment portfolio are classified as held to maturity debt securities, available for sale debt securities, equity securities, or held for trading. Securities that are classified as held to maturity debt securities are securities that the Bank or the Company has the intent and ability to hold until their contractual maturity date and are reported at cost. Securities that are classified as available for sale debt securities are reported at fair value. Available for sale debt securities include U.S. Treasury and Agency obligations, U.S. Agency and privately-issued CMOs and corporate debt obligations. Sales of securities may occur from time to time in response to changes in market rates and liquidity needs and to facilitate balance sheet reallocation to effectively manage interest rate risk. Equity securities are traded in active markets with readily accessible quoted market prices, carried at fair value. At the present time, there are no securities that are classified as held for trading.

On January 1, 2020, the Company adopted CECL which replaces the incurred loss methodology with an expected loss methodology. Management measures expected credit losses on held to maturity debt securities on a collective basis by security type. Management classifies the held to maturity debt securities portfolio into the following security types:

- Agency Agency-sponsored obligations;
- Mortgage-backed securities;
- State and municipal obligations; and
- Corporate obligations.

All of the agency obligations held by the Bank are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies and have a long history of no credit losses. The majority of the state and municipal, and corporate obligations carry no lower than "A" ratings from the rating agencies at December 31, 2022 as of December 31, 2023 and the Bank Company had one security no securities rated with a triple-B BBB or worse by Moody’s Investors Service.

CMOs are a type of debt security issued by a special-purpose entity that aggregates pools of mortgages and mortgage-related securities and creates different classes of CMO securities with varying maturities and amortization schedules as well as a residual interest with each class possessing different risk characteristics. In contrast to pass-through mortgage-backed securities from which cash flow is received (and prepayment risk is shared) pro rata by all securities holders, the cash flow from the mortgages or mortgage-related securities underlying CMOs is paid in accordance with predetermined priority to investors holding various tranches of such securities or obligations. A particular tranche of CMOs may therefore carry prepayment risk that differs from that of both the underlying collateral and other tranches. Accordingly, CMOs attempt to moderate risks associated with conventional mortgage-related securities resulting from unexpected prepayment activity. In declining interest rate environments, the Bank attempts to purchase CMOs with principal lock-out periods, reducing prepayment risk in the investment portfolio. During rising interest rate periods, the Bank’s strategy is to purchase CMOs that are receiving principal payments that can be reinvested at higher current yields. Investments in CMOs involve a risk that actual prepayments will differ from those estimated in pricing the security, which may result in adjustments to the net yield on such securities. Additionally, the fair value of such securities may be adversely affected by changes in market interest rates. Management believes these securities may represent attractive alternatives relative to other investments due to the wide variety of maturity, repayment and interest rate options available.

At December 31, 2022As of December 31, 2023, the Bank held $940,000$900,000 in privately-issuedprivately issued CMOs in the investment portfolio. The Bank and the Company do not invest in collateralized debt obligations, mortgage-related securities secured by sub-prime loans, or any preferred equity securities.

Amortized Cost and Fair Value of Securities. The following table sets forth certain information regarding the amortized cost and fair values of the Company's securities as of the dates indicated.

		At December 31,						As of December 31,					
		2022		2021		2020		2023		2022		2021	
		Amortized Cost(2)	Fair Value	Amortized Cost(2)	Fair Value	Amortized Cost	Fair Value	Amortized Cost(2)	Fair Value	Amortized Cost(2)	Fair Value	Amortized Cost	Fair Value
		(Dollars in thousands)						(Dollars in thousands)					
Held to Maturity Debt Securities:	**Held to Maturity Debt Securities:**												
Mortgage-backed securities	Mortgage-backed securities	$ —	$ —	$ 21	$ 21	$ 62	$ 64						
FHLB obligations		2,398	2,127	2,398	2,360	1,000	1,000						
FHLMC obligations		3,600	3,224	3,600	3,537	3,600	3,599						
FNMA obligations		1,000	906	1,000	984	1,000	1,001						
FFCB obligations		2,999	2,707	2,998	2,940	2,000	2,001						
Mortgage-backed securities													
Mortgage-backed securities													
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Mortgage-backed securities							
FHLB-sponsored obligations							
FHLMC-sponsored obligations							
FNMA-sponsored obligations							
FFCB-sponsored obligations							
State and municipal obligations	State and municipal obligations	366,164	353,417	415,724	429,552	433,655	455,039
Corporate obligations	Corporate obligations	11,789	11,087	10,448	10,315	9,726	9,825
Total held-to-maturity debt securities	Total held-to-maturity debt securities	$ 387,950	$ 373,468	$ 436,189	$ 449,709	$ 451,043	$ 472,529

Available for Sale Debt Securities:	**Available for Sale Debt Securities:**						
U.S Treasury obligations							
U.S Treasury obligations							
U.S Treasury obligations	U.S Treasury obligations	$ 275,620	$ 245,816	$ 196,898	$ 196,329	$ —	$ —
Mortgage-backed securities	Mortgage-backed securities	1,636,913	1,427,138	1,711,312	1,708,831	910,393	938,413
SBA pools		—	—	—	—	1,001	1,009
Agency guaranteed obligations							
Agency guaranteed obligations							
Agency guaranteed obligations							
Asset-backed securities	Asset-backed securities	37,707	37,621	45,115	46,797	52,295	53,830
State and municipal obligations	State and municipal obligations	67,706	56,864	68,702	69,708	69,687	71,258
Corporate obligations	Corporate obligations	40,541	36,109	36,109	36,186	40,194	40,979
Total available for sale debt securities	Total available for sale debt securities	$2,058,487	$1,803,548	$2,058,136	$2,057,851	$1,073,570	$1,105,489
Equity securities	**Equity securities**	$ 1,147	$ 1,147	$ 1,325	$ 1,325	$ 971	$ 971
Average expected life of securities(1)	**Average expected life of securities(1)**	5.82 years		3.93 years		3.41 years	
Average expected life of securities(1)							
Average expected life of securities(1)							

(1) Average expected life is based on prepayment assumptions utilizing prevailing interest rates as of the reporting dates and excludes equity securities.

(2) At December 31, 2022 As of December 31, 2023 and 2021, 2022, excludes allowance for credit losses on held to maturity debt securities of $27,000 $31,000 and $39,000, $27,000, respectively.

The aggregate carrying values and fair values of securities by issuer, where the aggregate book value of such securities exceeds ten percent of stockholders' equity are as follows (in thousands):

	Amortized Cost	Fair Value
At December 31, 2022:		
FNMA	$ 690,160	$ 599,599
FHLMC	619,044	532,143
GNMA	132,592	120,206

The following table sets forth certain information regarding the carrying value, weighted average yields and contractual maturities of the Company's debt securities portfolio as of December 31, 2022 December 31, 2023. No tax equivalent adjustments were made to the weighted average yields. Amounts are shown at amortized cost for held to maturity debt securities and at fair value for available for sale debt securities.

	At December 31, 2022										As of December				
	One Year or Less		More Than One Year to Five Years		More Than Five Years to Ten Years		After Ten Years		Total		One Year or Less		More Than One Year to Five Years		
	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield(1)	Carrying Value	Weighted Average Yield (1)	Carrying Value		Weighted Average Yield (1)
	(Dollars in thousands)										(Dollars in thou				
Held to Maturity Debt Securities: Held to Maturity Debt Securities:															
Agency obligations	—	—	9,997	0.68	—	—	—	—	9,997	0.68					
Agency-sponsored obligations															
Agency-sponsored obligations															
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Agency-sponsored obligations													$ 1,060		5.16 %	$ 9,998		0.68	
Corporate obligations	Corporate obligations	4,641	3.08	7,149	0.94	—	—	—	—	11,790	1.78								
State and municipal obligations	State and municipal obligations	15,639	2.69	136,769	2.62	173,389	2.53	40,366	2.23	366,163	2.53								
Total held to maturity debt securities(2)	Total held to maturity debt securities(2)	$20,280	2.78 %	$153,915	2.42 %	$173,389	2.53 %	$ 40,366	2.23 %	$ 387,950	2.46 %	Total held to maturity debt securities(2)	$32,659	3.48	3.48 %	$	170,306	2.50	2.50
Available for Sale Debt Securities:	**Available for Sale Debt Securities:**																		
Asset-backed securities	Asset-backed securities	$ —	— %	$ —	— %	$ —	— %	$ 37,622	5.13 %	$ 37,622	5.13 %								
Asset-backed securities																			
Asset-backed securities													$ —		— %	$253,877		1.45 %	
State and municipal obligations	State and municipal obligations	—	—	3,755	3.14	2144	1.97	50,965	2.44	56,864	2.47								
Mortgage-backed securities	Mortgage-backed securities	23	3.88	78,116	2.47	202,135	1.47	1,146,866	2.36	1,427,140	2.24								
Agency obligations		—	—	167,753	1.43	78,063	1.63	—	—	245,816	1.49								
Agency guaranteed obligations																			
Corporate obligations	Corporate obligations	—	—	4,949	4.29	29,392	4.22	1,768	6.32	36,109	4.33								
Total available for sale debt securities(3)	Total available for sale debt securities(3)	$ 23	— %	$254,573	1.83 %	$311,734	1.77 %	$1,237,221	2.45 %	$1,803,551	2.25 %	Total available for sale debt securities(3)	$13,549	2.14	2.14 %	$	347,210	2.23	2.23

(1) Yields are not tax equivalent.

(2) At December 31, 2022 As of December 31, 2023, excludes $27,000 $31,000 allowance for credit losses on held to maturity debt securities.

(3) Totals exclude $1.1 million $1.3 million equity securities, at fair value.

SOURCES OF FUNDS

General. Primary sources of funds consist of principal and interest cash flows received from loans and mortgage-backed securities, contractual maturities on investments, deposits, FHLBNY advances and proceeds from sales of loans and investments. These sources of funds are used for lending, investing and general corporate purposes, including acquisitions and common stock repurchases.

Deposits. The Bank offers a variety of deposits for retail and business accounts. Deposit products include savings accounts, checking accounts, interest-bearing checking accounts, money market deposit accounts and certificate of deposit accounts at varying interest rates and terms. The Bank also offers investment, insurance and IRA products. Business customers are offered several checking account and savings plans, cash management services, remote deposit capture services, payroll origination services, escrow account management and business credit cards. The Bank focuses on relationship banking for retail and business customers to enhance the customer experience. Deposit activity is influenced by state and local economic conditions, changes in interest rates, internal pricing decisions and competition. Deposits are primarily obtained from the areas surrounding the Bank's branch locations. To attract and retain deposits, the Bank offers competitive rates, quality customer service and a wide variety of products and services that meet customers' needs, including online and mobile banking.

Deposit pricing strategy is monitored monthly by the management Asset/Liability Committee and Pricing Committee. Deposit pricing is set weekly by the Bank's Treasury Department. When setting deposit pricing, the Bank considers competitive market rates, FHLBNY advance rates and rates on other sources of funds. Savings accounts, interest and non-interest bearing checking accounts and money market deposit accounts, represented 89.4% of total deposits as of December 31, 2023 and 92.9% of total deposits at as of December 31, 2022 and 93.8% of total deposits at December 31, 2021. As of December 31, 2022 December 31, 2023 and 2021, 2022, time deposits maturing in less than one year amounted to $584.2 million $1.02 billion and $534.5 million $584.2 million, respectively. Our estimated uninsured and uncollateralized deposits at December 31, 2023 totaled $2.52 billion, or 24.5% of deposits. Our total estimated uninsured deposits, including collateralized deposits as of December 31, 2023 was $5.16 billion. Within time deposits, $100.0 million or 9.1% was uninsured as of December 31, 2023.

The following table indicates the amount of certificates of deposit at December 31, 2022 as of December 31, 2023 by time remaining to maturity.

	Maturity				
	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 Months	Total
	(In thousands)				
Certificates of deposit of $100,000 or more	$ 147,760	$ 63,456	$ 170,042	$ 80,310	$ 461,568
Certificates of deposit less than $100,000	60,118	51,740	91,034	86,976	289,868
Total certificates of deposit	$ 207,878	$ 115,196	$ 261,076	$ 167,286	$ 751,436

	Maturity				
	3 Months or Less	Over 3 to 6 Months	Over 6 to 12 Months	Over 12 Months	Total
	(In thousands)				
Certificates of deposit of $250,000 or more	$ 112,936	$ 72,709	$ 22,296	$ 11,720	$ 219,661
Certificates of deposit less than $250,000	400,560	278,801	132,982	63,938	876,281
Total certificates of deposit	$ 513,496	$ 351,510	$ 155,278	$ 75,658	$ 1,095,942

Certificates of Deposit Maturities. The following table sets forth certain information regarding certificates of deposit.

		Period to Maturity from December 31, 2022						At December 31,			Period to Maturity from December 31, 2023						As of December 31,		
		Less Than One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	Five Years or More	2022	2021	2020	Less Than One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	Five Years or More	2023	2022	2021
		(In thousands)									(In thousands)								
Rate:	Rate:																		
0.00 to 0.99%	0.00 to 0.99%	$262,244	$ 33,844	$11,081	$ 10,207	$10,233	$ 46	$327,655	$521,257	$ 592,626									
0.00 to 0.99%																			
0.00 to 0.99%																			
1.00 to 2.00%	1.00 to 2.00%	45,281	10,330	17,692	331	223	75	73,932	127,114	445,255									

2.01 to 3.00%	2.01 to 3.00%	127,708	16,779	767	—	—	—	145,254	42,963	55,686
3.01 to 4.00%	3.01 to 4.00%	57,503	37,021	—	—	—	—	94,524	1181	607
4.01 to 5.00%										
Total	Total	$584,151	$115,984	$30,068	$ 10,656	$10,456	$ 121	$751,436	$692,515	$1,094,174
Total										
Total										

Borrowed Funds. At December 31, 2022 As of December 31, 2023, the Bank had $1.34 billion $1.97 billion of borrowed funds. Borrowed funds consist primarily of FHLBNY advances and repurchase agreements. Repurchase agreements are contracts for the sale of securities owned or borrowed by the Bank, with an agreement to repurchase those securities at an agreed-upon price and date. The Bank uses wholesale repurchase agreements, as well as retail repurchase agreements as an investment vehicle for its commercial sweep checking product. Bank policies limit the use of repurchase agreements to collateral consisting of U.S. Treasury obligations, U.S. government agency obligations or mortgage-related securities.

In March 2023, the Bank established a facility under the Bank Term Funding Program ("BTFP") with the Federal Reserve Bank of New York. The Bank pledged approximately $521 million in security collateral to the facility improving its access to immediate funding. Advances under the Program can be requested until March 11, 2024. As of December 31, 2023, the Company had $450 million of advances under the Program. We elected to participate in the BTFP program due to significant cost savings compared to other wholesale funding sources. The funding was used to pay off existing wholesale borrowings. The ability to prepay at any time without penalty also enhances our ability to manage our interest rate risk position.

As a member of the FHLBNY, the Bank is eligible to obtain advances upon the security of the FHLBNY common stock owned and certain residential mortgage loans, provided certain standards related to creditworthiness have been met. FHLBNY advances are available pursuant to several credit programs, each of which has its own interest rate and range of maturities.

The following table sets forth the maximum month-end balance and average balance of FHLBNY advances, FED BTFP borrowings and securities sold under agreements to repurchase for the periods indicated.

		Years Ended December 31,			Years Ended December 31,		
		2022	2021	2020	2023	2022	2021
		(Dollars in thousands)			(Dollars in thousands)		
Maximum Balance:	Maximum Balance:						
FHLBNY advances	FHLBNY advances	$753,370	$941,939	$1,177,083			
FHLBNY line of credit		486,000	—	422,000			
Securities sold under agreements to repurchase		125,506	132,005	115,233			
Average Balance:							
FHLBNY advances							
FHLBNY advances	FHLBNY advances	503,713	673,014	1,045,282			
FHLBNY line of credit	FHLBNY line of credit	139,012	205	97,853			
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	113,550	116,158	86,194			
Weighted Average Interest Rate:							
FED BTFP Borrowing							
Average Balance:							
FHLBNY advances							
FHLBNY advances							

FHLBNY advances	FHLBNY advances	0.85 %	1.27 %	1.49 %
FHLBNY line of credit	FHLBNY line of credit	3.32	0.34	1.09
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	0.38	0.07	0.28
FED BTFP Borrowing				
Weighted Average Interest Rate:				
FHLBNY advances				
FHLBNY advances				
FHLBNY advances		3.18 %	0.85 %	1.27 %
FHLBNY line of credit				
Securities sold under agreements to repurchase				
FED BTFP Borrowing				

The following table sets forth certain information as to borrowings at the dates indicated.

		At December 31,			As of December 31,		
		2022	2021	2020			
	2023				2023	2022	2021
		(Dollars in thousands)			(Dollars in thousands)		
FHLBNY advances	FHLBNY advances	$ 753,370	$510,014	$1,051,036			
FHLBNY advances							
FHLBNY advances							
FHLBNY line of credit	FHLBNY line of credit	486,000	—	25,000			
Securities sold under repurchase agreements	Securities sold under repurchase agreements	98,000	116,760	99,936			
FED BTFP Borrowing							
Total borrowed funds	Total borrowed funds	$1,337,370	$626,774	$1,175,972			
Weighted average interest rate of FHLBNY advances	Weighted average interest rate of FHLBNY advances	2.24 %	1.23 %	.96 %			
Weighted average interest rate of FHLBNY advances							

Weighted average interest rate of FHLBNY advances						3.07 %	2.24 %	1.23 %
Weighted average interest rate of FHLBNY line of credit	Weighted average interest rate of FHLBNY line of credit	4.61 %	— %	0.34 %	Weighted average interest rate of FHLBNY line of credit	5.61 %	4.61 %	— %
Weighted average interest rate of securities sold under agreements to repurchase	Weighted average interest rate of securities sold under agreements to repurchase	0.59 %	0.30 %	0.26 %	Weighted average interest rate of securities sold under agreements to repurchase	2.01 %	0.59 %	0.30 %
Weighted average interest rate of FED BTFP Borrowing					Weighted average interest rate of FED BTFP Borrowing	4.83 %	— %	— %

Subordinated Debentures. Sussex Capital Trust II, a non-consolidated subsidiary of the Company acquired as part of the SB One acquisition and a Delaware statutory business trust established on June 28, 2007, issued $12.5 million of variable rate capital trust pass-through securities to investors. In accordance with FASB ASC 810, Consolidation, Sussex Capital Trust II, is not included in our consolidated financial statements. For regulatory reporting purposes, capital trust pass-through securities qualify as Tier I capital subject to specified limitations.

Subordinated debentures at December 31, 2022 as of December 31, 2023 and 2021 2022 totaled $10.5 million $10.7 million and $10.3 million $10.5 million, respectively.

WEALTH MANAGEMENT SERVICES

As part of the Company's strategy to increase fee related income, the Bank's wholly owned subsidiary, Beacon Trust Company, and its registered investment advisor subsidiary, Beacon Investment Advisory Services, Inc., ("Beacon") are engaged in providing wealth management services. Those These services include investment management, trust and estate administration, financial planning and tax compliance and planning, planning. In addition to sourcing clients through Beacon's existing clients and private banking. These other referrals, services are offered to existing customers through the Bank's extensive branch, lending and insurance networks.

Beacon focuses on delivering personalized solutions based on the needs and objectives for each client. The majority of the fee income generated by Beacon is based on total assets under management. For the year ended December 31, 2023, asset management fees constituted 82.4% of total wealth management income.

INSURANCE AGENCY OPERATIONS

Provident Protection Plus, Inc., formerly SB One Insurance Agency, Inc., is a retail insurance broker operating in the State of New Jersey. The insurance agency's primary source of revenue is commission income, which is earned by placing insurance coverage for its customers with various insurance underwriters. The insurance agency places basic property and casualty, life and health coverage with about twenty different insurance carriers. There are two main billing processes, direct billing and agency billing.

SUBSIDIARY ACTIVITIES

PFS Insurance Services, Inc., formerly Provident Investment Services, Inc., is a wholly owned subsidiary of the Bank, and a New Jersey licensed insurance producer that sells insurance and investment products, including annuities to customers through a third-party networking arrangement.

Dudley Investment Corporation is a wholly owned subsidiary of the Bank which operates as a New Jersey Investment Company. Dudley Investment Corporation owns all of the outstanding common stock of Gregory Investment Corporation.

Gregory Investment Corporation is a wholly owned subsidiary of Dudley Investment Corporation. Gregory Investment Corporation operates as a Delaware Investment Company. Gregory Investment Corporation owns all of the outstanding common stock of PSB Funding Corporation.

PSB Funding Corporation is a majority owned subsidiary of Gregory Investment Corporation. It was established as a New Jersey corporation to engage in the business of a real estate investment trust for the purpose of acquiring mortgage loans and other real estate related assets from the Bank.

Beacon Trust Company, a New Jersey limited purpose trust company, is a wholly owned subsidiary of the Bank.

Beacon Investment Advisory Services, Inc. is a wholly owned subsidiary of Beacon Trust Company, incorporated under Delaware law and is a registered investment advisor.

Provident Protection Plus, Inc., (formerly SB One Insurance Company, Inc.), a full service insurance agency offering both commercial and personal lines of insurance, is a wholly owned subsidiary of the Bank.

Sussex Capital Trust II is a Delaware statutory business trust and a non-consolidated subsidiary of the Company.

The Bank has the following active subsidiaries formed to manage and sell real estate acquired through foreclosure:

- Bergen Avenue Realty, LLC, a New Jersey limited liability company;

- Bergen Avenue Realty II, LLC, a New Jersey limited liability company;
- Bergen Avenue Realty PA, LLC, a Pennsylvania limited liability company; and
- 490 Boulevard Realty Corp, a New Jersey corporation.

Human Capital Resources

As of December 31, 2022 December 31, 2023, the Company had 1,124 1,109 full-time and 29 33 part-time employees. None of the Company's employees are represented by a collective bargaining group.

The Company provides a number of several programs and benefits designed to enhance the employee experience. In addition to access our robust health and wellness benefits that include annual employer contributions to health insurance coverage savings accounts, we promote physical and emotional well-being through our Discover Wellness program. Discover Wellness focuses on engagement and awareness-based programs, combining both educational seminars and physical activities to promote healthy behaviors. In recognition of our on-going commitment to creating a healthier workplace for our employees, and their dependents, we offer a our Discover Wellness program was again recognized as a gold award winner in Aetna's Workplace Well-being program.

Employees can also engage with the Company-sponsored Employee Assistance Program for mental health and legal assistance, using both telephonic and chat options.

We believe that promotes healthy activities and educational programs that allow participating employees to earn a reduction toward should share in the cost financial success of the medical programs they elect.

We provide Company. One way we accomplish this is through Company support of retirement preparation. In 2023, new employees were eligible for a tuition reimbursement program for both undergraduate and business graduate degrees, as well as a student loan pay down option with Company loan payment contributions of $100.00 a month for up cash 401(k) profit-sharing contribution while employees hired prior to 60 months December 31, 2022 were eligible to help qualifying employees reduce their student loan exposures. Employees also share participate in our financial success while preparing for retirement through the Employee Stock Ownership Plan, or ESOP. The ESOP gives which enables employees an opportunity to accumulate shares of our common stock PFS, Inc. shares. The profit-sharing and is ESOP contributions are 100% funded by the Company. To In addition, to further assist our employees with retirement planning, our 401(k) plan has a 25% Company company match on the first 6% of eligible compensation deferred.

The Company also provides full-time employees with life insurance coverage at one times salary to provide financial security for their families.

We believe pursuit of secondary education is a means for employees to build their financial futures. Provident EDYOU assists employees with tuition and student loan repayments after three months of employment.

Employees may also be eligible to receive continuing education assistance and, for certain functions, the potential increase to their base salary after the completion of professional certification programs.

Consistent with our commitment to assisting the communities we serve through monetary assistance provided by the Bank and The Provident Bank Foundation, we encourage our employees to engage in community service. We offer our employees paid time off to assist in their chosen charitable and community-based endeavors.

Our Company is committed to fostering an inclusive working environment that promotes a social and cultural diversity and is free from harassment or discrimination of any kind. We are proud of our diverse workforce, including women holding 63% 61% of managerial positions. We sponsor and support programs like ProvidentWomen which advances personal and professional growth of women in business through education, networking events and volunteer opportunities. We are equally as proud of our new Provident Salutes initiative, which embraces the proud community of employee veterans, military family members, and military advocates, and provides a platform for education and support for veterans in the workplace and the community. We are honored to be recognized by NJBIZ as one of the African American Chamber of Commerce inaugural 2023 Empowering Woman Honorees. The Bank's HR and New Jersey Chamber of Commerce Diversity Business Partner received the "DEI Champion Award" from the National Diversity Council and our Provident Salutes co-founder and President was recognized by NJBIZ with the 2022 DEI Trailblazers Award for Emerging DEI Influencer. their Veteran in Business award.

Overall, the Company is committed to creating a working environment that promotes employee engagement, professional development and recognition for living by our guiding principles. The Company believes its working relationship with its employees is good.

REGULATION AND SUPERVISION

General

As a bank holding company controlling the Bank, the Company is subject to the Bank Holding Company Act of 1956 ("BHCA"), as amended, and the rules and regulations of the Federal Reserve Board under the BHCA. The Company is also subject to the provisions of the New Jersey Banking Act of 1948 (the "New Jersey Banking Act") and the accompanying regulations of the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner") applicable to bank holding companies. The Company and the Bank are required to file reports with, and otherwise comply with, the rules and regulations of the Federal Reserve Board and the Commissioner. The Federal Reserve Board and the Commissioner conduct periodic examinations to assess the Company's compliance with various regulatory requirements. The company filed an election to qualify as a financial holding company under federal regulations on January 31, 2014, which was deemed effective by the Federal Reserve Board on March 5, 2015. Additionally, the Company files certain reports with, and otherwise complies with, the rules and regulations of the Securities and Exchange Commission ("SEC") SEC under the federal securities laws and the listing requirements of the New York Stock Exchange.

The Bank is a New Jersey chartered savings bank, and its deposit accounts are insured up to applicable limits by the Federal Deposit Insurance Corporation ("FDIC").FDIC. The Bank is subject to extensive regulation, examination and supervision by the Commissioner as the issuer of its charter and by the FDIC as its deposit insurer. insurer and primary federal prudential regulator. The Bank files reports with the Commissioner and the FDIC concerning its activities and financial condition, and it must obtain regulatory approval prior to entering into certain transactions, such as mergers with, or acquisitions of, other depository institutions and opening or acquiring branch offices. The Commissioner and the FDIC conduct periodic examinations to assess the Bank's compliance with various regulatory requirements. This regulation and supervision establishes establish a comprehensive framework of activities in which a savings bank can engage and is intended primarily for the protection of the deposit insurance fund Deposit Insurance Fund ("DIF") and depositors. This framework also gives the regulatory authorities extensive discretion in connection with their supervisory and

enforcement authority, including the ability to set policies with respect to the classification of assets and the establishment of adequate credit loss reserves for regulatory purposes.

As of December 31, 2022 December 31, 2023, the Bank had consolidated assets of $13.78 billion $14.21 billion. The Company exceeded $10 billion in total consolidated assets in 2020, which subjects the Company to increased supervision and regulation. In particular, the Company is now subject to the direct supervision of the Consumer Financial Protection Bureau ("CFPB"). with respect to federal consumer laws and regulations. Additionally, under existing federal laws and regulations, the Company now (1) receives less debit card fee income; (2) is subject to more stringent compliance requirements under the "Volcker Rule," (i.e., a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") which prohibits banking entities from engaging in proprietary trading or investing in or sponsoring hedge funds or private equity funds) and (3) generally is subject to higher FDIC assessment rates. Certain enhanced prudential standards are also now are applicable such as additional risk management requirements, both from a framework and corporate governance perspective. These and other supervisory and regulatory implications of crossing the $10 billion threshold have and will likely continue to result in increased regulatory costs.

The material laws and regulations applicable to the Company and the Bank are summarized below and elsewhere in this Annual Report on Form 10-K.

Legislative and Regulatory Responses to the COVID-19 Pandemic

The COVID-19 pandemic has caused extensive disruptions to the global economy, to businesses, and to the lives of individuals throughout the world. On March 27, 2020, Congress took significant action to address these disruptions, including passing the CARES Act, a $2.2 trillion economic stimulus bill and the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act. There have also been a number of regulatory actions intended to help mitigate the adverse economic impact of COVID-19 on individuals, including several mandates from the federal bank regulatory agencies, requiring financial institutions to work constructively with borrowers affected by the COVID-19 pandemic. Many of these actions were temporary and have expired; however, certain aspects of the regulatory framework that were modified as a result of the pandemic remain in effect. For example, in response to the pandemic, the Federal Reserve implemented an interim final rule allowing banks to suspend enforcement of the six-transfer limit on convenient transfers from savings deposits under Regulation D in order to permit customers to make an unlimited number of convenient transfers and withdrawals amid pandemic-related financial disruptions and uncertainty. This amendment has since been adopted on a permanent basis.

In addition, the Paycheck Protection Program ("PPP"), originally established under the CARES Act and extended under the Coronavirus Response and Relief Supplemental Appropriations Act of 2021, authorized financial institutions to make federally-guaranteed loans to qualifying small businesses and non-profit organizations. The PPP ended in accordance with its terms in May 2021.

New Jersey Banking Regulation

Activity Powers. The Bank derives its lending, investment and other activity powers primarily from the applicable provisions of the New Jersey Banking Act and its related regulations. Under these laws and regulations, savings banks, including the Bank, generally may, subject to certain limits, invest in:

(1) Real estate mortgages;
(2) Consumer and commercial loans;
(3) Specific types of debt securities, including certain corporate debt securities and obligations of federal, state and local governments and agencies;
(4) Certain types of corporate equity securities; and
(5) Certain other assets.

A savings bank may also invest pursuant to a "leeway" power that permits investments not otherwise permitted by the New Jersey Banking Act, subject to certain restrictions imposed by the FDIC. "Leeway" investments must comply with a number of limitations on the individual and aggregate amounts of such investments. A savings bank may also exercise trust powers upon the approval of the Commissioner. New Jersey savings banks may exercise those powers, rights, benefits or privileges authorized for national banks or out-of-state banks or for federal or out-of-state savings banks or savings associations, provided that before exercising any such power, right, benefit or privilege, prior approval by the Commissioner by regulation or by specific authorization is required. The exercise of these lending, investment and activity powers is limited by federal law and the related regulations. See "Federal Banking Regulation" below.

Loans-to-One-Borrower Limitations. With certain specified exceptions, a New Jersey chartered savings bank may not make loans or extend credit to a single borrower and to entities related to the borrower in an aggregate amount that would exceed 15% of the bank's capital funds. A New Jersey chartered savings bank may lend an additional 10% of the bank's capital funds if secured by collateral meeting the requirements of the New Jersey Banking Act. The Bank currently complies with applicable loans-to-one-borrower limitations.

Dividends. Under the New Jersey Banking Act, a stock savings bank may declare and pay a dividend on its capital stock only to the extent that the payment of the dividend would not impair the capital stock of the savings bank. In addition, a stock savings bank may not pay a dividend unless the savings bank would, after the payment of the dividend, have a surplus of not less than 50% of its capital stock. Federal law may also limit the amount of dividends that may be paid by the Bank.

Minimum Capital Requirements. Regulations of the Commissioner impose on New Jersey chartered depository institutions, including the Bank, minimum capital requirements similar to those imposed by the FDIC on insured state banks. At December 31, 2022 As of December 31, 2023, the Bank was considered "well capitalized" under FDIC guidelines.

Loans to a Bank's Insiders. Provisions of the New Jersey Banking Act also impose conditions and limitations on the liabilities owed to a savings bank by its directors and executive officers and by corporations and partnerships controlled by such persons that are comparable in many respects to the conditions and limitations imposed on the loans and extensions of credit to insiders and their related interests under Regulation O, as discussed below. The New Jersey Banking Act also provides that a

savings bank that is in compliance with Regulation O is deemed to be in compliance with such provisions of the New Jersey Banking Act.

Examination and Enforcement. The New Jersey Department of Banking and Insurance may examine the Company and the Bank whenever it deems an examination advisable. The Department advisable and it examines the Bank at least every two years. The Commissioner may order any savings bank to discontinue any violation of law or unsafe or unsound business practice and may direct any director, officer, attorney or employee of a savings bank engaged in an objectionable activity, after the Commissioner has ordered the activity to be terminated, to show cause at a hearing before the Commissioner why such person should not be removed.

Federal Banking Regulation

Capital Requirements. Federal regulations require federally insured depository institutions to meet several minimum capital standards: a common equity Tier 1 capital to risk-based assets ratio of 4.5%, a Tier 1 capital to risk-based assets ratio of 6.0%, a total capital to risk-based assets ratio of 8.0%, and a 4.0% Tier 1 capital to total assets leverage ratio. ratio of 4.0%.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, all assets, including certain off-balance sheet assets (e.g., recourse obligations, direct credit substitutes, residual interests) are multiplied by a risk weight factor assigned by the regulations based on the risks believed inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. Common equity Tier 1 capital is generally defined as common stockholders' equity and retained earnings. Tier 1 capital is generally defined as common equity Tier 1 and additional Tier 1 capital. Additional Tier 1 capital includes certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries. Total capital includes Tier 1 capital (common equity Tier 1 capital plus additional Tier 1 capital) and Tier 2 capital. Tier 2 capital is comprised of capital instruments and related surplus, meeting specified requirements, and may include cumulative preferred stock and long-term perpetual preferred stock, mandatory convertible securities, intermediate preferred stock and subordinated debt. Also included in Tier 2 capital is the allowance for credit losses limited to a maximum of 1.25% of risk-weighted assets and, for institutions that have exercised an opt-out election regarding the treatment of Accumulated Other Comprehensive Income, up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values. The Company elected to opt-out of this election. Calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations. In assessing an institution's capital adequacy, the FDIC takes into consideration, not only these numeric factors, but qualitative factors as well, and has the authority to establish higher capital requirements for individual institutions where deemed necessary.

In addition to establishing the minimum regulatory capital requirements, federal regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of common equity Tier 1 capital to risk-weighted asset assets above the amount necessary to meet its minimum risk-based capital requirements.

Through subsequent rulemaking, the federal banking agencies provided certain forms of relief to banking organizations that are not subject to the advanced approaches capital rule (i.e., banks with $250 billion or more in total assets or $10 billion or more in total foreign exposures). Under the rule, non-advanced approaches banking organizations such as the Bank will apply a simpler regulatory capital treatment for mortgage servicing assets ("MSAs"); certain deferred tax assets ("DTAs") arising from temporary differences; investments in the capital of unconsolidated financial institutions other than those currently applied; and capital issued by a consolidated subsidiary of a banking organization and held by third parties (often referred to as minority interest) that is includable in regulatory capital. In addition, certain general requirements of the regulation have been eliminated in respect of non-advanced approaches institutions, including: (i) the capital rule's 10 percent common equity tier Tier 1 capital deduction threshold that applies individually to MSAs, temporary difference DTAs, and significant investments in the capital of unconsolidated financial institutions in the form of common stock; (ii) the aggregate 15 percent common equity tier Tier 1 capital deduction threshold that subsequently applies on a collective basis across such items; (iii) the 10 percent common equity tier Tier 1 capital deduction threshold for non-significant investments in the capital of unconsolidated financial institutions; and (iv) the deduction treatment for significant investments in the capital of unconsolidated financial institutions not in the form of common stock. Accordingly, non-advanced approaches banking organizations deduct from common equity tier Tier 1 capital any amount of MSAs, temporary difference DTAs, and investments in the capital of unconsolidated financial institutions that individually exceeds 25 percent of common equity tier Tier 1 capital.

In August 2020, the federal bank regulatory authorities issued a final rule providing banking institutions that had adopted the Current Expected Credit Loss ("CECL") CECL accounting standard in the 2020 calendar year with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided during the initial two-year delay (i.e., a five-year transition in total). In connection with its adoption of CECL on January 1, 2020,

January 1, 2020, the Company elected to utilize the five-year CECL transition. Further information regarding the impact of CECL can be found in Note 5 "Held to Maturity Debt Securities", Note 7 "Loans Receivable and Allowance for Credit Losses", and Note 17 "Allowance for Credit Losses on Off-Balance Sheet Credit Exposures".

The following table shows the Bank's Tier 1 leverage ratio, common equity Tier 1 risk-based capital ratio, Tier 1 risk-based capital ratio, and total risk-based capital ratio, at December 31, 2022 as of December 31, 2023:

		As of December 31, 2022					As of December 31, 2023				
		Capital	Percent of Assets (1)	Capital Requirements (1)	Capital Requirements with Capital Conservation Buffer (1)		Capital		Percent of Assets (1)	Capital Requirements (1)	Capital Requirements with Capital Conservation Buffer (1)
		(Dollars in thousands)					(Dollars in thousands)				
Tier 1 leverage capital	Tier 1 leverage capital	$1,260,603	9.51 %	4.00 %	4.00 %	Tier 1 leverage capital	$1,343,223	9.84	9.84 %	4.00 %	4.00 %
Common equity Tier 1 risk-based capital	Common equity Tier 1 risk-based capital	1,260,603	10.91	4.50	7.00						

Tier 1 risk-based capital	Tier 1 risk-based capital	1,260,603	10.91	6.00	8.50
Total risk-based capital	Total risk-based capital	1,338,393	11.58	8.00	10.50

(1) For purposes of calculating regulatory Tier 1 leverage capital, assets are based on adjusted total leverage assets. In calculating common equity Tier 1 risk-based capital, Tier 1 risk-based capital and total risk-based capital, assets are based on total risk-weighted assets.

As of December 31, 2022 December 31, 2023, the Bank was considered “well capitalized” under FDIC guidelines.

Stress Testing. As part of the regulatory relief provided by the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018 (“Economic Growth Act”), the asset threshold requiring insured depository institutions (“IDIs”) to conduct and report to their primary federal bank regulators annual company-run stress tests was raised from $10 billion to $250 billion in total consolidated assets and the requirement was made “periodic” rather than annual. The Economic Growth Act also provided that bank holding companies with under $100 billion in assets were no longer subject to stress testing requirements. The amended regulations amendments also provide the Federal Reserve with discretion to subject bank holding companies with more than $100 billion in total assets to enhanced supervision. Notwithstanding these regulatory amendments, the federal banking agencies indicated through interagency guidance that the capital planning and risk management practices of institutions with total assets less than $100 billion would continue to be reviewed through the regular supervisory process. As part of its risk management processes, the Bank routinely stress tests the Bank’s capital under a variety of economic stress scenarios and manages its capital position accordingly. As a result of these amendments, the Bank and the Company currently are not subject to company-run stress testing requirements.

The Volcker Rule. A provision of the Dodd-Frank Act prohibits insured depository institutions and their holding companies from engaging in proprietary trading except in limited circumstances, and it prohibits them from owning equity interests in excess of three percent of Tier 1 Capital in private equity and hedge funds (known as the “Volcker Rule”). The Volcker Rule and its implementing regulations prohibit banking entities from from: (1) engaging in short-term proprietary trading for their own accounts, accounts; and (2) having certain ownership interests in and relationships with hedge funds or private equity funds, which are referred to as “covered funds.” Banking entities also are required to establish internal compliance programs that are consistent with the extent to which an entity engages in activities covered by the Volcker Rule.

In November 2019, the five federal regulatory agencies with jurisdiction over the Volcker Rule (the “Volcker Rule Agencies”) issued a final rule revising certain aspects of the Volcker Rule’s implementing regulations. The final rule simplified and streamlined compliance requirements for firms that do not have significant trading activities and enhances requirements for firms that do. Under the amended regulations, compliance requirements are based on the amount of assets and liabilities that a bank trades. Firms with significant trading activities (i.e., those with $20 billion or more in trading assets and liabilities), have heightened compliance obligations. Compliance with the amended regulations has been required since January 1, 2021.

Further, in June 2020, the Volcker Rule Agencies issued a final rule modifying the Volcker Rule's prohibition on banking entities' investing in or sponsoring “covered funds.” The final rule (1) streamlined the covered funds portion of the rule; (2) addressed the extraterritorial treatment of certain foreign funds; and (3) permitted banking entities to offer financial services and engage in other activities that do not raise concerns that the Volcker Rule was intended to address. Although we have benefited from significantly reduced compliance obligations due to the level of our trading assets being below the $20 billion threshold, we remain subject to the modified rules and requirements related to covered funds.

Activity Restrictions on State-Chartered Banks. Federal law and FDIC regulations generally limit the activities and investments of state-chartered FDIC insured banks and their subsidiaries to those permissible for national banks and their subsidiaries, unless such activities and investments are specifically exempted by law or consented to by the FDIC.

Before making a new investment or engaging in a new activity that is not permissible for a national bank or otherwise permissible under federal law or FDIC regulations, an insured bank must seek approval from the FDIC to make such investment or engage in such activity. The FDIC will not approve the activity unless the bank meets its minimum capital requirements and the FDIC determines that the activity does not present a significant risk to the FDIC insurance fund. DIF. Certain activities of subsidiaries that are engaged in activities permitted for national banks only through a “financial subsidiary” are subject to additional restrictions.

Federal law permits a state-chartered savings bank to engage, through financial subsidiaries, in any activity in which a national bank may engage through a financial subsidiary and on substantially the same terms and conditions. In general, the law permits a national bank that is well-capitalized and well-managed to conduct, through a financial subsidiary, any activity permitted for a financial holding company other than insurance underwriting, insurance investments, real estate investment or development or merchant banking. The total assets of all such financial subsidiaries may not exceed the lesser of 45% of the bank’s total assets or $50 billion. The bank must have policies and procedures to assess the financial subsidiary’s risk and protect the bank from such risk and potential liability, must not consolidate the financial subsidiary’s assets with the bank’s, and must exclude from its own assets and equity all equity investments, including retained earnings, in the financial subsidiary. The Bank currently meets all conditions necessary to establish and engage in permitted activities through financial subsidiaries.

Federal Home Loan Bank ("FHLB") System. The Bank is a member of the FHLB system which consists of eleven regional FHLBs, each subject to supervision and regulation by the FHFA. The FHLB provides a central credit facility primarily for member institutions. As a member of the FHLB of New York ("FHLBNY"), FHLBNY, the Bank is required to purchase and hold shares of capital stock in that FHLB the FHLBNY in an amount as required by that FHLB’s FHLBNY’s capital plan and minimum capital requirements. The Bank is in compliance with these requirements. The Bank has received dividends on its FHLBNY stock, although no assurance can be given that these dividends will continue to be paid. For the year ended December 31, 2022 December 31, 2023, dividends paid by the FHLBNY to the Bank totaled $2.0 million $6.1 million.

Deposit Insurance. As a member institution of the FDIC, deposit accounts at the Bank are generally insured by the FDIC’s Deposit Insurance Fund (“DIF”) DIF up to a maximum of $250,000 for each separately insured depositor.

Banks of greater than $10 billion, such as the Bank, are assessed based on a rate derived from a scorecard which assesses certain factors such as examination ratings and financial measures related to the bank’s ability to withstand stress and measures of loss severity to the DIF if the bank should fail. The Bank has exceeded $10 billion in assets for four consecutive calendar quarters and is now classified as a large institution for deposit insurance assessment purposes, resulting in a higher FDIC insurance premium.

Under current FDIC rules, effective January 1, 2023, the assessment range (inclusive of possible adjustments) for institutions with greater than $10.0 billion of total assets is established at 2.5 to 45 basis points. On October 18, 2022, In addition, the FDIC adopted approved a final rule to increase initial base deposit insurance implement a special assessment rate schedules uniformly by 2 basis points, beginning in to recover the first quarterly loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank. As a result of this rule, the FDIC issued a special assessment period of 2023. The FDIC may increase or decrease $775,000 for the scale uniformly, except that no adjustment can deviate more than 2 basis points from the base scale without notice and comment rulemaking. No institution may pay a dividend if it is in default of its federal deposit insurance assessment. year ended December 31, 2023.

On October 18 2022, October 18, 2022, the FDIC also adopted a final rule, effective January 1, 2023, to incorporate updated accounting standards into deposit insurance assessments applicable to all large insured depository institutions that have adopted FASB's Accounting Standards Update ("ASU") ASU 2022-02, *"Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures,"*, as defined and further described in Note 1 to the Consolidated Financial Statements. It is difficult to estimate the effect of this rule on insurance assessment rates and management cannot predict what assessment rates will be in the future. Any significant increases in insurance premiums could have an adverse effect on the Company's operating expenses and results of operations.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged or is engaging in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or written agreement entered into with the FDIC. Management does not know of any practice, condition or violation that might lead to termination of deposit insurance.

Brokered Deposits. The Federal Deposit Insurance Act and FDIC regulations thereunder limit the ability of banks to accept, renew or rollover brokered deposits unless the institution is well capitalized under the prompt corrective action framework discussed in greater detail below, or unless it is adequately capitalized and obtains a waiver from the FDIC. Less-than-well-capitalized banks also are subject to restrictions on the interest rates that they may pay on deposits. The characterization of deposits as "brokered" may result in the imposition of higher deposit assessments on such deposits. In December 2020, the FDIC issued a final rule amending its regulations governing brokered deposits. The rule sought to clarify

and modernize the FDIC's regulatory framework for brokered deposits. Notable aspects of the rule include: (1) the establishment of bright-line standards for determining whether an entity meets the statutory definition of "deposit broker"; (2) the identification of a number of business relationships in which the agent or nominee is automatically not deemed to be a "deposit broker" because their primary purpose is not the placement of funds with depository institutions (the "primary purpose

exception"); (3) the establishment of a more transparent application process for entities that seek the "primary purpose exception," but do not qualify as one of the identified business relationships to which the exception is automatically applicable; and (4) the clarification that third parties that have an exclusive deposit-placement arrangement with only one IDI is not considered a "deposit broker." The final rule took effect in April 2021 and full compliance with the rule has been required since January 1, 2022. Further, as mandated by the Economic Growth Act, the FDIC's brokered deposit regulations provide a limited exception for reciprocal deposits for banks that are well managed and well capitalized (or adequately capitalized and have obtained a waiver from the FDIC as mentioned above). Under the limited exception, qualified banks are able to can be exempt from treatment as "brokered" deposits up to $5 billion or 20 percent of the institution's total liabilities in reciprocal deposits (which is are defined as deposits received by a financial institution through a deposit placement network with the same maturity (if any) and in the same aggregate amount as deposits placed by the institution in other network member banks. banks).

Enforcement. The FDIC has extensive enforcement authority over insured state-chartered savings banks, including the Bank. This enforcement authority includes, among other things, the ability to assess civil money penalties, issue cease and desist orders and remove directors and officers. In general, these enforcement actions may be initiated in response to violations of law and or regulation or to engagement in unsafe or unsound practices.

Transactions with Affiliates. Transactions between an insured bank, such as the Bank, and any of its affiliates are governed by Sections 23A and 23B of the Federal Reserve Act, made applicable to the Bank through the Federal Deposit Insurance Act, and its the Federal Reserve Act's implementing regulations. regulation, Regulation W. An affiliate of a bank is includes any company or entity that controls, is controlled by or is under common control with the bank. A subsidiary of a bank that is not also a depository institution, financial subsidiary or other entity defined by the regulation generally is not treated as an affiliate of the bank for purposes of Sections 23A and 23B. 23B and Regulation W.

Among other things, Section 23A:

- Limits the extent to which a bank or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such bank's capital stock and retained earnings, surplus, and limits all such transactions with all affiliates to an amount equal to 20% of such capital stock and retained earnings; surplus; and
- Requires that all such transactions "covered transactions" be on terms and conditions that are consistent with safe and sound banking practices.

The term "covered transaction" includes the making of loans, purchase of assets, issuance of guarantees and other similar types of transactions. Further, most loans by a bank to any of its affiliates must be secured by collateral in amounts ranging from 100 to 130 percent of the loan amounts. In addition, any covered a transaction by between a bank with and an affiliate, and any purchase including covered transactions, the sale of assets or the furnishing of services by a bank from to an affiliate must be on terms and under circumstances that are substantially the same, or at least as favorable to the bank, as those that would be provided to prevailing at the time for comparable transactions with or involving a non-affiliate.

Prohibitions Against Tying Arrangements. Banks are subject to statutory prohibitions on certain tying arrangements. A depository institution is prohibited, subject to certain exceptions, from extending credit to or offering any other service, or fixing or varying the consideration for such extension of credit or service, on the condition that the customer obtain some additional service from the institution or its affiliates or that the customer not obtain services of a competitor of the institution.

Privacy and Data Security Standards. Applicable regulations require the Bank to disclose its privacy policies, including identifying with whom it shares customers' "non-public personal information" to customers at the time of establishing the customer relationship and annually thereafter.

The FDIC Federal regulations also require the Company and the Bank to provide their customers with initial and annual notices that accurately reflect their privacy policies and practices. In addition, the Company and the Bank are required to provide customers with the ability to "opt-out" of having the Company and the Bank share their non-public personal information with unaffiliated third parties before they can disclose such information, subject to certain exceptions.

Federal The federal banking agencies, including the FDIC, have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of the board of directors. These guidelines, along with related regulatory materials, as well as guidance provided by the FDIC, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services.

In many jurisdictions, including every state of the United States, consumers must be notified in the event of a data breach. The changing privacy laws in the United States, Europe and elsewhere, including the California Consumer Privacy Act create new individual privacy rights and impose increased obligations on companies handling personal data. In addition, multiple states, Congress and regulators outside the United States are considering similar laws or regulations which could create new individual privacy rights and impose increased obligations on companies handling personal data. For example, in November 2021, the federal financial regulatory agencies published a final rule that will impose upon banking organizations and their service providers new notification requirements for significant cybersecurity incidents. Specifically, the The final rule took effect on April 1, 2022 and full compliance was required as of May 1, 2022. The final rule requires banking organizations to notify their primary federal regulator as soon as possible and no later than 36 hours after the discovery of a "computer-security incident" that rises to the level of a "notification incident" within the meaning attributed to those terms by the final rule. Banks' service providers are required under the final rule to notify any affected bank to or on behalf of which the service provider provides services "as soon as possible" after determining that it has experienced an incident that materially disrupts or degrades, or is reasonably likely to materially disrupt or degrade, covered services provided to such bank for as much as four hours. The final rule On March 9, 2022, the SEC proposed amendments, which took effect on April 1, 2022 September 5, 2023, to enhance and full compliance was required as standardize disclosures regarding cybersecurity incidents, risk management, and response strategies from public companies subject to reporting requirements under the Exchange Act. The SEC also adopted a final rule that took effect in December 2023, requiring public companies to disclose material cybersecurity incidents within four business days of May 1, 2022. occurrence and to disclose material information regarding cybersecurity risk management, strategy and governance on an annual basis.

Community Reinvestment Act ("CRA") and Fair Lending Laws. All FDIC insured institutions have a responsibility under the CRA and related its implementing regulations to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods and borrowers (i.e. assessment(s)). borrowers. In connection with its examination of a state chartered state-chartered savings bank, the FDIC is required to assess the institution's record of compliance with the CRA. Among other things, the current CRA regulations rate an institution based upon its actual performance in meeting community needs. In particular, the current examination and evaluation process focuses on three tests:

- A lending test, to evaluate the institution's record of making home mortgage, small business, small farm, and consumer loans, if applicable, in its assessment area(s), with consideration given towards, amongst among other factors, borrower characteristics and geographic distribution;
- An investment test, to evaluate the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments characterized as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development; and
- A service test, to evaluate the institution's systems for delivering retail banking services through its branches, ATMs and other offices and access facilities, including the distribution of its branches, ATMs and other offices/access facilities, and the institution's record of opening and closing branches.

An institution's failure to comply with the provisions of the CRA could, at a minimum, result in regulatory restrictions on its activities, including, but not limited to, engaging in acquisitions and mergers. The Bank received a "Satisfactory" CRA rating in its most recently completed federal examination, which was conducted by dated June 21, 2021.

On October 24, 2023, the FDIC, as of July 2018.

On May 5, 2022, the FRB, FDIC, Federal Reserve Board ("FRB") and the Office of the Comptroller of the Currency ("OCC") issued a joint notice of proposed rulemaking final rule to revise strengthen and modernize the regulations implementing CRA. CRA regulations. Under the proposal, final rule, banks with assets of at least $2 billion as of December 31 in both of the prior two calendar years will be considered a "large bank." The agencies would will evaluate bank large banks under four performance across tests: the varied activities they conduct Retail Lending Test; the Retail Services and communities in which they operate, Products Test; the Community Development Financing Test; and tailor CRA evaluations and data collection according to bank size and type. Further, the agencies would also emphasize smaller value loans and investments that can have high impact and be more responsive to the needs of LMI communities, and would update CRA assessment areas to include activities associated with online and mobile banking, branchless banking, and hybrid models. Additionally, the proposal would adopt a metrics-based approach to CRA evaluations of retail lending and community development financing, including public benchmarks, and clarify eligible CRA activities, such as affordable housing, that are focused on LMI, underserved, and rural communities. Community Development Services Test. The prospects and timing applicability date for the adoption by majority of the agencies of a final rule are not certain at this time. provisions in the new CRA regulations is January 1, 2026, and additional requirements will be applicable on January 1, 2027.

In addition, the Equal Credit Opportunity Act and the Fair Housing Act prohibit lenders from discriminating in their lending practices on the basis of the borrower's characteristics as specified in those statutes. An institution's failure to comply with the Equal Credit Opportunity Act and/or the Fair Housing Act could result in enforcement actions by the FDIC, and or the CFPB, as well as other federal regulatory agencies and the Department of Justice.

Safety and Soundness Standards. Each federal banking agency, including the FDIC, has adopted guidelines establishing general standards relating to internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings, compensation, fees and benefits. In general, the guidelines require, among other things, appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director, or principal stockholder. In addition, FDIC regulations require a bank that is given notice by the FDIC that is not satisfying any of such safety and soundness standards to submit a compliance plan to the FDIC. If, after being so notified, a bank fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the FDIC may issue an order directing corrective and other actions of the type to a significantly

undercapitalized institution under the "prompt corrective action" provisions discussed below. If a bank fails to comply with such an order, the FDIC may seek enforcement through judicial proceedings and to impose civil monetary penalties.

The Dodd Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines for specified entities, such as us, having at least $1 billion in total assets (including the Company and the Bank), to prohibit incentive-based payment arrangements that encourage inappropriate risk-taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In October 2022, the SEC adopted final rules implementing the incentive-based compensation recovery (“clawback”) provisions of the Dodd-Frank Act. The final rules direct stock exchanges to require listed companies to implement clawback policies to recover incentive-based compensation from current or former executive officers in the event of material noncompliance with any financial reporting requirement under the securities law and to disclose their clawback policies and their actions under those policies. It is anticipated that most registrants will have until late 2023 or early 2024 to adopt and implement their policies.

In addition, FDIC regulations require The Company has adopted a bank that is given notice by the FDIC that it is not satisfying any of such safety and soundness standards to submit a compliance plan to the FDIC. If, after being so notified, a bank fails to submit an acceptable compliance plan or fails clawback policy in any material respect to implement an accepted compliance plan, the FDIC may issue an order directing corrective and other actions of the types to which a significantly undercapitalized institution is subject under the “prompt corrective action” provisions discussed below. If a bank fails to comply conformance with such an order, the FDIC may seek to enforce such an order in judicial proceedings and to impose civil monetary penalties. this requirement.

Prompt Corrective Action. Federal law requires the FDIC and the other federal banking regulators to promptly resolve the problems of undercapitalized institutions. Federal law also establishes five categories, consisting of “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” The FDIC’s regulations define the five capital categories as follows:

An institution will be treated as “well capitalized” if:

- Its it has a leverage ratio of total capital to risk-weighted assets is at least 10%; 5% or greater;
- Its ratio of Tier 1 capital to risk-weighted assets is at least 8%;
- Its ratio of it has a common equity Tier 1 ratio of 6.5% or greater;
- it has a Tier 1 risk-based capital to risk-weighted assets is at least 6.5%; ratio of 8% or greater;
- it has a total risk-based capital ratio of 10% or greater; and
- Its ratio of Tier 1 capital to total assets is at least 5%, and it is not subject to any written agreement, order or capital directive, or prompt corrective action directive issued by the FDIC to meet and maintain a specific capital level. level for any capital measure.

An institution will be treated as “adequately capitalized” if:

- Its it has a leverage ratio of total capital to risk-weighted assets is at least 8%; 4% or greater;
- Its ratio of Tier 1 capital to risk-weighted assets is at least 6%;
- Its ratio of it has a common equity Tier 1 ratio of 4.5% or greater;
- it has a Tier 1 risk-based capital to risk-weighted assets is at least 4.5%; ratio of 6% or greater; and
- Its it has a total risk-based capital ratio of Tier 1 capital to total assets is at least 4% and it is not a well-capitalized institution. 8% or greater.

An institution will be treated as “undercapitalized” if:

- Its total it has a leverage ratio of less than 4%;
- it has a common equity Tier 1 ratio of less than 4.5%;
- it has a Tier 1 risk-based capital is ratio of less than 8% 6%; or
- Its Tier 1 risk-based-capital is it has a total risk-based capital ratio of less than 6%;
- Its ratio of common equity Tier 1 capital to risk-weighted assets is less than 4.5%; or
- Its leverage ratio is less than 4% 8%.

An institution will be treated as “significantly undercapitalized” if:

- Its total risk-based capital is it has a leverage ratio of less than 6% 3%;
- Its it has a common equity Tier 1 capital is ratio of less than 4% 3%;
- Its it has a Tier 1 risk-based capital ratio of common equity to risk-weighted assets is less than 3% 4%; or
- Its leverage it has a total risk-based capital ratio is of less than 3% 6%.

An institution that has a tangible capital to total assets ratio equal to or less than 2% would be deemed “critically undercapitalized.” The FDIC is required, with some exceptions, to appoint a receiver or conservator for an insured state bank if that bank is critically undercapitalized. The FDIC may also appoint a conservator or receiver for an insured state bank on the basis of the institution’s financial condition or upon the occurrence of certain events, including:

- Insolvency, or when the assets of the bank are less than its liabilities to depositors and others;
- Substantial dissipation of assets or earnings through violations of law or unsafe or unsound practices;
- Existence of an unsafe or unsound condition to transact business;
- Likelihood that the bank will be unable to meet the demands of its depositors or to pay its obligations in the normal course of business; and

- Insufficient capital, or the incurring or likely incurring of losses that will substantially deplete all of the institution's capital with no reasonable prospect of replenishment of capital without federal assistance.

***Consumer Financial Protection*.** Bank regulatory agencies are increasingly focusing attention on consumer protection laws and regulations. To promote fairness and transparency for mortgages, credit cards, and other consumer financial products and services, the The Dodd-Frank Act established the CFPB. This agency is CFPB to be responsible for interpreting and enforcing federal consumer financial laws, as defined by the Dodd-Frank Act, that, among other things, govern the provision of deposit accounts along with mortgage origination and servicing. Some federal consumer financial laws enforced by the CFPB that the Bank must comply with include the Equal Credit Opportunity Act, TILA, the Truth in Lending Act ("TILA"), the Truth in Savings Act, the Home Mortgage Disclosure Act, Real Estate Settlement Procedures Act ("RESPA"), the Equal Credit Opportunity Act, the Fair Debt Collection Practices Act, and the Fair Credit Reporting Act. The CFPB is also authorized to prevent any institution under its authority from engaging in an unfair, deceptive, or abusive act or practice in connection with consumer financial products and services. As a residential mortgage lender, the Company and its bank subsidiaries are subject to multiple federal consumer protection statutes and regulations, including, but not limited to, TILA, the Home Mortgage Disclosure Act, the Equal Credit Opportunity Act, RESPA, the Fair Credit Reporting Act, the Fair Debt Collection Act and the Flood Disaster Protection Act. Failure to comply with these and similar statutes and regulations can result in the Corporation and its bank subsidiaries becoming subject to formal or informal enforcement actions, the imposition of civil money penalties and consumer litigation.

Under TILA, as implemented by Regulation Z, mortgage lenders are required to make a reasonable and good faith determination, based on verified and documented information, that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms. Alternatively, the mortgage lender can originate "qualified mortgages," which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a qualified mortgage ("QM") is a mortgage loan without negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years. In addition, to be a QM the points and fees paid by a consumer cannot exceed 3% of the total loan amount. In December 2020, the CFPB issued two final rules related to QM loans. The first rule replaces the strict debt-to-income ("DTI") threshold for QM loans and provides that, in addition to existing requirements, a loan receives a conclusive presumption that the consumer had the ability to repay if the annual percentage rate ("APR") does not exceed the average prime offer rate for a comparable transaction by 1.5 percentage points or more as of the date the interest rate is set. Further, a loan receives a rebuttable presumption that the consumer had the ability to repay if the APR exceeds the average prime offer rate for a comparable transaction by 1.5 percentage points or more but by less than 2.25 percentage points. The second rule creates a new category of "seasoned" QM loans for those that meet certain performance requirements. Specifically, that rule allows a non-QM loan or a "rebuttable presumption" QM loan to receive a safe harbor from APR liability at the end of a "seasoning" period of at least 36 months as a "seasoned QM" if it satisfies certain product restrictions, points-and-fees limits, and underwriting requirements, and the loan meets the designated performance and portfolio requirements during the "seasoning period." The mandatory compliance date under the first final rule initially was July 1, 2021, but was subsequently delayed by the CFPB to October 1, 2022. The second final rule will apply to covered transactions for which institutions receive an application after the compliance date for the first final rule.

The CFPB has exclusive examination and primary enforcement authority with respect to compliance with federal consumer financial protection laws and regulations by institutions under its supervision and is authorized, individually or jointly with the federal bank regulatory agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates such laws or regulations. The CFPB may bring an administrative enforcement proceeding or civil action in Federal district court. In addition, in accordance with a memorandum of understanding entered into between the CFPB and the Department of Justice, the two agencies have agreed to coordinate efforts related to enforcing the fair lending laws, which includes information sharing and conducting joint investigations. Now that Because the Company has exceeded $10 billion in assets, in 2020, it is subject to the supervisory and enforcement authority of the CFPB. CFPB related to federal consumer financial protection laws and regulations.

The Dodd-Frank Act also permits states to adopt stricter consumer protection laws and state attorneys general to enforce consumer protection rules issued by the CFPB. As a result of these aspects of the Dodd-Frank Act, the Bank is operating in a stringent consumer compliance environment and is incurring additional costs related to consumer protection compliance, including but not limited to potential costs associated with CFPB examinations, regulatory and enforcement actions and consumer-oriented litigation, which is likely to increase as a result of the consumer protection provisions of the Dodd-Frank Act. examinations. The CFPB, other financial regulatory agencies, as well as the Department of Justice have recently pursued a number of enforcement actions against depository institutions with respect to compliance with fair lending laws.

***Anti-Money Laundering*.** The Bank must comply with the anti-money laundering ("AML") provisions of the Bank Secrecy Act ("BSA") as amended by the USA PATRIOT Act and implementing regulations issued by the FDIC and the Financial Crimes Enforcement Network ("FinCEN") of the U.S. Department of the Treasury.

The USA PATRIOT Act gives the federal government powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing, and broadened AML requirements. By way of amendments to the BSA, Title III of the USA PATRIOT Act included measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III imposed affirmative obligations on a broad range of financial institutions, including banks, thrifts, brokers, dealers, credit unions, money transfer agents and parties registered under the Commodity Exchange Act.

The bank regulatory agencies have increased the regulatory scrutiny of the BSA and AML programs maintained by financial institutions. Significant penalties and fines, as well as other supervisory orders may be imposed on a financial institution for non-compliance with these requirements. In addition, the federal bank regulatory agencies must consider the effectiveness of financial institutions' efforts to combat money laundering when these institutions engaging seek to engage in a merger transaction in combating money laundering activities. transaction. The Bank has adopted policies and procedures which are in compliance with these requirements.

In December 2019, three federal banking agencies and FinCEN issued a joint statement clarifying the compliance procedures and reporting requirements that banks must follow for customers engaged in the growth or cultivation of hemp, including a clear statement that banks need not file a Suspicious Activity Report ("SAR") on customers engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. This statement does not apply to cannabis-related business; therefore, the statement pertains only to customers who are unlawfully growing or cultivating hemp and are not otherwise engaged in unlawful or suspicious activity.

On January 1, 2021, Congress passed the Anti-Money Laundering Act of 2020 ("AML Act"), part of the National Defense Authorization Act, which enacted the most significant overhaul of the BSA and related AML laws since the USA Patriot Act. Notable amendments include (1) significant changes to the collection of beneficial ownership and the establishment of a beneficial ownership registry, which requires corporate entities (generally, any corporation, LLC, or other similar entity with 20 or fewer employees and annual gross income of $5 million or less) to report beneficial ownership information to FinCEN (which will be maintained by FinCEN and made available upon request to financial institutions); (2) enhanced whistleblower provisions, which provide that one or more whistleblowers who voluntarily provide original information leading to the successful enforcement of violations of the AML laws in any judicial or administrative action brought by the Secretary of the Treasury or the Attorney General resulting in monetary sanctions exceeding $1 million (including disgorgement and interest but excluding forfeiture, restitution, or compensation to victims) will receive not more than 30 percent of the monetary sanctions collected and will receive increased protections; (3) increased penalties for violations of the BSA; (4) improvements to existing information sharing provisions that permit financial institutions to share information relating to SARs with foreign branches, subsidiaries, and affiliates (except those located in China, Russia, or certain other jurisdictions) for the purpose of combating illicit finance risks; and (5) expanded duties and powers of FinCEN. On September 29, 2022, FinCEN issued a final regulation rule implementing the amendments with respect to the reporting of beneficial ownership. ownership, the first rule required under the AML Act. On December 22, 2023, FINCEN issued a final rule governing access to its newly-created beneficial ownership database, which will require banks to implement certain safeguards related to accessing information stored in the database, among other things.

Loans to a Bank's Bank Insiders. A bank's loans to its affiliates, executive officers, directors, any owner of 10% or more of its stock (each, an insider) and any of certain entities affiliated with controlled by any such person (an insider's related interest) are subject to the conditions

and limitations imposed by Section 22(h) of the Federal Reserve Act and the Federal Reserve Board's Regulation O. Under these restrictions, the aggregate amount of the loans to any insider and the insider's related interests may not exceed the loans-to-one-borrower limit applicable to national banks, which is comparable to the loans-to-one-borrower limit applicable to loans by the Bank. All loans by a bank to all insiders and insiders' related interests in the aggregate may not exceed the bank's unimpaired capital and unimpaired surplus. With certain exceptions, loans to an executive officer, other than loans for the education of the officer's children and certain loans secured by the officer's residence may not exceed at any one time the higher of 2.5% of the bank's unimpaired capital and unimpaired surplus or $25,000, but in no event may be more than $100,000. Regulation O also requires that any proposed loan to an insider or a related interest of that insider be approved in advance by a majority of the board of directors of the bank, with any interested directors not participating in the voting, if such loan, when aggregated with any existing loans to that insider and the insider's related interests, would exceed either (1) $500,000; or (2) the greater of $25,000 or 5% of the bank's unimpaired capital and surplus.

Generally, loans to insiders and their related interests must be made on substantially the same terms as, and follow credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with other persons, and may not involve more than the normal risk of payment or present other unfavorable features. An exception may be made for extensions of credit made pursuant to a benefit or compensation plan of a bank that is widely available to employees of the bank and that does not give any preference to insiders of the bank over other employees of the bank.

In addition, federal law prohibits extensions of credit to a bank's insiders and their related interests by any other institution that has a correspondent banking relationship with the bank, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

The Bank does not, as a matter of policy, general practice, make loans to its directors, or to their immediate family members and related interests. As of December 31, 2023, the Bank had aggregate loans and loan commitments totaling $3.6 million to its executive officers or their related entities. These loans and loan commitments were made on substantially the same terms, including interest rates and collateral, as those prevailing for comparable transactions with the general public and do not involve more than the normal risk of repayment or present other unfavorable features. It is the policy of the Bank that no loan or extension of credit of any type shall be made to any member of the board of directors or their immediate family, or to any entity which is controlled by a member of the board of directors or their immediate family and none existed as of December 31, 2023.

Climate-Related Risk Management and Regulation. In recent years, the federal banking agencies have increased their focus on climate-related risks impacting the operations of banks, the communities they serve, and the broader financial system. Accordingly, the agencies have begun to enhance their supervisory expectations regarding the climate risk management practices of larger banking organizations, including by encouraging such banks to: ensure that management of climate-related risk exposures has been incorporated into existing governance structures; evaluate the potential impact of climate-related risks on the bank's financial condition, operations and business objectives as part of its strategic planning process; account for the effects of climate change in stress testing scenarios and systemic risk assessments; revise expectations for credit portfolio concentrations based on climate-related factors; consider investments in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change; evaluate the impact of climate change on the bank's borrowers and consider possible changes to underwriting criteria to account for climate-related risks to mortgaged properties; incorporate climate-related financial risk into the bank's internal reporting, monitoring and escalation processes; and prepare for the transition risks to the bank associated with the adjustment to a low-carbon economy and related changes in laws, regulations, governmental policies, technology, and consumer behavior and expectations.

In October 2021, 2023, the Financial Stability Oversight Council published a report identifying climate-related financial risks as an "emerging threat" to financial stability. In December 2021, the OCC, which supervises national banks and federal savings associations, issued proposed banking agencies finalized principles for climate-related financial risk management, intended for financial institutions with more than over $100 billion in total consolidated assets. Further, on March 30, 2022 and December 2, 2022, respectively, the FDIC and the Federal Reserve issued their own proposed principles for climate risk management, which also are applicable to larger banking organizations. The agencies have also indicated did note, however, that all banks, financial institutions, regardless of their size, may have material exposures to climate-related financial risks. As the agencies continue to develop climate-related regulatory guidance, and other emphasize management of climate-related risks that require prudent management. The federal banking agencies, either independently or on an interagency basis, are expected to adopt a more formal climate risk management framework for larger banking organizations in the coming months. In the interim, the Federal Reserve announced on September 29, 2022 that six of the largest U.S. banking organizations will participate in a climate scenario analysis program in order to assess the resilience of such organizations under various hypothetical scenarios involving climate-related, economic and financial variables. As climate-related supervisory guidance is formalized, and relevant risk areas and corresponding control expectations are further refined, controls, we may be required to expend significant capital and incur compliance, operating, maintenance and remediation costs in order to conform to such requirements.

In addition, states are considering taking similar actions on On December 21, 2023, the New York State Department of Financial Services ("NYDFS") published final guidance regarding the assessment and management of material climate-related financial and operational risks for financial institutions including certain those with New York State-licensed branches, regardless of size. NYDFS recommends and expects institutions such as the Bank to, among other things, incorporate climate-related risks management as part of its corporate governance, internal controls, risk management process, data aggregation and reporting, and climate scenario analysis. Other states in which we operate. For example, In the Bank operates, including but not limited to New Jersey a group of lawmakers in and Pennsylvania, may also enact legislation or regulation that place requirements on the legislature also introduced multiple bills addressing topics such as: inclusion of climate change-related threat assessments and hazard prevention and mitigation strategies in State and county hazard mitigation plans, urging the New Jersey Governor and Attorney General Bank to pursue legal action against fossil fuel companies for harms caused by climate change, and urging lending institutions to stop financing projects that contribute to climate change. Additionally, New York Attorney General Letitia James joined a coalition of 19 attorneys general in supporting the SEC's Proposed Rules for The Enhancement and Standardization of the Climate-Related Disclosure for Investors. address climate-related risks.

Income on Interchange Fees Fees.

The Company exceeded $10 billion in assets in 2020 and became subject to the interchange fee cap mandated by the Dodd-Frank Act in July 2021. As such, the fees the Company may receive for an electronic debit transaction are capped at the statutory limit. Historically, the Company had been exempt from the interchange fee cap under the "small issuer" exemption, which applies to any debit card issuer with total worldwide assets (including those of its affiliates) of less than $10 billion as of the end of the previous calendar year. Pursuant to FRB regulations mandated by the Dodd-Frank Act, interchange fees on debit card transactions are limited to a maximum of $0.21 per transaction plus 5 basis points of the transaction amount. A debit card issuer may recover an additional one cent per transaction for fraud prevention purposes if the issuer complies with certain fraud-related requirements prescribed by the FRB.

Digital Banking

Technological developments continue to significantly alter the ways in which financial institutions and their customers conduct their business. The growth of the Internet has caused banks to adopt and refine alternative distribution and marketing systems. The federal bank regulatory agencies have targeted various aspects of Internet banking, including the security and systems. There can be no assurance that the bank regulatory agencies will not adopt new regulations that will materially affect the Bank's Internet operations or restrict any such further operations.

Digital Asset Regulation

Regulation. The federal banking agencies have issued interpretive guidance and statements regarding the engagement by banking organizations in certain digital asset activities. On April 7, 2022, the FDIC issued a financial institution letter also requiring its supervised institutions to provide notice and obtain supervisory feedback prior to engaging in any crypto-related activities. On August 16, 2022, the Federal Reserve Board released supervisory guidance encouraging all banking organizations supervised by the agency to notify its lead supervisory point of contact at the Federal Reserve prior to engaging in any digital asset-related activity. Prior to engaging in any such activities, banking organizations are expected to ensure that their proposed activities are legally permissible under relevant state and federal laws, and ensure that they have implemented adequate systems, risk management, and internal controls to ensure that the activities are conducted in a safe and sound manner consistent with applicable laws, including consumer protection laws.

More recently, on January 3, 2023, the federal banking agencies issued additional guidance in the form of a joint statement addressing digital asset-related risks to banking organizations. That statement noted the recent volatility and exposure of vulnerabilities in the digital asset sector and indicated that the agencies are continuing to assess whether or how the digital asset-related activities of banking organizations can be conducted in a safe and sound manner and in compliance with all applicable laws and regulations. The statement stressed that each agency has developed, and expects banking organizations to follow, supervisory processes for evaluating proposed and existing digital asset activities.

Although the federal banking agencies have not developed formal regulations governing the digital asset activities of banking organizations, the supervisory framework summarized above dictates that, in order to effectively identify and manage digital asset-related risks and obtain supervisory non-objection to the proposed engagement in digital asset activities, banking organizations must implement appropriate risk management practices, including with respect to board and management oversight, policies and procedures, risk assessments, internal controls and monitoring.

Holding Company Regulation

Federal Regulation. The Company is regulated as a bank holding company, and as such, is subject to examination, regulation and periodic reporting under the Bank Holding Company Act, BHCA, as administered by the Federal Reserve Board.

The Federal Reserve Board has adopted capital adequacy guidelines for bank holding companies on a consolidated basis. The Dodd-Frank Act directed the Federal Reserve Board to issue consolidated capital requirements for depository institution holding companies that are not less stringent, both quantitatively and in terms of components of capital, than those applicable to institutions themselves. The previously discussed final rule regarding regulatory capital requirements implemented the Dodd-Frank Act as to bank holding company capital standards. Consolidated regulatory capital requirements identical to those applicable to the subsidiary banks applied to bank holding companies (with greater than $1 billion of assets) as of January 1, 2015. The rule limits a banking organization's capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer," buffer" of 2.5% in addition to the amount necessary to meet its minimum risk-based capital requirements.

In the first quarter of 2020, U.S. federal regulatory authorities issued an interim final rule providing banking institutions that adopt CECL during the 2020 calendar year with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided during the initial two-year delay (i.e., a five-year transition in total). In connection with its adoption of CECL on January 1, 2020, the Company elected to utilize the five-year CECL transition.

The following table shows the Company's Tier 1 leverage capital ratio, common equity Tier 1 risk-based capital ratio, Tier 1 risk-based capital ratio and the total risk-based capital ratio as of December 31, 2022 December 31, 2023.

		As of December 31, 2022					As of December 31, 2023				
		Capital	Percent of Assets(1)	Capital Requirements (1)	Capital Requirements with Capital Conservation Buffer (1)		Capital		Percent of Assets(1)	Capital Requirements (1)	Capital Requirements with Capital Conservation Buffer (1)
		(Dollars in thousands)					(Dollars in thousands)				
Tier 1 leverage capital	Tier 1 leverage capital	$1,326,676	10.00 %	4.00 %	4.00 %	Tier 1 leverage capital	$1,396,512	10.22	10.22 %	4.00 %	4.00 %
Common equity tier 1 risk-based capital		1,313,789	11.36	4.50	7.00						

Common equity Tier 1 risk-based capital					
Tier 1 risk-based capital	Tier 1 risk-based capital	1,326,676	11.47	6.00	8.50
Total risk-based capital	Total risk-based capital	1,404,466	12.15	8.00	10.50

(1) For purposes of calculating regulatory Tier 1 leverage capital, assets are based on adjusted total leverage assets. In calculating common equity tier Tier 1 capital, Tier 1 risk-based capital and total risk-based capital, assets are based on total risk-weighted assets.

As of December 31, 2022 December 31, 2023, the Company was “well capitalized” under Federal Reserve Board guidelines.

Regulations of the Federal Reserve Board provide that a bank holding company must serve as a source of strength to any of its subsidiary banks and must not conduct its activities in an unsafe or unsound manner. Federal Reserve Board policies generally provide that bank holding companies should pay dividends only out of current earnings and only if the prospective rate of earnings retention in the holding company appears consistent with the organization’s capital needs, asset quality and overall financial condition. Federal Reserve Board guidance sets forth the supervisory expectation that bank holding companies will inform and consult with Federal Reserve Board staff in advance of issuing a dividend that exceeds earnings for the quarter,

and should inform the Federal Reserve Board and should eliminate, defer or significantly reduce dividends if: (i) net income available to stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) prospective rate of earnings retention is not consistent with the bank holding company’s capital needs and overall current and prospective financial condition; or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. Under the prompt corrective action provisions discussed above, a bank holding company parent of an undercapitalized subsidiary bank would be directed to guarantee, within limitations, the capital restoration plan that is required of such an undercapitalized bank. If the undercapitalized bank fails to file an acceptable capital restoration plan or fails to implement an accepted plan, the Federal Reserve Board may prohibit the bank holding company parent of the undercapitalized bank from paying any dividends or making any other form of capital distribution without the prior approval of the Federal Reserve Board.

As a bank holding company, the Company is required to obtain the prior approval of the Federal Reserve Board to acquire all, or substantially all, of the assets of any bank or bank holding company. Prior Federal Reserve Board approval will be required for the Company to acquire direct or indirect ownership or control of any voting securities of any bank or bank holding company if, after giving effect to such acquisition, it would, directly or indirectly, own or control more than 5% of any class of voting shares of such bank or bank holding company.

Federal Reserve Board regulations require a bank holding company to give the Federal Reserve Board prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months will be equal to 10% or more of the company’s consolidated net worth. The Federal Reserve Board may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe and unsound practice, or would violate any law, regulation, Federal Reserve Board order or directive, or any condition imposed by, or written agreement with, the Federal Reserve Board. The regulations provide that such notice and approval is not required for a bank holding company that would be treated as “well capitalized” under applicable regulations of the Federal Reserve Board, is well-managed, and that is not the subject of any unresolved supervisory issues. Notwithstanding the aforementioned regulations, Federal Reserve Board guidance indicates that bank holding companies should inform Federal Reserve staff of certain proposed repurchases of common stock, sufficiently in advance to allow for supervisory review and possible objection.

In addition, a bank holding company which does not opt to become a financial holding company under applicable federal law is generally prohibited from engaging in, or acquiring direct or indirect control of any company engaged in non-banking activities. One of the principal exceptions to this prohibition is for activities found by the Federal Reserve Board to be so closely related to banking or managing or controlling banks as to be permissible. Some of the principal activities that the Federal Reserve Board has determined by regulation to be so closely related to banking as to be permissible are:

- Making or servicing loans;
- Performing certain data processing services;
- Providing discount brokerage services, or acting as fiduciary, investment or financial advisor;
- Leasing personal or real property;
- Making investments in corporations or projects designed primarily to promote community welfare; and
- Acquiring a savings and loan association.

Bank holding companies that qualify and opt to become a financial holding company may engage in activities that are financial in nature or incident to activities which are financial in nature. Financial holding companies may engage in a broader array of activities including insurance and investment banking.

Bank holding companies may qualify to become a financial holding company if at the time of the election and on a continuing basis:

- Each of its depository institution subsidiaries is "well capitalized";
- Each of its depository institution subsidiaries is "well managed"; and
- Each of its depository institution subsidiaries has at least a "Satisfactory" Community Reinvestment Act rating at its most recent examination.

The Company filed an election to qualify as a financial holding company under federal regulations on January 31, 2014 which was deemed effective by the Federal Reserve Board on March 5, 2015.

Under federal law, depository institutions are liable to the FDIC for losses suffered or anticipated by the FDIC in connection with the default of a commonly controlled depository institution or any assistance provided by the FDIC to such an institution in danger of default. This law would potentially be applicable to the Company if it ever acquired as a separate subsidiary a depository institution in addition to the Bank.

New Jersey Regulation. Under the New Jersey Banking Act, a company owning or controlling a savings bank is regulated as a bank holding company. The New Jersey Banking Act defines the terms "company" and "bank holding company" as such terms are defined under the BHCA. Each bank holding company controlling a New Jersey chartered bank or savings bank must file certain reports with the Commissioner and is subject to examination by the Commissioner.

Acquisition of Control. Under federal law and under the New Jersey Banking Act, no person may acquire control of the Company or the Bank without first obtaining approval of such acquisition of control from the Federal Reserve Board and the Commissioner.

Effective in September of 2020, the Federal Reserve Board adopted a final rule to codify and simplify its interpretations and opinions regarding regulatory presumptions of control. control for purposes of the BHCA. The amended control rule has had, and will likely continue to have a meaningful impact on control determinations related to investments in banks and bank holding companies and investments by bank holding companies in nonbank companies.

Federal Securities Laws. The Company's common stock is registered with the SEC under the Securities Exchange Act of 1934, as amended. The Company is subject to the information, proxy solicitation, insider trading restrictions and other requirements under the Securities Exchange Act of 1934.

Investment Adviser Regulation. Beacon Investment Advisory Services, Inc. is an investment adviser registered with the SEC. As such, it is required to make certain filings with and is subject to periodic examination by the SEC.

Delaware Corporate Law. The Company is incorporated under the laws of the State of Delaware. As a result, the rights of its stockholders are governed by the Delaware General Corporate Law and the Company's Certificate of Incorporation and Bylaws.

TAXATION

Federal Taxation

General. The Company is subject to federal income taxation in the same general manner as other corporations, with some exceptions discussed below. The following discussion of federal taxation is intended only to summarize certain pertinent federal income tax matters and is not a comprehensive description of the tax rules applicable to the Company.

On March 27, 2020 in response to COVID-19 and its detrimental impact to the global economy, President Trump signed the CARES Act into law, which provides stimulus to the US economy in the form of various individual and business assistance programs as well as temporary changes to existing law. The CARES Act of 2020 includes tax provision provisions that temporarily modified the taxable income limitations for NOL usage to offset future taxable income, NOL carryback provisions and other related income and non-income based non-income-based laws. ASC740 ASC 740 requires the tax effects of changes in tax law or rates to be recorded in the period of enactment. The Corporation has evaluated such provisions and determined that the impact of the CARES Act of 2020 on the income tax provision and deferred tax assets as of December 31, 2020 was not material.

The Inflation Reduction Act, which was signed into law on August 16, 2022, among other things, implements a new alternative minimum tax of 15% on corporations with profits in excess of $1 billion, a 1% excise tax on stock repurchases, and several tax incentives to promote clean energy and climate initiatives. These provisions are effective beginning January 1, 2023.

Based on its analysis of the provisions, the Company does not expect the provisions of the Inflation Reduction Act to have a material impact on its consolidated financial statements.

Method of Accounting. For federal income tax purposes, the Company currently reports its income and expenses on the accrual method of accounting and uses a tax year ending December 31 for filing its consolidated federal income tax returns.

Bad Debt Reserves. Prior to the Small Business Protection Act of 1996 (the "1996 Act"), the Bank was permitted to establish a reserve for bad debts and to make annual additions to the reserve. These additions could, within specified formula limits, be deducted in arriving at taxable income. The Bank was required to use the direct charge-off method to compute its bad debt deduction beginning with its 1996 federal income tax return. Savings institutions were required to recapture any excess reserves over those established as of December 31, 1987 (base year reserve).

Taxable Distributions and Recapture. Prior to the 1996 Act, bad debt reserves created prior to January 1, 1988 were subject to recapture into taxable income should the Bank fail to meet certain asset and definitional tests. Federal legislation has eliminated these recapture rules. Retained earnings at December 31, 2022 as of December 31, 2023 included approximately $51.8 million for which no provisions for income tax had been made. This amount represents an allocation of income to bad debt deductions for tax purposes only. Events that would result in taxation of these reserves include failure to qualify as a bank for tax purposes,

distributions in complete or partial liquidation, stock redemptions and excess distributions to shareholders. At December 31, 2022 As of December 31, 2023, the Bank had an unrecognized tax liability of $14.0 million with respect to this reserve.

Corporate Alternative Minimum Tax. The Internal Revenue Code of 1986, as amended (the “Code”), imposed an alternative minimum tax (AMT) at a rate of 20% on a base of regular taxable income plus certain tax preferences (alternative minimum taxable income or AMTI). The AMT was payable to the extent such AMTI was in excess of an exemption amount and the AMT exceeded the regular income tax. Net operating losses could offset no more than 90% of AMTI. Certain payments of alternative minimum tax could be used as credits against regular tax liabilities in future years. The Company was not subject to the alternative minimum tax and has no such amounts available as credits for carryover. The Tax Act repealed the corporate AMT effective for tax years beginning after December 31, 2017.

Net Operating Loss Carryovers. Under the general rule, for tax periods ending December 31, 2017 and prior, a financial institution may carry back net operating losses to the preceding two taxable years and forward to the succeeding 20 taxable years. At As of December 31, 2018, the Company had approximately $1.1 million of Federal Net Operating Losses ("NOLs"). These NOLs were generated by entities the Company acquired in previous years and are subject to an annual Code Section 382 limitation. The Tax Act limits the NOL deduction for a given year to 80% of taxable income, effective with respect to losses arising in tax years beginning after December 31, 2017. It also repealed the pre-enactment carryback provision for NOLs and provides for the indefinite carryforward of NOLs arising in tax years ending after December 31, 2017.

Corporate Dividends-Received Deduction. The Company may exclude from its income 100% of dividends received from the Bank as a member of the same affiliated group of corporations.

State Taxation

New Jersey State Taxation. The Company and the Bank file New Jersey Corporation Business Tax returns. Generally, the income of financial institutions in New Jersey, which is calculated based on federal taxable income subject to certain adjustments, is subject to New Jersey tax. The Company and the Bank are subject to the corporation business tax at 9% of apportioned taxable income. Certain entities can qualify as a NJ New Jersey investment company which taxes income at 3.6% plus NJ New Jersey surcharge. This election is an annual election and if elected, the entity is not included in the unitary group. As a result of legislation that New Jersey enacted on July 1, 2018 and an extension passed on September 29, 2020, the Company and the Bank are subject to an additional temporary surtax effective for tax years 2018 through 2023, and are required to file combined tax returns beginning 2019.

Prior to the new legislation, New Jersey tax law did not allow a taxpayer to file a tax return on a combined or consolidated basis with another member of the affiliated group where there is common ownership for tax periods prior to December 31, 2018.

Pennsylvania State Taxation. The Bank is subject to Pennsylvania Mutual Thrift Institutions Tax. Mutual thrift institutions tax is imposed at the rate of 11.5% on net taxable income of mutual thrift institutions in Pennsylvania, including savings banks without capital stock, building and loan associations, savings and loan associations, and savings institutions having capital stock.

New York State Taxation. In 2014, New York State enacted significant and comprehensive reforms to its corporate tax system that went into effect January 1, 2015. The legislation resulted in significant changes to the method of calculating

income taxes for banks, including changes to future period tax rates, rules relating to the sourcing of income, and the elimination of the banking corporation tax so that banking corporations are taxed under New York State’s corporate franchise tax. The corporate franchise tax is based on the combined entire net income of the Company and its affiliates allocable and apportionable to New York State and taxed at a rate of 7.25%. The amount of revenues that are sourced to New York State under the new legislation can be expected to fluctuate over time. In addition, the Company and its affiliates are subject to the Metropolitan Transportation Authority (“MTA”) Surcharge allocable to business activities carried on in the Metropolitan Commuter Transportation District. The MTA surcharge for 2021 is 30.0% of a recomputed New York State franchise tax, calculated using a 6.5% tax rate on allocated and apportioned net income. The examination of the Company's 2016 and 2015 New York State tax returns was completed in the first quarter of 2019, and did not have a material impact on the Company's effective income tax rate. The examination of the Company's 2017 and 2018 New York State tax returns are currently under audit.

Item 1B. Unresolved Staff Comments

There are no unresolved comments from the staff of the SEC to report.

Item 2. Properties

Property

At December 31, 2022, the Bank conducted business through 95 full-service branch offices located throughout northern and central New Jersey, as well as Bucks, Lehigh and Northampton counties in Pennsylvania and Nassau and Queens counties in New York. The Bank maintains satellite loan production offices in Convent Station, Flemington, Paramus, and Sea Girt, New Jersey, as well as in Bethlehem, Newtown and Plymouth Meeting, Pennsylvania and Nassau and Queens County, New York. The aggregate net book value of premises and equipment was $79.8 million at December 31, 2022.

The Company’s executive offices are located in a leased facility at 239 Washington Street, Jersey City, New Jersey, which is also the Bank’s Main Office. The Company's and Bank’s administrative offices are located in a leased facility at 111 Wood Avenue South, Iselin, New Jersey.

Item 3. Legal Proceedings

The Company is involved in various legal actions and claims arising completed in the normal course fourth quarter of its business. In the opinion of management, these legal actions 2022, and claims are did not expected to have a material adverse impact on the Company’s financial condition and results of operations. Company's effective tax rate.

Item 1A. Risk Factors.

In the ordinary course of operating our business, we are exposed to a variety of risks inherent to the financial services industry. The following discusses the significant risk factors that could affect our business and operations. If any of the following conditions or events actually occur, our business, financial condition or results of operations could be negatively affected, the market price of your investment in the Company’s common stock could decline, and you could lose all or a part of your investment in the Company’s common stock. The Company's risk factors are categorized as follows:

- Risks Related to the Pending Merger with Lakeland Bancorp, Inc.
- Risks Related to the Economy, Financial Markets, and Interest Rates
- Risks Related to Regulatory, Compliance, Environmental and Legal Matters
- Risks Related to the Business Environment and Operations.
- Risks Related to Technology and Security

Risks Related to the Pending Merger with Lakeland

Regulatory Receipt of regulatory approvals has taken longer than expected and may not be received may take longer than expected, in the future, or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company that results from the merger of the Company and Lakeland.

Before the merger of the Company and Lakeland (the "merger") and the subsequent bank merger of Lakeland Bank with and into Provident Bank (the "bank merger") may be completed, various approvals, consents and non-objections must be obtained from the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), the FDIC, the New Jersey Department of Banking and Insurance (the "NJDOBI") and other regulatory authorities in the United States. In determining whether to grant these approvals, such regulatory authorities consider a variety of factors, including the regulatory standing of each company. Receipt of these approvals has taken longer than expected and, as a result, the Company and Lakeland have extended the merger deadline to March 31, 2024 to allow additional time to obtain the necessary regulatory approvals. These approvals could continue to be delayed or not obtained at all, including due to an adverse development in either company's regulatory standing or in any other factors considered by regulators when granting such approvals; governmental, political or community group inquiries, investigations or opposition; or changes in legislation or the political environment generally.

The approvals that are granted may impose terms and conditions, limitations, obligations or costs, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transactions contemplated by the merger agreement between the Company and Lakeland. There can be no assurance that regulators will not impose any such conditions, limitations, obligations or restrictions and that such conditions, limitations, obligations or restrictions will not have the effect of delaying the completion of any of the transactions contemplated by the merger agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reducing the anticipated benefits of the merger if the merger were consummated successfully within the expected timeframe. In addition, there can be no assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of any of the transactions contemplated by the merger agreement.

In addition, despite the companies' commitments to using their reasonable best efforts to comply with conditions imposed by regulators, under the terms of the merger agreement, neither the Company nor Lakeland, nor any of their respective subsidiaries, is permitted (without the written consent of the other party), to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the required permits, consents, approvals and authorizations of governmental entities that would reasonably be expected to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the merger and the bank merger.

The Company will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on the Company. These uncertainties may impair the Company's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with the Company to seek to change existing business relationships with the Company. In addition, subject to certain exceptions, the Company has agreed to operate its business in the ordinary course in all material respects and to refrain from taking certain actions that may adversely affect its ability to consummate the transactions contemplated by the merger agreement on a timely basis without the consent of Lakeland. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the merger.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include, among other things: (i) authorization for listing on the New York Stock Exchange of the shares of the Company's common stock to be issued in the merger, subject to official notice of issuance; (ii) the receipt of required regulatory approvals, including the approval of the Federal Reserve Board, the FDIC and the NJDOBI, and (iii) the absence of any order, injunction, decree or other legal restraint preventing the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement or making the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement illegal. Each party's obligation to complete the merger is also subject to certain additional customary conditions, including (a) subject to applicable materiality standards, the accuracy of the representations and warranties of the other party; (b) the performance in all material respects by the other party of its obligations under the merger agreement; (c) the receipt by each party of an opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 and (d) the execution and delivery of the bank merger agreement in respect of the bank merger.

On December 20, 2023, the Company and Lakeland agreed to extend the merger agreement's termination date to March 31, 2024 to provide additional time to fulfill merger conditions, especially those related to regulatory approvals. Regardless of the extension, these conditions to the closing may not be fulfilled in a timely manner or at all, the parties may not agree to additional extensions, and, accordingly, the merger may not be completed by the updated termination date. In addition, the parties can mutually decide to terminate the merger agreement at any time, even after the requisite stockholder and shareholder approvals. Also, the Company or Lakeland may elect to terminate the merger agreement in certain other circumstances, including by either Lakeland or the Company if the merger has not completed on or before March 31, 2024, unless the failure of the merger to be completed by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements under the merger agreement.

In connection with the merger, the Company will assume Lakeland's outstanding debt obligations and may need to issue additional debt in order to comply with capital requirements, and the combined company's level of indebtedness following the completion of the merger could adversely affect the combined company's ability to raise additional capital and to meet its obligations under its existing indebtedness.

In connection with the merger, the Company will assume Lakeland's outstanding indebtedness and may need to issue additional debt in order to raise capital. The Company's existing debt, together with any future incurrence of additional indebtedness, and the assumption of Lakeland's outstanding indebtedness, could have important consequences for the combined company's creditors and the combined company's stockholders. For example, it could:

- limit the combined company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- restrict the combined company from making strategic acquisitions or cause the combined company to make non-strategic divestitures;
- restrict the combined company from paying dividends to its stockholders;
- increase the combined company's vulnerability to general economic and industry conditions; and
- require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the combined company's indebtedness, thereby reducing the combined company's ability to use cash flows to fund its operations, capital expenditures and future business opportunities.

The Company has incurred and is expected to incur substantial costs related to the merger and integration.

The Company has incurred and expects to incur a number of non-recurring costs associated with the merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, retention, severance and employee benefit-related costs, public company filing fees and other regulatory fees, financial printing and other printing costs, and closing, integration and other related costs. Some of these costs are payable by the Company regardless of whether or not the merger is completed.

The Company may have to rely on Lakeland's models post-closing until Lakeland's data can be integrated into the Company's models.

Lakeland depends on models for the allowance for credit losses, among other things, and we may have to rely on Lakeland's models post-closing prior to integrating Lakeland's data into our models. These models may be designed or implemented in a manner different than the models used by the Company. As a result, incorporation of Lakeland's data into our models could materially impact our results of operations or financial position to the extent that our estimates based on Lakeland's models prove to be inaccurate.

Failure to complete the merger could negatively impact the Company.

If the merger is not completed for any reason, there may be various adverse consequences and the Company may experience negative reactions from the financial markets and from its customers and employees. For example, the Company's business may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger or the financial impact of complying with requirements imposed by regulatory agencies, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of the Company's common stock could decline to the extent that current market prices reflect a market assumption that the merger will be would have been beneficial and will be should have been completed. The Company also could be subject to litigation related to any failure to complete the merger or to proceedings commenced against the Company to perform its obligations under the merger agreement. If the merger agreement is terminated under certain limited circumstances, the Company may be required to pay a termination fee of $50 million to Lakeland.

Additionally, the Company has incurred and will incur additional substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as compliance with requests or requirements from the costs and expenses of regulatory agencies, the preparing, filing, printing and mailing of a joint proxy statement/prospectus in connection with the merger, and all filing and other fees paid in connection with the merger. If the merger is not completed, the Company would have to pay these expenses without realizing the expected benefits of the merger.

The current volatile interest rate environment may adversely impact the fair value adjustments of investments and loans acquired in the merger.

Upon the closing of the merger, we will need to adjust the fair value of Lakeland's investment and loan portfolios. The rising interest rate environment could have the effect of increasing the magnitude of the purchase accounting marks relating to such fair value adjustments, thereby increasing initial tangible book value dilution, extending the tangible book value earn back period, and negatively impacting the Company's capital ratios, which may result in the Company taking steps to strengthen its capital position.

Combining the Company and Lakeland may be more difficult, costly or time-consuming than expected, and the Company may fail to realize the anticipated benefits of the merger.

The success of the merger will depend, in part, on the ability to realize the anticipated cost savings from combining the businesses of the Company and Lakeland. To realize the anticipated benefits and cost savings from the merger, the Company and Lakeland must successfully integrate and combine their businesses in a manner that permits those cost savings to be realized without adversely affecting current revenues and future growth. If the Company and Lakeland are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. In addition, the actual cost savings of the merger could be less than anticipated, and integration may result in additional and unforeseen expenses.

expenses, including costs related to requests or requirements issued by regulatory agencies.

An inability to realize the full extent of the anticipated benefits of the merger and the other transactions contemplated by the merger agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, levels of expenses and operating results of the combined company following the completion of the merger, which may adversely affect the value of the common stock of the combined company following the completion of the merger.

The Company and Lakeland have operated and, until the completion of the merger, must continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the companies' ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. Integration efforts between the companies may also divert management attention and resources. These integration matters could have an adverse effect on the Company during this transition period and for an undetermined period after completion of the merger on the combined company.

Furthermore, the board of directors and executive leadership of the combined company will consist of former directors and executive officers from each of the Company and Lakeland. Combining the boards of directors and management teams of each company into a single board and a single management team could require the reconciliation of differing priorities and philosophies.

As a result of the mergers, the combined company will become subject to additional requirements and restrictions imposed by the DOJ.

On September 28, 2022, Lakeland Bank entered into a consent order with the DOJ to resolve allegations of violations of the Fair Housing Act and Equal Credit Opportunity Act within the Newark, NJ-PA Metro Division, as constituted in 2015 (the "DOJ Consent Order"). The DOJ Consent Order was approved by the U.S. District Court for the District of New Jersey on September 29, 2022.

The DOJ Consent Order requires Lakeland Bank to, among other things, invest $12 million over five years in a loan subsidy fund to increase credit opportunities to residents of majority-Black and Hispanic census tracts in Essex, Morris, Somerset, Sussex and Union Counties, New Jersey (the "Newark Lending Area"), and devote a minimum of $400,000 over five years toward community development partnership contributions in the Newark Lending Area, and $150,000 per year over five years toward advertising, community outreach, and credit repair and education in the Newark Lending Area. Pursuant to the terms of the consent order, Lakeland Bank will also establish two new full-service branches in majority-Black and Hispanic census tracts: one in Newark, New Jersey and one in the Newark Lending Area. In addition, Lakeland Bank must continue to maintain its full-time Community Development Officer position to oversee these efforts throughout the term of the consent order.

As required by the terms of the DOJ Consent Order, Provident the Bank, as the resulting institution in the bank merger, has agreed to and will assume all obligations under the DOJ Consent Order in connection with the bank merger. Although both Provident the Bank and Lakeland Bank are committed to full compliance with the DOJ Consent Order, achieving such compliance will require significant management attention from Lakeland Bank and, following the mergers, the combined bank and may cause Lakeland

Bank and, following the mergers, the combined bank to incur unanticipated costs and expenses. Actions taken to achieve compliance with the DOJ Consent Order may affect Lakeland Bank's and the combined bank's business or financial performance and may require Lakeland Bank or the combined bank to reallocate resources away from existing businesses or to undertake significant changes to their respective businesses, operations, products and services and risk management practices. In addition, although the DOJ Consent Order resolved all claims by the DOJ against Lakeland Bank, Lakeland and its subsidiaries or, following the mergers, the combined company and its subsidiaries could be subject to other enforcement actions relating to the alleged violations resolved by the DOJ Consent Order.

In connection with the merger, Provident will assume Lakeland's outstanding debt obligations, and the combined company's level of indebtedness following the completion of the merger could adversely affect the combined company's ability to raise additional capital and to meet its obligations under its existing indebtedness.

In connection with the merger, Provident will assume Lakeland's outstanding indebtedness. Provident's existing debt, together with any future incurrence of additional indebtedness, and the assumption of Lakeland's outstanding indebtedness, could have important consequences for the combined company's creditors and the combined company's stockholders. For example, it could:

- limit the combined company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- restrict the combined company from making strategic acquisitions or cause the combined company to make non-strategic divestitures;
- restrict the combined company from paying dividends to its stockholders;
- increase the combined company's vulnerability to general economic and industry conditions; and
- require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the combined company's indebtedness, thereby reducing the combined company's ability to use cash flows to fund its operations, capital expenditures and future business opportunities.

The combined company company's human capital may be unable affected by inability to retain personnel of the Company and/or Lakeland successfully after the merger is completed.

The success of the merger will depend in part on the combined company's ability to manage its human capital and retain the talent and dedication of key employees currently employed by the Company and Lakeland. It is possible that these employees may decide not to remain with the Company or Lakeland, as applicable, while the merger is pending or with the combined company after the merger is consummated. If the Company and Lakeland are unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, the Company and Lakeland could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruitment costs. In addition, following the merger, if key employees terminate their employment, the combined company's human capital and business activities may be adversely affected, and management's attention may be diverted from successfully hiring suitable replacements, all of which may cause the combined company's business to suffer. The Company and Lakeland also may not be able to locate or retain suitable replacements for any key employees who leave either company.

The Company will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on the Company. These uncertainties may impair the Company's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with the Company to seek to change existing business relationships with the Company. In addition, subject to certain exceptions, the Company has agreed to operate its business in the ordinary course in all material respects and to refrain from taking certain actions that may adversely affect its ability to consummate the transactions contemplated by the merger agreement on a timely basis without the consent of Lakeland. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the merger.

The Company has incurred and is expected to incur substantial costs Although previously filed litigation related to the merger and integration.

The Company has incurred and expects to incur a number of non-recurring costs associated with the merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, retention, severance and employee benefit-related costs, public company filing fees and other regulatory fees, financial printing and other printing costs, closing, integration and other related costs. Some of these costs are payable by against the Company, regardless the Company's board of whether or not directors, the merger is completed.

Stockholder Bank, and the Bank's board of directors has been settled, additional litigation related to may be filed against the merger Company, the Company's board of directors, the Bank, and the Bank's board of directors in the future, which could prevent or delay the completion of the merger, result in the payment of damages, or otherwise negatively impact the business and operations of the Company. Company and the Bank.

Stockholders Although litigation related to the merger was previously filed against the Company, the Company's board of directors, the Bank, and the Bank's board of directors and subsequently dismissed or settled, additional litigation may be filed against the Company, the Company's board of directors, the Bank, and the Bank's board of directors in the future. The outcome of any litigation is uncertain. One of the Company and shareholders conditions to the closing is that there must be no order, injunction, or decree issued by any court or governmental entity of Lakeland have commenced litigation in connection with the proposed merger and, among competent jurisdiction or other remedies, such litigation seeks damages or an injunction legal restraint preventing the consummation of the merger from closing. or any of the other transactions contemplated by the merger agreement. If any plaintiff were successful in obtaining an injunction prohibiting the Company or Lakeland the Bank from completing the merger or any of the other transactions contemplated by the merger agreement, then such injunction may delay or prevent the effectiveness of the merger and could result in significant costs to the Company and/or the Bank, including costs associated with the indemnification of directors and officers of each entity. The Company and the Bank may incur costs in connection with the defense or settlement of any stockholder or shareholder lawsuits filed in connection with the merger. Further, such lawsuits and the defense or settlement of any such lawsuits may have an adverse effect on the financial condition and results of operations of the Company.

The Company may have to rely on Lakeland's models post-closing until Lakeland's data can be integrated into the Company's models.

Lakeland depends on models for, the allowance for credit losses, among other things, and we may have to rely on Lakeland's models post-closing prior to integrating Lakeland's data into our models. These models may be designed or implemented in a manner different than the models used by the Company. As a result, incorporation of Lakeland's data into our models could materially impact our results of operations or financial position to the extent that our estimates based on Lakeland''s models prove to be inaccurate.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include, among other things: (i) authorization for listing on the New York Stock Exchange of the shares of the Company's common stock to be issued in the merger, subject to official notice of issuance, (ii) the receipt of required regulatory approvals, including the approval of the Federal Reserve Board, the FDIC Bank and the NJDOBI; and (iii) the absence of any order, injunction, decree could prevent or other legal restraint preventing delay the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement or making the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement illegal. Each party's obligation to complete the merger is also subject to certain additional customary conditions, including (a) subject to applicable materiality standards, the accuracy of the representations and warranties of the other party, (b) the performance in all material respects by the other party of its obligations under the merger agreement, (c) the receipt by each party of an opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 and (d) the execution and delivery of the bank merger agreement in respect of the bank merger.

These conditions to the closing may not be fulfilled in a timely manner or at all, and, accordingly, the merger may not be completed. In addition, the parties can mutually decide to terminate the merger agreement at any time, even after the requisite stockholder and shareholder approvals. Also, the Company or Lakeland may elect to terminate the merger agreement in certain other circumstances.

Risks Related to the Economy, Financial Markets, and Interest Rates

Changes to the underlying drivers of our net interest income could adversely affect our results of operations and financial condition.

Our financial condition and results of operations are significantly affected by changes in market interest rates, and the degree to which these changes disparately impact short-term and long-term interest rates and influence the behavior of our customer base. Our results of operations substantially depend on our net interest income, which is the difference between the interest income we earn on our interest earning assets and the interest expense we pay on our interest-bearing liabilities. A flattening An inverted yield curve, or one that inverts, could which has persisted throughout 2023, has and may continue to negatively impact our net interest margin and earnings.

As the Federal Reserve continues to raise raised and has maintained higher interest rates, our interest-bearing liabilities may continue to be subject to repricing or maturing more quickly than our interest-earning assets. If Persistent elevated short-term rates increase rapidly, we may have continue to require us to increase the rates we pay on our deposits and borrowed funds more quickly than we can increase the interest rates we earn on our loans and investments, resulting in a negative effect on interest spreads and net interest income. In addition, the effect of rising high rates could continue to be compounded if as deposit customers move funds into higher yielding accounts or are lost to competitors offering higher rates on their deposit products. Conversely, should As the Federal Reserve has maintained steady interest rates since August 2023, we are unable to predict whether current rates will persist or if the Federal Reserve will cut interest rates going forward. Should market interest rates fall below current levels, our net interest income could also be negatively affected if competitive pressures prevent us from reducing rates on our deposits, while the yields on our assets decrease through loan prepayments and interest rate adjustments.

Changes in interest rates also affect the value of our interest-earning assets, and in particular particularly our securities portfolio. Generally, the value of securities fluctuates inversely with changes in interest rates. At December 31, 2022 As of December 31, 2023, our available for sale debt securities portfolio totaled $1.80 billion $1.69 billion. Unrealized gains and losses on securities available for sale are reported as a separate component of stockholders' equity. Therefore, decreases in the fair value of securities available for sale resulting from increases in interest rates could have an adverse effect on our stockholders' equity.

Volatility and uncertainty related to inflation and the effects of inflation, which may lead to increased costs for businesses and consumers and potentially contribute to poor business and economic conditions generally, may also enhance or contribute to some of the risks discussed herein. For example, higher inflation, or volatility and uncertainty related to inflation, could reduce demand for the Company's products, adversely affect the creditworthiness of the Company's borrowers or result in lower values for the Company's investment securities and other interest-earning assets.

A general economic slowdown or uncertainty that produces either reduced returns or excessive market volatility could adversely impact our overall profitability, including our wealth management fee income and our access to capital and liquidity.

A general economic slowdown could affect our core banking business. Headwinds During 2023, headwinds facing the U.S. economy continued during despite improvements relative to 2022, as the Federal Reserve rapidly tightened continued tightening monetary policy through a series of interest rate hikes. hikes through the first half of the year and maintained high levels thereafter. The economy as a whole grew in 2023 and the consensus forecast has the economy slowing considerably maintaining growth and avoiding recession in 2023, although avoiding recession. 2024. Certain sectors of the economy, notably residential housing, have already been impacted by rising high interest rates. Borrowers with floating rate debt or looming rates, although conditions have improved as interest rate resets are also expected to be negatively impacted rates declined slightly in the coming year. Adverse latter half of 2023. Despite improved projections, unforeseen adverse changes in the economy and a possible recession could negatively affect the ability of our borrowers to repay their loans or force us to offer lower interest rates to encourage new borrowing activity.

Uncertainty and market volatility could affect the value of the assets under management in our wealth management business resulting in lower fee income. Conditions that produce extended market volatility could affect our ability to provide our clients with an adequate return, thereby impacting our ability to attract new clients or causing existing clients to seek more stable investment opportunities with alternative wealth advisors.

Furthermore, market volatility could adversely impact our access to capital and liquidity.

If our allowance for credit losses is not sufficient to cover actual loan losses, our earnings could decrease.

We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for credit losses, we rely on our loan monitoring program, our loan quality reviews, our credit risk rating process, loan portfolio trends, our experience, our evaluation of economic conditions and our selection of a reasonable and supportable forecast, among other factors. The Company measures projected credit losses over the estimated life of the asset by applying quantitative and qualitative loss factors we derive using a macroeconomic forecast that we deem most likely to occur. If our assumptions prove to be incorrect, or if delinquencies or non-accrual and non-performing loans increase, the allowance for credit losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. Material additions to the allowance would materially decrease our net income. In addition, bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or recognize further loan charge-offs.

Commercial real estate, commercial and industrial and construction loans expose us to increased risk and earnings volatility.

We consider our commercial real estate loans, commercial and industrial loans and construction loans to be higher risk categories in our loan portfolio. These loans are particularly sensitive to economic conditions. At December 31, 2022 As of December 31, 2023, our portfolio of commercial real estate loans, including multi-family loans, totaled $5.83 billion $6.32 billion, or 57.4% 58.7% of total loans, our commercial and industrial loans totaled $2.23 billion $2.44 billion, or 22.0% 22.7% of portfolio loans, and our construction loans totaled $715.5 million $653.2 million, or 7.0% 6.1% of total loans. We plan to continue to emphasize the origination of these types of loans.

Commercial real estate loans generally involve a higher degree of credit risk because they typically have larger balances and are more affected by adverse conditions in the economy. economy, such as vacancy rates and changes in rental rates. Payments on loans secured by commercial real estate also often depend on the successful operation and management of the businesses that occupy these properties or the financial stability of tenants occupying the properties. Furthermore, these loans may be affected by factors outside the borrower’s control, such as adverse conditions in the real estate market or the economy, declining rents, tenant defaults, or changes in government regulation. As of December 31, 2023, our CRE office portfolio totaled $483.1 million dollars, with approximately 16% being loans in New York. In our CRE Multi-family portfolio, we hold loans collateralized by rent stabilized properties that totaled $117.4 million as of December 31, 2023. In the case of commercial and industrial loans, although we strive to maintain high credit standards and limit exposure to any one borrower, the collateral for these loans often consists of accounts receivable, inventory and equipment. This type of collateral typically does not yield substantial recovery in the event we need to foreclose on it and may rapidly deteriorate, disappear, or be misdirected in advance of foreclosure. This adds to the potential that our charge-offs will be volatile, which could significantly negatively affect our earnings in any quarter. In addition, some of our construction loans may pose higher risk than the levels expected at origination, as projects may stall, interest reserves may be inadequate, absorption may be slower than projected or sales prices or rents may be lower than forecasted. In addition, many of our borrowers have more than one commercial real estate or construction loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship may expose the Company to significantly greater risk of loss.

The failure to address the federal debt ceiling in a timely manner, downgrades of the U.S. credit rating and uncertain credit and financial market conditions may affect the stability of securities issued or guaranteed by the federal government, which may affect the valuation or liquidity of our investment securities portfolio and increase future borrowing costs.

As a result of uncertain political, credit and financial market conditions, including the potential consequences of the federal government defaulting on its obligations for a period of time due to federal debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose credit default and liquidity risks. Given that future deterioration in the U.S. credit and financial markets is a possibility, no assurance can be made that losses or significant deterioration in the fair value of our U.S. government issued or guaranteed investments will not occur. As of December 31, 2023, we had approximately $259.0 million, $70.8 million and $1.29 billion invested in U.S. Treasury securities, U.S. government agency securities, and residential mortgage-backed securities issued or guaranteed by government-sponsored enterprises and programs, respectively. Downgrades to the U.S. credit rating could affect the stability of securities issued or guaranteed by the federal government and the valuation or liquidity of our portfolio of such investment securities and could result in our counterparties requiring additional collateral for our borrowings. Further, unless and until U.S. political, credit and financial market conditions have been sufficiently resolved or stabilized, it may increase our future borrowing costs.

Risks Related to Regulatory, Compliance, Environmental and Legal Matters

We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision and examination of by various regulatory authorities, but primarily by the New Jersey Department of Banking and Insurance, our chartering authority, and by the FDIC, as insurer of our deposits. As a bank holding company, we are subject to regulation and oversight by the Federal Reserve Board. Such regulation and supervision governs the activities in which a bank and its holding company may engage and is intended primarily for the protection of the insurance fund and depositors. Following the bank failures in early 2023, regulators have increasingly focused on banks’ sources of liquidity, deposit mixes and concentration within certain sectors. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to require that we hold additional capital, restrict our operations, modify the classification of our assets, increase our allowance for credit losses, and strengthen the management of risks posed by our reliance on third party vendors. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on the Company's Company's operations.

The potential exists for additional federal or state laws and regulations regarding capital requirements, lending and funding practices and, liquidity standards, and bank regulatory agencies are expected to remain active in responding to concerns and trends that may be identified in our examinations, which may include the potential for the issuance of formal enforcement orders. Further, actions taken to date, as well as potential actions, may not provide the level of beneficial effects necessary to offset their cost to us. In addition, new laws, regulations, and other regulatory changes could further increase our costs of regulatory compliance and of doing business, and otherwise affect our operations. New laws, regulations, and other regulatory changes, may also significantly affect the markets in which we do business, the markets for and value of our loans and investments, and our ongoing operations, costs and profitability.

As a larger financial institution, with assets greater than $10 Billion, we are subject to additional regulation and increased supervision, including by the CFPB. supervision.

Provident's The Company's total assets were $13.78 billion at December 31, 2022 $14.21 billion as of December 31, 2023. Banks with assets in excess of $10 billion are subject to requirements imposed by the Dodd-Frank Act and its implementing regulations including being subject to the examination authority of the Consumer Financial Protection Bureau to assess our compliance with federal consumer financial laws, the imposition of higher FDIC premiums, reduced debit card interchange fees, and enhanced risk management frameworks, all of which increase operating costs and reduce earnings.

We may be required

As we continue to grow in size, we can expect greater regulatory scrutiny and expectations requiring us to invest more significant management attention and resources to make further changes necessary additional investments in staff and other resources to comply with enhanced applicable regulatory expectations. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations may have on us, these changes could be material.

Bank regulators have signaled further review of regulatory requirements and the potential for changes to laws or regulations governing banks and bank holding companies. Changes resulting from these events could include increased regulatory oversight, higher capital requirements or changes in the way regulatory capital is calculated, and the impositions of additional restrictions through regulatory changes or supervisory or enforcement activities, each of which could have a material impact on our business.

We face regulatory scrutiny based on our commercial real estate lending.

The FDIC, the OCC and the FRB (collectively, the "Agencies") have issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "CRE Guidance"). Although the CRE Guidance did does not establish specific lending limits, it provides that a bank's commercial real estate lending exposure may receive increased supervisory scrutiny where total non-owner occupied commercial real estate loans, including loans secured by multi-family buildings, investor commercial real estate and construction and land loans ("CRE Loans"), represent 300% or more of an institution's total risk-based capital and the outstanding balance of the CRE Loan portfolio has increased by 50% or more during the preceding 36 months. Our level of CRE Loans equaled 490.9% 489.6% of total risk-based capital at December 31, 2022 as of December 31, 2023, while our CRE Loan portfolio has increased by 52.2% 30.4% during the preceding 36 months. Based on regulatory guidelines, the Company is now considered to have a significant concentration in its size of our CRE Loan Portfolio. portfolio as a percentage of capital, regulatory oversight of our management of this CRE concentration is elevated.

In December 2015, the Agencies released a statement on prudent risk management for commercial real estate lending (the "2015 Statement"). In the 2015 Statement, the Agencies express concerns about easing commercial real estate underwriting standards, direct financial institutions to maintain underwriting discipline and exercise risk management practices to identify, measure and monitor lending risks, and indicate that the Agencies will continue "to pay special attention" to commercial real estate lending activities and concentrations going forward. If our regulators were to impose restrictions on the amount of commercial real estate loans we can hold in our loan portfolio, or require higher capital ratios as a result of the level of commercial real estate loans held, our earnings or our ability to engage in certain merger and acquisition activity could be adversely affected.

On December 18, 2023, the FDIC issued an advisory entitled "Managing Commercial Real Estate Concentrations in a Challenging Economic Environment" (the "2023 Advisory"), replacing an advisory issued in 2008 and updating previously issued guidance. The 2023 Advisory expresses concerns regarding challenges in the CRE market and identifies key risk-management actions to help institutions with market conditions, including maintaining strong capital levels, ensuring appropriate credit loss allowances, closely managing loan portfolios, maintaining updated financial and analytical information, bolstering loan workout infrastructure, and maintaining adequate liquidity and diverse funding sources. The FDIC stated that it will "expect each board of directors and management team to strive for strong capital and appropriate allowance for credit loss levels, and to implement robust credit risk-management practices." If the FDIC were to scrutinize our board and management actions and require certain capital levels or specific practices, our earnings could be adversely affected and our cost of compliance could increase.

Future acquisitions may be delayed, impeded, or prohibited due to regulatory issues.

Future acquisitions by the Company, particularly those of financial institutions, are subject to approval by a variety of federal and state regulatory agencies (collectively, "regulatory approvals"). Regulatory approvals could be delayed, impeded, restrictively conditioned or denied due to existing or new issues the Company has, or may have, with regulatory agencies, including, without limitation, issues related to BSA/AML compliance, CRA compliance, fair lending laws, fair housing laws, consumer protection laws, unfair, deceptive, or abusive acts or practices regulations, and other similar laws and regulations. We may fail to pursue or complete strategic and competitively significant acquisition opportunities as a result of our inability, or perceived or anticipated inability, to obtain regulatory approvals in a timely manner, under reasonable conditions or at all. The regulatory approvals may contain conditions on the completion of a merger which would adversely affect our business following the closing, or which were not anticipated or cannot be met. Difficulties associated with potential acquisitions that may result from these factors could have a material adverse impact on our business, and, in turn, our financial condition and results of operations.

We may experience impairments of goodwill or other intangible assets in the future.

As of December 31, 2022 December 31, 2023, our consolidated balance sheet included goodwill of $443.6 million and other intangible assets of $16.5 million. Our business acquisitions typically result in goodwill and other intangible assets, which affect the amount of future amortization expense and potential impairment expense. We make estimates and assumptions in valuing such intangible assets that affect our consolidated financial statements. In accordance with GAAP, our goodwill and indefinite-lived intangible assets are not amortized, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that an asset might be impaired. Impairment testing incorporates the current market price of our common stock, the estimated fair value of our assets and liabilities, and certain information of similar companies. Impairment testing may be based on valuation models that estimate fair value. In preparing the valuation models, we consider a number of factors, including operating results, business plans, economic conditions, future cash flows, and transactions and market data. There are inherent uncertainties related to these factors and our judgment in applying them to the impairment analyses. It is possible that future impairment testing could result in the identification of a decline in the fair value of our goodwill or other intangible assets, which may be less than the carrying value. If we determine that impairment exists at a given point in time, our earnings and the book value of goodwill or other related intangible asset will be reduced by the amount of the impairment. If we record an impairment loss related to our goodwill or other intangible assets, it could have a material adverse effect on our business, financial condition, results of operations and the trading price of our securities. Notwithstanding the foregoing, the results of impairment testing on our goodwill or other intangible assets have no impact on our tangible book value or regulatory capital levels.

Climate change and related governmental action may materially affect the Company's business and results of operations.

The effects of climate change continue to create a level of concern for the state of the global environment. As a result, the global community has increased its political and social awareness surrounding the issue and have entered into international agreements in an effort to reduce global temperatures such as the Paris Agreement, which the United States re-joined as of February 19, 2021. Further, the U.S. Congress, state legislatures and federal and state regulatory agencies continue to propose numerous initiatives, legislation, and regulations to supplement the global effort to combat climate change. Similar and even more expansive initiatives are expected, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting for the effects of climate change in stress testing scenarios and systemic risk assessments, revising expectations for credit portfolio concentrations based on climate-related factors, and encouraging investment by banks in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change. For instance, the SEC is expected to issue a final rule in 2024 requiring public companies to disclose the amount of greenhouse gases they generate and how climate change is expected to affect business. The lack of empirical data surrounding the credit and other financial risks posed by climate change render it impossible to predict specifically how climate change may impact the financial condition and operations of the Company; however, the physical effects of climate change may also directly impact the Company. Specifically, unpredictable and more frequent weather disasters may adversely impact the value of real property securing certain loans in our portfolios. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our customers and impact our ability to raise and invest capital in potentially impacted communities. The effects of changing strategies, policies, and investments as the global community transitions to a lower-carbon economy will impose additional operational and compliance burdens, and may result in market trends that alter business opportunities. Compliance with expected disclosure rules will require additional resources. Overall, climate change, its effects, and the resulting unknown impact could have a material adverse impact on our financial condition and results of operations.

Risks Related to Business Environment and Operations.

The COVID-19 pandemic could continue to pose risks to our business, our results of operation and the future prospects of the Company.

The COVID-19 pandemic has adversely impacted the global and national economy and certain industries and geographies in which our clients operate. Given its dynamic nature, it is difficult to predict the full impact of the COVID-19 pandemic on the business of the Company, its clients, employees and third-party service providers. The extent of such impact will depend on future developments, which are highly uncertain. Additionally, the responses of various governmental and nongovernmental authorities and consumers to the pandemic may have material long-term effects on the Company and its clients which are difficult to quantify in the near-term or long-term.

Our continuing concentration of business in a relatively confined region may increase our risk.

Our success is significantly affected by general economic conditions in our market area. Unlike some larger banks that are more geographically diversified, we provide banking, financial, and wealth management services to customers mostly located in our primary markets. Consequently, a downturn in economic conditions in our local markets would have a significant impact on our loan portfolios, the ability of borrowers to meet their loan payment obligations and the value of the collateral securing our loans. Adverse local economic conditions caused by inflation, recession, unemployment, state or local government action, or other factors beyond our control would impact these local economic conditions and could negatively affect the financial results of our business.

We have a significant amount of real estate loans. Depressed real estate values and real estate sales could have a negative effect on the ability of many of our borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings and overall financial condition. These changes have a disproportionate effect on taxpayers in states with high residential home prices and high state and local taxes, like New Jersey. If home ownership becomes less attractive, demand for mortgage loans could decrease. The value of the properties securing loans in our loan portfolio may be adversely impacted as a result of the changing economics of home ownership, which could require an increase in our provision for loan losses, which would reduce our profitability and could materially adversely affect our business, financial condition and results of operations.

Additionally, we target our business development and marketing strategy for loans to serve primarily the banking and financial services needs of small- to medium-sized businesses in our market area. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. If general economic conditions negatively impact these businesses, our results of operations and financial condition may be adversely affected.

We are required to transition from the use of LIBOR.

We have material contracts that are indexed to the London Interbank Offered Rate (“LIBOR”). In 2017, the United Kingdom’s Financial Conduct Authority, a regulator of financial services firms and financial markets in the United Kingdom, announced that the publication of LIBOR would not be guaranteed after 2021. LIBOR will be discontinued after June 30, 2023 and will impact loans that have not yet matured or been refinanced by that date. This announcement, and, more generally, financial benchmark reforms and changes in the interbank lending markets, have resulted in uncertainty about the interest rate benchmarks that will be used in the future. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates have been ongoing, and the Alternative Reference Rate Committee formally recommended the use of a Secured Overnight Funding Rate (“SOFR”). The March 2022 enactment of the Adjustable Interest Rate (LIBOR) Act and the Federal Reserve’s proposed implementing regulations are intended to address the discontinuation of LIBOR and establish a replacement benchmark, based on SOFR, that will automatically apply to agreements that rely on LIBOR and do not have an alternative contractual fallback benchmark. SOFR-based replacement benchmarks may also apply to contracts with fallback provisions that authorize a particular person to determine the replacement benchmark.

While the LIBOR Act and implementing regulations will help to transition legacy LIBOR contracts to a new benchmark rate, the substitution of SOFR for LIBOR may have potentially significant economic impacts on parties to affected contracts. SOFR is different from LIBOR in that it is a retrospective-looking secured rate rather than a forward-looking unsecured rate. These differences could lead to a greater disconnect between our and the Bank’s costs to raise funds for SOFR as compared to LIBOR. In addition to the discontinuance of LIBOR, there may be future changes in the rules or methodologies used to calculate SOFR or other benchmarks, which may have a material adverse effect on the value of or return on our financial assets and liabilities that are based on or are linked to LIBOR and other benchmarks. Once LIBOR rates are no longer available, and we are required to implement replacement reference rates for the calculation of interest rates under our loan agreements with borrowers, we may incur significant expense in effecting the transition and we may be subject to disputes or litigation with our borrowers over the appropriateness or comparability to LIBOR of the replacement reference rates. The uncertainty related to these changes may have an unpredictable impact on the financial markets and could adversely impact our financial condition or results of operations.

Acts of terrorism, severe weather, natural disasters, public health issues, geopolitical and other external events could impact our ability to conduct business.

Our business is subject to risk from external events that could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue, and/or cause us to incur additional expenses. For example, financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising their operating and communication systems. The metropolitan New York and Philadelphia areas remain central targets for potential acts of terrorism, including cyber terrorism, which could affect not only our operations but those of our customers. Additionally, there could be sudden increases in customer transaction volume, electrical, telecommunications or other major physical infrastructure outages, natural disasters, events arising from local or larger scale geopolitical, political or social matters, including terrorist acts, and cyber-attacks. cyber-attacks from both private and state actors. The emergence of widespread health emergencies or pandemics, similar to the spread of COVID-19, could lead to regional quarantines, business shutdowns, labor shortages, disruptions to supply chains, and overall economic instability. Events such as these may become more common in the future and could cause significant damage such as disruption of power and communication services, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing the repayment of our loans, which could result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition. Additionally, financial markets may be adversely affected by any current or anticipated impact of military conflict, including continuing military tension war between Russia and Ukraine, conflicts and military tension in the Middle East, Africa, and Asia, terrorism, cyber-attacks from nation states and non-state actors on financial institutions or other geopolitical events.

We may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and could have a material adverse effect on us.

We are required to comply with anti-money laundering, anti-terrorism and other laws and regulations in the United States. These laws and regulations require us, among other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision.

While we have adopted policies and procedures aimed at detecting and preventing the use of our banking network for money laundering and related activities, those policies and procedures may not completely eliminate instances in which we may be used by customers to engage in money laundering and other illegal or improper activities. To the extent we fail to fully comply with applicable laws and regulations, the FDIC, along with other banking agencies, has the authority to impose fines and other penalties and sanctions on us, including restricting our ability to grow through acquisition. In addition, our business and reputation could suffer if customers use our banking network for money laundering or illegal or improper purposes.

Our funding sources may prove insufficient or costly to support our future growth. A lack of liquidity could adversely affect our financial condition and results of operations and result in regulatory limits being placed on the Company.

We are subject must maintain sufficient funds to respond to the needs of depositors and borrowers. Deposits have traditionally been our primary source of funding for our lending and investment activities. We also receive funds from loan repayments, investment maturities and income on other interest-earning assets. While we emphasize the generation of low-cost core deposits as a source of funding, there is strong competition for such deposits in our market area. Additionally, deposit balances can decrease if customers perceive alternative investments as providing a better risk/return tradeoff. Further, the demand for deposits may be reduced due to a variety of factors such as negative trends in the banking sector, the level of and/or composition of our uninsured deposits, demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve or regulatory actions that decrease customer access to particular products. Accordingly, as a part of our liquidity risk.

Liquidity risk is the potential that management, we will be unable must use several funding sources in addition to meet our obligations as they deposits and repayments and maturities of loans and investments. As we continue to grow, we may become due, capitalize more dependent on growth opportunities as they arise because these sources, which may include Federal Home Loan Bank of New York and Federal Reserve Bank advances, federal funds purchased and brokered certificates of deposit. Adverse operating results or changes in industry conditions could lead to difficulty or an inability to liquidate assets or obtain adequate funding on a timely basis at a reasonable cost, or meet regulatory-imposed expectations for liquidity levels. Liquidity is required to fund various obligations, including loan originations and commitments, withdrawals by depositors, repayments of borrowings, operating expenses and capital expenditures. Liquidity is derived primarily from deposit growth and retention; principal and interest payments, sales, maturities, and prepayments of loans and investment securities; net cash provided from operations; and access to other these additional funding sources.

Our financial flexibility will be severely constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable costs. Further, if we are required to rely more heavily on more expensive funding sources in amounts adequate to finance support liquidity and future growth, our activities could revenues may not increase proportionately to cover our increased costs. Our net interest margin and profitability would also be impaired by factors specific adversely affected. Alternatively, we may need to us or the financial services industry in general. Factors detrimental to our access to liquidity sources include sell a decrease in the level portion of our investment and/or loan portfolio to raise funds, which, depending upon market conditions, could result in us realizing a loss on the sale of such assets.

Any decline in available funding could adversely impact our ability to originate loans, invest in securities, pay our expenses, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could

have a material adverse impact on our liquidity, business, activity due to a market downturn, financial condition and results of operations.A lack of competitiveness, or adverse regulatory action against us. Our ability to borrow liquidity could also be impaired result in increased regulatory scrutiny and potential restrictions imposed on us by factors that are not specific to us, such as a severe disruption of the financial markets or negative views and expectations about the prospects for the financial services industry. regulators.

Strong competition within our market area may limit our growth and profitability.

Competition in the banking and financial services industry is intense and expanding increasing with entrants into our market providing new and innovative technology-driven financial solutions. Our profitability depends upon our continued ability to successfully compete in our market area. We compete with commercial banks, savings institutions, mortgage banking firms, credit unions, finance companies, investment advisers, wealth managers, mutual funds, insurance companies, online lenders, large non-bank participants, and brokerage and investment banking firms operating both locally and elsewhere.

In particular, over Over the past decade, our local markets have experienced the effects of substantial banking consolidation, and large out-of-state competitors have grown significantly. Many of these competitors have substantially greater resources and lending limits than we do, and may offer certain deposit and loan pricing, services or credit criteria that we do not or cannot provide. There are also a number of strong, locally-based competitors with large capital positions in our market who may deploy aggressive strategies to drive growth, take acquire our customers and win market share.

Furthermore, key components of the financial services value chain have been replicated by digital innovation. As customer preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. In addition, some of the largest technology firms are engaging in joint ventures with the largest banks to provide and or expand financial service offerings with a technological sophistication and breadth of marketing that smaller institutions do not have. Many of our competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than we can. The adoption of these Fintech solutions within our market area may cause greater and faster disruption to our business model if we are unable to keep pace with, or invest wisely in, these enabling technologies.

The Company's models used for business planning purposes could perform poorly or provide inadequate information.

We use quantitative models to assist in measuring risks and estimating or predicting certain financial values, among other uses. These models are used throughout many of our business lines, and we rely on them, along with our business judgment, for many decision-making processes.

Models generally evaluate the performance of various factors under anticipated future conditions, relying on historical data to help build the model and in part on assumptions as to the future, often with respect to macro-economic conditions, in order to generate the output. The models used may not accurately account for all variables and may fail to predict outcomes accurately and/or may overstate or understate certain effects. Poorly designed, implemented, or managed models or misused models, including in the choice of relevant historical data or future-looking assumptions, present the risk that our business decisions that consider information based on such models will be adversely affected due to inadequate or inaccurate information, which may damage the Company's reputation and adversely affect its reported financial condition and results of operations. We rely on historical data to help build models. We seek to incorporate appropriate historical data in our models, but the range of market values and behaviors reflected in any period of historical data we incorporate into our models may turn out to be inappropriate for the future period being modeled. In such case, our ability to manage risk would be limited and our risk exposure and losses could be significantly greater than our models indicated. Even if the underlying assumptions used in our models are adequate, the models may be deficient due to errors in computer code, use of bad data during development or input into the model during model use, or the use of a model for a purpose outside the scope of the model's design. As a result, our models may not fully capture or express the risks the Company faces. If the models fail to produce reliable results on an ongoing basis, we may not make appropriate risk management, capital planning, or other business or financial decisions. Furthermore, strategies that we employ to manage and govern the risks associated with its use of models may not be effective or fully reliable, and as a result, the Company may realize losses or other lapses.

Finally, information we provide to our regulators based on poorly designed or implemented models could also be inaccurate or misleading. Some of the decisions that our regulators make, including those related to capital distributions to our stockholders, could be adversely affected due to their perception that the quality of the models used to generate the relevant information is insufficient.

Risks Related to Technology & and Security

A cyber-attack, data breach, or a technology failure of ours could adversely affect our ability to conduct our business or manage our exposure to risk, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, liquidity and financial condition, as well as cause reputational harm.

Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems to provide secure processing, transmission, storage and retrieval of confidential and proprietary information.

Cyber security risks for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the Internet and telecommunications technologies to conduct financial transactions. transactions, and coordinated efforts by nation-states to use cyber-attacks to obtain information or disrupt financial institutions in rival states. Financial institutions have been subject to, and are likely to continue to be the target of, cyber-attacks including computer viruses, malicious or destructive code, phishing and supply chain attacks denial of service or other security breaches that which could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the institution, its employees, customers or third parties, or otherwise materially disrupt network access or business operations. operations or create regulatory compliance risks.

We have experienced cyber security incidents events in the past, although not material, and we anticipate that, as a larger bank, we could experience further incidents. There events. We have implemented and are continuing to develop countermeasures against potential cyber-attacks, including through internal cybersecurity policies, restrictions on information sharing, attribution techniques (including research and development on forensic capabilities, digital forensics provided by a security operations center, and obtaining threat intelligence), developing cyber deterrence and security norms, and spreading education and awareness to employees, customers, and third parties. Nevertheless, there can be no assurance that we will not suffer material losses or other material adverse consequences relating to technology failure, cyber-attacks or other information or security breaches.

In addition, there have been instances where financial institutions have been victims of fraudulent activity in which criminals pose as customers to initiate wire and automated clearinghouse transactions from customer accounts. Although we have policies and procedures in place to verify the authenticity of our customers, there can be no assurance that such policies and procedures will prevent all fraudulent transfers. Such activity could result in financial liability and harm to our reputation.

Misuse of our technology by our employees could also result in fraudulent, improper or unauthorized activities on behalf of customers or improper use of confidential information. We may not be able to prevent employee errors or misconduct, and the precautions we take to detect these types of activity might not be effective in all cases. Employee errors or misconduct could subject us to civil claims for negligence or regulatory enforcement actions, including fines and restrictions on our business.

As cyber threats and other fraudulent activity continues to evolve, we may be required to expend significant additional resources to continue to modify and enhance our protective measures, or to investigate and remediate any information security vulnerabilities or incidents. Any of these matters could result in our loss of customers and business opportunities, significant disruption to our operations and business, misappropriation or destruction of our confidential information and/or that of our customers, or damage to our customers' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, and additional compliance costs. In addition, any of the matters described above could adversely impact our results of operations and financial condition.

For information on our cybersecurity risk management, strategy and governance, see Item 1C – Cybersecurity.

We rely on third-party providers and other suppliers for a number of services that are important to our business. A breach, failure, interruption, cessation of an important service by any third party third-party could have a material adverse effect on our business, as well as cause reputational harm.

We are dependent for most of our technology, including our core operating system, on third-party providers. The Bank collects, processes and stores sensitive consumer data by utilizing computer systems and telecommunications networks operated by third-party service providers, which are integral to our business. We handle a substantial volume of customer and other financial transactions every day. Our financial, accounting, data processing, check processing, electronic funds transfer, loan processing, online and mobile banking, automated teller machines, or ATMs, backup or other operating or security systems and infrastructure may fail to operate properly or become disabled or damaged because of a number of factors including events that are wholly or partially beyond our control.

We have taken measures to implement backup systems and other safeguards to support our operations, but our ability to conduct business may be adversely affected by any significant disruptions to third-parties with whom we interact. In addition, our ability to implement backup systems and other safeguards with respect to third-party systems is more limited than with our own systems. If these third-parties were to discontinue providing services to us, we may experience significant disruption to our business. In addition, each of these third-parties faces the risk of cyber-attack, information breach or loss, or technology failure. If any of our third-party service providers experience such difficulties, or if there is any other disruption in our relationships with them, we may be required to find alternative sources of such services. If any of our third-party service providers experience a breach or cyber-attack of their information systems, it could adversely affect our ability to process transactions, service our clients or manage our exposure to risk and could result in the disclosure of sensitive, personal customer information, which could have a material adverse impact on our business through damage to our reputation, loss of business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Assurance cannot be provided that we could negotiate terms with alternative service sources that are as favorable or could obtain services with similar functionality as found in existing systems without the need to expend substantial resources, if at all, thereby resulting in a material adverse impact on our business and results of operations.

We continuously update these systems to support our operations and growth. This updating entails significant costs and creates risks associated with implementing new systems and integrating them with existing ones. Operational risk exposures could adversely impact our results of operations, liquidity, and financial condition, and cause reputational harm. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise because of an operational deficiency or because of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. While we maintain a risk management program that is designed to minimize risk, we could suffer losses, face regulatory action, and suffer damage to our reputation because of our failure to properly anticipate and manage these risks.

Failure to keep pace with technological changes could adversely affect our business.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers, reduce costs and create capacity. For instance, as private and state-sponsored hackers and malicious actors increasingly leverage the power of artificial intelligence to conduct cyber-attacks and other fraudulent activity, financial institutions can adopt and learn to use the same technology in order to detect attempts and defend themselves. Adaptation to the current cybersecurity landscape requires resilience, flexibility, and collaboration in the face of increased threats enabled by technological advances. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. customers, or attract sufficient human capital to engage in rapid implementation and marketing. Failure to successfully keep pace with technological change affecting the financial services industry and sustain a robust information security program through talent and human capital could have a material adverse impact on our business and, in turn, our financial condition and results of operations.

Item 1B. Unresolved Staff Comments

There are no unresolved comments from the staff of the SEC to report.

n 1C.Cybersecurity

ersecurity risk management and strategy

Our risk management program is designed to identify, assess, and mitigate risks across various aspects of the Company, including financial, operational, regulatory, reputational, and legal risks. This includes cybersecurity, a critical component of our broader enterprise risk management program given the increasing reliance on technology by customers, vendors, agents, and our own employees and the ever-evolving risk of cyber threats. Our Chief Information Security Officer leads the Information Security team that administers the Company's information security program, which covers cybersecurity risk. The Chief Information Security Officer reports to the Chief Digital & Innovation Officer, and works alongside the Chief Risk Officer who provides an effective second line of defense on technological and security risk management. Our cybersecurity program aims to address risks through a cross-functional approach that focuses on confidentiality, security, and availability of information vital to protecting our customers, employees, stakeholders, and the Company as a whole.

Our objective for managing cybersecurity risk is to avoid or minimize the impacts of external threat events or other efforts to penetrate, disrupt, or misuse our critical systems or gain unauthorized access to sensitive information. The structure of our information security program is designed to address applicable laws, regulatory guidance, and industry best practices, including Section 501 (b) of the Gramm-Leach-Bliley Act and its implementing regulations, the Federal Financial Institutions Examination Council (“FFIEC”) Information Technology Examination Handbook, FFIEC Business Continuity Planning Handbook, FFIEC Cybersecurity Assessment Tool, and the Center for Internet Security Critical Security Controls. In addition, we leverage certain industry and government associations, vendors, third-party benchmarking, audits, and threat intelligence feeds to facilitate and promote program effectiveness. Our Chief Information Security Officer, Chief Digital & Innovation Officer, and our Chief Risk Officer, along with key members of their teams, regularly collaborate with peer banks, industry groups, and policymakers to discuss cybersecurity trends, issues, and emerging risks and identify best practices.

We employ a "defense in depth" methodology, which focuses on protecting information systems, products and services by deploying multiple layers of security controls in order to mitigate risks. We leverage human capital, customer input, responsive processes, and effective technology as part of our efforts to manage and maintain cybersecurity controls, data access standards, risk management standards, and encryption standards. We also employ a variety of preventative and detective tools designed to monitor, block, and provide alerts regarding suspicious activity, as well as to report on suspected advanced persistent threats. We have established processes and systems designed to mitigate cybersecurity risk, including an acceptable-use policy and terms of acceptance that all employees must review and abide by, regular and on-going education and training for employees, information notices, and recovery and resilience tests. We engage in regular assessments of our infrastructure, software systems, network architecture, and data repositories, using internal cybersecurity experts and external specialists and vendors. We require critical third-party vendors to establish incident response and reporting to our information security team and to maintain business continuity plans. We also actively monitor our e-mail gateways for malicious phishing email campaigns and monitor remote connections as a significant portion of our workforce has the option to work remotely. Remote workers are required to login to our network through a secure virtual private network with password and multi-factor authentication in order to minimize security risks while working outside the office.The Information Security Department consistently identifies vulnerabilities with our systems, implements protective updates and patches, and monitors the status of remediation efforts. Regular reports on these activities are provided to management committees to ensure transparency and oversight of our cybersecurity practices.

We maintain a Corporate Incident Response Plan ("CIRP") that provides a documented set of protocols for responding to actual or potential cybersecurity incidents, including timely detection and analysis, containment and elimination, and recovery and improvement following an incident.The CIRP provides for notification of appropriate information breach or cybersecurity incidents and escalation to the Company's appointed Incident Management Team, which would be composed of an Incident Response Lead and team members from information technology, information security, enterprise risk management, corporate security, compliance, and legal teams, among others. The Incident Management Team would leverage the expertise of team members to work together to respond to the incident and take appropriate measures. The Senior Risk Committee would oversee the team and receive quatelry reporting on the incident and any relevant updates. The CIRP is coordinated through Incident Management Teams that involve the Bank's Incident Management Lead, Chief Digital & Innovation Officer, Chief Information Security Officer, and other key departments.

The CIRP facilitates coordination across multiple parts of our organization and is evaluated by the Chief Risk Officer and legal department at least annually.

ard and management governance

Our Chief Information Security Officer is accountable for managing our enterprise information security department and administering our information security program. The responsibilities of this department include cybersecurity risk assessment, defense operations, incident response, vulnerability assessment, threat intelligence, identity governance administration, third-party risk management, and business resilience to ensure confidentiality, availability, and integrity of technological assets, as well as maintenance of policies, procedures, and standards. The foregoing responsibilities are covered on a day-to-day basis by a first line of defense function, and our second line of defense function, including the Chief Information Security Officer and Chief Risk Officer, provides guidance, oversight, monitoring and challenge of the first line's activities. The second line of defense function is separated from the first line of defense function through organizational structure and ultimately reports directly to the Chief Risk Officer. The department as a whole, consists of information security professionals with varying degrees of education and experience. Individuals within the department are generally subject to professional education and certification requirements. Our Chief Information Security Officer has substantial relevant expertise and formal training in the areas of information security and cybersecurity risk management.

Our board of directors has approved committees including the Risk Committee, which oversees overall risk management activities and policies including those related to technological and cybersecurity risks, and the Technology Committee, which oversees the Company's technology strategy and approach to technology-related risks. The Risk and Technology Committees of the board are comprised of independent directors and receive regular reports from management, including the Chief Information Security Officer and Chief Risk Officer, on risk management, cybersecurity risks, actions taken to mitigate them, and technology and risk strategies. The Technology Committee reviews and approves our information security and technology budgets, policies, and strategies quarterly. The Risk Committee reviews our technology and cybersecurity risk profile on a regular basis.

The Company has also formed management committees including the Management Risk Committee, which focuses on multiple aspects of risk management including information technology, and the Technology Steering Committee, which focuses on technology and cybersecurity policy within the Bank.These management committees provide oversight and governance of our technology and information security programs.The management committees are chaired by managers within the information technology and information security departments and include the Chief Risk Officer, Chief Information Security Officer, and Chief Digital & Innovation Officer as well as their direct reports and other key departmental managers from throughout the entire company.The management committees meet at least quarterly to provide oversight of key risk management strategies, standards, policies, practices, controls, and mitigation and prevention efforts employed to manage security risks, especially those related to cybersecurity and technology risks.More frequent meetings occur from time to time in accordance with the CIRP in order to facilitate timely informing, monitoring, and response efforts.The Chief Information Security Officer reports summaries of key issues, including significant cybersecurity and/or privacy incidents, discussed at committee meetings and the actions taken to the Technology Steering Committee of the board on a monthly basis (or more frequently as may be required by the CIRP).

Notwithstanding our defensive measures and processes, the threat posed by cyber-attacks remains elevated. Our internal systems, processes, and controls are designed to mitigate loss from cyberattacks and, while we have experienced cybersecurity incidents in the past, to date, risks from cybersecurity threats have not to our knowledge materially affected the Company. For further discussion of risks from cybersecurity threats, see the section captioned "Risks Related to Technology and Security" in Item 1A. Risk Factors.

n 2. Properties

perty

As of December 31, 2023, the Bank conducted business through 94 full-service branch offices located throughout northern and central New Jersey, as well as Bucks, Lehigh and Northampton counties in Pennsylvania and Nassau and Queens counties in New York. The Bank maintains satellite loan production offices in Convent Station, Flemington, Paramus, and Sea Girt, New Jersey, as well as in Bethlehem, Newtown and Plymouth Meeting, Pennsylvania and Nassau and Queens County, New York. The aggregate net book value of premises and equipment was $71.0 million as of December 31, 2023.

The Company's executive offices are located in a leased facility at 239 Washington Street, Jersey City, New Jersey, which is also the Bank's Main Office. The Company's and Bank's administrative offices are located in a leased facility at 111 Wood Avenue South, Iselin, New Jersey.

Item 3. Legal Proceedings

The Company is involved in various legal actions and claims arising in the normal course of its business. Liabilities for loss contingencies arising from such litigation and claims are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

On May 2, 2022, a purported class action complaint was filed against the Bank in the Superior Court of New Jersey, which alleges that the Bank wrongfully assessed overdraft fees related to debit card transactions. The complaint asserts claims for breach of contract and breach of the covenant of good faith and fair dealing as well as an alleged violation of the New Jersey Consumer Fraud Act. Plaintiff seeks to represent a proposed class of all the Bank's checking account customers who were charged overdraft fees on transactions that were authorized into a positive available balance. Plaintiff seeks unspecified damages, costs, attorneys' fees, pre-judgment interest, an injunction, and other relief as the Court deems proper for the plaintiff and the proposed class. The Bank denies the allegations and is vigorously defending the matter. The parties had an initial mediation meeting on October 20, 2023, and the matter remains pending.

Although we are vigorously defending the litigation, the ultimate outcome of this litigation described in this section, such as whether the likelihood of loss is remote, reasonably possible, or probable, or if and when the reasonably possible range of loss is estimable, is inherently uncertain. As a result of this, a $3.0 million charge was recorded in the fourth quarter of 2023 for estimated contingent litigation reserves.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "PFS." Trading in the Company's common stock commenced on January 16, 2003.

As of February 1, 2023 February 1, 2024, there were 83,209,012 shares of the Company's common stock issued and 75,325,206 75,601,505 shares outstanding, and approximately 4,636 4,523 stockholders of record.

On January 27, 2023 January 25, 2024, the Board board of Directors directors declared a quarterly cash dividend of $0.24 per common share which was paid on February 24, 2023 February 23, 2024, to common stockholders of record as of the close of business on February 10, 2023 February 9, 2024. The Company's Board board of Directors directors intends to review the payment of dividends quarterly and plans to continue to maintain a regular quarterly cash dividend in the future, subject to financial condition, results of operations, tax considerations, industry standards, economic conditions, regulatory restrictions, including those that affect the payment of dividends by the Bank to the Company; and other relevant factors.

Stock Performance Graph

Set forth below is a stock performance graph comparing (a) the cumulative total return on the Company's common stock for the period December 31, 2017 December 31, 2018 through December 31, 2022 December 31, 2023, (b) the cumulative total return on stocks included in the Russell 2000 Index over such period, and (c) the cumulative total return of the S&P Composite Thrift U.S. SmallCap Banks Index over such period. This Index, produced by S&P Global, contains all thrift institutions traded on the NYSE and NASDAQ stock exchange. Cumulative return assumes the reinvestment of dividends and is expressed in dollars based on an assumed investment of $100 on December 31, 2017 December 31, 2018.

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		Period Ending							Period Ending		
Index	Index	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	Index	12/31/2018	12/31/2019	12/31/2020
Provident Financial Services, Inc.	Provident Financial Services, Inc.	100.00	92.39	98.60	76.38	107.29	98.67				
Russell 2000 Index	Russell 2000 Index	100.00	88.99	111.70	134.00	153.85	122.41				
S&P Composite 1500 Thrifts & Mortgage Finance Index		100.00	81.15	110.27	104.12	128.42	106.34				
S&P U.S. SmallCap Banks Index											

The following table reports information regarding purchases of the Company's common stock during the fourth quarter of 2022 2023 under the stock repurchase plan approved by the Company's Board board of Directors: directors:

ISSUER PURCHASES OF EQUITY SECURITIES

The Company repurchased 725 424 shares of its common stock at a cost of $16,000 $6,735 during the fourth quarter of 2022 2023 under the stock repurchase program approved by the Company's Board board of Directors. directors. The Company repurchased 2,054,762 71,781 shares of its common stock at a cost of $47.5 million $1.7 million in 2022. At December 31, 2022 2023. As of December 31, 2023, 1.1 million shares were eligible for repurchase under the board approved stock repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
October 1, 2022 through October 31, 2022	—	$ —	—	1,134,706

November 1, 2022 through November 30, 2022	—	—	—	1,134,706
December 1, 2022 through December 31, 2022	725	21.72	725	1,133,981
Total	725	$ 21.72	725	

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs(1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
October 1, 2023 through October 31, 2023	58	$ 15.21	58	1,062,566
November 1, 2023 through November 30, 2023	104	15.77	104	1,062,462
December 1, 2023 through December 31, 2023	262	16.08	262	1,062,200
Total	424	$ 15.88	424	

(1) On December 28, 2020, the Company's Board board of Directors directors approved the purchase of up to 3,900,000 shares of its common stock under a ninth general repurchase program to commence upon completion of the eighth repurchase program. The repurchase program has no expiration date.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

On January 15, 2003, the Company became the holding company for the Bank, following the completion of the conversion of the Bank to a New Jersey-chartered capital stock savings bank. The Company issued an aggregate of 59,618,300 shares of its common stock in a subscription offering to eligible depositors. Concurrent with the conversion, the Company contributed an additional 1,920,000 shares of its common stock and $4.8 million in cash to The Provident Bank Foundation, a charitable foundation established by the Bank.

The Company conducts business through its subsidiary, the Bank, a community- and customer-oriented bank currently operating full-service branches and loan production offices throughout northern and central New Jersey, as well as Bucks, Lehigh and Northampton counties in Pennsylvania and Nassau and Queens County, counties in New York. The Bank also provides fiduciary and wealth management services through its wholly owned subsidiary, Beacon Trust Company and insurance services through its wholly owned subsidiary, Provident Protection Plus, Inc.

Strategy

Established in 1839, the Bank is the oldest New Jersey-chartered bank in the state. The Bank offers a full range of commercial and retail loan and deposit products and emphasizes personal service and convenience.

The Bank's strategy is to grow profitably through a commitment to credit quality and expanding market share by acquiring, retaining, and expanding customer relationships, while carefully managing interest rate risk.

The Bank continues to maintain a diversified loan portfolio with an emphasis on commercial mortgage, multi-family, construction, and commercial loans in its efforts to reduce interest rate risk. These types of loans generally have adjustable rates that initially are higher than residential mortgage loans and generally have a higher rate of credit risk. The Bank's lending policy focuses on quality underwriting standards and close monitoring of the loan portfolio. At December 31, 2022 As of December 31, 2023, these commercial loan types accounted for 85.6% 86.5% of the loan portfolio and retail loans accounted for 14.4% 13.5%. The Company intends to continue to focus on commercial mortgage, multi-family, construction, and commercial lending relationships.

The Company's relationship banking strategy focuses on increasing core accounts and expanding relationships through its branch network, mobile banking, online banking and other digital services. The Company continues to evaluate opportunities to increase market share by expanding within existing and contiguous markets. Savings and demand deposit accounts are generally a stable, relatively inexpensive source of funds. At December 31, 2022 As of December 31, 2023, savings and demand deposits were 92.9% 89.4% of total deposits.

The Company's results of operations are primarily dependent upon net interest income, the difference between interest earned on interest-earning assets and the interest paid on interest-bearing liabilities. Changes In a rapidly rising interest rate environment, changes in interest rates could have an adverse effect on net interest income to the extent as the Company's interest-bearing assets and interest-bearing liabilities reprice or mature at different times or relative interest rates. The Company believes based upon its current balance sheet mix that assets may reprice more quickly than liabilities. The Company generates non-interest income such as income from retail and business account fees, loan servicing fees, loan origination fees, loan level swap fees, appreciation in the cash surrender value of Bank-owned life insurance, income from loan or securities sales, fees from wealth management services, investment product sales, insurance brokerage fees and other fees. The Company's operating expenses consist primarily of compensation and benefits expense, occupancy and equipment expense, data processing expense, the amortization of intangible assets, marketing and advertising expense and other general and administrative expenses. The Company's results of operations are also affected by general economic conditions, changes in market interest rates, changes in asset quality, changes in asset values, actions of regulatory agencies and government policies.

Acquisitions

SB One Bancorp

On July 31, 2020, the Company completed its acquisition of SB One Bancorp ("SB One"), which added $2.20 billion to total assets, $1.77 billion to total loans, which included PCD loans totaling $294.2 million, and $1.76 billion to total deposits, and added 18 full-service banking offices in New Jersey and New York. As part of the acquisition, the addition of Provident Protection Plus, Inc., formerly SB One Insurance Agency, Inc., allowed the Company to expand its products offerings to its customers to include an array of commercial and personal insurance products.

Under the merger agreement, each share of SB One common stock was exchanged for 1.357 shares of the Company's common stock. The Company issued 12.8 million shares of common stock from treasury stock, plus cash in lieu of fractional shares in the acquisition of SB One. The total consideration paid in the acquisition of SB One was $180.8 million. In connection with the acquisition, SB One Bank, a wholly owned subsidiary of SB One, was merged with and into Provident Bank, a wholly owned subsidiary of the Company.

The acquisition was accounted for under the acquisition method of accounting. Under this method of accounting, the purchase price has been allocated to the respective assets acquired and liabilities assumed based upon their estimated fair values, net of tax. The excess of consideration paid over the estimated fair value of the net assets acquired was recorded as goodwill. After finalizing certain estimates, goodwill totaled $23.9 million.

Pending Acquisitions

Lakeland Bancorp

On September 26, 2022, the Company, NL 239 Corp., a direct, wholly owned subsidiary of the Company ("Merger Sub"), Sub, and Lakeland Bancorp, Inc. entered into an Agreement and Plan of Merger (as may be amended, modified or supplemented from time to time in accordance with its terms, the "merger agreement"), merger agreement, pursuant to which Provident the Company and Lakeland have agreed to combine their respective businesses in two mergers.

Under the merger agreement, Merger Sub will merge with and into Lakeland, with Lakeland as the surviving entity (the "merger"), and as soon as reasonably practicable following the merger, Lakeland will merge with and into the Company, with the Company as the surviving entity (the "holdco merger"). At a date and time following the holdco merger as determined by the Company, Lakeland Bank, a New Jersey state-charted commercial bank and a wholly owned subsidiary of Lakeland ("Lakeland Bank"), will merge conduct a bank merger with and into Provident the Bank, a New Jersey state-chartered savings bank and a wholly owned subsidiary of with the Company ("Provident Bank"), with Provident Bank as the surviving bank (the "bank merger" and, together with the merger and the holdco merger, (together, the "mergers"). The Company as the surviving institution will have approximately $25 billion in total assets and $20 billion in total deposits with banking locations across northern and central New Jersey and in surrounding areas of New York and Pennsylvania.

In the merger, Lakeland shareholders will receive 0.8319 of a share of the Company's common stock for each share of Lakeland common stock they own. Based on the closing price of the Company's common stock on the New York Stock Exchange on September 26, 2022, the last trading day before the public announcement of the merger, the exchange ratio represented approximately $19.27 in value for each share of Lakeland common stock, representing a merger consideration of approximately $1.3 billion on an aggregate basis.

The Company has received stockholder approval to proceed with the merger at a special meeting of stockholders held on February 1, 2023. Lakeland has received shareholder approval to proceed with the merger at a special meeting of shareholders held on February 1, 2023. The completion of the merger remains subject to receipt of the requisite bank regulatory approvals and other customary closing conditions. On December 20, 2023, the Company, along with Lakeland, agreed to extend their merger agreement to March 31, 2024, to provide additional time to obtain the required regulatory approvals.

Critical Accounting Policies

The Company considers certain accounting policies to be critically important to the fair presentation of its financial condition and results of operations. These policies require management to make complex judgments on matters which by their nature have elements of uncertainty. The sensitivity of the Company's consolidated financial statements to these critical accounting policies, and the assumptions and estimates applied, could have a significant impact on its financial condition and results of operations. These assumptions, estimates and judgments made by management can be influenced by a number of factors, including the general economic environment. The Company has identified the allowance for credit losses on loans as a critical accounting policy.

On January 1, 2020, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," which replaces the incurred loss methodology with the current expected credit loss ("CECL") CECL methodology. It also applies to off-balance sheet credit exposures, including loan commitments and lines of credit. The adoption of the new standard resulted in the Company recording a $7.9 million increase to the allowance for credit losses and a $3.2 million liability for off-balance sheet credit exposures. The adoption of the standard did not result in a change to the Company's results of operations upon adoption as it was recorded as an $8.3 million cumulative effect adjustment, net of income taxes, to retained earnings.

The allowance for credit losses is a valuation account that reflects management's evaluation of the current expected credit losses in the loan portfolio. The Company maintains the allowance for credit losses through provisions for credit losses that are charged to income. Charge-offs against the allowance for credit losses are taken on loans where management determines that the collection of loan principal and interest is unlikely. Recoveries made on loans that have been charged-off are credited to the allowance for credit losses.

The calculation of the allowance for credit losses is a critical accounting policy of the Company. Management estimates the allowance balance using relevant available information, from internal and external sources, related to past events, current conditions, and a reasonable and supportable forecast. Historical credit loss experience for both the Company and peers provides the basis for the estimation of expected credit losses, where observed credit losses are converted to probability of default rate ("PDR") curves through the use of segment-specific loss given default ("LGD") risk factors that convert default rates to loss severity based on industry-level, observed relationships between the two variables for each segment, primarily due to the nature of the underlying collateral. These risk factors were assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical default and loss severity deviate from that of the wider industry. The historical PDR curves, together with corresponding economic conditions, establish a quantitative relationship between economic conditions and loan performance through an economic cycle.

Using the historical relationship between economic conditions and loan performance, management's expectation of future loan performance is incorporated using an externally developed economic forecast. This forecast is applied over a period that management has determined to be reasonable and supportable. Beyond the period over which management can develop or source a reasonable and supportable forecast, the model will revert to long-term average economic conditions using a straight-line, time-based methodology. The Company's current forecast period is six quarters, with a four quarter four-quarter reversion period to historical average macroeconomic factors. The Company's economic forecast is approved by the Company's Asset-Liability ACL Committee.

The allowance for credit losses is measured on a collective (pool) basis, with both a quantitative and qualitative analysis that is applied on a quarterly basis, when similar risk characteristics exist. The respective quantitative allowance for each loan segment is measured using an econometric, discounted PDR/LGD modeling methodology in which distinct, segment-specific multi-variate regression models are applied to an external economic forecast. Under the discounted cash flows methodology, expected credit losses are estimated over the effective life of the loans by measuring the difference between the net present value of modeled cash flows and amortized cost basis. Contractual cash flows over the contractual life of the loans are the basis for modeled cash flows, adjusted for modeled defaults and expected prepayments and discounted at the loan-level effective interest rate. The contractual term excludes expected extensions, renewals and modifications unless either of the following applies: applies at the reporting date: management has a reasonable expectation at the reporting date that a troubled debt restructuring ("TDR") modification will be executed with an individual borrower, borrower; or the when an extension or renewal options are option is included in the original or modified contract at the reporting date and are is not unconditionally cancellable by the Company. Management will assess the likelihood of the option being exercised by the borrower and appropriately extend the maturity for modeling purposes.

The Company considers qualitative adjustments to credit loss estimates for information not already captured in the quantitative component of the loss estimation process. Qualitative factors are based on portfolio concentration levels, model imprecision, changes in industry conditions, changes in the Company's loan review process, changes in the Company's loan policies and procedures, and economic forecast uncertainty.

One of the most significant judgments involved in estimating the Company's allowance for credit losses relates to the macroeconomic forecasts used to estimate expected credit losses over the forecast period. As of December 31, 2023, the model incorporated Moody's baseline economic forecast, as adjusted for qualitative factors, as well as an extensive review of classified loans and loans that were classified as impaired with a specific reserve assigned to those loans. For example, the commercial property price index used in the model has a higher proportion of office exposure relative to that of the Bank. This baseline outlook reflected a worsened economic forecast and related deterioration in the projected commercial property price index used in our CECL model. The Company made qualitative adjustments to the projected commercial real estate property price index, considering the differences in portfolio collateral composition versus the commercial property price index used in our CECL models. This resulted in a total provision of $27.9 million for the year ended December 31, 2023, and an overall coverage ratio of 99 basis points. Management believes the allowance for credit losses allocated to the commercial real estate non-owner occupied portfolio segment accurately represents the estimated inherent losses, factoring in the qualitative adjustment and other assumptions, including the selection of the baseline forecast within the model. If the Company used the unadjusted baseline outlooks for the commercial property price index over the expected lives of Commercial Real Estate Non-Owner Occupied and Owner-Occupied loan portfolios, the provision would have risen by $6.5 million, leading to an overall coverage ratio of 105 basis points.

Portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Management developed segments for estimating loss based on type of borrower and collateral which is generally based upon federal call report segmentation. The segments have been combined or sub-segmented as needed to ensure loans of similar risk profiles are appropriately pooled. As of December 31, 2022 December 31, 2023, the portfolio and class segments for the Company's loan portfolio were:

- Mortgage Loans – Residential, Commercial Real Estate, Multi-Family and Construction
- Commercial Loans – Commercial Owner Occupied Owner-Occupied and Commercial Non-Owner Occupied
- Consumer Loans – First Lien Home Equity and Other Consumer

The allowance for credit losses on loans individually evaluated for specific reserves impairment is based upon loans that have been identified through the Company's normal loan monitoring process. This process includes the review of delinquent and problem loans at the Company's Delinquency, Credit, Credit Risk Management and Allowance Committees; or which may be identified through the Company's loan review process. Generally, the Company only evaluates loans individually for specific reserves impairment if the loan is non-accrual, non-homogeneous and the balance is at least greater than $1.0 million, or if the loan was modified as a TDR. .

For all classes of loans deemed collateral-dependent, the Company estimates expected credit losses based on the fair value of the collateral less any selling costs. If the loan is not collateral dependent, the allowance for credit losses related to individually assessed loans is based on discounted expected cash flows using the loan's initial effective interest rate.

A loan for which the terms have been modified resulting in a concession by the Company, and for which the borrower is experiencing financial difficulties is considered to be a TDR. The allowance for credit losses on a TDR is measured using the same method as all other impaired loans, except that the original interest rate is used to discount the expected cash flows, not the rate specified within the restructuring.

For loans acquired that have experienced more-than-insignificant deterioration in credit quality since their origination are considered PCD loans. The Company evaluates acquired loans for deterioration in credit quality based on any of, but not limited to, the following: (1) non-accrual status; (2) troubled debt restructured modification designation; (3) risk ratings of special mention, substandard or doubtful; (4) watchlist credits; and (5) delinquency status, including loans that are current on acquisition date, but had been previously delinquent. At the acquisition date, an estimate of expected credit losses is made for groups of PCD loans with similar risk characteristics and individual PCD loans without similar risk characteristics. Subsequent to the acquisition date, the initial allowance for credit losses on PCD loans will increase or decrease based on future evaluations, with changes recognized in the provision for credit losses.

Management believes the primary risks inherent in the portfolio are a general decline in the economy, a decline in real estate market values, rising unemployment or a protracted period of elevated unemployment, increasing vacancy rates in commercial investment properties and possible increases in interest rates in the absence of economic improvement. Any one or a combination of these events may adversely affect borrowers' ability to repay the loans, resulting in increased delinquencies, credit losses and higher levels of provisions. Management considers it important to maintain the ratio of the allowance for credit losses to total loans at an acceptable level given current and forecasted economic conditions, interest rates and the composition of the portfolio.

The CECL approach to calculate the allowance for credit losses on loans is significantly influenced by the composition, characteristics and quality of the Company's loan portfolio, as well as the prevailing economic conditions and forecast utilized. Although management believes that the Company has established and maintained the allowance for credit losses at appropriate levels, additions may be necessary if future economic and other conditions differ substantially from the current operating environment and economic forecast. Management evaluates its estimates and assumptions on an ongoing basis giving consideration to forecasted economic factors, historical loss experience and other factors. The model includes both quantitative and qualitative components. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods, and to the extent actual losses are higher than management estimates, additional provision for credit losses on loans could be required and could adversely affect our earnings or financial position in future periods. In addition, various regulatory agencies periodically review the adequacy of the Company's allowance for credit losses as an integral part of their examination process. Such agencies may require the Company to recognize additions to the allowance or additional write-downs based on their judgments about information available to them at the time of their examination. Although management uses the best information available, the level of the allowance for credit losses remains an estimate that is subject to significant judgment and short-term change.

The CECL approach to calculate the allowance for credit losses on loans is significantly influenced by the composition, characteristics and quality of the Company's loan portfolio, as well as the prevailing economic conditions and forecast utilized.

volatility.

Material changes to these and other relevant factors creates greater volatility to the allowance for credit losses, and therefore, greater volatility to the Company's reported earnings. For the year ended December 31, 2022 December 31, 2023, the increase in provision for credit losses on loans totaled $8.4 million, compared was primarily attributable to a negative provision of $24.3 million in 2021. The increase worsened economic forecast and related deterioration in the year-over-year provision for credit losses was largely a function of the significant favorable impact of the post-pandemic recovery resulting projected commercial property price indices used in a large negative provision taken in the prior year and an increase in total loans outstanding in 2022. our CECL model.

Analysis of Net Interest Income

Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends on the relative amounts of interest-earning assets and interest-bearing liabilities and the rates of interest earned on such assets and paid on such liabilities.

Average Balance Sheet. The following table sets forth certain information for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021. For the periods indicated, the total dollar amount of interest income from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities is are expressed both in dollars and rates. No tax equivalent adjustments were made. Average balances are daily averages.

		For the Years Ended December 31,								
		2022			2021			2020		
		Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Cost	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Cost	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Cost
		(Dollars in thousands)								
Interest-earning assets:	Interest-earning assets:									
Deposits										
Deposits										
Deposits	Deposits	$ 102,505	$ 809	0.79 %	$ 421,898	$ 533	0.13 %	$ 199,234	$ 478	0.24 %
Federal funds sold and short-term investments	Federal funds sold and short-term investments	84,969	1,208	1.42	181,982	2,192	1.20	124,979	1,920	1.54
Held to maturity debt securities, net	Held to maturity debt securities, net	407,236	9,894	2.43	437,994	10,743	2.45	446,666	11,461	2.57
Available for sale debt securities	Available for sale debt securities	1,975,641	34,612	1.75	1,539,811	21,515	1.40	1,043,799	21,736	2.08
Equity Securities, At Fair Value	Equity Securities, At Fair Value	999	—	—	1,063	—	—	822	—	—
Federal Home Loan Bank NY stock	Federal Home Loan Bank NY stock	42,658	2,008	4.71	41,671	2,283	5.48	61,824	3,710	6.00
Net loans(2)	Net loans(2)	9,798,822	417,650	4.26	9,556,702	365,073	3.82	8,367,663	324,004	3.87
Total interest-earning assets	Total interest-earning assets	12,412,830	466,181	3.76	12,181,121	402,339	3.30	10,244,987	363,309	3.55
Non-interest earning assets	Non-interest earning assets	1,230,019			1,157,790			1,092,153		
Total assets	Total assets	$ 13,642,849			$ 13,338,911			$ 11,337,140		
Total assets										
Total assets										

	For the Years Ended December 31,				
	2023				2022
	Average Outstanding Balance	Interest Earned/ Paid	Average Yield/ Cost		Average Outstanding Balance
	(Dollars in thousands)				
Deposits	$ 65,991	$ $3,421	5.18	5.18 %	$ 102,505 $ $

Interest-bearing liabilities:	**Interest-bearing liabilities:**																
Savings deposits	Savings deposits	$ 1,492,046	$ 1,276	0.09 %	$ 1,414,560	$ 1,604	0.11 %	$ 1,143,381	$ 1,689	0.15 %	$1,282,062	$	$2,184	0.17	0.17 %	$ 1,492,046	$ $
Demand deposits	Demand deposits	6,076,653	32,047	0.53	5,794,398	20,458	0.35	4,364,257	22,763	0.52							
Time deposits	Time deposits	690,140	5,381	0.78	868,185	4,451	0.51	868,161	9,137	1.05							
Borrowed funds	Borrowed funds	756,275	9,310	1.23	789,838	8,614	1.09	1,227,894	16,638	1.36							
Subordinated debentures	Subordinated debentures	10,381	615	5.92	24,794	1,189	4.79	10,439	512	4.90							
Total interest-bearing liabilities	Total interest-bearing liabilities	9,025,495	48,629	0.54	8,891,775	36,316	0.41	7,614,132	50,739	0.67							
Non-interest bearing liabilities:	**Non-interest bearing liabilities:**																
Non-interest bearing deposits	Non-interest bearing deposits	2,749,562			2,543,287			1,984,420									
Other non-interest bearing liabilities	Other non-interest bearing liabilities	249,702			230,134			244,025									
Total non-interest bearing liabilities	Total non-interest bearing liabilities	2,999,264			2,773,421			2,228,445									
Total liabilities	Total liabilities	12,024,759			11,665,196			9,842,577									
Stockholders' equity	Stockholders' equity	1,618,090			1,673,715			1,494,563									

Interest-bearing liabilities:
Interest-bearing liabilities:
Savings deposits
Savings deposits
Non-interest bearing deposits
Non-interest bearing deposits
Other non-interest bearing liabilities
Other non-interest bearing liabilities
Total non-interest bearing liabilities
Total non-interest bearing liabilities
Total liabilities
Total liabilities
Stockholders' equity
Stockholders' equity

Total liabilities and equity

Total liabilities and equity

Total liabilities and equity	$ 13,642,849	$ 13,338,911	$ 11,337,140	
Net interest income	$417,552	$366,023	$312,570	
Net interest income				
Net interest income				
Net interest rate spread				
Net interest rate spread				
Net interest rate spread	3.22 %	2.89 %	2.88 %	2.63 %
Net interest earning assets	$ 3,387,335	$ 3,289,346	$ 2,506,423	
Net interest margin(3)(4)	3.37 %	3.00 %	3.05 %	
Net interest margin(3)				
Net interest margin(3)				
Net interest margin(3)				3.16 %
Ratio of interest-earning assets to total interest-bearing liabilities	1.38x	1.37x	1.33x	

(1) Average outstanding balance amounts are at amortized cost.
(2) Average outstanding balances are net of the allowance for credit losses, deferred loan fees and expenses, and loan premiums and discounts and include non-accrual loans.
(3) Net interest income divided by average interest-earning assets.
(4) The previously reported average balances of the interest bearing cash and non-interest bearing cash for the year ended December 31, 2020 were recalculated. These recalculations resulted in the previously reported net interest margin of 2020 changing from 3.09% to 3.05%.

Rate/Volume Analysis. The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (changes in volume multiplied by prior rate); (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

Years Ended December 31,			
2023 vs. 2022		2022 vs. 2021	
Increase/(Decrease) Due to	Total Increase/ (Decrease)	Increase/(Decrease) Due to	Total Increase/ (Decrease)
(In thousands)			

	Years Ended December 31,					
	2022 vs. 2021			2021 vs. 2020		
	Increase/(Decrease) Due to		Total Increase/ (Decrease)	Increase/(Decrease) Due to		Total Increase/ (Decrease)
	Volume	Rate		Volume	Rate	
	(In thousands)					
Interest-earning assets:						
Deposits, Federal funds sold and short-term investments	$ (10,187)	$ 9,479	$ (708)	$ 5,335	$ (5,008)	$ 327
Deposits, Federal funds sold and short-term investments						
Deposits, Federal funds sold and short-term investments						

Investment securities	Investment securities	(749)	(100)	(849)	(219)	(499)	(718)
Securities available for sale	Securities available for sale	6,905	6,192	13,097	8,321	(8,542)	(221)
Federal Home Loan Bank Stock	Federal Home Loan Bank Stock	53	(328)	(275)	(1,126)	(301)	(1,427)
Loans	Loans	9,444	43,133	52,577	45,467	(4,398)	41,069
Total interest-earning assets	Total interest-earning assets	5,466	58,376	63,842	57,778	(18,748)	39,030
Interest-bearing liabilities:	**Interest-bearing liabilities:**						
Savings deposits	Savings deposits	84	(412)	(328)	353	(439)	(86)
Savings deposits							
Savings deposits							
Demand deposits	Demand deposits	1,041	10,548	11,589	6,240	(8,544)	(2,304)
Time deposits	Time deposits	(1,047)	1,977	930	—	(4,686)	(4,686)
Borrowed funds	Borrowed funds	(378)	1,074	696	(5,187)	(2,837)	(8,024)
Subordinated debentures	Subordinated debentures	(807)	233	(574)	689	(12)	677
Total interest-bearing liabilities	Total interest-bearing liabilities	(1,107)	13,420	12,313	2,095	(16,518)	(14,423)
Net interest income	Net interest income	$ 6,573	$ 44,956	$ 51,529	$ 55,683	$ (2,230)	$ 53,453

There were no out-of-period items and/or adjustments that had a material impact on the rate/volume analysis for the periods aforementioned in the table above.

Comparison of Financial Condition at as of December 31, 2023 and December 31, 2022 and December 31, 2021

Total assets at December 31, 2022 as of December 31, 2023 were $13.8 billion $14.21 billion, a $2.2 million $427.4 million increase from December 31, 2021 December 31, 2022. The increase in total assets was primarily due to a $667.3 million $624.8 million increase in total loans, and a $135.0 million increase in other assets, partially offset by a $526.0 million decrease in cash and cash equivalents and a $268.4 million $127.5 million decrease in total investments.

The Company's loan portfolio increased $667.3 million to totaled $10.87 billion as of December 31, 2023 and $10.25 billion at as of December 31, 2022, from $9.58 billion at December 31, 2021. Total PPP The loan portfolio consists of the following:

		2023	2022
Mortgage loans:			
Commercial	$	4,512,411	4,316,185
Multi-family		1,812,500	1,513,818
Construction		653,246	715,494
Residential		1,164,956	1,177,698
Total mortgage loans		8,143,113	7,723,195
Commercial loans (1)		2,442,406	2,233,670
Consumer loans		299,164	304,780
Total gross loans		10,884,683	10,261,645
Premiums on purchased loans		1,474	1,380
Net deferred fees and unearned discounts		(12,456)	(14,142)

Total loans	$	10,873,701	10,248,883

(1) Commercial loans outstanding decreased $92.1 million to $2.8 million at December 31, 2022, from $94.9 million at December 31, 2021. consist of owner-occupied real estate and commercial & industrial loans.

For the year ended December 31, 2022, loan fundings, including advances on lines of credit, totaled $3.95 billion, compared with $3.52 billion for 2021. For the year ended December 31, 2021, originations under PPP programs totaled $208.7 million. Excluding the decrease in PPP loans, for the year ended December 31, 2022 December 31, 2023, the Company experienced net increases of $488.8 million $298.7 million in multi-family loans, $208.7 million in commercial loans and $196.2 million in commercial mortgage loans, $149.4 million in multi-family loans, $136.9 million in commercial loans and $32.3 million partially offset by net decreases of $62.2 million in construction loans partially offset by and net decreases in residential mortgage and consumer loans of $24.9 million $12.7 million and $22.7 million $5.6 million, respectively. Commercial All commercial loans, consisting of commercial real estate, multi-family, commercial and construction and commercial loans, totaled $8.78 billion, accounting for 85.6% represented 86.5% of the loan portfolio at December 31, 2022 as of December 31, 2023, compared to $8.06 billion, or 84.1% 85.6% as of the loan portfolio at December 31, 2021 December 31, 2022. Retail loans, which consist of one- to four-family residential mortgage and consumer loans, such as fixed-rate home equity loans and lines of credit, totaled $1.48 billion $1.46 billion and accounted for 14.4% 13.5% of the loan portfolio at December 31, 2022 as of December 31, 2023, compared to $1.53 billion $1.48 billion, or 15.9% 14.4%, of the loan portfolio at December 31, 2021 as of December 31, 2022. For the year ended December 31, 2023, loan fundings, including advances on lines of credit, totaled $3.34 billion, compared with $3.95 billion for 2022.

The Bank's lending activities, though concentrated in the communities surrounding its offices, extend predominantly throughout New Jersey, eastern Pennsylvania and Nassau and Queens County, New York. This geographic concentration subjects the Company's loan portfolio to the general economic conditions within these states. The risks created by this concentration have been considered by management in the determination of the appropriateness of the allowance for credit losses.

We consider our commercial real estate loans to be higher risk categories in our loan portfolio. These loans are particularly sensitive to economic conditions. As of December 31, 2023, our portfolio of commercial real estate loans, including multi-family and construction loans, totaled $6.98 billion, or 64.81% of total loans.

The Company believes the CRE loans it originates are appropriately collateralized under its credit standards. Collateral properties include multi-family apartment buildings, warehouse/distribution buildings, shopping centers, office buildings, mixed-use buildings, hotels/motels, senior living, apartment buildings, residential and commercial tract developments, and raw land or lots to be developed into single-family homes. The primary source of repayment on the permanent loan portion of these loans, approximately 93.4%, is generally expected to come from the cash flow stream of the underlying leases which are dependent on the successful operations of the respective tenants. The primary source of the repayment on the construction portfolio is dependent on the successful completion of the project and the related sale, permanent financing or lease of the real property collateral. As a result, the performance of these loans is generally impacted by fluctuations in collateral values, the ability of the borrower to obtain permanent financing, and, in the case of loans to residential builder/developers, volatility in consumer demand.

The table below summarizes the collateral concentrations of CRE loans on a gross basis, not including any purchase accounting adjustments ("PAA") as of December 31, 2023 (in thousands):

		Amount	Percentage of Total
Multi-family	$	2,310,795	33.1 %
Retail		1,801,837	25.8 %
Industrial		1,329,168	19.0 %
Office		505,906	7.2 %
Mixed		456,160	6.5 %
Special use property		231,056	3.3 %
Residential		161,945	2.3 %
Hotel		151,156	2.2 %
Land		36,742	0.5 %
Total CRE, multi-family and construction loans	$	6,984,765	100.0 %

The determination of collateral value is critically important when financing real estate. As a result, obtaining current and objectively prepared appraisals is a major part of the underwriting process. The Company engages a variety of professional firms to supply appraisals, market studies and feasibility reports, environmental assessments and project site inspections to complement its internal resources to underwrite and monitor these credit exposures.

However, in periods of economic uncertainty where real estate market conditions may change rapidly, more current appraisals are obtained when warranted by conditions such as a borrower's deteriorating financial condition, their possible inability to perform on the loan or other indicators of increasing risk of reliance on collateral value as the sole source of repayment of the loan. Annual appraisals are generally obtained for loans graded substandard or worse where real estate is a material portion of the collateral value and/or the income from the real estate or sale of the real estate is the primary source of debt service.

Appraisals are, in substantially all cases, reviewed by a third party to determine the reasonableness of the appraised value. The third-party reviewer will challenge whether or not the data used is appropriate and relevant, form an opinion as to the appropriateness of the appraisal methods and techniques used, and determine if overall the analysis and conclusions of the appraiser can be relied upon. Additionally, the third-party reviewer provides a detailed report of that analysis. Further review may be conducted by credit or lending teams, including the Bank's commercial workout team as conditions warrant. These additional steps of review are undertaken to confirm that the underlying appraisal and the third-party analysis can be relied upon. If differences arise, management addresses those with the reviewer and determines an appropriate resolution in accordance with its lending policy. Both the appraisal process and the appraisal review process can be less reliable in establishing accurate collateral values during and following periods of economic weakness due to the lack of comparable sales and the limited availability of financing to support an active market of potential purchasers.

The table below summarizes the Company's commercial real estate portfolio as of December 31, 2023, as segregated by the geographic region in which the property is located (dollars in thousands):

		Amount	Percentage of Total
New Jersey	$	3,794,529	54.4 %
Pennsylvania		1,322,448	18.9 %
New York		986,096	14.1 %
Other states		881,692	12.6 %
Total commercial real estate loans	$	6,984,765	100.0 %

The Company participates in loans originated by other banks, including participations designated as Shared National Credits ("SNC" SNCs"). The Company's gross commitments and outstanding balances as a participant in SNCs were $203.9 million $140.5 million and $87.3 million $54.9 million, respectively, at December 31, 2022 as of December 31, 2023. At December 31, 2022 As of December 31, 2023, one commercial relationship was classified as substandard with a commitment and balance totaling $8.3 and $7.6 respectively. $7.0 million. This relationship was 90 days or more delinquent as of December 31, 2023.

At December 31, 2022 As of December 31, 2023, the Company's allowance for credit losses related to the loan portfolio was 0.86% 0.99% of total loans, compared to 0.84% 0.86% of total loans at December 31, 2021 as of December 31, 2022. For the year ended December 31, 2022 December 31, 2023, the Company recorded a provision of $8.4 million $27.9 million for credit losses related to loans, compared to a $24.3 million negative provision $8.4 million for the year ended December 31, 2021. December

31, 2022. The Company had net charge-offs of $1.1 million $8.1 million for the year ended December 31, 2022 December 31, 2023, compared to net recoveries charge-offs of $3.6 million $1.1 million in 2021. 2022. The increase in the allowance for credit losses on loans was primarily due to the weakened economic forecast used in our CECL model, combined with an increase in total loans outstanding.

Total non-performing loans at December 31, 2022 as of December 31, 2023 were $49.6 million, or 0.46% of total loans, compared with $58.5 million, or 0.57% of total loans compared with $48.0 million, or 0.50% as of total loans at December 31, 2021 December 31, 2022. At December 31, 2022 As of December 31, 2023, impaired loans totaled $42.3 million with related specific reserves of $2.9 million, compared with impaired loans totaling $68.8 million with related specific reserves of $2.4 million, compared with impaired loans totaling $52.3 million with related specific reserves as of $4.3 million at December 31, 2021 December 31, 2022. Within total impaired loans, there were $40.8 million $37.1 million of loans for which the present value of expected future cash flows or current collateral valuations exceeded the carrying amounts of the loans and for which no specific reserves were required in accordance with GAAP.

Non-performing commercial mortgage loans increased $11.3 million decreased $23.1 million to $28.2 million at December 31, 2022 $5.2 million as of December 31, 2023, from $16.9 million at December 31, 2021 $28.2 million as of December 31, 2022. At December 31, 2022 As of December 31, 2023, non-performing commercial mortgage loans consisted of 10 loans at December 31, 2022. seven loans. Of these 10 seven loans, four loans one loan totaling $6.9 million were $95,600 was a PCD loans. loan. The largest non-performing commercial mortgage loan was a $12.3 million $3.0 million loan secured by a first mortgage on a property retail building located in Collegeville, PA. Subsequent to December 31, 2022, the underlying real estate securing the loan was acquired in a negotiated settlement and recorded as a foreclosed asset. Wayne, New Jersey.

Non-performing commercial loans increased $3.6 million $17.3 million to $24.2 million at December 31, 2022 $41.5 million as of December 31, 2023, from $20.6 million at December 31, 2021 $24.2 million as of December 31, 2022. Non-performing commercial loans at December 31, 2022 as of December 31, 2023 consisted of 34 26 loans, of which 15 14 loans were under 90 days accruing. Of these non-performing commercial loans, 11 four were PCD loans totaling $3.3 million $1.2 million. The largest non-performing commercial loan relationship consisted of two three loans with total aggregate outstanding balances of $7.6 million at December 31, 2022 $19.7 million as of December 31, 2023. These loans are secured by a general lien on real estate and all business assets. These loans are currently not paying have matured and the borrower is in accordance with the process of an orderly wind-down of their restructured terms. A new modification/forbearance agreement is currently being negotiated. operations.

Non-performing construction loans decreased $487,000 $1.1 million to $1.9 million at December 31, 2022 $771,000 as of December 31, 2023. Non-performing construction loans at December 31, 2022 as of December 31, 2023 consisted of two one PCD loans. loan. There were $2.4 million two non-performing construction loans at December 31, 2021. in 2022.

Non-performing multi-family mortgage loans totaled $1.6 million at December 31, 2022. There were no consisted of one loan totaling $744,000 as of December 31, 2023, compared to two non-performing multi-family mortgage loans at December 31, 2021 totaling $1.6 million as of December 31, 2022.

At December 31, 2022 As of December 31, 2023, the Company held $2.1 million $11.7 million of foreclosed assets, compared with $8.7 million at December 31, 2021 $2.1 million as of December 31, 2022. Foreclosed assets are carried at the lower of the outstanding loan balance at the time of foreclosure or fair value, less estimated costs to sell. During the year ended December 31, 2022 December 31, 2023, there were five four additions to foreclosed assets with an aggregate carrying value of $1.2 million $15.1 million, four properties sold with an aggregate carrying value of $7.6 million $3.7 million and a valuation charge one write-down of $200,000. $2.0 million.

Non-performing assets totaled $61.3 million, or 0.43% of total assets as of December 31, 2023, compared to $60.6 million, or 0.44% of total assets at as of December 31, 2022, compared to $56.8 million, or 0.41% of total assets at December 31, 2021. If the non-accrual loans had performed in accordance with their original terms, interest income would have increased by $1.0 million $1.6 million during the year ended December 31, 2022 December 31, 2023. The amount of cash basis interest income that was recognized on impaired loans during the year ended December 31, 2022 December 31, 2023 was not material.

Total deposits decreased $671.0 million for $270.5 million during the year ended December 31, 2022 December 31, 2023, to $10.56 billion $10.29 billion. Total savings and demand deposit accounts decreased $729.9 million $615.0 million to $9.81 billion at December 31, 2022 $9.20 billion as of December 31, 2023, while total time deposits increased $58.9 million $344.5 million to $751.4 million at December 31, 2022 $1.10 billion as of December 31, 2023. The decrease in savings and demand deposits was largely attributable to a $535.3 million $440.6 million decrease in interest bearing demand deposits, as the Company shifted $450.0 million of brokered demand deposits into lower-costing Federal Home Loan Bank of New York ("FHLB") borrowings, a $122.3 million decrease in non-interest bearing non-interest-bearing demand deposits, a $50.4 million $262.9 million decrease in savings deposits and a $216.8 million decrease in money market deposits, and partially offset by a $22.0 million decrease $305.3 million increase in savings interest-bearing demand deposits. During the year ended December 31, 2023, our insured cash sweep ("ICS") product increased $461.3 million to $520.2 million as of December 31, 2023, from $58.9 million as of December 31, 2022. The increase in time deposits was primarily due to the inflow consisted of brokered a $366.4 million increase in retail time deposits, partially offset by maturities a $21.9 million decrease in brokered time deposits. During the year ended December 31, 2023, our Certificate of longer-term retail Deposit Account Registry Services ("CDARS") product decreased $21.9 million to $163.9 million as of December 31, 2023, from $185.8 million as of December 31, 2022.

Within total deposits, brokered deposits totaled $689.3 million as of December 31, 2023. Our brokered deposits are made up primarily of ICS deposits and CDARS. Both of these services are provided by the bank to increase the level of customers' deposit insurance. Our estimated uninsured and uncollateralized deposits at December 31, 2023 totaled $2.52 billion, or 24.5% of deposits. Our total estimated uninsured deposits, including collateralized deposits as of December 31, 2023 was $5.16 billion. Within time deposits.

deposits, $100.0 million or 9.1% was uninsured as of December 31, 2023.

Borrowed funds increased $710.6 million for $632.7 million during the year ended December 31, 2022 December 31, 2023, to $1.34 billion $1.97 billion. The increase in borrowings was largely due to the maturity and replacement of brokered demand deposits into lower-costing FHLB borrowings and asset funding requirements. Borrowed funds represented 9.7% 13.9% of total assets at December 31, 2022 as of December 31, 2023, an increase from 4.5% at December 31, 2021 9.7% as of December 31, 2022.

Stockholders' equity decreased $99.4 million increased $92.9 million during the year ended December 31, 2022 December 31, 2023 to $1.60 billion $1.69 billion, primarily due to an increase net income earned for the period and a decrease in unrealized losses on available for sale debt securities, partially offset by cash dividends paid to stockholders and common stock repurchases, partially offset by net income. stockholders. For the year ended December 31, 2022 December 31, 2023, common stock repurchases totaled 2,045,762 71,781 shares at an average cost of $23.23 $23.28 per share, all of which 18,471 shares, at an average cost of $23.45 per share, were made in connection with withholding to cover income taxes on the vesting of stock-based compensation. At December 31, 2022 As of December 31, 2023, approximately 1.1 million shares remained eligible for repurchase under the current stock repurchase authorization.

Comparison of Operating Results for the Years Ended December 31, 2023 and December 31, 2022

General. Net income for the year ended December 31, 2023 was $128.4 million, compared to $175.6 million for the year ended December 31, 2022. For the year ended December 31, 2023, basic and diluted earnings per share were $1.72 and $1.71 per share, respectively, compared to basic and diluted earnings per share of $2.35, for the year ended December 31, 2022.

Earnings for the year ended December 31, 2023 was largely impacted by a decrease in net interest income, primarily attributable to a decrease in lower-costing deposits and an increase in borrowings, combined with unfavorable repricing of both deposits and borrowings, in addition to increased provisions for credit losses primarily due to a worsened economic forecast compared to the prior year. Transaction costs related to our pending merger with Lakeland totaled $7.8 million, for the year ended December 31, 2023, compared with transaction costs of $4.1 million for the respective 2022 period. In addition, prior year earnings for the year ended December 31, 2022, included an $8.6 million gain on the sale of a foreclosed property.

Net Interest Income. Net interest income decreased $18.1 million to $399.5 million for 2023, from $417.6 million for 2022. The interest rate spread decreased 59 basis points to 2.63% for 2023, from 3.22% for 2022. The net interest margin decreased 21 basis points to 3.16% for 2023, compared to 3.37% for 2022. The decrease in net interest income for the year ended December 31, 2023, was primarily due to a decrease in lower-costing deposits and an increase in borrowings, combined with unfavorable repricing of both deposits and borrowings, partially offset by originations of new loans and the favorable repricing of adjustable-rate loans. For the year ended December 31, 2023, fees related to the forgiveness of PPP loans decreased $1.4 million to $7,000, compared to $1.4 million for the year ended December 31, 2022.

Interest income increased $149.6 million to $615.8 million for 2023, compared to $466.2 million for 2022. The increase in interest income was primarily driven by the favorable repricing of adjustable-rate loans and an increase in rates on new loan originations. Average interest-earning assets increased $224.4 million to $12.64 billion for 2023, compared to $12.41 billion for 2022. The increase in average earning assets was primarily due to a $568.8 million increase in average outstanding loan balances to $10.37 billion for 2023, which was largely attributable to commercial loan originations, partially offset by a $230.5 million decrease in average available for sale debt securities. The yield on interest-earning assets increased 111 basis points to 4.87% for 2023, from 3.76% for 2022. The weighted average yield on total loans increased 111 basis points to 5.37% for 2023 and the weighted average yield on available for sale debt securities increased 58 basis points to 2.33% for 2023, from 1.75% for 2022. The weighted average yield on FHLBNY stock increased to 7.47% for 2023, compared to 4.71% for 2022.

Interest expense increased $167.7 million to $216.4 million for 2023, from $48.6 million for 2022. The increase in interest expense was primarily attributable to an increase in the cost of interest-bearing liabilities, along with an increase in average interest-bearing liabilities. The average rate paid on interest-bearing liabilities increased 170 basis points to 2.24% for 2023, compared to 2022. The average rate paid on interest-bearing deposits increased 152 basis points to 1.99% for 2023, from 0.47% for 2022. The average rate paid on borrowings increased 218 basis points to 3.41% for 2023, from 1.23% for 2022. The average balance of interest-bearing liabilities increased $646.3 million to $9.67 billion for 2023, compared to $9.03 billion for 2022. Average outstanding borrowings increased $880.3 million to $1.64 billion for 2023, compared to 2022. Average non-interest bearing demand deposits increased $421.0 million to $2.33 billion for 2023, from $2.75 billion for 2022. Average interest-bearing deposits decreased $234.2 million to $8.02 billion for 2023, from $8.26 billion for 2022. Within average interest-bearing deposits, average interest-bearing core deposits decreased $539.0 million to $7.03 billion for 2023, while average time deposits increased $304.8 million to $994.9 million for 2023.

Provision for Credit Losses. Provisions for credit losses are charged to operations in order to maintain the allowance for credit losses at a level management considers necessary to absorb projected credit losses that may arise over the expected term of each loan in the portfolio. In determining the level of the allowance for credit losses, management estimates the allowance balance using relevant available information from internal and external sources relating to past events, current conditions and a reasonable and supportable forecast. The amount of the allowance is based on estimates, and the ultimate losses may vary from such estimates as more information becomes available or later events change. Management assesses the adequacy of the allowance for credit losses on a quarterly basis and makes provisions for credit losses, if necessary, in order to maintain the valuation of the allowance.

For the year ended December 31, 2023, the Company recorded a $27.9 million provision for credit losses on loans, compared to a $8.4 million provision for 2022. The Company, for the year ended December 31, 2023, had net loan charge-offs

of $8.1 million, compared to net charge-offs of $1.1 million for 2022. Total charge-offs for the year ended December 31, 2023 were $10.4 million, compared to $6.5 million for the year ended December 31, 2022. Recoveries for the year ended December 31, 2023, were $2.3 million, compared to $5.4 million for the year ended December 31, 2022. The increase in the year-over-year provision for credit losses was primarily attributable to a worsened economic forecast and related deterioration in the projected commercial property price indices used in our CECL model.

Non-Interest Income. For the year ended December 31, 2023, non-interest income totaled $79.8 million, a decrease of $8.0 million, compared to the same period in 2022. Other income decreased $6.9 million to $7.3 million for the year ended December 31, 2023, compared to $14.2 million for the same period in 2022, primarily due to an $8.6 million gain realized in the prior year on the sale of a foreclosed commercial office property, partially offset by an increase in gains on sales of SBA loans. Additionally, fee income decreased $3.7 million to $24.4 million for the year ended December 31, 2023, compared to the same period in 2022, primarily due to a decrease in commercial loan prepayment fees. Partially offsetting these decreases in non-interest income, insurance agency income increased $2.5 million to $13.9 million for the year ended December 31, 2023, compared to $11.4 million for the same period in 2022, largely due to increases in retention revenue and new business activity. BOLI income increased $494,000 to $6.5 million for the year ended December 31, 2023, compared to the same period in 2022, largely due to greater equity valuations, partially offset by a decrease in benefit claims recognized.

Non-Interest Expense.Non-interest expense totaled $275.6 million for the year ended December 31, 2023, an increase of $18.8 million, compared to $256.8 million for the year ended December 31, 2022. Other operating expense increased $8.5 million to $47.4 million for the year ended December 31, 2023, compared to $38.9 million for the year ended December 31, 2022. The increase in other operating expenses was largely due to a $3.0 million charge for contingent litigation reserves, combined with a $2.0 million write-down of a foreclosed property and an increase in professional fees. Merger-related expense increased $3.7 million to $7.8 million for the year ended December 31, 2023, compared to 2022. The Company recorded a $264,000 provision for credit losses for off-balance sheet credit exposures, compared to a $3.4 million negative provision last year. The $3.6 million increase in the provision for credit losses for off-balance sheet credit exposures for the year was primarily due to a period over period decrease in line of credit utilization, combined with a period over period increase in loans approved and awaiting closing. FDIC insurance expense increased $3.4 million to $8.6 million for the year ended December 31, 2023, compared to $5.2 million for the trailing year, primarily due to an increase in the assessment rate and the FDIC special assessment. Data processing expense increased $1.3 million to $23.0 million for the year ended December 31, 2023, mainly due to an increase in software service and core processing expenses. Compensation and benefits expense increased $1.3 million to $148.5 million for the year ended December 31, 2023, compared to $147.2 million for the year ended December 31, 2022, primarily due to increases in salary expense, employee medical benefits and post-retirement benefit expense, partially offset by decreases in the accrual for incentive compensation and stock-based compensation. Partially offsetting these increases, net occupancy expense decreased $2.3 million to $32.3 million for the year ended December 31, 2023, compared to the same period in 2022, mainly due to decreases in depreciation and maintenance expenses.

Income Tax Expense. For the year ended December 31, 2023, the Company's income tax expense was $47.4 million with an effective tax rate of 27.0%, compared with $64.5 million with an effective tax rate of 26.8% for the year ended December 31, 2022. The decrease in tax expense for the year ended December 31, 2023, compared with the same period last year was largely the result of a decrease in taxable income.

Comparison of Operating Results for the Years Ended December 31, 2022 and December 31, 2021

General. Net income for the year ended December 31, 2022 was $175.6 million, compared to $167.9 million for the year ended December 31, 2021. Basic and diluted earnings per share were $2.35 per share, compared to basic and diluted earnings per share of $2.20 and $2.19, respectively, for the year ended December 31, 2021.

Earnings for the year ended December 31, 2022 were impacted by $4.1 million of non-tax deductible transaction costs related to the pending merger with Lakeland Bancorp, Inc. ("Lakeland") that was announced on September 27, 2022. The Company recorded an $8.4 million provision for the year ended December 31, 2022, compared to a $24.3 million negative provision for credit losses for 2021. 2022.

Net Interest Income. Net interest income increased $51.5 million to $417.6 million for 2022, from $366.0 million for 2021. The interest rate spread increased 33 basis points to 3.22% for 2022, from 2.89% for 2021. The net interest margin increased 37 basis points to 3.37% for 2022, compared to 3.00% for 2021. The increase in net interest income for the year ended December 31, 2022, was primarily driven by the favorable repricing of adjustable rate adjustable-rate loans and an increase in rates on new loan originations. Net interest income was further enhanced by increases in available for sale debt securities and total loans outstanding, along with growth in lower-costing core and non-interest bearing deposits. This was partially offset by a reduction in fees related to the forgiveness of PPP loans. For the year ended December 31, 2022, fees related to the forgiveness of PPP loans decreased $9.9 million to $1.4 million, compared to $11.3 million for the year ended December 31, 2021.

Interest income increased $63.8 million to $466.2 million for 2022, compared to $402.3 million for 2021. The increase in interest income was primarily driven by the favorable repricing of adjustable rate adjustable-rate loans and an increase in rates on new loan originations. Average interest-earning assets increased $231.8 million to $12.41 billion for 2022, compared to $12.18 billion for 2021. The increase in average earning assets was primarily due to a $242.1 million increase in average outstanding loan balances to $9.80 billion for 2022, which was largely attributable to commercial loan originations. The yield on interest-earning assets increased 46 basis points to 3.76% for 2022, from 3.30% for 2021. The weighted average yield on total loans increased 44 basis points to 4.26% for 2022 and the weighted average yield on available for sale debt securities increased 35 basis points to 1.75% for 2022, from 1.40% for 2021. The weighted average yield on FHLBNY stock decreased to 4.71% for 2022, compared to 5.48% for 2021.

Interest expense increased $12.3 million to $48.6 million for 2022, from $36.3 million for 2021. The increase in interest expense was primarily attributable to an increase in the cost of interest-bearing liabilities, along with an increase in average interest-bearing liabilities. The average rate paid on interest-bearing liabilities increased 13 basis points to 0.54% for 2022, compared to 2021. The average rate paid on interest-bearing deposits increased 14 basis points to 0.47% for 2022, from 0.33% for 2021. The average rate paid on borrowings increased 14 basis points to 1.23% for 2022, from 1.09% for 2021. The average balance of interest-bearing liabilities increased $133.7 million to $9.03 billion for 2022, compared to $8.89 billion for 2021. Average interest-bearing deposits increased $181.7 million to $8.26 billion for 2022, from $8.08 billion for 2021. Within average interest-bearing deposits, average interest-bearing core deposits increased $359.7 million to $7.57 billion for 2022, compared with 2021. Average non-interest bearing demand deposits increased $206.3 million to $2.75 billion for 2022, from $2.54 billion for 2021. Average outstanding borrowings decreased $33.6 million to $756.3 million for 2022, compared to 2021. Average outstanding subordinated debentures decreased $14.4 million to $10.4 million for 2022, compared to 2021.

***Provision for Credit Losses**.* Provisions for credit losses are charged to operations in order to maintain the allowance for credit losses at a level management considers necessary to absorb projected credit losses that may arise over the expected term of each loan in the portfolio. In determining the level of the allowance for credit losses, management estimates the allowance balance using relevant available information from internal and external sources relating to past events, current conditions and a reasonable and supportable forecast. The amount of the allowance is based on estimates, and the ultimate losses may vary from such estimates as more information becomes available or later events change. Management assesses the adequacy of the

allowance for credit losses on a quarterly basis and makes provisions for credit losses, if necessary, in order to maintain the valuation of the allowance.

For the year ended December 31, 2022, the Company recorded an $8.4 million provision for credit losses on loans, compared to a $24.3 million negative provision for 2021. The Company, for the year ended December 31, 2022, had net loan charge-offs of $1.1 million, compared to net recoveries of $3.6 million for 2021. Total charge-offs for the year ended December 31, 2022 were $6.5 million, compared to $5.5 million for the year ended December 31, 2021. Recoveries for the year ended December 31, 2022, were $5.4 million, compared to $9.0 million for the year ended December 31, 2021. The increase in the year-over-year provision for credit losses was largely a function of the significant favorable impact of the post-pandemic recovery resulting in a large negative provision taken in the prior year and an increase in total loans outstanding.

Non-Interest Income. For the year ended December 31, 2022, non-interest income totaled $87.8 million, an increase of $980,000, compared to the same period in 2021. Other income increased $6.5 million to $14.2 million for the year ended December 31, 2022, compared to $7.7 million for the same period in 2021, primarily due to an $8.6 million gain realized on the sale of a foreclosed commercial office property and an increase in fees on loan-level interest rate swap transactions, partially offset by income recognized from a $3.4 million reduction in the contingent consideration related to the earn-out provisions of the 2019 purchase of Tirschwell & Loewy, Inc. by Beacon Trust Company, recorded in the prior year. Insurance agency income increased $1.2 million to $11.4 million for the year ended December 31, 2022, compared to $10.2 million for the same period in 2021, largely due to increases in contingent commissions, retention revenue and new business activity. Partially offsetting these increases in non-interest income, wealth management income decreased $2.9 million to $27.9 million for the year ended December 31, 2022, compared to the same period in 2021, primarily due to a decrease in the market value of assets under management, partially offset by new business generation. BOLI income decreased $1.9 million to $6.0 million for the year ended December 31, 2022, compared to the same period in 2021, largely due to a decrease in benefit claims recognized and lower equity valuations. Additionally, fee income decreased $1.8 million to $28.1 million for the year ended December 31, 2022, compared to the same period in 2021, primarily due to a decrease in debit card revenue, which was curtailed by the application of the Durbin amendment to the Company's operations beginning July 1, 2021 and a decrease in commercial loan prepayment fees, partially offset by an increase in deposit related fees.

Non-Interest Expense. Non-interest expense totaled $256.8 million for the year ended December 31, 2022, an increase of $6.8 million, compared to $250.1 million for the year ended December 31, 2021. Other operating expense increased $4.4 million to $43.0 million for the year ended December 31, 2022, compared to $38.6 million for the year ended December 31, 2021, primarily due to $4.1 million of transaction costs related to the pending merger with Lakeland. Compensation and benefits expense increased $3.8 million to $147.2 million for the year ended December 31, 2022, compared to $143.4 million for the year ended December 31, 2021, primarily due to increases in stock-based compensation and salary expense, partially offset by a decrease in the accrual for incentive compensation. Data processing expense increased $2.0 million to $21.8 million for the year ended December 31, 2022, mainly due to an increase in software subscription and maintenance expenses. Additionally, net occupancy expense increased $1.6 million to $34.6 million for the year ended December 31, 2022, compared to the same period in 2021, mainly due to increases in rent, depreciation and maintenance expenses, a portion of which were attributable to the Company's new administrative offices. Partially offsetting these increases, the Company recorded a $3.4 million negative provision for credit losses for off-balance sheet credit exposures, compared to a $1.5 million provision last year. The $4.9 million decrease in the provision for credit losses for off-balance sheet credit exposures for the year was primarily due to an increase in line of credit utilization, combined with a decrease in loans approved and awaiting closing.

Income Tax Expense. For the year ended December 31, 2022, the Company's income tax expense was $64.5 million with an effective tax rate of 26.8%, compared with $59.2 million with an effective tax rate of 26.1% for the year ended December 31, 2021. The increase in tax expense for the year ended December 31, 2022, compared with the same period last year was largely the result of an increase in taxable income, while the increase in the effective tax rate for the year ended December 31, 2022, compared with the prior year was largely due to non-deductible merger related transaction costs of $4.1 million in the current year.

Comparison of Operating Results for the Years Ended December 31, 2021 and December 31, 2020

General. Net income for the year ended December 31, 2021 was $167.9 million, compared to $97.0 million for the year ended December 31, 2020. Basic and diluted earnings per share were $2.20 and $2.19 per share, respectively, compared to basic and diluted earnings per share of $1.39 for the year ended December 31, 2020.

Earnings for the year ended December 31, 2021 were favorably impacted by growth in average interest earning assets, including assets acquired in the July 31, 2020 merger with SB One Bancorp ("SB One") and the deployment of liquidity arising from increased deposits, into earning assets. Earnings for the year ended December 31, 2021 further benefited from a negative provision for credit losses attributable to an improved economic forecast and improved asset quality. The Company recorded a $24.3 million negative provision for the year ended December 31, 2021, compared to a $29.7 million provision for credit losses for 2020.

Net Interest Income. Net interest income increased $53.5 million to $366.0 million for 2021, from $312.6 million for 2020. The interest rate spread increased one basis point to 2.89% for 2021, from 2.88% for 2020. The net interest margin decreased five basis points to 3.00% for 2021, compared to 3.05% for 2020. For the year ended December 31, 2021, the decrease in net interest margin was primarily attributable to increases in the average balance of both lower-yielding cash and available for sale debt securities portfolios, combined with the downward repricing of certain adjustable rate loans. This decrease was partially offset by the inflow of lower-costing core deposits, along with an increase in the accelerated recognition of fees related to the forgiveness of PPP loans in 2021. For the year ended December 31, 2021, fees related to the forgiveness of PPP loans totaled $11.3 million, which was recognized in interest income, compared to $3.8 million for the year ended December 31, 2020.

Interest income increased $39.0 million to $402.3 million for 2021, compared to $363.3 million for 2020. The increase in interest income was attributable to interest income from the SB One loan portfolio, partially offset by the downward repricing of certain adjustable rate assets and lower rates on newly originated loans. Average interest-earning assets increased $1.94 billion to $12.18 billion for 2021, compared to $10.24 billion for 2020. The increase in average earning assets was largely due to a $1.19 billion increase in average outstanding loan balances to $9.56 billion for 2021, attributable to the loan portfolios acquired from SB One and PPP loan originations. The yield on interest-earning assets decreased 25 basis points to 3.30% for 2021, from 3.55% for 2020. The weighted average yield on total loans decreased five basis points to 3.82% for 2021 and the weighted average yield on available for sale debt securities decreased 68 basis points to 1.40% for 2021, from 2.08% for 2020. The weighted average yield on FHLBNY stock decreased to 5.48% for 2021, compared to 6.00% for 2020.

Interest expense decreased $14.4 million to $36.3 million for 2021, from $50.7 million for 2020. The decrease in interest expense was primarily attributable to a decrease in the cost of interest-bearing liabilities, partially offset by an increase in average interest-bearing deposits. The average rate paid on interest-bearing liabilities decreased 26 basis points to 0.41% for 2021, compared to 2020. The average rate paid on interest-bearing deposits decreased 20 basis points to 0.33% for 2021, from 0.53% for 2020. The average rate paid on borrowings decreased 27 basis points to 1.09% for 2021, from 1.36% for 2020. The average rate paid on subordinated debentures assumed in the SB One acquisition was 4.79% for 2021. Average interest-bearing deposits increased $1.70 billion to $8.08 billion for 2021, from $6.38 billion for 2020. The average balance of interest-bearing liabilities increased $1.28 billion to $8.89 billion for 2021, compared to $7.61 billion for 2020. Within average interest-bearing deposits, average interest-bearing core deposits increased $1.70 billion to $7.21 billion for 2021, compared with 2020. Average non-interest bearing demand deposits increased $558.9 million to $2.54 billion for 2021, from $1.98 billion for 2020. Average outstanding borrowings decreased $438.1 million to $789.8 million for 2021, compared to 2020. Average outstanding subordinated debentures for 2021 was $24.8 million.

Provision for Credit Losses. For the year ended December 31, 2021, the Company recorded a $24.3 million negative provision for credit losses on loans, compared to a $29.7 million provision for 2020. The Company, for the year ended December 31, 2021, had net loan recoveries of $3.6 million, compared to net charge-offs of $5.3 million for 2020. Total charge-offs for the year ended December 31, 2021 were $5.5 million, compared to $7.9 million for the year ended December 31, 2020. Recoveries for the year ended December 31, 2021, were $9.0 million, compared to $2.6 million for the year ended December 31, 2020. The reduction in provision for credit losses for the year ended December 31, 2021, compared to the prior year, was primarily the result of an improved economic forecast and improved asset quality. The net recoveries realized for the year ended December 31, 2021 further contributed to the negative provision for credit losses in the year.

Non-Interest Income. For the year ended December 31, 2021, non-interest income totaled $86.8 million, an increase of $14.4 million from 2020. Insurance agency income totaled $10.2 million, an increase of $6.3 million for the year ended December 31, 2021, compared to the same period in 2020, resulting from the prior year acquisition of SB One. Fee income increased $6.1 million to $30.0 million, compared to the same period in 2020, largely due to a $3.8 million increase in prepayment fees on commercial loans, a $973,000 increase in loan-related fee income, a $743,000 increase in non-deposit investment fee income and a $601,000 increase in deposit related fee income. These increases were partially offset by a $362,000 decrease in debit card revenues. The increases in fee income are partially attributable to the addition of the SB One customer base as well as a recovering economy compared to the severe negative effects that COVID-19 had on consumer and business activities in the prior year. The decrease in debit card revenue was largely due to interchange transaction fee limitations imposed by the Durbin amendment, which became effective for the Company on July 1, 2021, mitigated by an increase in transaction fees related to the SB One customer base. Wealth management income increased $5.0 million to $30.8 million for the year ended December 31, 2021, compared to $25.7 million for the same period in 2020, primarily due to an increase in the market value of assets under management as a result of strong equity market performance and new business generation. Additionally, BOLI income increased $1.4 million to $7.9 million for the year ended December 31, 2021, compared to the same period in 2020, primarily due to an increase in benefit claims, additional income related to the BOLI

assets acquired from SB One and higher equity valuations. Partially offsetting these increases, other income decreased $5.1 million to $7.7 million for the year ended December 31, 2021, primarily due to an $8.2 million decrease in net fees on loan-level interest rate swap transactions, an $884,000 decrease in net gains on the sale of fixed assets and a $334,000 decrease in net gains on sale of foreclosed real estate, partially offset by income recognized from a $3.4 million reduction in the contingent consideration related to the earn-out provisions of the 2019 purchase of Tirschwell & Loewy, Inc. by Beacon Trust Company.

Non-Interest Expense.Non-interest expense for the year ended December 31, 2021 was $250.1 million, an increase of $22.3 million from 2020. Compensation and benefits expense increased $12.5 million to $143.4 million for the year ended December 31, 2021, compared to $130.9 million for the year ended December 31, 2020. This increase was primarily due to increases in salary expense and employee medical benefits associated with the addition of former SB One employees, combined with an increase in the accrual for incentive compensation, company-wide annual merit increases and an increase in stock-based compensation, partially offset by a decrease in severance expense. Net occupancy costs increased $5.8 million to $32.9 million for the year ended December 31, 2021, compared to 2020, mainly due to increases in rent, depreciation, utilities and maintenance expenses related to the facilities acquired from SB One, along with an increase in snow removal costs incurred earlier in the year. FDIC insurance expense increased $3.1 million to $6.3 million for year ended December 31, 2021, compared to $3.1 million for 2020, primarily due to an increase in the insurance assessment rate and an increase in total assets subject to assessment, including assets acquired from SB One, along with the receipt of the small bank assessment credit in the prior year that was not available in 2021. Other operating expenses increased $2.4 million to $38.6 million for the year ended December 31, 2021, compared to $36.2 million for the year ended December 31, 2020, largely due to a valuation adjustment on foreclosed assets and increases in debit card maintenance, insurance and business development expenses, as a result of the addition of SB One, partially offset by non-recurring merger related expenses incurred in the prior year. Partially offsetting these increases in non-interest expense, data processing costs decreased $1.0 million to $19.8 million, compared with 2020, primarily due to non-recurring core system conversion costs related to the SB One acquisition in the prior year, partially offset by increases in software subscription service expense and online banking costs. Additionally, advertising expense decreased $449,000 for the year ended December 31, 2021, compared with 2020, mainly due to the curtailment of certain product marketing campaigns in the current year.

Income Tax Expense. For the year ended December 31, 2021, the Company's income tax expense was $59.2 million, compared with $30.6 million for 2020. The Company's effective tax rate was 26.1% for the year ended December 31, 2021, compared with 24.0% for the year ended December 31, 2020. The increase in tax expense and the effective tax rate for the year ended December 31, 2021, compared with the same period in 2020, was partially attributable to increases in taxable income and the reduced proportion of income derived from tax exempt sources to total pre-tax income. Further, upon the filing of the 2020 state income tax returns in the fourth quarter of 2021, a discrete item resulting in additional tax expense was recorded related to the apportionment of income subject to state income taxes.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to generate adequate amounts of cash to meet financial obligations to its depositors, to fund loans and securities purchases and operating expenses. Sources of funds include scheduled amortization of loans, loan prepayments, scheduled maturities of unpledged investments, cash flows from mortgage-backed securities and the ability to borrow funds from the FHLBNY, FRBNY and approved broker-dealers.

Cash flows from loan payments and maturing investment securities are fairly predictable sources of funds. Changes in interest rates, local economic conditions and the competitive marketplace can influence loan prepayments, prepayments on mortgage-backed securities and deposit flows. For each of the years ended December 31, 2022 December 31, 2023 and 2021, 2022, loan repayments totaled $3.24 billion $2.68 billion and $3.69 billion $3.24 billion, respectively.

As deposit growth has slowed, deposits have declined, the Company has continued to monitor and focus on deposit depositor behavior and borrowing capacity with the FHLBNY and FRBNY. FRBNY, with current borrowing capacity of $1.48 billion and $1.22 billion, respectively as of December 31, 2023. Our estimated uninsured and uncollateralized deposits at December 31, 2023 totaled $2.52 billion, or 24.5% of deposits. Our total estimated uninsured deposits, including collateralized deposits as of December 31, 2023 was $5.16 billion.

Commercial real estate loans, multi-family loans, commercial loans, one- to four-family residential loans and consumer loans are the primary investments of the Company. Purchasing securities for the investment portfolio is a secondary use of funds and the investment portfolio is structured to complement and facilitate the Company's lending activities and ensure adequate liquidity. Loan originations and purchases totaled $3.34 billion for the year ended December 31, 2023, compared to $3.95 billion for the year ended December

31, 2022, compared to $3.52 billion for the year ended December 31, 2021. Purchases for the investment portfolio totaled $57.2 million for the year ended December 31, 2023, compared to $317.5 million for the year ended December 31, 2022, compared to $1.44 billion for the year ended December 31, 2021. At December 31, 2022 As of December 31, 2023, the Bank had outstanding loan commitments to borrowers of $2.06 billion $2.09 billion, including undisbursed home equity lines and personal credit lines of $279.2 million $273.0 million.

Total deposits decreased $671.0 million $270.5 million for the year ended December 31, 2022 December 31, 2023. Deposit activity is affected by changes in interest rates, competitive pricing and product offerings in the marketplace, local economic conditions, customer confidence and other factors such as stock market volatility. Certificate of deposit accounts that are scheduled to mature within one year totaled $584.2 million at December 31, 2022 $1.02 billion as of December 31, 2023. Based on its current pricing strategy and customer retention experience, the Bank expects to retain a significant share of these accounts. The Bank manages liquidity on a daily basis and expects to have sufficient cash to meet all of its funding requirements.

As of December 31, 2022 December 31, 2023, the Bank exceeded all minimum regulatory capital requirements. At December 31, 2022 As of December 31, 2023, the Bank's leverage (Tier 1) capital ratio was 9.51% 9.84%. FDIC regulations require banks to maintain a minimum leverage ratio of Tier 1 capital to adjusted total assets of 4.00%. At December 31, 2022 As of December 31, 2023, the Bank's total risk-based capital ratio was 11.58%. Under current regulations, the minimum required ratio of total capital to risk-weighted assets is 10.50% 11.95%. A bank is considered to be well-capitalized if it has a leverage (Tier 1) capital ratio of at least 5.00% and a total risk-based capital ratio of at least 10.00%. The total capital to risk-weighted assets requirement, taking into account the capital conservation buffer, is 10.50%.

Off-balance sheet commitments consist of unused commitments to borrowers for term loans, unused lines of credit and outstanding letters of credit. Total off-balance sheet obligations were $2.06 billion at December 31, 2022 $2.09 billion as of December 31, 2023, an increase of $1.6 million $32.4 million, from $2.05 billion at December 31, 2021 $2.06 billion as of December 31, 2022.

Contractual obligations consist of certificate of deposit liabilities. Total certificate of deposits at December 31, 2022 as of December 31, 2023 were $751.4 million $1.10 billion, an increase of $58.9 million $344.5 million, compared to $692.52 million at December 31, 2021 $751.4 million as of December 31, 2022. There were no security purchases in 2022 2023 and 2021, 2022 which settled in January 2023 2024 or January 2022, 2023, respectively.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Qualitative Analysis. Interest rate risk is the exposure of a bank's current and future earnings and capital arising from adverse movements to changes in interest rates. The guidelines of the Company's interest rate risk policy seek to limit the exposure to changes in interest rates that affect the underlying economic value of assets and liabilities, earnings and capital. To minimize interest rate risk, the Company generally sells all 20- and 30-year fixed-rate residential mortgage loans at origination. The Company retains residential fixed rate mortgages with terms of 15 years or less and biweekly payment residential mortgages with a term of 30 years or less. Commercial real estate loans generally have interest rates that reset in five years, and other commercial loans such as construction loans and commercial lines of credit reset with changes in the Prime rate, the Federal Funds rate, LIBOR or SOFR. Investment securities purchases generally have maturities of five years or less, and mortgage-backed securities have weighted average lives between three and five years.

The Asset/Liability Committee meets at least monthly, or more often as needed, to review the impact of interest rate changes on net interest income, net interest margin, net income and the economic value of equity. The Asset/Liability Committee reviews a variety of strategies that project changes in asset or liability mix and the impact of those changes on projected net interest income, net income and net income. the economic value of equity.

The Company's strategy for liabilities has been to maintain a stable core-funding base by focusing on core deposit account acquisition and increasing products and services per household. Certificate of deposit accounts as a percentage of total deposits were 7.1% at December 31, 2022 10.6% as of December 31, 2023, compared to 6.2% at December 31, 2021 7.1% as of December 31, 2022. Certificate of deposit accounts are generally short-term. As of December 31, 2022 December 31, 2023, 77.7% 93.1% of all certificates of deposit had maturities of one year or less compared to 77.2% at December 31, 2021 77.7% as of December 31, 2022. The Company's ability to retain maturing time deposit accounts is the result of its strategy to remain competitively priced within its marketplace. The Company's pricing strategy may vary depending upon current funding needs and the ability of the Company to fund operations through alternative sources, primarily by accessing short-term lines of credit with the FHLBNY during periods of pricing dislocation.

Quantitative Analysis.Current and future sensitivity to changes in interest rates are measured through the use of balance sheet and income simulation models. The analysis captures estimates changes in net interest income using flat rates as a base, a most likely rate forecast and rising and declining interest rate forecasts. Changes in net interest income and net income for the forecast period, generally twelve to twenty-four months, are measured and compared to policy limits for acceptable change. The Company periodically reviews historical deposit re-pricing activity and makes modifications to certain assumptions used in its income simulation model regarding the interest rate sensitivity of deposits without maturity dates. These modifications are made to reflect more closely reflect the most likely results under the various interest rate change scenarios. Since it is inherently difficult to predict the sensitivity of interest bearing deposits to changes in interest rates, the changes in net interest income due to changes in interest rates cannot be precisely predicted. There are a variety of reasons that may cause actual results to vary considerably from the predictions presented below which include, but are not limited to, the timing, magnitude, and frequency of changes in interest rates, interest rate spreads, prepayments, and actions taken in response to such changes. Specific assumptions used in the simulation model include:

- Parallel yield curve shifts for market rates;
- Current asset and liability spreads to market interest rates are fixed;
- Traditional savings and interest bearing interest-bearing demand accounts move at 10% of the rate ramp in either direction;
- Retail Money Market and Business Money Market accounts move at 25% and 75% of the rate ramp in either direction, respectively; and
- Higher-balance demand deposit tiers and promotional demand accounts move at 50% to 75% of the rate ramp in either direction.

The following table sets forth the results of the twelve month projected net interest income model as of December 31, 2022 December 31, 2023.

Change in Interest Rates in Basis Points (Rate Ramp)		Net Interest Income Amount	Change	Percent Change	
		(Dollars in thousands)			
Change in Interest Rates in Basis Points - (Rate Ramp)					
-300		$ 382,222	$ (10,274)	(2.6)	%
-200					
-100	-100	$ 451,756	$ (3,602)	(0.8)	%
Static	Static	455,358	—	—	
100		458,572	3,214	0.7	
200		461,391	6,033	1.3	
300		464,125	8,767	1.9	
+100					

The interest rate risk position of the Company remains moderately asset-sensitive notwithstanding the deployment of excess cash into fixed rate longer duration assets, including investment securities and loans. As a result, the slightly asset sensitive. The preceding table indicates that, as of December 31, 2022 December 31, 2023, in the event of a 300 100 basis point increase in interest rates, whereby rates ramp up evenly over a twelve-month period, there would be a 1.9% 0.4% or $8.8 million $1.6 million increase to net interest income. In the event of a 100 300 basis point decrease in interest rates, whereby rates ramp down evenly over a twelve-month period, the Company would experience a 0.8% 2.6%, or $3.6 million $10.3 million decrease in net interest income. In this downward rate scenario, rates on deposits have a repricing floor of zero.

Another measure of interest rate sensitivity is to model changes in economic value of equity through the use of immediate and sustained interest rate shocks. The following table illustrates the economic value of equity model results as of December 31, 2022 December 31, 2023.

Change in Interest Rates in Basis Points		Present Value of Equity Amount	Change	Present Value of Equity as Percent of Present
		(Dollars in thousands)		
-100 -300		$ 2,256,492 1,423,320	$ (925) (	
-200		1,563,756	(	
-100		1,669,286		
Flat		2,257,417 1,738,409		
+100		2,306,571 1,759,732	49,15	
	18.2	7.9		
300		2,341,275		

The preceding table indicates that as of December 31, 2022 December 31, 2023, in the event of an immediate and sustained 300 100 basis point increase ir present value of equity. If rates were to decrease 100 300 basis points, the Company would experience a $925,000 decrease in the present value of equity. equity v

Certain shortcomings are inherent in the methodologies used in the above interest rate risk measurements. Modeling changes in net interest income requires the manner in which actual yields future loan prepayment and costs respond to changes in market interest rates. deposit withdrawal activity. While management l decay rates will approximate actual future loan prepayment and deposit withdrawal activity. Moreover, the net interest income table presented assumes that the co the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration provides an indication of the Company's interest rate risk exposure at a particular point in time, such measurement is not intended to and does not provide a pre differ from actual results.

Item 8. Financial Statements and Supplementary Data

The following are included in this item:

A. Report of Independent Registered Public Accounting Firm

B. Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

C. Consolidated Financial Statements:

(1) Consolidated Statements of Financial Condition as of December 31, 2022 December 31, 2023 and 2021 2022

(2) Consolidated Statements of Income for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

(3) Consolidated Statements of Comprehensive Income for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

(4) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 20

(5) Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

(6) Notes to Consolidated Financial Statements

D. Provident Financial Services, Inc., Condensed Financial Statements:

(1) Condensed Statement of Financial Condition as of December 31, 2022 December 31, 2023 and 2021 2022

(2) Condensed Statement of Income for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

(3) Condensed Statement of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

The supplementary data required by this Item is provided in Note 20 of the Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting

To the Stockholders and Board of Directors
Provident Financial Services, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial condition of Provident Financial Services, Inc. and subsidiary (the Company) as of comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 20 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 202 December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal c *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated fi required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securiti

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assu error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to erro test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principle consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a criti whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures t

Assessment of the allowance for credit losses on loans evaluated on a collective basis

As discussed in Notes 1 and 7 to the consolidated financial statements, the Company's allowance for credit losses on loans evaluated on a collective basis million $107.2 million as of December 31, 2022 December 31, 2023. The collective ACL on loans includes the measure of expected credit losses on a co methodology where the respective quantitative allowance for each loan segment is measured by comparing the present value of expected principal and in modeling methodology to the amortized cost. Historical credit loss experience for both the Company and peers provides the basis for the estimation of expect use of using segment-specific loss given default risk factors that convert default rates to loss severity based on industry-level, observed relationships betwee loan performance, management's expectation of future loan performance is is incorporated using an externally developed economic forecast that is appl supportable forecast period, the Company reverts to the long-term average of selected economic factors on a straight-line basis over a reversion period. Co modeled defaults and expected prepayments and discounted at the loan-level effective interest rate. The Company considers qualitative adjustments to cre process.

We identified the assessment of the collective ACL on loans as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the collective ACL on loans methodology, including th relationship between PD and LGD and the selected external economic forecast and macroeconomic factors, and (2) certain qualitative adjustments and their and LGD models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness including controls over the:

- evaluation of the collective ACL on loans methodology
- performance monitoring of the PD and LGD models
- identification and determination of the significant assumptions used in the PD and LGD models
- development of the qualitative adjustments, including the significant assumptions used in the measurement of the qualitative adjustments
- analysis of the collective ACL on loan results, trends and ratios.

We evaluated the Company's process to develop the collective ACL on loans estimate by testing certain sources of data and assumptions that the Company u risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's collective ACL on loans methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the development and performance monitoring of the PD and LGD models by comparing them to re
- assessing the conceptual soundness and design of the PD and LGD models by inspecting the Company's model documentation to determine whether the
- assessing the selected economic forecast and macroeconomic variables used by comparing it to the Company's business environment and relevant indus
- evaluating the methodology used to develop the qualitative adjustments and the effect of those adjustments on the collective ACL on loans compared w quantitative model.

We also evaluated the cumulative results of the procedures performed to assess the sufficiency of the audit evidence obtained related to the collective ACL on

- cumulative results of the audit procedures
- qualitative aspects of the Company's accounting practices
- potential bias in the accounting estimate.

/s/ KPMG LLP

We have not been able to determine the specific year that we began serving as the Company's auditor; however, we are aware that we have served as the Compa

Short Hills, New Jersey
March 1, 2023 February 28, 2024

Report of Independent Registered Public Accounting Fi

Internal Control Over Financial Reporting

To the Stockholders and Board of Directors
Provident Financial Services, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Provident Financial Services, Inc. and subsidiary's (the Company) internal control over financial reporting as of December 31, 2022 Decemb
Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control c
Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated stateme
related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period
statements), and our report dated March 1, 2023 February 28, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal
Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public acc
accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assur
Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a ma
based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audi

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the
principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reas
provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted a
with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthoriz
statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effecti
conditions, or that the degree of compliance with the

/s/ KPMG LLP

Short Hills, New Jersey
March 1, 2023 February 28, 2024

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSIDI

Consolidated Statements of Financial Condition

December 31, 2022 2023 and 2021 2022

(Dollars in Thousands, except share data)

		December 31, 2022	December 31, 2021	
	December 31, 2023			December 31, 2023
ASSETS	**ASSETS**			
Cash and due from banks				
Cash and due from banks				
Cash and due from banks	Cash and due from banks	$ 186,490	$ 506,270	
Short-term investments	Short-term investments	18	206,193	
Total cash and cash equivalents	Total cash and cash equivalents	186,508	712,463	
Available for sale debt securities, at fair value	Available for sale debt securities, at fair value	1,803,548	2,057,851	
Held to maturity debt securities, net (fair value of $373,468 and $449,709 at December 31, 2022 and December 31, 2021, respectively).		387,923	436,150	
Held to maturity debt securities, net (fair value of $352,601 and $373,468 as of December 31, 2023 and December 31, 2022, respectively).				
Equity securities, at fair value	Equity securities, at fair value	1,147	1,325	
Federal Home Loan Bank stock	Federal Home Loan Bank stock	68,554	34,290	
Loans	Loans	10,248,883	9,581,624	
Less allowance for credit losses	Less allowance for credit losses	88,023	80,740	
Net loans	Net loans	10,160,860	9,500,884	
Foreclosed assets, net	Foreclosed assets, net	2,124	8,731	
Banking premises and equipment, net	Banking premises and equipment, net	79,794	80,559	
Accrued interest receivable	Accrued interest receivable	51,903	41,990	
Intangible assets	Intangible assets	460,892	464,183	
Bank-owned life insurance	Bank-owned life insurance	239,040	236,630	
Other assets	Other assets	341,143	206,146	
Total assets	Total assets	$13,783,436	$13,781,202	
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**			
Deposits:	Deposits:			
Deposits:				
Deposits:				
Demand deposits				
Demand deposits				
Demand deposits	Demand deposits	$ 8,373,005	$ 9,080,956	
Savings deposits	Savings deposits	1,438,583	1,460,541	
Certificates of deposit of $100 thousand or more		504,627	368,277	
Certificates of deposit of $250 thousand or more				
Other time deposits	Other time deposits	246,809	324,238	
Total deposits	Total deposits	10,563,024	11,234,012	
Mortgage escrow deposits	Mortgage escrow deposits	35,705	34,440	
Borrowed funds	Borrowed funds	1,337,370	626,774	
Subordinated debentures	Subordinated debentures	10,493	10,283	
Other liabilities	Other liabilities	239,141	178,597	

Total liabilities	Total liabilities	12,185,733	12,084,106
Stockholders' Equity:	Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued	Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized, 83,209,012 shares issued and 75,169,196 shares outstanding at December 31, 2022, and 76,969,999 shares outstanding at December 31, 2021		832	832
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued			
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued			
Common stock, $0.01 par value, 200,000,000 shares authorized, 83,209,012 shares issued and 75,537,186 shares outstanding as of December 31, 2023, and 75,169,196 shares outstanding as of December 31, 2022			
Additional paid-in capital	Additional paid-in capital	981,138	969,815
Retained earnings	Retained earnings	918,158	814,533
Accumulated other comprehensive (loss) income, net of tax	Accumulated other comprehensive (loss) income, net of tax	(165,045)	6,863
Treasury stock	Treasury stock	(127,154)	(79,603)
Unallocated common stock held by the Employee Stock Ownership Plan	Unallocated common stock held by the Employee Stock Ownership Plan	(10,226)	(15,344)
Common stock acquired by deferred compensation plans	Common stock acquired by deferred compensation plans	(3,427)	(3,984)
Deferred compensation plans	Deferred compensation plans	3,427	3,984
Total stockholders' equity	Total stockholders' equity	1,597,703	1,697,096
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$13,783,436	$13,781,202

See accompanying notes to consolidated financial statem

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statements of Income

Years Ended December 31, 2022 December 31, 2023, 2021 2022

(Dollars in Thousands, except share data)

		Years ended December 31,			Years ended De
		2022	2021	2020	2023
Interest income:					
Interest and dividend income:					
Real estate secured loans					
Real estate secured loans					
Real estate secured loans	Real estate secured loans	$ 304,321	$ 252,336	$ 224,925	

Commercial loans	Commercial loans	98,961	99,163	82,157
Consumer loans	Consumer loans	14,368	13,574	16,922
Available for sale debt securities and Federal Home Loan Bank stock	Available for sale debt securities and Federal Home Loan Bank stock	36,619	23,798	25,446
Held to maturity debt securities	Held to maturity debt securities	9,894	10,743	11,461
Deposits, federal funds sold and other short-term investments	Deposits, federal funds sold and other short-term investments	2,018	2,725	2,398
Total interest income		466,181	402,339	363,309
Total interest and dividend income				
Interest expense:	Interest expense:			
Deposits				
Deposits				
Deposits	Deposits	38,704	26,513	33,589
Borrowed funds	Borrowed funds	9,310	8,614	16,638
Subordinated debentures	Subordinated debentures	615	1,189	512
Total interest expense	Total interest expense	48,629	36,316	50,739
Net interest income	Net interest income	417,552	366,023	312,570
Provision charge (benefit) for credit losses	Provision charge (benefit) for credit losses	8,388	(24,339)	29,719
Net interest income after provision for credit losses	Net interest income after provision for credit losses	409,164	390,362	282,851
Non-interest income:	Non-interest income:			
Fees	Fees	28,128	29,967	23,847
Fees				
Fees				
Wealth management income	Wealth management income	27,870	30,756	25,733

Insurance agency income	Insurance agency income	11,440	10,216	3,513
Bank-owned life insurance	Bank-owned life insurance	5,988	7,930	6,491
Net gain on securities transactions	Net gain on securities transactions	181	255	81
Net gain on securities transactions				
Net gain on securities transactions				
Other income	Other income	14,182	7,685	12,766
Total non-interest income	Total non-interest income	87,789	86,809	72,431
Non-interest expense:	Non-interest expense:			
Compensation and employee benefits				
Compensation and employee benefits				
Compensation and employee benefits	Compensation and employee benefits	147,203	143,366	130,868
Net occupancy expense	Net occupancy expense	34,566	32,932	27,142
Data processing expense	Data processing expense	21,753	19,755	20,767
FDIC Insurance	FDIC Insurance	5,195	6,260	3,116
Advertising and promotion expense	Advertising and promotion expense	5,191	3,951	4,400
Credit loss expense for off-balance sheet credit exposures		(3,384)	1,515	1,814
Credit loss expense (benefit) for off-balance sheet credit exposures				
Amortization of intangibles	Amortization of intangibles	3,292	3,664	3,425
Merger-related expenses				
Other operating expenses	Other operating expenses	43,031	38,610	36,196
Total non-interest expense	Total non-interest expense	256,847	250,053	227,728

Income before income tax expense	Income before income tax expense	240,106	227,118	127,554
Income tax expense	Income tax expense	64,458	59,197	30,603
Net income	Net income	$ 175,648	$ 167,921	$ 96,951
Basic earnings per share	Basic earnings per share	$ 2.35	$ 2.20	$ 1.39
Average basic shares outstanding	Average basic shares outstanding	74,700,623	76,471,933	69,548,499
Diluted earnings per share	Diluted earnings per share	$ 2.35	$ 2.19	$ 1.39
Average diluted shares outstanding	Average diluted shares outstanding	74,782,370	76,560,840	69,625,958

See accompanying notes to consolidated financial statem

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statements of Comprehensive Incom

Years Ended December 31, 2022 December 31, 2023, 2021 2022

(Dollars in Thousands)

		Years ended December 31,			Years ended Dece
		2022	2021	2020	2023
Net income	Net income	$175,648	$167,921	$ 96,951	
Other comprehensive (loss) income, net of tax:	Other comprehensive (loss) income, net of tax:				
Unrealized gains and losses on available for sale debt securities:	**Unrealized gains and losses on available for sale debt securities:**				
Unrealized gains and losses on available for sale debt securities:					
Unrealized gains and losses on available for sale debt securities:					
Net unrealized (losses) gains arising during the period					
Net unrealized (losses) gains arising during the period					
Net unrealized (losses) gains arising during the period	Net unrealized (losses) gains arising during the period	(186,361)	(23,730)	14,944	
Reclassification adjustment for gains included in net income	Reclassification adjustment for gains included in net income	(42)	(171)	—	
Total	Total	(186,403)	(23,901)	14,944	
Unrealized gains (losses) on derivatives designated as cash flow hedges		15,904	9,047	(5,269)	
Unrealized gains (losses) on derivatives designated as cash flow hedges:					

Unrealized gains (losses) on derivatives designated as cash flow hedges:

Unrealized gains (losses) on derivatives designated as cash flow hedges:

Net unrealized (losses) gains arising during the period

Net unrealized (losses) gains arising during the period

Net unrealized (losses) gains arising during the period

Reclassification adjustment for gains included in net income

Total

Amortization related to post-retirement obligations	Amortization related to post-retirement obligations	(1,409)	4,062	4,159
Total other comprehensive (loss) income, net of tax	Total other comprehensive (loss) income, net of tax	(171,908)	(10,792)	13,834
Total comprehensive income	Total comprehensive income	$ 3,740	$157,129	$110,785

See accompanying notes to consolidated financial statem

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statement of Changes in Stockholders’ Equity for the Years Ended December 31, 20

(Dollars in Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TREASURY STOCK	UNALLOCATED ESOP SHARES	COMMON STOCK ACQUIRED BY DEFERRED COMP PLANS	DEFERRED COMPENSATION PLANS	TOTAL STOCKHOLDERS’ EQUITY
Balance at December 31, 2019	$ 832	$1,007,303	$695,273	$ 3,821	$(268,504)	$ (24,885)	$ (3,833)	$ 3,833	$ 1,413,840
	COMMON STOCK								
Balance as of December 31, 2020									
Net income Net income	—	—	96,951	—	—	—	—	—	96,951
Other comprehensive income, net of tax Other comprehensive income, net of tax	—	—	—	13,834	—	—	—	—	13,834
Acquisition of deferred compensation plan	—	—	—	—	—	—	(1,336)	1,336	—
Cash dividends paid ($0.92 per share) Cash dividends paid ($0.92 per share)	—	—	(65,823)	—	—	—	—	—	(65,823)

COMMON STOCK | ADDITIONAL PAID-IN CAPITAL | RETAINED EARNINGS | ACCUMULATE OTHER COMPREHENS INCOME

Effect of adopting Accounting Standards Update ("ASU") No. 2016-13 ("CECL")		—	—	(8,311)	—	—	—	—	—	(8,311)
Cash dividends paid ($0.92 per share)										
Cash dividends paid ($0.92 per share)										
Distributions from deferred comp plans										
Distributions from deferred comp plans										
Distributions from deferred comp plans	Distributions from deferred comp plans	—	84	—	—	—	—	620	(620)	84
Purchases of treasury stock	Purchases of treasury stock	—	—	—	—	(21,161)	—	—	—	(21,161)
Purchase of employee restricted shares to fund statutory tax withholding	Purchase of employee restricted shares to fund statutory tax withholding	—	—	—	—	(969)	—	—	—	(969)
Shares issued dividend reinvestment plan		—	50	—	—	401	—	—	—	451
Treasury shares issued due to acquisition		—	(50,387)	—	—	231,215	—	—	—	180,828
Option exercises										
Option exercises										
Option exercises	Option exercises	—	—	—	—	—	—	—	—	—
Allocation of Employee Stock Ownership Plan ("ESOP") shares	Allocation of Employee Stock Ownership Plan ("ESOP") shares	—	(116)	—	—	—	4,670	—	—	4,554
Allocation of Stock Award Plan ("SAP") shares	Allocation of Stock Award Plan ("SAP") shares	—	5,330	—	—	—	—	—	—	5,330
Allocation of stock options	Allocation of stock options	—	189	—	—	—	—	—	—	189
Balance at December 31, 2020		$ 832	$ 962,453	$ 718,090	$ 17,655	$ (59,018)	$ (20,215)	$ (4,549)	$ 4,549	$ 1,619,797
Balance as of December 31, 2021										

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statement of Changes in Stockholders' Equity for the Years Ended Decemb

(Dollars in Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	
Balance at December 31, 2020	$ 832	$ 962,453	$ 718,090	$ 17,655	$ (59,018)	$
Net income	—	—	167,921	—	—	
Other comprehensive loss, net of tax	—	—	—	(10,792)	—	
Cash dividends paid ($0.94 per share)	—	—	(71,478)	—	—	
Distributions from deferred comp plans	—	154	—	—	—	

Purchases of treasury stock	—	—	—	—	(20,711)
Purchase of employee restricted shares to fund statutory tax withholding	—	—	—	—	(961)
Option exercises	—	(200)	—	—	1,087
Allocation of ESOP shares	—	1,757	—	—	—
Allocation of SAP shares	—	5,451	—	—	—
Allocation of stock options	—	200	—	—	—
Balance at December 31, 2021	$ 832	$ 969,815	$ 814,533	$ 6,863	$ (79,603)

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statement of Changes in Stockholders' Equity for the Years Ended December 31, 2022 De

(Dollars in Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	UNALLOCATED ESOP SHARES	COMMON STOCK ACQUIRED BY DEFERRED COMP PLANS	DEFERRED COMPENSATION PLANS	TOTAL STOCKHOLDERS' EQUITY
Balance at December 31, 2021	$ 832	$ 969,815	$ 814,533	$ 6,863	$ (79,603)	$ (15,344)	$ (3,984)	$ 3,984	$ 1,697,096
Balance as of December 31, 2021									
Net income	—	—	175,648	—	—	—	—	—	175,648
Other comprehensive loss, net of tax	—	—	—	(171,908)	—	—	—	—	(171,908)
Cash dividends paid ($0.96 per share)	—	—	(72,023)	—	—	—	—	—	(72,023)
Cash dividends paid ($0.94 per share)									
Cash dividends paid ($0.94 per share)									
Cash dividends paid ($0.94 per share)									
Distributions from deferred comp plans									
Distributions from deferred comp plans									
Distributions from deferred comp plans	—	176	—	—	—	—	557	(557)	176
Purchases of treasury stock	—	—	—	—	(46,530)	—	—	—	(46,530)
Purchase of employee restricted shares to fund statutory tax withholding	—	—	—	—	(1,021)	—	—	—	(1,021)
Option exercises	—	—	—	—	—	—	—	—	—
Option exercises									

COMMON STOCK

COMMON STOCK | ADDITIONAL PAID-IN CAPITAL | RETAINED EARNINGS | ACCUMULATED OTHER COMPREHENSIV INCOME (LOSS)

Option exercises										
Allocation of ESOP shares	Allocation of ESOP shares	—	1,542	—	—	—	5,118	—	—	6,660
Allocation of SAP shares	Allocation of SAP shares	—	9,407	—	—	—	—	—	—	9,407
Allocation of stock options	Allocation of stock options	—	198	—	—	—	—	—	—	198
Balance at December 31, 2022		$ 832	$981,138	$918,158	$ (165,045)	$(127,154)	$ (10,226)	$ (3,427)	$ 3,427	$ 1,597,703
Balance as of December 31, 2022										

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statement of Changes in Stockholders' Equity for the Years Ended Decembl

(Dollars in Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK	
Balance as of December 31, 2022	$ 832	$ 981,138	$ 918,158	$ (165,045)	$ (127,154)	$
Net income	—	—	128,398	—	—	
Other comprehensive loss, net of tax	—	—	—	23,930	—	
Cash dividends paid ($0.96 per share)	—	—	(72,447)	—	—	
Cumulative effect of adopting Accounting Standards Update ("ASU") No. 2022-02, net of tax	—	—	433	—	—	
Distributions from deferred comp plans	—	152	—	—	—	
Purchases of treasury stock	—	—	—	—	—	
Purchase of employee restricted shares to fund statutory tax withholding	—	—	—	—	(1,678)	
Option exercises	—	(217)	—	—	1,007	
Allocation of ESOP shares	—	272	—	—	—	
Allocation of SAP shares	—	7,569	—	—	—	
Allocation of stock options	—	144	—	—	—	
Balance as of December 31, 2023	$ 832	$ 989,058	$ 974,542	$ (141,115)	$ (127,825)	$

See accompanying notes to consolidated financial statem

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID

Consolidated Statements of Cash Flows

Years Ended December 31, 2022 December 31, 2023, 2021 2022

(Dollars in Thousands)

			2022	
Cash flows from operating activities:	Cash flows from operating activities:			
Cash flows from operating activities:				
Cash flows from operating activities:				
Net income				
Net income				
Net income	Net income	$	175,648	$
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			

Adjustments to reconcile net income to net cash provided by operating activities:

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization expense

Depreciation and amortization expense

Depreciation and amortization expense	Depreciation and amortization expense	13,076
Provision charge (benefit) for credit losses on loans and securities	Provision charge (benefit) for credit losses on loans and securities	8,388
Credit loss (benefit) charge for off-balance sheet credit exposure		(3,384)
Deferred tax expense (benefit)		2,220

Provision charge (benefit) for credit losses on loans and securities

Provision charge (benefit) for credit losses on loans and securities

Provision charge (benefit) for credit losses on off-balance sheet credit exposures

Provision charge (benefit) for credit losses on off-balance sheet credit exposures

Provision charge (benefit) for credit losses on off-balance sheet credit exposures

Deferred tax expense

Deferred tax expense

Deferred tax expense

Amortization of operating lease right-of-use assets

Amortization of operating lease right-of-use assets

Amortization of operating lease right-of-use assets	Amortization of operating lease right-of-use assets	10,617
Income on Bank-owned life insurance	Income on Bank-owned life insurance	(5,988)

Income on Bank-owned life insurance

Income on Bank-owned life insurance

Net amortization of premiums and discounts on securities

Net amortization of premiums and discounts on securities

Net amortization of premiums and discounts on securities	Net amortization of premiums and discounts on securities	12,673
Accretion of net deferred loan fees	Accretion of net deferred loan fees	(9,262)

Accretion of net deferred loan fees

Accretion of net deferred loan fees

Amortization of premiums on purchased loans, net

Amortization of premiums on purchased loans, net

Amortization of premiums on purchased loans, net	Amortization of premiums on purchased loans, net	270
Originations of loans held for sale	Originations of loans held for sale	(22,295)

Originations of loans held for sale

Originations of loans held for sale

Proceeds from sales of loans originated for sale

Proceeds from sales of loans originated for sale

Proceeds from sales of loans originated for sale	Proceeds from sales of loans originated for sale	20,521
ESOP expense	ESOP expense	4,140

ESOP expense

ESOP expense

Allocation of stock award shares	Allocation of stock award shares	9,407

Allocation of stock award shares

Allocation of stock award shares

Allocation of stock options

Allocation of stock options

Allocation of stock options	Allocation of stock options	198
Net gain on sale of loans	Net gain on sale of loans	(1,515)
Net gain on sale of loans		
Net gain on sale of loans		
Net gain on securities transactions		
Net gain on securities transactions		
Net gain on securities transactions	Net gain on securities transactions	(181)
Net gain on sale of premises and equipment		(22)
Net loss (gain) on sale of premises and equipment		
Net loss (gain) on sale of premises and equipment		
Net loss (gain) on sale of premises and equipment		
Net gain on sale of foreclosed assets		
Net gain on sale of foreclosed assets		
Net gain on sale of foreclosed assets	Net gain on sale of foreclosed assets	(8,541)
Net change in balance sheet:		
Net change in balance sheet:		
Net change in balance sheet:		
(Increase) decrease in accrued interest receivable		
(Increase) decrease in accrued interest receivable		
(Increase) decrease in accrued interest receivable	(Increase) decrease in accrued interest receivable	(9,913)
(Increase) decrease in other assets		(56,291)
Increase (decrease) in other liabilities		60,544
Decrease (increase) in other assets		
Decrease (increase) in other assets		
Decrease (increase) in other assets		
(Decrease) increase in other liabilities		
(Decrease) increase in other liabilities		
(Decrease) increase in other liabilities		
Net cash provided by operating activities		
Net cash provided by operating activities		
Net cash provided by operating activities	Net cash provided by operating activities	200,310
Cash flows from investing activities:	Cash flows from investing activities:	
Cash flows from investing activities:		
Cash flows from investing activities:		
Net (increase) decrease in loans	Net (increase) decrease in loans	(649,216)
Net (increase) decrease in loans		
Net (increase) decrease in loans		
Proceeds from sales of loans held for investment		
Proceeds from sales of loans held for investment		
Proceeds from sales of loans held for investment		
Proceeds from sales of foreclosed assets		
Proceeds from sales of foreclosed assets		
Proceeds from sales of foreclosed assets	Proceeds from sales of foreclosed assets	16,155
Proceeds from maturities, calls and paydowns of investment securities held to maturity	Proceeds from maturities, calls and paydowns of investment securities held to maturity	73,841
Proceeds from maturities, calls and paydowns of investment securities held to maturity		
Proceeds from maturities, calls and paydowns of investment securities held to maturity		

Purchases of investment securities held to maturity		
Purchases of investment securities held to maturity		
Purchases of investment securities held to maturity	Purchases of investment securities held to maturity	(27,043)
Proceeds from sales of securities available for sale	Proceeds from sales of securities available for sale	—
Proceeds from sales of securities available for sale		
Proceeds from sales of securities available for sale		
Proceeds from maturities calls and paydowns of securities available for sale	Proceeds from maturities calls and paydowns of securities available for sale	278,779
Proceeds from maturities calls and paydowns of securities available for sale		
Proceeds from maturities calls and paydowns of securities available for sale		
Purchases of securities available for sale		
Purchases of securities available for sale		
Purchases of securities available for sale	Purchases of securities available for sale	(290,426)
Proceeds from redemption of Federal Home Loan Bank stock	Proceeds from redemption of Federal Home Loan Bank stock	162,987
Proceeds from redemption of Federal Home Loan Bank stock		
Proceeds from redemption of Federal Home Loan Bank stock		
Purchases of Federal Home Loan Bank stock	Purchases of Federal Home Loan Bank stock	(197,251)
Cash received, net of cash consideration paid for acquisition		—
Purchases of Federal Home Loan Bank stock		
Purchases of Federal Home Loan Bank stock		
BOLI claim benefits received		
BOLI claim benefits received		
BOLI claim benefits received	BOLI claim benefits received	970
Purchases of loans	Purchases of loans	(6,971)
Purchases of loans		
Purchases of loans		
Proceeds from sales of premises and equipment		
Proceeds from sales of premises and equipment		
Proceeds from sales of premises and equipment	Proceeds from sales of premises and equipment	22
Purchases of premises and equipment	Purchases of premises and equipment	(9,411)
Purchases of premises and equipment		
Purchases of premises and equipment		
Net cash used in investing activities		
Net cash used in investing activities		
Net cash used in investing activities	Net cash used in investing activities	(647,564)
Cash flows from financing activities:	Cash flows from financing activities:	
Cash flows from financing activities:		
Cash flows from financing activities:		
Net (decrease) increase in deposits		
Net (decrease) increase in deposits		
Net (decrease) increase in deposits	Net (decrease) increase in deposits	(670,988)
Increase in mortgage escrow deposits	Increase in mortgage escrow deposits	1,265
Increase in mortgage escrow deposits		
Increase in mortgage escrow deposits		
Purchase of treasury stock		
Purchase of treasury stock		

Purchase of treasury stock	Purchase of treasury stock	(46,530)
Purchase of employee restricted shares to fund statutory tax withholding	Purchase of employee restricted shares to fund statutory tax withholding	(1,021)
Purchase of employee restricted shares to fund statutory tax withholding		
Purchase of employee restricted shares to fund statutory tax withholding		
Cash dividends paid to stockholders	Cash dividends paid to stockholders	(72,023)
Shares issued to dividend reinvestment plan		—
Cash dividends paid to stockholders		
Cash dividends paid to stockholders		
Stock options exercised		
Stock options exercised		
Stock options exercised	Stock options exercised	—
Proceeds from long-term borrowings	Proceeds from long-term borrowings	3,982,100
Payments on long-term borrowings		(3,252,556)
Net decrease in short-term borrowings		(18,948)
Proceeds from long-term borrowings		
Proceeds from long-term borrowings		
Repayments of long-term borrowings		
Repayments of long-term borrowings		
Repayments of long-term borrowings		
Net increase (decrease) in short-term borrowings		
Net increase (decrease) in short-term borrowings		
Net increase (decrease) in short-term borrowings		
Repayment of subordinated debentures	Repayment of subordinated debentures	—
Net cash (used in) provided by financing activities		(78,701)
Repayment of subordinated debentures		
Repayment of subordinated debentures		
Net cash provided by (used in) financing activities		
Net cash provided by (used in) financing activities		
Net cash provided by (used in) financing activities		
Net (decrease) increase in cash and cash equivalents		
Net (decrease) increase in cash and cash equivalents		
Net (decrease) increase in cash and cash equivalents	Net (decrease) increase in cash and cash equivalents	(525,955)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	685,163
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at beginning of period		
Restricted cash at beginning of period		
Restricted cash at beginning of period		
Restricted cash at beginning of period	Restricted cash at beginning of period	27,300
Total cash, cash equivalents and restricted cash at beginning of period	Total cash, cash equivalents and restricted cash at beginning of period	712,463
Total cash, cash equivalents and restricted cash at beginning of period		
Total cash, cash equivalents and restricted cash at beginning of period		
Cash and cash equivalents at end of period		
Cash and cash equivalents at end of period		
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	186,438
Restricted cash at end of period	Restricted cash at end of period	70
Restricted cash at end of period		
Restricted cash at end of period		
Total cash, cash equivalents and restricted cash at end of period		

Total cash, cash equivalents and restricted cash at end of period				
Total cash, cash equivalents and restricted cash at end of period	Total cash, cash equivalents and restricted cash at end of period	$	186,508	
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 on deposits and borrowings				
Interest on deposits and borrowings				
Interest on deposits and borrowings	Interest on deposits and borrowings	$	46,896	
Income taxes	Income taxes	$	51,050	
Income taxes				
Income taxes				
Non cash investing activities:				
Non cash investing activities:				
Non cash investing activities:	Non cash investing activities:			
Transfer of loans receivable to foreclosed assets	Transfer of loans receivable to foreclosed assets	$	1,208	
Acquisitions:				
Non-cash assets acquired at fair value:				
Investment securities			—	
Loans, net			—	
Bank-owned life insurance			—	
Goodwill and other intangible assets			—	
Bank premises and equipment			—	
Other assets			—	
Total non-cash assets acquired at fair value		$	—	
Transfer of loans receivable to foreclosed assets				
Transfer of loans receivable to foreclosed assets				
Liabilities assumed:				
Deposits		$	—	$
Borrowings			—	$
Other Liabilities			—	$
Total liabilities assumed		$	—	
Common stock issued for acquisitions		$	—	

See accompanying notes to consolidated financial statem

PROVIDENT FINANCIAL SERVICES, INC. AND SUBSID
NOTES TO CONSOLIDATED FINANCIAL STATEMEN

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Provident Financial Services, Inc. (the “Company”), Provident Bank (the “Bank”) and their wh
Certain reclassifications have been made in the consolidated financial statements to conform with current year classifications.

Business

The Company, through the Bank, provides a full range of banking services to individual and business customers through branch offices in New Jersey, Quee
financial institutions and to the regulations of certain federal and state agencies, and undergoes periodic examinations by those regulatory authorities.

Basis of Financial Statement Presentation

The consolidated financial statements of the Company have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”). In p
about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosures about contingent as
expenses for the periods then ended. Such estimates are used in connection with the determination of the allowance for credit losses, evaluation of goodwill fo
liabilities related to retirement and other post-retirement benefits, among others. These estimates and assumptions are based on management’s best estimates

experience and other factors, including the currently forecasted economic environment, which management believes to be reasonable under the circumstances. their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates will be reflected in the financia

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks, Federal funds sold and commercial paper with original ma

Securities

Securities include held to maturity debt securities and available for sale debt securities. The available for sale debt securities portfolio is carried at estimated income or loss in Stockholders' Equity. Estimated fair values are provided by reputable and widely used pricing services who maintain pricing methodologies a Securities which the Company has the positive intent and ability to hold to maturity are classified as held to maturity debt securities and carried at amortized cost.

On January 1, 2020, the Company adopted CECL the current expected credit loss ("CECL") methodology which replaces the incurred loss methodology w securities on a collective basis by security type. Management classifies the held to maturity debt securities portfolio into the following security types:

- Agency obligations;
- Mortgage-backed securities;
- State and municipal obligations; and
- Corporate obligations.

All of the agency obligations held by the Company are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly g credit losses. The majority of the state and municipal, and corporate obligations carry no lower than A ratings from the rating agencies at December 31, 2022 as o Moody's Investors Service.

Premiums on securities are amortized into income using a method that approximates the interest method over the remaining period to the earliest call date o over the remaining period to the contractual maturity, adjusted for anticipated prepayments. Interest income is recognized on an accrual basis, while dividend inco based on the specific identification method. Accrued interest receivable on held to maturity debt securities are excluded from the estimate of credit losses. See Not

Equity Securities

The Company holds equity securities that are traded in active markets with readily determinable fair value using quoted market prices.

Fair Value of Financial Instruments

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority lowest priority to unobservable inputs (level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of input that

Federal Home Loan Bank of New York Stock

The Bank, as a member of the Federal Home Loan Bank of New York ("FHLBNY"), is required to hold shares of capital stock of the FHLBNY at cost based on

Loans

Loans receivable are carried at unpaid principal balances plus unamortized premiums, purchase accounting mark-to-market adjustments and certain defer deferred loan origination fees and discounts, less the allowance for credit losses.

The Bank defers loan origination fees and certain direct loan origination costs and accretes or amortizes such amounts as an adjustment to the yield over the are amortized or accreted as an adjustment of yield over the contractual lives of the related loans, adjusted for prepayments when applicable, using methodologies

Loans are generally placed on non-accrual status when they are past due 90 days or more as to contractual obligations or when other circumstances indica received is reversed against interest income. Payments received on a non-accrual loan are either applied to the outstanding principal balance or recorded as inte accrual status when principal and interest payments become less than 90 days past due and its future collectability is reasonably assured.

An impaired loan is defined as a loan for which it is probable, based on current information, that the Bank will not collect all amounts due under the contr carrying value is not in excess of the fair value of the related collateral or the present value of the expected future cash flows. Residential mortgage and consume are therefore excluded from the population of impaired loans.

Purchased credit deteriorated ("PCD") loans are loans acquired that have experienced more-than-insignificant deterioration in credit quality since origination.

Allowance for Credit Losses on Loans

On January 1, 2020, the Company adopted ASU 2016-13, "Measurement of Credit Losses on Financial Instruments,"

which replaced the incurred loss methodology with the current expected credit loss ("CECL") CECL methodology. The allowance for credit losses is a valuation a Company maintains the allowance for credit losses through provisions for credit losses that are charged to income. Charge-offs against the allowance for credit unlikely. Recoveries made on loans that have been charged-off are credited to the allowance for credit losses.

The allowance for credit losses is a valuation account that reflects management's evaluation of the current expected credit losses in the loan portfolio. The income. Charge-offs against the allowance for credit losses are taken on loans where management determines that the collection of loan principal and interest is u

The calculation of the allowance for credit losses is a critical accounting policy of the Company. Management estimates the allowance balance using releva reasonable and supportable forecast. Historical credit loss experience for both the Company and peers provides the basis for the estimation of expected credit los of segment-specific loss given default ("LGD") risk factors that convert default rates to loss severity based on industry-level, observed relationships between the tw assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical with corresponding economic conditions, establish a quantitative relationship between economic conditions and loan performance through an economic cycle.

Using the historical relationship between economic conditions and loan performance, management's expectation of future loan performance is incorporated u determined to be reasonable and supportable. Beyond the period over which management can develop or source a reasonable and supportable forecast, the mo Company's current forecast period is six quarters, with a four quarter four-quarter reversion period to historical average macroeconomic factors. The Company's ec

The allowance for credit losses is measured on a collective (pool) basis, with both a quantitative and qualitative analysis that is applied on a quarterly ba measured using an econometric, discounted PDR/LGD modeling methodology in which distinct, segment-specific multi-variate regression models are applied to estimated over the effective life of the loans by measuring the difference between the net present value of modeled cash flows and amortized cost basis. Contractu defaults and expected prepayments and discounted at the loan-level effective interest rate. The contractual term excludes expected extensions, renewals and expectation that a troubled debt restructuring ("TDR") modification will be executed with an individual borrower; or when an extension or renewal option is included likelihood of an the option being exercised by any given the borrower and appropriately extend the maturity of the portfolio for modeling purposes.

The Company considers qualitative adjustments to credit loss estimates for information not already captured in the quantitative component of the loss estim industry conditions, changes in the Company's loan review process, changes in the Company's loan policies and procedures, and economic forecast uncertainty.

One of the most significant judgments involved in estimating the Company's allowance for credit losses relates to the macroeconomic forecasts used to e Moody's baseline economic forecast, as adjusted for qualitative factors, as well as an extensive review of classified loans and loans that were classified as imp forecast and related deterioration in the projected commercial property price index used in our CECL model. The Company made qualitative adjustments to the pro

considering the differences in portfolio collateral composition versus the commercial property price index used in our CECL models. This resulted in a total provisio the Company used the unadjusted baseline outlooks for the commercial property price index over the expected lives of Commercial Real Estate Non-Owner Occu coverage ratio of 105 basis points.

Portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losse generally based upon federal call report segmentation. The segments have been combined or sub-segmented as needed to ensure loans of similar risk profiles a the Company's loan portfolio were:

- Mortgage Loans – Residential, Commercial Real Estate, Multi-Family and Construction
- Commercial Loans – Commercial Owner Occupied Owner-Occupied and Commercial Non-Owner Occupied
- Consumer Loans – First Lien Home Equity and Other Consumer

The allowance for credit losses on loans individually evaluated are for impairment is based upon loans that have been identified through the Company's Company's Delinquency, Credit, Credit Risk Management and Allowance Committees; or which may be identified through the Company's loan review process.

Generally, the Company only evaluates loans individually for specific reserves impairment if the loan is non-accrual, non-homogeneous and the balance is at least $1.0 million, all loans in the loan was modified as a TDR. relationship would be evaluated individually for impairment.

For all classes of loans deemed collateral-dependent, the Company estimates expected credit losses based on the fair value of the collateral less any selling loans is based on discounted expected cash flows using the loan's initial effective interest rate.

A loan for which the terms have been modified resulting in a concession by the Company, and for which the borrower is experiencing financial difficulties is c other impaired loans, except that the original interest rate is used to discount the expected cash flows, not the rate specified within the restructuring.

For loans acquired that have experienced more-than-insignificant deterioration in credit quality since their origination are considered Purchased Credit Deteri any of, but not limited to, the following: (1) non-accrual status; (2) troubled debt restructured modification designation; (3) risk ratings of special mention, substanda date, but had been previously delinquent. At the acquisition date, an estimate of expected credit losses is made for groups of PCD loans with similar risk charac initial allowance for credit losses on PCD loans will increase or decrease based on future evaluations, with changes recognized in the provision for credit losses.

Management believes the primary risks inherent in the portfolio are a general decline in the economy, a decline in real estate market values, rising unemplo properties and possible increases in interest rates in the absence of economic improvement. Any one or a combination of these events may adversely affect t provisions. Management considers it important to maintain the ratio of the allowance for credit losses to total loans at an acceptable level given current and forecas

The CECL approach to calculate the allowance for credit losses on loans is significantly influenced by the composition, characteristics, and quality of the Con these and other relevant factors creates greater volatility to the allowance for credit losses, and therefore, greater volatility to the Company's reported earnings. losses at appropriate levels, additions may be necessary if future economic and other conditions differ substantially from the current operating environment a consideration to forecasted economic factors, historical loss experience and other factors. The model includes both quantitative and qualitative components. Suc effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes actual losses are higher than management estimates, additional provision for credit losses on loans could be required and could adversely affect our earnings or fi the Company's allowance for credit losses as an integral part of their examination process. Such agencies may require the Company to recognize additions to the of their examination. Although management uses the best information available, the level of the allowance for credit losses remains an estimate that is subject to s

The CECL approach volatility. See Note 7 to calculate the Consolidated Financial Statements for more information on the allowance for credit losses on loans well as the prevailing economic conditions and forecast utilized. loans.

Material changes to these and other relevant factors creates greater volatility to the allowance for credit losses, and therefore, greater volatility to the Compan in provision was primarily attributable to a worsened economic scenarios that may impact forecast and related deterioration in the allowance for credit losses or

commercial property price indices used in a significant increase to the allowance for credit losses on loans. These scenarios include both the quantitative and qu
underlying the overall calculation. To the extent actual losses are higher than management estimates, additional provision for credit losses on loans could be
Consolidated Financial Statements for more information on the allowance for credit losses on loans.

CECL model.

Foreclosed Assets

Assets acquired through foreclosure or deed in lieu of foreclosure are carried at the lower of the outstanding loan balance at the time of foreclosure or fa
acquired, the excess of the loan balance over fair value, less estimated costs to sell, is charged to the allowance for credit losses. A reserve for foreclosed
foreclosure. Foreclosed assets are carried net of the related reserve. Operating results from real estate owned, including rental income, operating expenses, and g

Banking Premises and Equipment

Land is carried at cost. Banking premises, furniture, fixtures and equipment are carried at cost, less accumulated depreciation, computed using the st
accumulated depreciation, are amortized over the terms of the leases or the estimated useful lives of the assets, whichever are shorter, using the straight-line meth

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized fo
amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the y
assets and liabilities of a change in tax rates is recognized in tax expense in the period that includes the enactment date. Deferred tax assets and liabilities
determination of whether deferred tax assets will be realizable is predicated on estimates of future taxable income. Such estimates are subject to management's ju
not that it will realize deferred tax assets based on the nature and timing of these items. The Company recognizes, when applicable, interest and penalties related

Trust Assets

Trust assets consisting of securities and other property (other than cash on deposit held by the Bank in fiduciary or agency capacities for customers of the
financial condition because such properties are not assets of the Bank.

Intangible Assets

Intangible assets of the Bank consist of goodwill, core deposit premiums, customer relationship premium and mortgage servicing rights. Goodwill represen
purchase acquisitions. In accordance with GAAP, goodwill with an indefinite useful life is not amortized, but is evaluated for impairment on an annual basis
measurement dates. As permitted by GAAP, the Company prepares a qualitative assessment in determining whether goodwill may be impaired. The factors co
financial performance of the Company, among others. The Company completed its annual qualitative assessment of goodwill as of July 1, 2022 July 1, 2023.
warranted.

Core deposit premiums represent the intangible value of depositor relationships assumed in previous purchase acquisitions and are amortized on an accele
useful life of 10.0 years. Customer relationship premiums represent the intangible value of customer relationships assumed in the purchase acquisitions of Beac
Bank and are amortized on an accelerated basis over 12.0 years, 10.4 years, 10.0 years, and 13.0 years, respectively. Mortgage servicing rights are recorded wh
rights are amortized on an accelerated method based upon the estimated lives of the related loans, adjusted for prepayments. Mortgage servicing rights are carrie

Bank-owned Life Insurance

Bank-owned life insurance is accounted for using the cash surrender value method and is recorded at its realizable value.

Employee Benefit Plans

The Bank maintains a pension plan which covers full-time employees hired prior to April 1, 2003, the date on which the pension plan was frozen. The Bank's
of 1974. GAAP requires an employer to: (a) recognize in its statement of financial condition the over-funded or under-funded status of a defined benefit postretir
obligation; (b) measure a plan's assets and its obligations that determine its funded status at the end of the employer's fiscal year (with limited exceptions); and (c)
prior service costs and credits that arise during the period.

The Bank has a 401(k) plan covering substantially all employees of the Bank. The Bank may match a percentage of the first 6% contributed by participants
discretion.

The Bank has an Employee Stock Ownership Plan ("ESOP"). The funds borrowed by the ESOP from the Company to purchase the Company's common s
period of up to 30 years. The Company's common stock not allocated to participants is recorded as a reduction of stockholders' equity at cost. Compensation expe
of shares allocated during the quarter.

The Bank has an Equity Plan designed to provide competitive compensation for demonstrated performance and to align the interests of participants directly
vesting grants. Time-vesting stock awards, stock options and performance vesting stock awards that are based on a performance condition, such as return on av
and options that are based on a market condition, such as total shareholder return, would be valued using a generally accepted statistical technique to simulate
would be measured against.

Expense related to time-vesting stock awards and stock options is based on the fair value of the common stock on the date of the grant and on the fair value
the awards. Performance vesting stock awards and stock options are either dependent upon a market condition or a performance condition. A market condition pe
performance-condition is based on internal operations, such as earnings per share. The expense related to a market condition performance-vesting stock awar
recognized as a compensation expense regardless of actual payout, assuming that the executive is still employed at the end of the requisite service period. If pre-
fair value is recognized ratably over the performance period. The expense related to a performance condition stock award or stock option is based on the fair
expected to be earned, recognized over the performance period.

In connection with the First Sentinel acquisition in July 2004, the Company assumed the First Savings Bank Directors' Deferred Fee Plan (the "DDFP"). The
and corresponding contra-equity account for the value of the shares held by the DDFP at the July 14, 2004 acquisition date. These accounts will be liquidated as
December 31, 2022 was terminated and final distributions are expected on or about November 1, 2024. As of December 31, 2023, there were 104,129 65,744 shar

The Bank maintains a non-qualified plan that provides supplemental benefits to certain executives who are prevented from receiving the full benefits contemp

Post-retirement Benefits Other Than Pensions

The Bank provides post-retirement health care and life insurance plans to certain of its employees. The life insurance coverage is noncontributory to the parti
the Bank. The costs of such benefits are accrued based on actuarial assumptions from the date of hire to the date the employee is fully eligible to receive the
employees with less than 10 years of service. GAAP requires an employer to: (a) recognize in its statement of financial condition the over-funded or under-funde
assets and the benefit obligation; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with li
gains and losses and the prior service costs and credits that arise during the period.

Derivatives

The Company records all derivatives on the statements of financial condition at fair value. The accounting for changes in the fair value of derivatives depe
hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. The Cor
related transaction which, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. As such, all changes in fair value of the Compa

The Company also uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges, and
exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. These derivative
deposits. The change in the fair value of these derivatives is recorded in accumulated other comprehensive income, and is subsequently reclassified into earnings

Comprehensive Income

Comprehensive income is divided into net income and other comprehensive income (loss). Other comprehensive income (loss) includes items previously rec
gains and losses on derivatives that are designated as cash flow hedges and amortization related to post-retirement obligations. Comprehensive income is presen

Segment Reporting

The Company's operations are solely in the financial services industry and include providing traditional banking and other financial services to its customer
County, and Nassau Counties in New York and eastern Pennsylvania. The Company has a single reporting segment for financial reporting purposes.

Earnings Per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of shares outstanding for the p
to issue common stock (such as stock options) were exercised or resulted in the issuance of common stock. These potentially dilutive shares would then be incl
Shares issued and shares reacquired during the period are weighted for the portion of the period that they were outstanding.

Impact of Recent Accounting Pronouncements

Accounting Pronouncements Not Yet Adopted This Year

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-02, *"Financial Instruments-Credit Los*
the FASB as part of its post-implementation review of the credit losses standard (ASU 2016-13) that introduced the CECL model. The amendments eliminate th
enhance the disclosure requirements for loan refinancing and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments
investment in leases by year of origination in the vintage disclosures. For entities that have adopted ASU 2016-13, ASU 2022-02 is was effective for fiscal years
permitted if an entity has had adopted ASU 2016-13. This standard is not expected The Company adopted this ASU on January 1, 2023 using the modified retro
after January 1, 2023 are presented under ASC 326 while prior period amounts continue to have be recorded with previously applicable GAAP. As a material finar
$594,000 reduction to have the allowance for credit losses, which resulted in a meaningful impact on our required disclosures in the Notes $433,000 cumulative eff

In March 2022, the FASB issued Accounting Standards Update (ASU) 2022-01, Derivatives and Hedging (Topic 815): *Fair Value Hedging – Portfolio Laye*
accounting results on the application of the last-of-layer method, which was first introduced in ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Impr
years beginning after December 15, 2022, with early adoption in the interim period permitted. The Company adopted this standard on January 1, 2023 on a prospe

In March 2020, the FASB issued ASU 2020-04, *"Reference Rate Reform (Topic 848),"* which provides optional expedients and exceptions for applying G
transition away from LIBOR toward new interest rate benchmarks. For transactions that are modified because of reference rate reform and that meet certain scop
the effective interest rate and the modification will be considered "minor" so that any existing unamortized origination fees/costs would carry forward and cor
continuation of the existing agreement with no reassessments of the lease classification and the discount rate or re-measurements of lease payments that otherw
numerous optional expedients for derivative accounting. ASU 2020-04 is effective March 12, 2020 through December 31, 2022. An entity may elect to apply ASU 2
that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industr
contract modifications for that Topic or Industry Subtopic. The Company anticipates this ASU will simplify any modifications we execute between the selected star
prospective recognition of the continuation of the contract, rather than the extinguishment of the old contract resulting in writing off unamortized fees/costs. In addi
the scope of ASC 848 relating to contract modifications. In the fourth quarter of 2019 the Company formed, a cross-functional team to develop transition plans for
communication, internal training, financial, operational and risk management implications, and legal and contract management. The working group is comprised
others. In addition, the Company has engaged with reviewed all of its regulators LIBOR-based products and with industry working groups and trade associations a
LIBOR another index or are scheduled to be phased out adjusted at their next repricing, as an interest rate benchmark in pricing assets or liabilities. We are n

amending existing asset and liability contracts that reference LIBOR ceased to reference a new benchmark rate. be published after June 30, 2023. The Company
related to the Secured Overnight Financing Rate ("SOFR") for most type of transactions. This standard is amendments and it did not expected to have a material
ASU 2022-06, "Reference Rate Reform (Topic 848,)" which provides optional guidance to ease the potential burden in account for (or recognizing the effects of) r
the transition period away from LIBOR toward new interest rate benchmarks. The amendments in ASU 2022-06 defer the sunset date provision from December 31

2024. ASU 2022-06 was effective immediately upon issuance and is not expected to have an impact on the Company's financial statements or disclosures. positior

(2) Stockholders' Equity

On January 15, 2003, the Bank completed its plan of conversion, and the Bank became a wholly owned subsidiary of the Company. The Company sold 59.6
proceeds in the amount of $567.2 million.

In connection with the Bank's commitment to its community, the plan of conversion provided for the establishment of a charitable foundation. Provident The E
foundation, which amounted to $24.0 million in aggregate. The Company recognized an expense, net of income tax benefit, equal to the cash and fair value of the
offering.

Upon completion of the plan of conversion, a "liquidation account" was established in an amount equal to the total equity of the Bank as of the latest practica
the assets of the Bank to "eligible account holders" and "supplemental eligible account holders" as defined in the Plan, who continue to maintain deposits in the E
each eligible account holder and supplemental eligible account holder would receive a liquidation distribution, prior to any payment to the holder of the Bank's co
account holder's proportionate share of the then total remaining qualifying deposits. At December 31, 2022 As of December 31, 2023, the liquidation account, whic

(3) Business Combinations

Lakeland Bancorp, Inc. Merger Agreement

On September 26, 2022, the Company, NL 239 Corp., a direct, wholly owned subsidiary of the Company ("Merger Sub"), and Lakeland Bancorp, Inc. entered
accordance with its terms, the "merger agreement"), pursuant to which Provident the Company and Lakeland have agreed to combine their respective businesses.

Under the merger agreement, Merger Sub will merge with and into Lakeland, with Lakeland as the surviving entity (the "merger"), and as soon as reasonabl
surviving entity (the "holdco merger"). At a date and time following the holdco merger as determined by the Company, Lakeland Bank, a New Jersey state-chart
Provident the Bank, a New Jersey state-chartered savings bank and a wholly owned subsidiary of with the Company ("Provident Bank"), with Provident Bank as the
Company as the surviving institution will have approximately $25 billion in total assets, $18 billion in total loans and $20 billion in total deposits with banking locatio

In the merger, Lakeland shareholders will receive 0.8319 of a share of the Company's common stock for each share of Lakeland common stock they own. Ba
on September 26, 2022, the last trading day before the public announcement transaction, which remains subject to regulatory approvals and other closing condit
42% of the merger, the exchange ratio represented approximately $19.27 in value for each share of Lakeland common stock, representing a merger consideration

The Company has received stockholder approval to proceed with the merger at a special meeting of stockholders held on February 1, 2023. Lakeland h
February 1, 2023. The completion of the merger remains subject to receipt of the requisite bank regulatory approvals and other customary closing conditions.

SB One Bancorp Acquisition

On July 31, 2020 December 20, 2023, the Company, completed its acquisition of SB One Bancorp ("SB One"), which added $2.20 billion along with Lakela
$1.76 billion to total deposits, and added 18 full-service banking offices in New Jersey and New York. As part of the acquisition, the addition of Provident Prote
insurance products.

Under the extend their merger agreement each share of SB One common stock was exchanged for 1.357 shares of to March 31, 2024, to provide additional t
treasury stock, plus cash in lieu of fractional shares in the acquisition of SB One. The total consideration paid in the acquisition of SB One was $180.8 million. In co
Provident Bank, a wholly owned subsidiary of the Company.

The acquisition was accounted for under the acquisition method of accounting. Under this method of accounting, the respective assets acquired and liabilit
fair value of the net assets acquired totaled $23.9 million and was recorded as goodwill. required regulatory approvals.

(4) Restrictions on Cash and Due from Banks

Included in cash on hand and due from banks at December 31, 2022 as of December 31, 2023 and 2021 2022 was $70,000, and $27.3 million, respectively
banking regulations. risk participation agreements.

(5) Held to Maturity Debt Securities

The following tables present the amortized cost, gross unrealized gains, gross unrealized losses and the estimated fair value for held to maturity debt securitie

	Amortized cost
Treasury Obligations	$ 5,146
Agency-sponsored obligations	11,058
State and municipal obligations	339,816
Corporate obligations	7,091

	$ 363,111

	Amortized cost
Agency-sponsored obligations	$ 9,997
State and municipal obligations	366,164
Corporate obligations	11,789
	$ 387,950

Accrued interest on held to maturity debt securities, which is excluded from the amortized cost, totaled $3.1 million and $3.4 million as of December 31, consolidated statements of financial condition.

The amortized cost and fair value of held to maturity debt securities as of December 31, 2023 by contractual maturity are shown below (in thousands). Expec

Due in one year or less
Due after one year through five years
Due after five years through ten years
Due after ten years

The allowance for credit losses on held to maturity debt securities as of December 31, 2023 and 2022 were $31,000 and $27,000, respectively, and are exc are excluded from the estimate of credit losses.

The Company generally purchases securities for long-term investment purposes, and differences between carrying and fair values may fluctuate during the i as of December 31, 2023 and 2022, respectively, were pledged to secure municipal deposits.

During 2023, the Company recognized gains of $45,000 and losses of $15,000 related to calls on securities in the held to maturity debt securities portfoli maturity debt securities portfolio for the year ended December 31, 2023.

For 2022, the Company recognized gains of $123,000 and no losses related to calls on securities in the held to maturity debt securities portfolio, with total p securities portfolio for the year ended December 31, 2022.

For the 2021 period, the Company recognized gains of $25,000 and no losses related to calls on certain securities in the held to maturity debt securities por to maturity debt securities portfolio for the year ended December 31, 2021.

The number of securities in an unrealized loss position as of December 31, 2023 totaled 372, compared with 439 as of December 31, 2022. The decrease market interest rates on the intermediate part of the curve compared to rates as of December 31, 2022.

Management measures expected credit losses on held to maturity debt securities on a collective basis by security type. Management classifies the held to m

- Agency Agency-sponsored obligations;
- Mortgage-backed securities;
- State and municipal obligations; and
- Corporate obligations.

All of the agency obligations held by the Company are issued by U.S. government entities and agencies. These securities are either explicitly or implicitly guara losses. The majority of the state and municipal and corporate obligations carry no lower than A credit ratings from the rating agencies at December 31, 2022 as of or worse by Moody’s Investors Service.

The Company adopted CECL using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized date of CECL.

The following tables present the amortized cost, gross unrealized gains, gross unrealized losses and the estimated fair value for held to maturity debt securiti

	Amortized cost
Agency obligations	$ 9,997
State and municipal obligations	366,164

Corporate obligations	11,789
	$ 387,950

	Amortized cost
Agency obligations	$ 9,996
Mortgage-backed securities	21
State and municipal obligations	415,724
Corporate obligations	10,448
	$ 436,189

The amortized cost and fair value of held to maturity debt securities at December 31, 2022 by contractual maturity are shown below (in thousands). Expected

Due in one year or less
Due after one year through five years
Due after five years through ten years
Due after ten years

The allowance for credit losses on held to maturity debt securities at December 31, 2022 and 2021 were $27,000 and $39,000, respectively, and are excluded

The Company generally purchases securities for long-term investment purposes, and differences between carrying and fair values may fluctuate during the i at December 31, 2022 and 2021, respectively, were pledged to secure municipal deposits.

During 2022, the Company recognized gains of $123,000 and no losses related to calls on securities in the held to maturity debt securities portfolio, with to debt securities portfolio for the year ended December 31, 2022.

For 2021, the Company recognized gains of $25,000 and no losses related to calls on securities in the held to maturity debt securities portfolio, with total p securities portfolio for the year ended December 31, 2021.

For the 2020 period, the Company recognized gains of $81,000 and no losses related to calls on certain securities in the held to maturity debt securities por to maturity debt securities portfolio for the year ended December 31, 2020.

The number of securities in an unrealized loss position as of December 31, 2022 totaled 439, compared with 53 at December 31, 2021. The increase in the interest rates compared to rates at December 31, 2021.

Credit Quality Indicators. The following table provides the amortized cost of held to maturity debt securities by credit rating as of December 31, 2022 Decem

		December 31, 2022								
		December 31, 2023								
Total Portfolio	Total Portfolio	AAA	AA	A	BBB	Not Rated	Total	Total Portfolio	AAA	AA
Agency obligations		$ 9,997	—	—	—	—	9,997			
Treasury obligations										
Agency-sponsored obligations										
State and municipal obligations	State and municipal obligations	48,453	171,934	143,829	770	1,178	366,164			
Corporate obligations		507	3,592	7,415	—	275	11,789			
		$58,957	175,526	151,244	770	1,453	387,950			

	December 31, 2021					
Total Portfolio	AAA	AA	A	BBB	Not Rated	Total

Agency obligations		$ 9,996	—	—	—	—	9,996
Mortgage-backed securities		21	—	—	—	—	21
State and municipal obligations							
State and municipal obligations	State and municipal obligations	54,583	314,396	44,392	945	1,408	415,724
Corporate obligations	Corporate obligations	510	2,634	7,279	—	25	10,448
	$						
		$65,110	317,030	51,671	945	1,433	436,189

December 31, 2022

December 31, 2022

December 31, 2022

Total Portfolio	Total Portfolio	AAA	AA
Agency-sponsored obligations			
State and municipal obligations			
State and municipal obligations			
State and municipal obligations			
Corporate obligations			
$			

Credit quality indicators are metrics that provide information regarding the relative credit risk of debt securities. At December 31, 2022 As of December 31, 2
39% rated A, and less than 1% either below an A rating or not rated by Moody's Investors Service or Standard and Poor's. Securities not explicitly rated, such a
issuer of the security.

(6) Available for Sale Debt Securities

The following tables present the amortized cost, gross unrealized gains, gross unrealized losses and the fair value for available for sale debt securities at Dec

		Amortized cost
U.S. Treasury obligations	$	276,618
Agency guaranteed obligations		26,310
Mortgage-backed securities		1,462,159
Asset-backed securities		31,809
State and municipal obligations		64,454
Corporate obligations		40,448
	$	1,901,798

		Amortized cost
U.S. Treasury obligations	$	275,620
Mortgage-backed securities		1,636,913
Asset-backed securities		37,706
State and municipal obligations		67,706

Corporate obligations		40,540
	$	2,058,485

		Amortized cost
U.S. Treasury obligations	$	196,897
Mortgage-backed securities		1,711,312
Asset-backed securities		45,115
State and municipal obligations		68,702
Corporate obligations		36,109
	$	2,058,135

Accrued interest on available for sale debt securities, which is excluded from the amortized cost, totaled $4.9 million and $4.8 million as of December 31, 20 consolidated statements of financial condition.

Available for sale debt securities having a carrying value of $1.13 billion and $1.25 billion as of December 31, 2023 and $1.56 billion at December 31, 2022 a and repurchase agreements.

The amortized cost and fair value of available for sale debt securities at December 31, 2022 as of December 31, 2023, by contractual maturity, are shown be privileges of the issuer.

		2022			2023
		Amortized cost		Fair value	Amortized cost
Due in one year or less	Due in one year or less	$	—	—	
Due after one year through five years	Due after one year through five years	194,949		176,459	
Due after five years through ten years	Due after five years through ten years	125,582		109,597	
Due after ten years	Due after ten years	63,335		52,732	
		$383,866		338,788	
	$				

Investments which pay principal on a periodic basis totaling $1.67 billion $1.52 billion at amortized cost and $1.35 billion at fair value are excluded from the prepayments.

During 2023, proceeds from calls on securities in the available for sale debt securities portfolio totaled $2.3 million with no gains and no losses recognized. Fo with gains of $58,000 and no losses recognized. For 2021, proceeds from calls on securities in the available for sale debt securities portfolio totaled $9.4 million, w

The number of securities in an unrealized loss position as of December 31, 2022 December 31, 2023 totaled 475, 436, compared with 113 at December 31, position at December 31, 2022 as of December 31, 2023 was due to higher lower current market interest rates on the intermediate part of the curve compared December 31, 2022.

(7) Loans Receivable and Allowance for Credit Losses

Loans receivable at December 31, 2022 as of December 31, 2023 and 2021 2022 are summarized as follows (in thousands):

		2022	2021
2023			2023
Mortgage loans:	Mortgage loans:		
Residential		$ 1,177,698	1,202,638
Commercial			
Commercial			
Commercial	Commercial	4,316,185	3,827,370
Multi-family	Multi-family	1,513,818	1,364,397
Construction	Construction	715,494	683,166
Residential			
Total mortgage loans	Total mortgage loans	7,723,195	7,077,571
Commercial loans	Commercial loans	2,233,670	2,188,866
Consumer loans	Consumer loans	304,780	327,442
Total gross loans	Total gross loans	10,261,645	9,593,879
Premiums on purchased loans	Premiums on purchased loans	1,380	1,451
Premiums on purchased loans			
Premiums on purchased loans			
Net deferred fees	Net deferred fees	(14,142)	(13,706)
Net deferred fees			
Net deferred fees			
Total loans	Total loans	$10,248,883	9,581,624

Accrued interest on loans totaled $50.9 million and $43.8 million as of December 31, 2023 and December 31, 2022, respectively, and is presented within tota

The Bank does not, as a general practice, make loans to its directors, or to their immediate family members and related interests. As of December 31, 202 executive officers or their related entities. These loans and loan commitments were made on substantially the same terms, including interest rates and collatera normal risk of repayment or present other unfavorable features. It is the policy of the Bank that no loan or extension of credit of any type shall be made to any mem board of directors or their immediate family and none existed as of December 31, 2023.

Premiums and discounts on purchased loans are amortized or accreted over the lives of the loans as an adjustment to yield. Required reductions due to ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, as a result of prepayments and normal amortization, interest income decreased $206,(

The following tables summarize the aging of loans receivable by portfolio segment and class of loans (in thousands):

		At December 31, 2022										
		30-59 Days	60-89 Days	Non-accrual	90 days or more past due and accruing	Total Past Due	Current	Total Loans Receivable	Non-accrual loans with no related allowance	30-59 Days	60-89 Days	90 days or more past due and accruing
Mortgage loans:	Mortgage loans:											
Residential		$1,411	1,114	1,928	—	4,453	1,173,245	1,177,698	1,928			
Commercial												
Commercial												
Commercial	Commercial	2,300	412	28,212	—	30,924	4,285,261	4,316,185	22,961			
Multi-family	Multi-family	790	—	1,565	—	2,355	1,511,463	1,513,818	1,565			
Construction	Construction	905	1,097	1,878	—	3,880	711,614	715,494	1,878			
Residential												

Total mortgage loans	Total mortgage loans	5,406	2,623	33,583	—	41,612	7,681,583	7,723,195	28,332
Commercial loans	Commercial loans	964	1,014	24,188	—	26,166	2,207,504	2,233,670	21,156
Consumer loans	Consumer loans	885	147	738	—	1,770	303,010	304,780	739
Total gross loans	Total gross loans	$7,255	3,784	58,509	—	69,548	10,192,097	10,261,645	50,227

		At December 31, 2021										
		30-59 Days	60-89 Days	Non-accrual	90 days or more past due and accruing	Total Past Due	Current	Total Loans Receivable	Non-accrual loans with no related allowance	30-59 Days	60-89 Days	90 days or more past due and accruing
Mortgage loans:	Mortgage loans:											
Residential		$ 7,229	1,131	6,072	—	14,432	1,188,206	1,202,638	6,072			
Commercial												
Commercial												
Commercial	Commercial	720	3,960	16,887	—	21,567	3,805,803	3,827,370	16,887			
Multi-family	Multi-family	—	—	439	—	439	1,363,958	1,364,397	439			
Construction	Construction	—	—	2,365	—	2,365	680,801	683,166	2,365			
Residential												
Total mortgage loans	Total mortgage loans	7,949	5,091	25,763	—	38,803	7,038,768	7,077,571	25,763			
Commercial loans	Commercial loans	7,229	1,289	20,582	—	29,100	2,159,766	2,188,866	14,453			
Consumer loans	Consumer loans	649	228	1,682	—	2,559	324,883	327,442	1,682			
Total gross loans	Total gross loans	$15,827	6,608	48,027	—	70,462	9,523,417	9,593,879	41,898			

Included in loans receivable are loans for which the accrual of interest income has been discontinued due to deterioration in the financial condition of the b moved from an accrual to a non-accrual status. The principal amount of non-accrual loans was $49.6 million and $58.5 million as of December 31, 2023 and $48.0 and still accruing interest at December 31, 2022 as of December 31, 2023 and 2021. 2022.

If the non-accrual loans had performed in accordance with their original terms, interest income would have increased by $1.0 million $1.6 million, $1.2 millior and 2021, and 2020, respectively.

The amount of cash basis interest income that was recognized on impaired loans during activity in the allowance for credit losses for the years ended Decem

Balance at beginning of period	
Cumulative effect of adopting ASU 2022-02	
Provision charge (benefit) for credit losses on loans	
Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	

The activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2023 and 2020 2022 are as follows (in thousands):

Balance at beginning of period	$
Cumulative effect of adopting ASU 2022-02	
Provision charge (benefit) for credit losses on loans	

Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	$

Balance at beginning of period	$
Provision charge (benefit) for credit losses on loans	
Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	$

For the year ended December 31, 2023, the Company recorded an $27.9 million provision for credit losses on loans, compared with a provision for credit lo
credit losses was $947,000, $1.3 million primarily attributable to a worsened economic forecast and $1.9 million related deterioration in the projected commercial pr

The following table summarizes the Company's gross charge-offs recorded for the year ended December 31, 2023 by year of origination (in thousands):

		2023	2022	2021
Mortgage loans:				
Commercial	$	—	—	—
Residential		—	—	—
Total mortgage loans	$	—	—	—
Commercial loans		—	—	—
Consumer loans (1)		24	—	—
Total gross loans	$	24	—	—

(1) Duringthe year ended December 31, 2023, respectively. charge-offs on consumer overdraft accounts totaled $297,000, which are not included in the table above

The Company defines an impaired loan as a non-accrual, non-homogeneous loan greater than $1.0 million, for or which, based on current information, it is no
include all loans modified as troubled debt restructurings ("TDRs"). An allowance for collateral-dependent As of December 31, 2023, there were 17 impaired loans
future cash flows discounted at the loan's effective interest rate, the loan's observable market price, or the estimated fair value of the collateral, less any selling
analysis of collateral-dependent loans. A third-party appraisal is generally ordered as soon as a loan is designated as a collateral-dependent loan and updated ann

A financial asset is considered collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substanti
Company estimates expected credit losses based on the collateral's fair value less any selling costs. A specific allocation of the allowance for credit losses is esta
estimated selling costs. In most cases, the Company records a partial charge-off to reduce the loan's carrying value to the collateral's fair value less estimated se
its analysis of collateral-dependent loans. A third-party appraisal is generally ordered as soon as a loan is designated as a collateral-dependent loan and upda
dependent and the third-party appraisal has not yet been received, an evaluation of all available collateral is made using the best information available at the time,
of the market and collateral, and internally prepared collateral valuations based upon market assumptions regarding vacancy and capitalization rates, each as and
the appraised value and evaluated for charge offs. The Company believes there have been no significant time lapses resulting from this process.

At December 31, 2022 As of December 31, 2023, there were 128 impaired loans totaling $68.8 million, totaled $42.3 million with related specific reserves
borrowers totaling $19.5 million that were performing in accordance with their restructured terms and which continued to accrue interest at December 31, 2022. At
totaling $30.6 million were TDRs. Included in this total were 115 TDRs related to 111 borrowers totaling $21.9 million that were performing in accordance with their

At December 31, 2022 and December 31, 2021 December 31, 2023, the Company had $24.0 million and $18.2 million of collateral-dependent impaired loan
$23.2 $24.1 million in secured by commercial loans, $737,000 in residential real estate loans and $57,000 in consumer loans. The collateral for these impaired loa

The activity in the allowance for credit losses for the years ended December 31, 2022, 2021 and 2020 is as follows (in thousands):

Balance at beginning of period	
Provision charged to operations	
Increase due to the initial adoption of CECL	
Initial allowance related to PCD loans	
Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	

The activity in the allowance for credit losses by portfolio segment for the years ended December 31, 2022 and 2021 are as follows (in thousands):

Balance at beginning of period	$
Provision charged to operations	
Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	$

Balance at beginning of period	$
Provision charged to operations	
Recoveries of loans previously charged off	
Loans charged off	
Balance at end of period	$

For the year ended As of December 31, 2022, the Company recorded an $8.4 million provision for credit losses on had collateral-dependent loans comparec 2021. The increase in the year-over-year provision for credit losses was largely a function of the significant favorable impact of the post-pandemic recovery resultir by business assets and an increase in total loans outstanding.$800,000 secured by residential real estate.

Loan modifications for to borrowers experiencing financial difficulties that are considered TDRs primarily involve lowering the monthly payments on such loans of the loan without a corresponding adjustment to the risk premium reflected in the interest rate, or a combination of these two methods. These modification forbearance, term extensions, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. In addition, manageme demonstrated performance under the previous terms and our underwriting process shows the borrower has the capacity to continue to perform under the restru accrual status when there has been a sustained period of repayment performance (generally six consecutive months of payments) and both principal and interest a

The following illustrates the most common loan modifications by loan classes offered by the Company that are required to be disclosed pursuant to the requiremen

Loan Classes	**Modification types**
Commercial	Term extension, interest rate reductions, payment delay, or combination thereof. These modifications ex for the purpose of providing borrowers additional time to return to compliance with the original loan term
Residential Mortgage/ Home Equity	Forbearance period greater than six months. These modifications require reduced or no payments durin the original loan term, as well as term extension and rate adjustment. These modifications extend the te requirement.
Automobile/ Direct Installment	Term extension greater than three months. These modifications extend the term of the loan, which redu

Effective January 1, 2023, the Company adopted ASU 2022-02, “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and V disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This guidance was applie specific reserve for loan modifications to borrowers experiencing financial difficulty. Instead, these loan modifications are included in their respective pool and a p portion of the allowance for credit losses. As a result, the Company recorded a $594,000 reduction to the allowance for credit losses, which resulted in a $433,000

The following table presents the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty for the year ended December 3

	Year Ende		
	Term Extension	Interest Rate Change	Interest Rate Change and Terr
Mortgage loans:			
Multi-family	$ —	—	
Total mortgage loans	—	—	
Commercial loans	3,771	—	
Total gross loans	$ 3,771	—	

The following table presents the financial effect of loan modifications made to borrowers experiencing financial difficulty for the year ended December 31, 202

	Weighted Average Months of Term Extension
Mortgage loans:	
Multi-family	
Total mortgage loans	
Commercial loans	
Total gross loans	

There were no loan modifications made to borrowers experiencing financial difficulty for year ended December 31, 2023, that subsequently defaulted.

The following table presents the aging analysis of loan modifications made to borrowers experiencing financial difficulty for the year ended December 31, 202

		Current	30-59 Days Past Due
Mortgage loans:			
Multi-family	$	1,508	—
Total mortgage loans		1,508	—
Commercial loans		5,021	—
Total gross loans	$	6,529	—

Prior to our adoption of ASU 2022-02, we accounted for a modification to the contractual terms of a loan that resulted in granting a concession to a borrowe for most of our loss mitigation activities through our election to account for certain eligible loss mitigation activities occurring between March 2020 and January 1, of 2021. Effective January 1, 2023, we adopted ASU 2022-02, which eliminated TDR accounting prospectively for all restructurings occurring on or after January 1

The following tables present table presents the number of loans modified as TDRs during the years year ended December 31, 2022 and 2021 and their balan

		Year Ended December 31, 2022				
Troubled Debt Restructurings	Troubled Debt Restructurings	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Troubled Debt Restructurings	Number of Loans
		($ in thousands)				
Mortgage loans:	Mortgage loans:					
Residential		2	$ 265	198		
Multi-Family	Multi-Family	1	1,618	1,566		
Multi-Family						
Multi-Family						
Residential						
Total mortgage loans	Total mortgage loans	3	1,883	1,764		
Commercial loans	Commercial loans	1	209	143		
Consumer loans	Consumer loans	1	108	85		
Total restructured loans	Total restructured loans	5	$ 2,200	1,992		

Troubled Debt Restructurings	
Mortgage loans:	
Residential	
Commercial	

Total mortgage loans	
Commercial loans	
Total restructured loans	

All TDRs are impaired loans, which are individually evaluated for impairment, as previously discussed. During the years year ended December 31, 2022 and
loans, respectively.

The TDRs presented in the preceding tables had a weighted average modified interest rate of approximately 4.35% and 4.12%, compared to a yield of 4.29%

loans. There was one loan totaling $143,000 which had a payment default (90 days or more past due) which was for a loan modified as a TDR within the
modified as a TDR within the 12 month periods ending December 31, 2021. For TDRs that subsequently default, the Company determines determined the amount
losses on loans individually evaluated for impairment.

As allowed by CECL, loans acquired by the Company that experience more-than-insignificant deterioration in credit quality after origination, are classified
balance of PCD loans totaled $193.0 $165.1 million with a related allowance for credit losses of $1.7 million. The balance of PCD loans at December 31, 2021 as o

The following table presents loans individually evaluated for impairment by class and loan category (in thousands):

	At December 31, 2022					
	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized	
Loans with no related allowance						
Mortgage loans:						
Residential	$ 11,162	8,756	—	9,109	414	$
Commercial	13,619	11,610	—	12,481	13	
Multi-family	1,618	1,566	—	1,596	12	
Construction	1,100	1,100	—	1,100	—	
Total	27,499	23,032	—	24,286	439	
Commercial loans	20,701	17,029	—	19,689	82	
Consumer loans	1,215	735	—	785	77	
Total loans	$ 49,415	40,796	—	44,760	598	$
Loans with an allowance recorded						
Mortgage loans:						
Residential	$ 5,969	5,735	605	5,824	228	$
Commercial	22,731	18,182	583	24,870	33	
Multi-family	—	—	—	—	—	
Construction	—	—	—	—	—	
Total	28,700	23,917	1,188	30,694	261	
Commercial loans	4,028	3,756	1,155	5,225	75	
Consumer loans	323	303	45	308	13	
Total loans	$ 33,051	27,976	2,388	36,227	349	$
Total						
Mortgage loans:						
Residential	$ 17,131	14,491	605	14,933	642	$
Commercial	36,350	29,792	583	37,351	46	
Multi-family	1,618	1,566	—	1,596	12	
Construction	1,100	1,100	—	1,100	—	
Total	56,199	46,949	1,188	54,980	700	
Commercial loans	24,729	20,785	1,155	24,914	157	
Consumer loans	1,538	1,038	45	1,093	90	
Total loans	$ 82,466	68,772	2,388	80,987	947	$

At December 31, 2022, impaired loans consisted of 128 residential, commercial, commercial mortgage and consumer loans totaling $68.8 million, of which
consisted of 155 residential, commercial, commercial mortgage and consumer loans totaling $52.3 million, of which 40 loans totaling $30.3 million were include
totaled $2.4 million and $4.3 million at December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, impaired loans for which there was no rela
impaired loans during the years ended December 31, 2022 and 2021 were $81.0 million and $53.4 million, respectively.

In the normal course of conducting its business, the Bank extends credit to meet the financing needs of its customers through commitments. Commitments and $2.05 billion at December 31, 2022 and 2021, respectively, and undisbursed home equity and personal credit lines of $279.2 million and $252.4 million, a statements. These instruments involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements. T obligations as it does for on-balance sheet loans. Commitments generally have fixed expiration dates or other termination clauses and may require payment of necessarily represent future cash requirements.

The Bank evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon ex

The Bank grants residential real estate loans on single- and multi-family dwellings to borrowers primarily in New Jersey. Its borrowers’ abilities to repay the generated by the underlying collateral, value of the underlying collateral, and priority of the Bank’s lien on the property. Such factors are dependent upon various risk of loss. The Bank believes that its lending policies and procedures adequately minimize the potential exposure to such risks and that adequate provisions for lo all loans.

Management utilizes an internal nine-point risk rating system to summarize its loan portfolio into categories with similar risk characteristics. Loans deemed to that are deemed to be of “questionable quality” are rated 5 (watch) or 6 (special mention). Loans with adverse classifications (substandard, doubtful or loss) are r individually, and each lending officer is responsible for risk rating loans in their portfolio. These risk ratings are then reviewed by the department manager and/or th loan review examinations which are currently performed by an independent third-party. Reports by the independent third-party are presented to the Audit Committe

In addition, the The Company participated in the Paycheck Protection Program (“PPP”) through the United States Department of the Treasury and Small Busine eligible for forgiveness by the SBA to the extent that the proceeds are were used to cover eligible payroll costs, interest costs, rent, and utility costs over a period retention and compensation levels. PPP loans deemed eligible for forgiveness by the SBA will be were repaid by the SBA to the Company. Eligibility ended for this 2022 December 31, 2023, the Company secured 2,067 PPP loans for its customers totaling $682.0 million, which includes both the initial round and the $679.2 $679.4 million were forgiven. The balance at December 31, 2022 as of December 31, 2023 for PPP loans was $2.8 $2.5 million.

The following table summarizes the Company's gross loans held for investment by year of origination and internally assigned credit grades (in thousands):

Gross Loans Held by Investment by Year of Origination at December 31, 2022

			2022	2021	2020	2019	2018	Prior to 2018	Revolving Loans	Revolving loans to term loans	Total Loans
Residential (1)											

Gross Loans Held for Investment by Year of Origination as of December 31, 2023

	2023	2023	2022	2021	2020	2019	Prior to 2019
Commercial Mortgage							
Special mention							
Special mention							

Special mention	Special mention	$	—	—	—	—	—	1,114	—	—	1,114
Substandard	Substandard		—	—	—	—	264	4,417	—	—	4,681
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—
Loss	Loss		—	—	—	—	—	—	—	—	—

Total criticized and classified

Pass/Watch

Total commercial mortgage

Multi-family

Multi-family

Multi-family

Special mention

Special mention

Special mention

Substandard

Doubtful

Loss
Total criticized and classified
Pass/Watch
Total multi-family
Construction
Construction
Construction
Special mention
Special mention
Special mention
Substandard
Doubtful
Loss
Total criticized and classified
Pass/Watch
Total construction
Residential (1)
Residential (1)
Residential (1)
Special mention
Special mention
Special mention
Substandard
Doubtful
Loss
Total criticized and classified
Pass/Watch
Total residential
Total Mortgage
Total Mortgage
Total Mortgage
Special mention
Special mention
Special mention
Substandard
Doubtful

Gross Loans Held by Investment by Year of Origination
at December 31, 2022

2022	2021	2020	2019	2018	Prior to 2018	Revolving Loans	Revolving loans to term loans	Total Loans

Gross Loans Held for Investment by Year of Origination
as of December 31, 2023

			2023									2023	2022
Loss													
Total criticized and classified	Total criticized and classified		—	—	—	—	264	5,531	—	—	5,795		
Pass/Watch	Pass/Watch		151,077	212,697	211,445	95,872	58,226	442,586	—	—	1,171,903		
Total residential		$	151,077	212,697	211,445	95,872	58,490	448,117	—	—	1,177,698		
Total Mortgage													
Commercial Mortgage													
Commercial													
Commercial													
Commercial													
Special mention													
Special mention													
Special mention	Special mention	$	—	—	3,071	26,809	52,509	14,740	—	—	97,129		
Substandard	Substandard		—	—	—	—	18,020	11,774	434	—	30,228		
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—		
Loss	Loss		—	—	—	—	—	—	—	—	—		
Total criticized and classified	Total criticized and classified		—	—	3,071	26,809	70,529	26,514	434	—	127,357		
Pass/Watch	Pass/Watch		951,367	630,584	567,448	546,474	218,620	1,164,854	94,716	14,765	4,188,828		
Total commercial mortgage		$	951,367	630,584	570,519	573,283	289,149	1,191,368	95,150	14,765	4,316,185		
Total commercial													
Multi-family													
Consumer (1)													
Consumer (1)													
Consumer (1)													
Special mention													
Special mention													
Special mention	Special mention	$	—	—	—	—	—	9,730	—	—	9,730		
Substandard	Substandard		—	—	—	—	—	2,356	—	—	2,356		
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—		
Loss	Loss		—	—	—	—	—	—	—	—	—		
Total criticized and classified	Total criticized and classified		—	—	—	—	—	12,086	—	—	12,086		
Pass/Watch	Pass/Watch		142,550	150,293	282,228	234,953	187,499	502,177	887	1,145	1,501,732		
Total multi-family		$	142,550	150,293	282,228	234,953	187,499	514,263	887	1,145	1,513,818		
Total consumer													
Construction													
Total Loans													
Total Loans													
Total Loans													

Special mention

Special mention

Special mention	$ —	—	—	—	19,728	905	—	—	20,633
Substandard	—	—	—	2,197	777	—	—	—	2,974
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total criticized and classified	—	—	—	2,197	20,505	905	—	—	23,607
Pass/Watch	168,674	362,542	103,067	38,639	16,917	62		1,986	691,887
Total construction	$ 168,674	362,542	103,067	40,836	37,422	967	—	1,986	715,494
Total Mortgage									
Special mention	$ —	—	3,071	26,809	72,237	26,489	—	—	128,606
Substandard	—	—	—	2,197	19,061	18,547	434	—	40,239
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total criticized and classified	—	—	3,071	29,006	91,298	45,036	434	—	168,845
Pass/Watch	1,413,668	1,356,116	1,164,188	915,938	481,262	2,109,679	95,603	17,896	7,554,350
Total gross loans									

(1) For residential and consumer loans, the Company assigns internal credit grades based on the delinquency status of each loan.

(1) For residential and consumer loan
delinquency status of each loan.

Gross Loans Held by Investment by
at December 31, 202

	2022	2021	2020	2019	2018
Total Mortgage	$ 1,413,668	1,356,116	1,167,259	944,944	
Commercial					
Special mention	$ 75	1,148	444	201	
Substandard	—	7,605	10,230	4,391	
Doubtful	—	—	—	—	
Loss	—	—	—	—	
Total criticized and classified	75	8,753	10,674	4,592	
Pass/Watch	377,662	320,334	162,175	161,150	
Total commercial	$ 377,737	329,087	172,849	165,742	
Consumer (1)					
Special mention	$ —	—	—	—	
Substandard	—		8	—	
Doubtful	—	—	—	—	
Loss	—	—	—	—	

Total criticized and classified	—	—	8	—	
Pass/Watch	30,132	20,671	2,909	16,682	
Total consumer	$ 30,132	20,671	2,917	16,682	
Total Loans					
Special mention	$ 75	1,148	3,515	27,010	
Substandard	—	7,605	10,238	6,588	
Doubtful	—	—	—	—	
Loss	—	—	—	—	
Total criticized and classified	75	8,753	13,753	33,598	
Pass/Watch	1,821,462	1,697,121	1,329,272	1,093,770	
Total gross loans	$ 1,821,537	1,705,874	1,343,025	1,127,368	

(1) For residential and consumer loans, the Company assigns internal credit grades based on the delinquency status of each loan.

		Gross Loans Held by Investment by Year of Origination at December 31, 2021									
									Revolving loans to	
							Prior to	Revolving	term	Total
			2021	2020	2019	2018	2017	2017	Loans	loans	Loans
Residential (1)											
Special mention	Special mention	$	—	—	—	—	697	434	—	—	1,131
Substandard	Substandard		—	—	—	280	166	8,569	—	—	9,015
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—

	Gross Loans Held for Investment by Year of Origination as of December 31, 2022						
	2022	2022	2021	2020	2019	2018	Prior to 2018
Commercial Mortgage							
Special mention							
Special mention							
Loss							
Total criticized and classified							
Pass/Watch							
Total commercial mortgage							
Multi-family							
Multi-family							
Multi-family							
Special mention							
Special mention							
Special mention							
Substandard							
Doubtful							
Loss							
Total criticized and classified							
Pass/Watch							

Total multi-family
Construction
Construction
Construction
Special mention
Special mention
Special mention
Substandard
Doubtful
Loss
Total criticized and classified
Pass/Watch
Total construction
Residential (1)
Residential (1)
Residential (1)
Special mention
Special mention
Special mention
Substandard
Doubtful
Loss
Total criticized and classified
Pass/Watch
Total residential

	Gross Loans Held by Investment by				
	at December 31, 202				
	2021	2020	2019	2018	2017
Loss	—	—	—	—	
Total criticized and classified	—	—	—	280	
Pass/Watch	229,106	235,949	113,206	67,493	
Total residential	$ 229,106	235,949	113,206	67,773	
Commercial Mortgage					
Special mention	$ —	2,624	28,706	22,296	
Substandard	—	—	18	34,260	
Doubtful	—	—	—	—	
Loss	—	—	—	—	
Total criticized and classified	—	2,624	28,724	56,556	
Pass/Watch	655,105	600,030	589,578	298,665	
Total commercial mortgage	$ 655,105	602,654	618,302	355,221	
Multi-family					
Special mention	$ —	—	—	—	

Substandard		—	439	—		
Doubtful		—	—	—	—	
Loss		—	—	—	—	
Total criticized and classified		—	439	—	—	
Pass/Watch		154,419	294,716	166,558	173,583	
Total multi-family	$	154,419	295,155	166,558	173,583	
Construction						
Special mention	$	—	1,125	—	—	
Substandard		—	—	—	2,365	
Doubtful		—	—	—	—	
Loss		—	—	—	—	
Total criticized and classified		—	1,125	—	2,365	
Pass/Watch		173,843	176,182	219,331	94,363	
Total construction	$	173,843	177,307	219,331	96,728	
Total Mortgage						
Special mention	$	—	3,749	28,706	22,296	
Substandard		—	439	18	36,905	
Doubtful		—	—	—	—	
Loss		—	—	—	—	
Total criticized and classified		—	4,188	28,724	59,201	

Gross Loans Held by Investment by Year of Origination

at December 31, 2021

Gross Loans Held for Investment by Year of Origination

as of December 31, 2022

			2021	**2020**	**2019**	**2018**	**2017**	**Prior to 2017**	**Revolving Loans**	**Revolving loans to term loans**	**Total Loans**
			2022								
Total Mortgage											
Special mention											
Special mention											
Special mention											
Substandard											
Doubtful											
Loss											
Total criticized and classified											
Pass/Watch	Pass/Watch		1,212,473	1,306,877	1,088,673	634,104	634,111	1,872,391	104,498	38,270	6,891,397
Total Mortgage	**Total Mortgage**	$	1,212,473	1,311,065	1,117,397	693,305	655,036	1,943,634	106,391	38,270	7,077,571
Commercial	**Commercial**										
Commercial											
Commercial											
Special mention											
Special mention											
Special mention	Special mention	$	1,232	2,662	2,816	3,263	24,418	40,561	8,389	2,155	85,496

2022	**2021**	**2020**	**2019**

Substandard	Substandard		—	736	5,517	5,860	5,747	64,807	13,622	1,821	98,110
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—
Loss	Loss		—	—	—	—	—	—	—	—	—
Total criticized and classified	Total criticized and classified		1,232	3,398	8,333	9,123	30,165	105,368	22,011	3,976	183,606
Pass/Watch	Pass/Watch		415,924	222,132	179,193	154,440	149,567	489,051	355,097	39,856	2,005,260
Total commercial	**Total commercial**	$	417,156	225,530	187,526	163,563	179,732	594,419	377,108	43,832	2,188,866
Consumer [1]	**Consumer** [1]										
Consumer [1]											
Consumer [1]											
Special mention											
Special mention											
Special mention	Special mention	$	—	—	—	—	—	—	109	94	228
Substandard	Substandard		—	—	—	116	116	2	1,514	—	1,638
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—
Loss	Loss		—	—	—	—	—	—	—	—	—
Total criticized and classified	Total criticized and classified		—	—	—	116	116	2	1,623	94	1,866
Pass/Watch	Pass/Watch		25,140	4,503	24,272	21,046	21,046	15,804	99,106	16,358	325,576
Total consumer	**Total consumer**	$	25,140	4,503	24,272	21,162	21,162	15,806	100,729	16,452	327,442
Total Loans	**Total Loans**										
Total Loans											
Total Loans											
Special mention											
Special mention											
Special mention	Special mention	$	1,232	6,411	31,522	25,559	25,559	37,825	68,043	2,249	182,349
Substandard	Substandard		—	1,175	5,535	42,881	42,881	13,267	110,191	1,821	189,297
Doubtful	Doubtful		—	—	—	—	—	—	—	—	—
Loss	Loss		—	—	—	—	—	—	—	—	—
Total criticized and classified	Total criticized and classified		1,232	7,586	37,057	68,440	68,440	51,092	178,234	4,070	371,646
Pass/Watch	Pass/Watch		1,653,537	1,533,512	1,292,138	809,590	809,590	799,482	2,460,548	94,484	9,222,233
Total gross loans	**Total gross loans**	$	1,654,769	1,541,098	1,329,195	878,030	878,030	850,574	2,638,782	98,554	9,593,879

[1] For residential and consumer loans, the Company assigns internal credit grades based on the delinquency status of each loan.

(8) Banking Premises and Equipment

A summary of banking premises and equipment at December 31, 2022 as of December 31, 2023 and 2021 2022 is as follows (in thousands):

		2022	2021	
	2023			2023
Land	Land	$14,424	14,474	

Banking premises	Banking premises	74,945	75,143
Furniture, fixtures and equipment	Furniture, fixtures and equipment	55,883	54,860
Leasehold improvements	Leasehold improvements	49,878	47,379
Construction in progress	Construction in progress	1,012	4,775
		196,142	196,631
Total banking premises and equipment			
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	116,348	116,072
Total banking premises and equipment		$79,794	80,559
Net banking premises and equipment			

Depreciation expense for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 amounted to $9.8 million $8.7 million, $9.0 milli

(9) Intangible Assets

Intangible assets at December 31, 2022 as of December 31, 2023 and 2021 2022 are summarized as follows (in thousands):

Goodwill
Core deposit premiums
Customer relationship and other intangibles
Mortgage servicing rights
Total intangible assets

For the year ended, December 31, 2021, the Company updated certain estimates used in the purchase price allocation related to the SB One acquisition, pri assets acquired decreased by $1.4 million and the impact of these measurement period adjustments increased goodwill to $23.9 million.

Goodwill
Core deposit premiums
Customer relationship and other intangibles
Mortgage servicing rights
Total intangible assets

Amortization expense of intangible assets for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 is as follows (in thousands

			2022	2021	2020	
		2023				2023
Core deposit premiums	Core deposit premiums	$	730	917	824	
Customer relationship and other intangibles	Customer relationship and other intangibles		2,488	2,597	2,457	
Customer relationship and other intangibles						

Customer relationship and other intangibles				
Mortgage servicing rights	Mortgage servicing rights	74	150	144
Total amortization expense of intangible assets	Total amortization expense of intangible assets	$ 3,292	3,664	3,425

Scheduled amortization of core deposit premiums and customer relationship and other intangibles for each of the next five years is as follows (in thousands)

Year ended December 31,	**Year ended December 31,**	**Scheduled Amortization**	**Year ended December 31,**
2023		$ 2,771	
2024	2024	2,432	
2025	2025	2,266	
2026	2026	2,096	
2027	2027	2,043	
2028			

(10) Deposits

Deposits at December 31, 2022 as of December 31, 2023 and 2021 2022 are summarized as follows (in thousands):

		2022	**Weighted average interest rate**	**2021**	**Weighted average interest rate**				
	2023						**2023**		
Savings deposits	Savings deposits	$ 1,438,583	0.15 %	$ 1,460,541	0.10 %	Savings deposits	$ 1,175,683	0.21	0.21 %
Money market accounts	Money market accounts	2,542,160	1.21	2,592,523	0.27				
NOW accounts		3,186,926	1.24	3,722,198	0.20				
NOW accounts (1)									
Non-interest bearing deposits	Non-interest bearing deposits	2,643,919	—	2,766,235	—				
Certificates of deposit		751,436	1.88	692,515	0.58				
Certificates of deposit (2)									
Total deposits	Total deposits	$10,563,024		$11,234,012					

(1)Our insured cash sweep ("ICS") product totaled $520.2 million as of December 31, 2023 and are located within NOW accounts.

(2)Time deposits equal to or in excess of $250,000 were, $218.5 million and $108.2 million as of December 31, 2023 and December 31, 2022, respectively. A
December 31, 2023.

Within total deposits, brokered deposits totaled $689.3 million as of December 31, 2023. Our brokered deposits are made up primarily of ICS deposits and CI

Scheduled maturities of certificates of deposit accounts at December 31, 2022 as of December 31, 2023 and 2021 2022 are as follows (in thousands):

2022	**2021**

2023				2023
Within one year	Within one year	$584,150	534,459	
One to three years	One to three years	146,053	115,833	
Three to five years	Three to five years	21,111	41,987	
Five years and thereafter	Five years and thereafter	122	236	
		$751,436	692,515	
	$			

Interest expense on deposits for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 is summarized as follows (in thousands

		Years ended December 31,			Years ended December 31,
		2022	2021	2020	2023
Savings deposits	Savings deposits	$ 1,276	1,604	1,689	
NOW and money market accounts	NOW and money market accounts	32,048	20,458	22,762	
Certificates of deposits	Certificates of deposits	5,380	4,451	9,138	
		$38,704	26,513	33,589	
	$				

(11) Borrowed Funds

Borrowed funds at December 31, 2022 as of December 31, 2023 and 2021 2022 are summarized as follows (in thousands):

		2022	2021	
2023				2023
Securities sold under repurchase agreements	Securities sold under repurchase agreements	$ 98,000	116,760	
FHLB line of credit	FHLB line of credit	486,000	—	
FHLB advances	FHLB advances	753,370	510,014	
FED Bank Term Funding Program ("BTFP") Borrowing				
Total borrowed funds	Total borrowed funds	$1,337,370	626,774	

At Total long-term borrowings totaled $534.8 million and $134.9 million as of December 31, 2023 and December 31, 2022, respectively, while total short-term

As of December 31, 2023, FHLB advances were at fixed rates and mature between January 2024 and September 2027, and as of December 31, 2022, FHLE FHLB advances were at fixed rates and mature between January 2022 and July 2025. These advances are secured by loans receivable under a blanket collateral

In March 2023, the Bank established a facility under the BTFP with the Federal Reserve Bank of New York. The Bank pledged approximately $589.1 million in se requested until March 11, 2024. We elected to participate in the BTFP program due to significant cost savings compared to other wholesale funding sources. The also enhances our ability to manage our interest rate risk position.

Scheduled maturities of FHLB advances and lines of credit at December 31, 2022 as of December 31, 2023 are as follows (in thousands):

Due in one year or less	
Due after one year through two years	
Due after two years through three years	
Due after three years through four years	
Due after four years through five years	
Thereafter	
Total FHLB advances and lines of credit	

Scheduled maturities of securities sold under repurchase agreements at December 31, 2022 as of December 31, 2023 are as follows (in thousands):

Due in one year or less	
Thereafter	
Total securities sold under repurchase agreements	

The following tables set forth certain information as to borrowed funds for the years ended December 31, 2022 December 31, 2023 and 2021 2022 (in thousa

		Maximum balance	Average balance	Weighted average interest rate		Maximum balance	Average balance	
	Maximum balance					Ma ba		
2023								
Securities sold under repurchase agreements								
Securities sold under repurchase agreements								
Securities sold under repurchase agreements						$ 99,669		
FHLB line of credit								
FHLB advances								
FED BTFP Borrowing								
2022	**2022**							
Securities sold under repurchase agreements								
Securities sold under repurchase agreements								
Securities sold under repurchase agreements	Securities sold under repurchase agreements	$ 125,506	113,550	0.38	%	$ 125,506	113,550	
FHLB line of credit	FHLB line of credit	486,000	139,012	3.32				
FHLB advances	FHLB advances	753,370	503,713	0.85				
2021								

Securities sold under repurchase agreements	$	132,005	116,158	0.07	%
FHLB line of credit		—	205	0.34	
FHLB advances		941,939	673,014	1.27	

Securities sold under repurchase agreements include arrangements with deposit customers of the Bank to sweep funds into short-term borrowings. The I December 31, 2023 and December 31, 2022 and December 31, 2021, available for sale debt the fair value of securities pledged as collateral for to secure public d $116.5 $924.6 million and $136.0 million, $1.59 billion, respectively. Additionally, as of December 31, 2023, the par value of securities pledged to secure the BTFP v

Interest expense on borrowings for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 amounted to $55.9 million, $9.3 millio

(12) Subordinated Debentures

Sussex Capital Trust II, a non-consolidated subsidiary of the Company acquired as part of the SB One acquisition and a Delaware statutory business trus investors. In accordance with FASB ASC 810, Consolidation, Sussex Capital Trust II, is not included in our consolidated financial statements. For regulatory reporti

Subordinated debentures at December 31, 2022 as of December 31, 2023 and 2021 2022 totaled $10.5 million $10.7 million and $10.3 million $10.5 millior 2022 December 31, 2023, 2022 and 2021 totaled $1.1 million, $615,000 and 2020 totaled $615,000, $1.2 million and $512,000, $1.2 million, respectively.

(13) Benefit Plans

Pension and Post-retirement Benefits

The Bank has a noncontributory defined benefit pension plan covering its full-time employees who had attained age 21 with at least one year of service as vested. The pension plan's assets are invested in investment funds and group annuity contracts currently managed by the Principal Financial Group and Allmerica be made to the pension plan in 2023. 2024.

In addition to pension benefits, certain health care and life insurance benefits are currently made available to certain of the Bank's retired employees. Th employee is fully eligible to receive the benefits. Effective January 1, 2003, eligibility for retiree health care benefits was frozen as to new entrants and benefits wer 2007, eligibility for retiree life insurance benefits was frozen as to new entrants and retiree life insurance benefits were eliminated for employees with less than ten

The following table sets forth information regarding the pension plan and post-retirement healthcare and life insurance plans (in thousands):

		Pension			Post-retirement			Pension		
		2022	2021	2020	2022	2021	2020	2023	2022	2021
Change in benefit obligation:	Change in benefit obligation:									
Benefit obligation at beginning of year										
Benefit obligation at beginning of year										
Benefit obligation at beginning of year	Benefit obligation at beginning of year	$32,517	35,170	33,058	16,748	18,805	23,323			
Service cost	Service cost	—	—	—	28	34	78			
Interest cost	Interest cost	855	790	1,000	443	424	712			
Actuarial (gain) loss	Actuarial (gain) loss	(48)	(294)	381	140	(412)	(169)			
Benefits paid	Benefits paid	(1,658)	(1,656)	(1,630)	(933)	(584)	(627)			
Change in actuarial assumptions	Change in actuarial assumptions	(7,116)	(1,493)	2,361	(4,331)	(1,519)	(4,512)			
Benefit obligation at end of year	Benefit obligation at end of year	$24,550	32,517	35,170	12,095	16,748	18,805			
Change in plan assets:	Change in plan assets:									
Fair value of plan assets at beginning of year	Fair value of plan assets at beginning of year	$58,451	54,617	49,932	—	—	—			

Fair value of plan assets at beginning of year							
Fair value of plan assets at beginning of year							
Actual (loss) return on plan assets	Actual (loss) return on plan assets	(8,863)	5,490	6,315	—	—	—
Employer contributions	Employer contributions	—	—	—	933	584	627
Benefits paid	Benefits paid	(1,658)	(1,656)	(1,630)	(933)	(584)	(627)
Fair value of plan assets at end of year	Fair value of plan assets at end of year	47,930	58,451	54,617	—	—	—
Funded status at end of year	Funded status at end of year	$23,380	25,934	19,447	(12,095)	(16,748)	(18,805)

For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company, in the measurement of its pension plan and post-retirement obli scale MP 2021 issued by The Society of Actuaries ("SOA") in October 2021. The prepaid pension benefits of $23.4 million $28.3 million and the unfunded post December 31, 2023 are included in other assets and other liabilities, respectively, in the Consolidated Statements of Financial Condition.

The components of accumulated other comprehensive loss (income) related to the pension plan and other post-retirement benefits, on a pre-tax basis, thousands):

		Pension		Post-retirement		Pension	
		2022	2021	2022	2021	2023	2022
Unrecognized prior service cost	Unrecognized prior service cost	$ —	—	—	—		
Unrecognized net actuarial loss (income)	Unrecognized net actuarial loss (income)	9,658	4,504	(11,802)	(8,915)		
Total accumulated other comprehensive loss (income)	Total accumulated other comprehensive loss (income)	$9,658	4,504	(11,802)	(8,915)		

Net periodic (benefit) increase cost for the years ending December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, included the following compone

		Pension			Post-retirement			Pension		
		2022	2021	2020	2022	2021	2020	2023	2022	2021
Service cost	Service cost	$ —	—	—	28	34	78			
Interest cost	Interest cost	855	790	1,000	443	424	712			
Return on plan assets	Return on plan assets	(3,456)	(3,227)	(2,949)	—	—	—			
Amortization of:	Amortization of:									
Net loss (gain)	Net loss (gain)	—	472	696	(1,304)	(1,070)	(248)			
Net loss (gain)										
Net loss (gain)										
Unrecognized prior service cost										
Unrecognized prior service cost										
Unrecognized prior service cost	Unrecognized prior service cost	—	—	—	—	—	—			

Net periodic (benefit) increase cost	Net periodic (benefit) increase cost	$(2,601)	(1,965)	(1,253)	(833)	(612)	542
Net periodic (benefit) increase cost							
Net periodic (benefit) increase cost							

The weighted average actuarial assumptions used in the plan determinations at December 31, 2022 as of December 31, 2023, 2021 2022 and 2020 2021 wer

		Pension			Post-retirement			
		2022	2021	2020	2022	2021	2020	
Discount rate	Discount rate	5.10 %	2.70 %	2.30 %	5.10 %	2.70 %	2.30 %	Discount rate
Rate of compensation increase	Rate of compensation increase	—	—	—	—	—	—	
Expected return on plan assets	Expected return on plan assets	6.00	6.00	6.00	—	—	—	
Medical and life insurance benefits cost rate of increase	Medical and life insurance benefits cost rate of increase	—	—	—	6.00	6.00	6.00	

The Company provides its actuary with certain rate assumptions used in measuring the benefit obligation. The most significant of these is the discount rate u following year's financial statements. A lower discount rate will result in a higher benefit obligation and expense, while a higher discount rate will result in a lowe curve model specific to the Company's pension and post-retirement plans. The Company compares this rate to certain market indices, such as long-term treasu selected for the December 31, 2022 December 31, 2023 measurement date.

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A 1% change in the assumed health care c December 31, 2023 (in thousands):

		1% increase	1% decrease
1% increase		1% increase	
Effect on total service cost and interest cost	Effect on total service cost and interest cost	$ 70	(60)
Effect on post-retirement benefits obligation	Effect on post-retirement benefits obligation	$ 1,300	(1,100)

Estimated future benefit payments, which reflect expected future service, as appropriate for the next five years, are as follows (in thousands):

		Pension	Post-retirement
2023		$ 1,770	733
Pension		Pension	
2024	2024	1,787	755
2025	2025	1,788	795
2026	2026	1,785	795
2027	2027	1,788	814
2028			

The weighted-average asset allocation of pension plan assets at December 31, 2022 as of December 31, 2023 and 2021 2022 were as follows:

Asset Category	Asset Category	2022	2021	Asset Category

Domestic equities	Domestic equities	37 %	39 %	Domestic equities
Foreign equities	Foreign equities	11 %	11 %	Foreign equities
Fixed income	Fixed income	50 %	48 %	Fixed income
Real estate	Real estate	2 %	2 %	Real estate
Cash	Cash	— %	— %	Cash
Total	Total	100 %	100 %	Total

The Company's expected return on pension plan assets assumption is based on historical investment return experience and evaluation of input from the Plar
The expected return on pension plan assets is also impacted by the target allocation of assets, which is based on the Company's goal of earning the highest rate c

Management strives to have pension plan assets sufficiently diversified so that adverse or unexpected results from one security class will not have a significa
targets are as follows:

Asset Category
Domestic equities
Foreign equities
Fixed income
Real estate
Cash
Total

The Company anticipates that the long-term asset allocation on average will approximate the targeted allocation. Actual asset allocations are the result of inv

The following tables present the assets that are measured at fair value on a recurring basis by level within the U.S. GAAP fair value hierarchy as reported on
2021, respectively. 2022, respectively (in thousands):

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

(in thousands)		Fair value measurements at December 31, 2022				Fair value measurements as of December 31, 20
		Total	(Level 1)	(Level 2)	(Level 3)	
	Total					Total
Group annuity contracts	Group annuity contracts	$ 92	—	92	—	
Mutual funds:	Mutual funds:					
Fixed income						
Fixed income						
Fixed income	Fixed income	23,819	23,819	—	—	
International equity	International equity	5,362	5,362	—	—	
Large U.S. equity	Large U.S. equity	1,433	1,433	—	—	
Small/Mid U.S. equity	Small/Mid U.S. equity	929	929	—	—	
Total mutual funds	Total mutual funds	31,543	31,543	—	—	
Pooled separate accounts	Pooled separate accounts	16,295		16,295	—	
Pooled separate accounts						
Pooled separate accounts						

Total Plan assets	Total Plan assets	$47,930	31,543	16,387	—

Total Plan assets

Total Plan assets

(in thousands)		Fair value measurements at December 31, 2021 Total	(Level 1)	(Level 2)	(Level 3)
	Total				
Group annuity contracts	Group annuity contracts	$ 88	—	88	—
Mutual funds:	Mutual funds:				
Fixed income					
Fixed income					
Fixed income	Fixed income	28,042	28,042	—	—
International equity	International equity	6,153	6,153	—	—
Large U.S. equity	Large U.S. equity	1,834	1,834	—	—
Small/Mid U.S. equity	Small/Mid U.S. equity	1,183	1,183	—	—
Total mutual funds	Total mutual funds	37,212	37,212	—	—
Pooled separate accounts	Pooled separate accounts	21,151	—	21,151	—
Pooled separate accounts					
Pooled separate accounts					
Total Plan assets	Total Plan assets	$58,451	37,212	21,239	—

Fair value measurements as of December 31, 20

Total

401(k) Plan

The Bank has a 401(k) plan covering substantially all employees of the Bank. For 2023, 2022 2021 and 2020, 2021, the Bank matched 25% of the f Directors directors in its sole discretion. The Bank's aggregate contributions to the 401(k) Plan for 2023, 2022 and 2021 and 2020 were $1.2 million $1.3 million, $1

Supplemental Executive Retirement Plan

The Bank maintains a non-qualified supplemental retirement plan for certain senior officers of the Bank. This unfunded plan, which was frozen as of April 1, the tax law. Amounts expensed under this supplemental retirement plan amounted to $73,000, $74,000 $73,000 and $80,000 $74,000 for the years 2023, 2022 2 2023 and $1.8 million 2022, $1.6 million and $1.7 million, respectively, were recorded in other liabilities on the Consolidated Statements of Financial Condition $283,000, an increase of $68,000, and an increase of $89,000, net of tax, were there was no change recorded in other comprehensive income (loss) for 2023 2020, 2021, respectively.

Retirement Plan for the Board of Directors of Provident Bank

The Bank maintains a Retirement Plan for the Board board of Directors directors of the Bank, a non-qualified plan that provides cash payments for up to 1 payment under this plan to a board member, who terminates service on or after the age of 72 with at least ten years of service on the board, is forty quarterly Insurance Corporation or New Jersey Department of Banking and Insurance minimum capital requirements. The Bank may terminate this plan at any time althoug or her consent. The plan was amended in December 2005 to terminate benefits under this plan for any directors who had less than ten years of service on the boa

The plan further provides that, in the event of a change in control (as defined in the plan), the undistributed balance of a director's accrued benefit will be $10,000 $6,250 to former board members under this plan for each of the years ended December 31, 2022 December 31, 2023, 2021 and 2020, respectively. A $126,000 and $125,000, respectively, were recorded in other liabilities on the Consolidated Statements of Financial Condition for this retirement plan. Increases $11,000 $689 and $6,334, $689, net of tax, were recorded in other comprehensive income (loss) for 2022 2021 and 2020, 2021, respectively, in connection with thi

Employee Stock Ownership Plan

The ESOP is a tax-qualified plan designed to invest primarily in the Company's common stock that provides employees with the opportunity to receive a f ESOP purchased 4,769,464 shares of the Company's common stock at an average price of $17.09 per share with the proceeds of a loan from the Company million $6.4 million. Shares of the Company's common stock pledged as collateral for the loan are released from the pledge for allocation to participants as loan pa

For the years ending December 31, 2022 December 31, 2023 and 2021, 299,566 2022, 311,946 shares and 285,107 299,566 shares from the ESOP w 2022 286,562 as of December 31, 2023, and had a fair value of $12.8 million $5.2 million. ESOP compensation expense for the years ended December 31, 2022 D $2.4 million, respectively.

Non-Qualified Supplemental Defined Contribution Plan ("the Supplemental Employee Stock Ownership Plan")

Effective January 1, 2004, the Bank established a deferred compensation plan for executive management and key employees of the Bank, known as Pro Supplemental ESOP was amended and restated as the Non-Qualified Supplemental Defined Contribution Plan (the "Supplemental DC Plan"), effective Janua executives whose benefits under the 401(k) Plan and ESOP are limited by tax law limitations applicable to tax-qualified plans. The Supplemental DC Plan require the amount that would have been contributed under the terms of the 401(k) Plan and ESOP but for the tax law limitations, less the amount actually contributed und

The Supplemental DC Plan provides for a phantom stock allocation for qualified contributions that may not be accrued in the qualified ESOP and for matc Supplemental 401(k) provision, the estimated (benefit) expense for the years ending December 31, 2022 December 31, 2023, 2022 and 2021 and 2020 was $2 credited at an annual rate equal to the ten-year bond-equivalent yield on U.S. Treasury securities. Under the Supplemental ESOP provision, the estimated expe $144,000 $180,000 and $180,000, respectively. The phantom equity is treated as equity awards (expensed at the time of allocation) and not liability awards which cash.

2019 Long-Term Equity Incentive Plan

Upon stockholders' approval of the 2019 Long-Term Equity Incentive Plan on April 25, 2019, shares available for stock awards and stock options under the A Equity Incentive Plan. No additional grants of stock awards and stock options will be made under the Amended and Restated Long-Term Incentive Plan. The ne awards. At December 31, 2022 As of December 31, 2023, 1,047,756 749,860 shares remain available for grant under the plan. Shares previously awarded under p

Stock Awards

As a general rule, restricted stock grants are held in escrow for the benefit of the award recipient until vested. Awards outstanding generally vest in three annu performance-vesting awards, which may or may not vest depending upon the attainment of certain

corporate financial targets. Expense attributable to stock awards amounted to $9.4 million $7.6 million, $5.5 million $9.4 million and $5.4 million $5.5 million for the y

A summary status of the granted but unvested stock awards as of December 31, and changes during the year, is presented below:

		Restricted Stock Awards			Restricted Stock
		2022	2021	2020	2023
Outstanding at beginning of year	Outstanding at beginning of year	900,483	785,181	668,826	
Granted	Granted	447,526	500,892	429,122	
Forfeited	Forfeited	(105,556)	(144,476)	(59,938)	
Vested	Vested	(219,323)	(241,114)	(252,829)	
Outstanding at the end of year	Outstanding at the end of year	1,023,130	900,483	785,181	

As of December 31, 2022 December 31, 2023, unrecognized compensation cost relating to unvested restricted stock totaled $9.1 million $7.1 million. This am

Stock Options

Each stock option granted entitles the holder to purchase one share of the Company's common stock at an exercise price not less than the fair value of a sh the date of grant and expire no later than 10 years following the grant date. Additionally, certain options are three-year performance-vesting options, which may or

A summary of the status of the granted but unexercised stock options as of December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, and changes

		2022		2021		2020		2023		2022
		Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options
Outstanding at beginning of year	Outstanding at beginning of year	566,453	$ 18.73	596,441	$ 17.96	499,201	$ 19.32			
Granted	Granted	34,353	23.70	56,605	20.66	107,240	20.62			
Exercised	Exercised	—	—	(86,593)	14.69	—	—			
Forfeited	Forfeited	—	—	—	—	(10,000)	14.68			
Expired	Expired	—	—	—	—	—	—			

Outstanding at the end of year	Outstanding at the end of year	600,806	$ 19.01	566,453	$ 18.73	596,441	$ 17.96

The total fair value of options vesting during 2023, 2022 and 2021 was $198,000, $195,000 and 2020 was $195,000, $190,000, and $185,000, respectively.

Compensation expense of approximately $144,000, $77,000 and $11,000 is projected for 2023, 2024 and 2025 respectively, on stock options outstanding options outstanding as of December 31, 2023.

The following table summarizes information about stock options outstanding at December 31, 2022 as of December 31, 2023:

		Options Outstanding			Options Exercisable			Options Outstanding	
Range of exercise prices	Range of exercise prices	Number of options outstanding	Average remaining contractual life	Weighted average exercise price	Number of options exercisable	Weighted average exercise price	Range of exercise prices	Number of options outstanding	Average remaining contractua life
$15.23-18.70	$15.23-18.70	274,942	1.7	$ 17.28	274,942	$ 17.28			
$20.62-27.25	$20.62-27.25	325,864	6.8	$ 23.20	218,027	$ 23.99			

The stock options outstanding and stock options exercisable at December 31, 2022 as of December 31, 2023, both had an aggregate intrinsic value of $1.2 m

The expense related to stock options is based on the fair value of the options at the date of the grant and is recognized ratably over the vesting period of the

Compensation expense related to the Company's stock option plan totaled $144,000, $198,000 and $200,000 for 2023, 2022 and $190,000 for 2022, 2021, a

The estimated fair values were determined on the dates of grant using the Black-Scholes Option pricing model. The fair value of the Company' Company's s free rate is based on the implied yield on a U.S. Treasury bond with a term approximating the expected term of the option. The expected volatility computation is b based on the annual dividend payment per share, divided by the grant date stock price. The expected option term is a function of the option life and the vesting pe

The fair value of the option grants was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assu

		For the year ended December 31,			For the year ended December 31,
		2022	2021	2020	
Expected dividend yield	Expected dividend yield	4.05 %	4.45 %	4.46 %	Expected dividend yield
Expected volatility	Expected volatility	36.33 %	30.75 %	20.33 %	Expected volatility
Risk-free interest rate	Risk-free interest rate	1.74 %	0.73 %	0.75 %	Risk-free interest rate
Expected option life	Expected option life	8 years	8 years	8 years	Expected option life

The There were no options granted during 2023, while the weighted average fair value of options granted during 2022 2021 and 2020 2021 was $5.80 $3.52 a

(14) Income Taxes

The current and deferred amounts of income tax expense (benefit) for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 ar

		Years ended December 31,			Years ended December 31,
		2022	2021	2020	2023
Current:	Current:				
Federal	Federal	$41,379	28,798	27,143	
Federal					
Federal					
State	State	20,859	17,986	11,389	
Total current		62,238	46,784	38,532	

Total current income tax expense				
Deferred:	Deferred:			
Federal	Federal	1,825	10,548	(5,908)
Federal				
Federal				
State	State	395	1,865	(2,021)
Total deferred		2,220	12,413	(7,929)
		$64,458	59,197	30,603
Total deferred income tax expense				
Total income tax expense				

The Company recorded a deferred tax expense (benefit) expense of $11.1 million, ($68.2) million and ($8.3) million during 2023, 2022 and $5.2 million du securities, which is reported in accumulated other comprehensive income (loss), net of tax. Additionally, The Company recorded a deferred tax (benefit) expense gains (losses) on cash flow hedge advances, which is reported in accumulated other comprehensive income (losses), net of tax. Also, the Company recorded a d 2021 and 2020, 2021, respectively, related to the amortization of post-retirement benefit obligations, which is reported in accumulated other comprehensive income

A reconciliation between the amount of reported total income tax expense and the amount computed by multiplying the applicable statutory income tax rate is

		Years ended December 31,			Years ended Decemb
		2022	2021	2020	2023
Tax expense at statutory rates	Tax expense at statutory rates	$ 50,422	47,695	26,786	
Increase (decrease) in taxes resulting from:	Increase (decrease) in taxes resulting from:				
State tax, net of federal income tax benefit					
State tax, net of federal income tax benefit					
State tax, net of federal income tax benefit	State tax, net of federal income tax benefit	16,791	15,682	7,400	
Tax-exempt interest income	Tax-exempt interest income	(2,590)	(2,690)	(2,609)	
Bank-owned life insurance	Bank-owned life insurance	(1,257)	(1,665)	(1,363)	
Other, net	Other, net	1,092	175	389	
		$ 64,458	59,197	30,603	
Other, net					
Other, net					

Total income tax expense

The net deferred tax asset is included in other assets in the Consolidated Statements of Financial Condition. The tax effects of temporary differences that giv
December 31, 2023 and 2021 2022 are as follows (in thousands):

		2022	2021	
	2023			2023
Deferred tax assets:	Deferred tax assets:			
Allowance for credit losses on loans				
Allowance for credit losses on loans				
Allowance for credit losses on loans	Allowance for credit losses on loans	$23,794	21,640	
Allowance for credit loss on off-balance sheet ("OBS") credit exposure	Allowance for credit loss on off-balance sheet ("OBS") credit exposure	853	1,763	
Post-retirement benefit	Post-retirement benefit	6,458	6,908	
Deferred compensation	Deferred compensation	569	743	
Purchase accounting adjustments		—	1,145	
Depreciation				
Depreciation				
Depreciation	Depreciation	1,412	425	
SERP	SERP	1,130	1,013	
ESOP	ESOP	812	1,145	
Stock-based compensation	Stock-based compensation	5,818	4,753	
Payroll Protection Program fees		—	411	
Non-accrual interest				
Non-accrual interest				
Non-accrual interest	Non-accrual interest	234	232	
Federal Net Operating Loss ("NOL")				
Federal Net Operating Loss ("NOL")				
Federal Net Operating Loss ("NOL")	Federal Net Operating Loss ("NOL")	197	239	
Unrealized losses on available for sale debt securities	Unrealized losses on available for sale debt securities	68,324	501	
Lease liability	Lease liability	17,126	13,464	

Lease liability			
Lease liability			
Other	Other	—	1,196
Total gross deferred tax assets	Total gross deferred tax assets	126,727	55,578
Deferred tax liabilities:	Deferred tax liabilities:		
Deferred tax liabilities:			
Deferred tax liabilities:			
Pension expense			
Pension expense			
Pension expense	Pension expense	8,928	8,158
Contingent consideration	Contingent consideration	162	56
Deferred loan costs	Deferred loan costs	8,533	7,104
Investment securities, principally due to accretion of discounts	Investment securities, principally due to accretion of discounts	95	94
Purchase accounting adjustments	Purchase accounting adjustments	363	—
Intangibles	Intangibles	1,366	2,121
Originated mortgage servicing rights	Originated mortgage servicing rights	169	184
Originated mortgage servicing rights			
Originated mortgage servicing rights			
Pension liability adjustments			
Pension liability adjustments			
Pension liability adjustments	Pension liability adjustments	575	1,036
Net unrealized gain on hedging activities	Net unrealized gain on hedging activities	7,576	788
Lease right-of-use asset	Lease right-of-use asset	16,370	13,082
Other	Other	361	—
Total gross deferred tax liabilities	Total gross deferred tax liabilities	44,498	32,623

Net deferred tax asset	Net deferred tax asset	$82,229	22,955

Retained earnings at December 31, 2022 as of December 31, 2023 includes approximately $51.8 million for which no provision for income tax has been ma
would result in taxation of these reserves include the failure to qualify as a bank for tax purposes, distributions in complete or partial liquidation, stock redemptions
an unrecognized tax liability of $14.0 million with respect to this reserve.

As a result of the Beacon acquisition in 2011, the Company acquired federal net operating loss carryforwards. There are approximately $937,000 $760,000 o
not utilized, these carryforwards will expire in 2031. The federal NOLs are subject to a combined annual Code Section 382 limitation in the amount of approximate
asset based upon the nature and timing of the items listed above. In order to fully realize the net deferred tax asset, the Company will need to generate future taxa
net deferred tax asset; however, there can be no assurance that such levels of taxable income will be generated.

The Company's policy is to report interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Company did not have any li

The Company and its subsidiaries file a consolidated U.S. Federal income tax return. For tax periods prior to December 31, 2018, New Jersey tax law does
member of the affiliated group where there is common ownership. As a result of this enacted legislation that New Jersey effectuated on July 1, 2018, beginning in
on apportioned and allocated income. Also, the Company and its subsidiaries file a combined New York State income tax return on apportioned and allocated inco

The Company's Federal and Pennsylvania Mutual Thrift Institutions tax returns are open for examination from 2019. 2020. The Company's 2017 and 201
examination for New York State. from 2020. The Company's 2015 through 2018 New Jersey State tax returns are currently under audit and tax years after 2019 a

(15) Commitments Contingencies and Concentrations of Credit Risk

In the normal course of conducting its business, the Bank extends credit to meet the financing needs of its customers through commitments. Commitments
and $2.06 billion as of December 31, 2023 and 2022, respectively, and undisbursed home equity and personal credit lines of $273.0 million and $279.2 million, a
statements. These instruments involve elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements. T
obligations as it does for on-balance sheet loans. Commitments generally have fixed expiration dates or other termination clauses and may require payment of
necessarily represent future cash requirements.

The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon e

The Bank grants residential real estate loans on single- and multi-family dwellings to borrowers primarily in New Jersey. Its borrowers' abilities to repay the
generated by the underlying collateral and value of the underlying collateral. Such factors are dependent upon various economic conditions and individual circu
lending policies and procedures adequately minimize the potential exposure to such risks and that adequate provisions for loan losses are provided for all known a

A substantial portion of the Bank's loans are to borrowers operating in or, are secured by real estate located in New Jersey, our primary market area. Acco
local real estate market conditions and the regional business environment.

(16) Contingencies

In the normal course of business, various commitments and contingent liabilities are outstanding which are not reflected in the accompanying consolidated fi
be materially affected by the outcome of such commitments or contingent liabilities.

The Company is involved in various legal actions litigation and claims arising in the normal course of its business. In the opinion of management, these le
when it is probable that a liability has been incurred and the amount can be reasonably estimated.

On May 2, 2022, a purported class action complaint was filed against the Bank in the Superior Court of New Jersey, which alleges that the Bank wrongfull
results debit card transactions. The complaint asserts claims for breach of operations.

A substantial portion contract and breach of the Bank's loans are to borrowers operating in or, are secured by real estate located in covenant of g
Accordingly, Consumer Fraud Act. Plaintiff seeks to represent a proposed class of all the collectability of Bank's checking account customers who were charge
Plaintiff seeks unspecified damages, costs, attorneys' fees, pre-judgment interest, an injunction, and other relief as the Bank's loan portfolio may be susceptible t
environment. proposed class. The Bank denies the allegations and is vigorously defending the matter. The parties had an initial mediation meeting on October 20,

Although the Bank is vigorously defending the litigation, the ultimate outcome of this litigation, such as whether the likelihood of loss is remote, reasonably p
As a result of this, a $3.0 million charge was recorded in the fourth quarter of 2023 for estimated contingent litigation reserves.

(16)

(17) Regulatory Capital Requirements

FDIC regulations require banks to maintain minimum levels of regulatory capital. Under the regulations in effect at December 31, 2022 as of December 31, 2
equity Tier 1 capital to risk-based assets ratio of 4.5%; (3) a Tier 1 capital to risk-based assets ratio of 6.0%; and (4) a total capital to risk-based assets ratio
distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of comm
capital requirements.

Under its prompt corrective action regulations, the FDIC is required to take certain supervisory actions (and may take additional discretionary actions) with
financial statements. The regulations establish a framework for the classification of savings institutions into five categories: well capitalized, capitalized; adeq
undercapitalized. Generally, an institution is considered well capitalized if it has: a leverage (Tier 1) capital ratio of at least 5.00%; a common equity Tier 1 risk-bas
of at least 10.00%.

In the first quarter of 2020, U.S. federal regulatory authorities issued an interim final rule providing banking institutions that adopt CECL during the 2020 cale
by a three-year transition period to phase out the aggregate amount of the capital benefit provided during the initial two-year delay (i.e., a five year five-year trans
five-year CECL transition.

The foregoing capital ratios are based in part on specific quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under
by the FDIC about capital components, risk weightings and other factors.

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Bank exceeded all minimum capital adequacy requirements to which it is subject. Furth
corrective action regulations. There have been no conditions or events since that notification that management believes have changed the Bank's capital classifica

The Company is regulated as a bank holding company, and as such, is subject to examination, regulation and periodic reporting under the Bank Holding Co
guidelines for bank holding companies on a consolidated basis substantially similar to those of the FDIC for the Bank. As of December 31, 2022 December 31, 202
that a bank holding company must serve as a source of strength to any of its subsidiary banks and must not conduct its activities in an unsafe or unsound ma
undercapitalized subsidiary bank would be directed to guarantee, within limitations, the capital restoration plan that is required of such an undercapitalized bank. If
plan, the FRB may prohibit the bank holding company parent of the undercapitalized bank from paying any dividend or making any other form of capital distributior

The following table shows the Company's actual capital amounts and ratios as of December 31, 2022 December 31, 2023 and 2021, 2022, compared to the F
institution (dollars in thousands).

	Actual capital		FRB minimum capital adequacy requirements	
	Amount	Ratio	Amount	Ratio
As of December 31, 2022				
Tier 1 leverage capital	$ 1,326,676	10.00 %	$ 530,610	4.
Common equity Tier 1 risk-based capital	1,313,789	11.36	520,312	4.
Tier 1 risk-based capital	1,326,676	11.47	693,749	6.
Total risk-based capital	1,404,466	12.15	924,999	8.

		Actual capital		FRB minimum capital adequacy requirements		FRB minimum capital adequacy requirements with capital conservation buffer		To be well-capitalized under prompt corrective action provisions		Actual capital		FRB minimum capi adequacy requireme
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount
As of December 31, 2021												
As of December 31, 2023												
Tier 1 leverage capital												
Tier 1 leverage capital												
Tier 1 leverage capital	Tier 1 leverage capital	$1,252,925	9.45 %	$530,602	4.00 %	$ 530,602	4.00 %	$ 663,252	5.00 %	$1,396,512	10.22 10.22 %	$ 546,662 4.(
Common equity Tier 1 risk-based capital	Common equity Tier 1 risk-based capital	1,240,038	11.47	486,382	4.50	756,595	7.00	702,552	6.50			
Tier 1 risk-based capital	Tier 1 risk-based capital	1,252,925	11.59	648,510	6.00	918,722	8.50	864,680	8.00			
Total risk-based capital	Total risk-based capital	1,324,032	12.25	864,680	8.00	1,134,892	10.50	1,080,850	10.00			

	Actual capital	FRB minimum capital adequacy requirements

	Amount	Ratio	Amount	Ratio
As of December 31, 2022				
Tier 1 leverage capital	$ 1,326,676	10.00 %	$ 530,610	4.00
Common equity Tier 1 risk-based capital	1,313,789	11.36	520,312	4.50
Tier 1 risk-based capital	1,326,676	11.47	693,749	6.00
Total risk-based capital	1,404,466	12.15	924,999	8.00

The following table shows the Bank's actual capital amounts and ratios as of December 31, 2022December 31, 2023 and 2021, 2022, compared to the FDI
institution (dollars in thousands).

		Actual capital		FDIC minimum capital adequacy requirements		FDIC minimum capital adequacy requirements with capital conservation buffer		To be well-capitalized under prompt corrective action provisions		Actual capital			FDIC minimum capital adequacy requirements		
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		Amount		Ra
As of December 31, 2022															
As of December 31, 2023															
Tier 1 leverage capital															
Tier 1 leverage capital															
Tier 1 leverage capital	Tier 1 leverage capital	$1,260,603	9.51 %	$530,396	4.00 %	$ 530,396	4.00 %	$ 662,995	5.00 %	$1,343,223	9.84	9.84 %	$546,168	4.00	4.(
Common equity Tier 1 risk-based capital	Common equity Tier 1 risk-based capital	1,260,603	10.91	520,070	4.50	808,998	7.00	751,213	6.50						
Tier 1 risk-based capital	Tier 1 risk-based capital	1,260,603	10.91	693,427	6.00	982,355	8.50	924,569	8.00						
Total risk-based capital	Total risk-based capital	1,338,393	11.58	924,569	8.00	1,213,497	10.50	1,155,712	10.00						

		Actual capital		FDIC minimum capital adequacy requirements		FRB minimum capital adequacy requirements with capital conservation buffer		To be well-capitalized under prompt corrective action provisions		Actual capital			FDIC minimum capi adequacy requireme
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio		Amount
As of December 31, 2021													
As of December 31, 2022													
Tier 1 leverage capital													
Tier 1 leverage capital													
Tier 1 leverage capital	Tier 1 leverage capital	$1,174,495	8.86 %	$530,275	4.00 %	$ 530,275	4.00 %	$ 662,844	5.00 %	$1,260,603	9.51	9.51 %	$ 530,396

Common equity Tier 1 risk-based capital	Common equity Tier 1 risk-based capital	1,174,495	10.87	486,122	4.50	756,190	7.00	702,177	6.50
Tier 1 risk-based capital	Tier 1 risk-based capital	1,174,495	10.87	648,163	6.00	918,231	8.50	864,217	8.00
Total risk-based capital	Total risk-based capital	1,245,602	11.53	864,217	8.00	1,134,285	10.50	1,080,272	10.00

(17) (18) Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

Management analyzes the Company's exposure to credit losses for both on-balance sheet and off-balance sheet activity using a consistent methodology for credit losses for off-balance sheet credit exposures, the exposure at default includes an estimated drawdown of unused credit based on historical credit utilization f

For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company recorded a $264,000 provision, a $3.4 million negat sheet credit exposures, respectively.

The allowance for credit losses for off-balance sheet credit exposures was $3.4 million and $3.2 million as of December 31, 2023 and $6.5 million at Decem Financial Condition.

(18) (19) Fair Value Measurements

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The c values in an active market are not readily available, the Company utilizes various valuation techniques to estimate fair value.

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participa comparison to independent markets and may not be realized in an immediate sale of the financial instrument.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority

measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1:	Unadjusted quoted market prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
Level 2:	Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asse
Level 3:	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The valuation techniques are based upon the unpaid principal balance only, and exclude any accrued interest or dividends at the measurement date. Inte depending on the nature of the instrument using the effective interest method based on acquired discount or premium.

Assets Measured at Fair Value on a Recurring Basis

The valuation techniques described below were used to measure fair value of financial instruments in the table below on a recurring basis as of December 31

Available for Sale Debt Securities, at Fair Value

For available for sale debt securities, fair value was estimated using a market approach. The majority of the Company's securities are fixed income instrum obtained through third-party data service providers or dealer market participants with whom the Company has historically transacted both purchases and sales of Level 2 input, is a mathematical technique used principally to value certain securities to benchmark to comparable securities. The Company evaluates the quality c cash flows. As management is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to d prices received from the pricing service to a secondary pricing source. Additionally, management compares changes in the reported market values and returns verification procedures and review of fair value methodology documentation provided by independent pricing services has generally not resulted in an adjustment government that are traded in active markets with readily accessible quoted market prices that are considered Level 1 within the fair value hierarchy.

Equity Securities, at Fair Value

The Company holds equity securities that are traded in active markets with readily determinable fair value using quoted market prices.

Derivatives

The Company records all derivatives on the statements of financial condition at fair value. The accounting for changes in the fair value of derivatives depe hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. The Cor related transaction which, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. As such, all changes in fair value of the Compa

The Company also uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges, and exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. These derivative deposits. The change in the fair value of these derivatives is recorded in accumulated other comprehensive income (loss), and is subsequently reclassified into ear

The fair value of the Company's derivatives is determined using discounted cash flow analysis using observable market-based inputs, which are considered L

Assets Measured at Fair Value on a Non-Recurring Basis

The valuation techniques described below were used to estimate fair value of financial instruments measured on a non-recurring basis as of December 31, 2

Collateral Dependent Impaired Loans

For loans measured for impairment based on the fair value of the underlying collateral, fair value was estimated using a market approach. The Company mea that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments, on an individual case-by-case basis, to comparal costs to sell between 5% and 10%. Management classifies these loans as Level 3 within the fair value hierarchy.

Foreclosed Assets

Assets acquired through foreclosure or deed in lieu of foreclosure are carried at the lower of the outstanding loan balance at the time of foreclosure or fa independent appraisals that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments, on an individual case ba Level 3. When an asset is acquired, the excess of the loan balance over fair value less estimated selling costs is charged to the allowance for credit losses. A rese subsequent to foreclosure. Foreclosed assets are carried net of the related reserve. Operating results from real estate owned, including rental income, operating e

There were no changes to the valuation techniques for fair value measurements during the years ended December 31, 2022 December 31, 2023 and 2021. 2

The following tables present the assets and liabilities reported on the consolidated statements of financial condition at their fair value as of December 31, 202

	December 31, 2023	
Measured on a recurring basis:		
Available for sale debt securities:		
U.S. Treasury obligations	$ 253,878	$
Agency guaranteed obligations	27,498	
Mortgage-backed securities	1,285,609	
Asset-backed securities	32,235	
State and municipal obligations	56,584	
Corporate obligations	34,308	
Total available for sale debt securities	$ 1,690,112	
Equity Securities	1,270	
Derivative assets	101,754	
	$ 1,793,136	
Derivative liabilities	$ 88,835	
Measured on a non-recurring basis:		
Loans measured for impairment based on the fair value of the underlying collateral	$ 24,139	
Foreclosed assets	11,651	
	$ 35,790	

	December 31, 2022	
Measured on a recurring basis:		
Available for sale debt securities:		
U.S. Treasury obligations	$ 245,816	$

Mortgage-backed securities		1,427,139
Asset-backed securities		37,621
State and municipal obligations		56,864
Corporate obligations		36,108
Total available for sale debt securities	$	1,803,548
Equity Securities		1,147
Derivative assets		148,151
	$	1,952,846
Derivative liabilities	$	120,896
Measured on a non-recurring basis:		
Loans measured for impairment based on the fair value of the underlying collateral	$	23,988
Foreclosed assets		2,124
	$	26,112

		Fair Value Measurements at Reporting Date Using:				
	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	December 31, 2022	Quoted Price Active Market Identical Ass (Level 1)
Measured on a recurring basis:						
Available for sale debt securities:						
Available for sale debt securities:						
Available for sale debt securities:						
U.S. Treasury obligations						
U.S. Treasury obligations						
U.S. Treasury obligations	$ 196,329	196,329	—	—		
Mortgage-backed securities						
Mortgage-backed securities						
Mortgage-backed securities	1,708,831	—	1,708,831	—		
Asset-backed securities	46,797	—	46,797	—		
State and municipal obligations	69,707	—	69,707	—		
Corporate obligations	36,187	—	36,187	—		

Total available for sale debt securities	Total available for sale debt securities	$2,057,851	196,329	1,861,522	—
Equity Securities	Equity Securities	1,325	1,325	—	—
Derivative assets	Derivative assets	65,903	—	65,903	—
	$				
		$2,125,079	197,654	1,927,425	—
Derivative liabilities					
Derivative liabilities					
Derivative liabilities	Derivative liabilities	$ 61,412	—	61,412	—
Measured on a non-recurring basis:	**Measured on a non-recurring basis:**				
Measured on a non-recurring basis:					
Measured on a non-recurring basis:					
Loans measured for impairment based on the fair value of the underlying collateral					
Loans measured for impairment based on the fair value of the underlying collateral					
Loans measured for impairment based on the fair value of the underlying collateral	Loans measured for impairment based on the fair value of the underlying collateral	$ 18,237	—	—	18,237
Foreclosed assets	Foreclosed assets	8,731	—	—	8,731
		$ 26,968	—	—	26,968
	$				

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2022 December 31, 2023 and 2021. 2022.

Other Fair Value Disclosures

The Company is required to disclose estimated fair value of financial instruments, both assets and liabilities on and off the balance sheet, for which it is prac and liabilities.

Cash and Cash Equivalents

For cash and due from banks, federal funds sold and short-term investments, the carrying amount approximates fair value. Included As of December 31, 20 December 31, 2021 was $70,000 and $27.3 million, respectively, representing cash collateral pledged to secure loan level swaps and risk participation agreement

Held to Maturity Debt Securities, Net of Allowance for Credit Losses

For held to maturity debt securities, fair value was estimated using a market approach. The majority of the Company's securities are fixed income instrum obtained through third party data service providers or dealer market participants with whom the Company has historically transacted both purchases and sales of

Level 2 input, is a mathematical technique used principally to value certain securities to benchmark to comparable securities. Management evaluates the quality c cash flows. As management is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to d prices received from the pricing service to a secondary pricing source. Additionally, management compares changes in the reported market values and returns verification procedures and review of fair value methodology documentation provided by independent pricing services has generally not resulted in adjustment ir government and U.S. government government-sponsored agencies that are traded in active markets with readily accessible quoted market prices that are consider

FHLBNY Stock

The carrying value of FHLBNY stock is its cost. The fair value of FHLBNY stock is based on redemption at par value. The Company classifies the estimated f

Loans

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial mortgage, residentia adjustable rate interest terms and into performing and non-performing categories. The fair value of performing loans was estimated using a combination of techni pricing for loans with similar characteristics and remaining maturity, adjusted by an amount for estimated credit losses inherent in the portfolio at the balance she prepayment risk, when applicable. The Company classifies the estimated fair value of its loan portfolio as Level 3.

The fair value for significant non-performing loans was based on recent external appraisals of collateral securing such loans, adjusted for the timing of anticip 3.

Deposits

The fair value of deposits with no stated maturity, such as non-interest bearing demand deposits and savings deposits, was equal to the amount payable discounted value of contractual cash flows. The discount rate was estimated using the Company's current rates offered for deposits with similar remaining maturitie

Borrowed Funds

The fair value of borrowed funds was estimated by discounting future cash flows using rates available for debt with similar terms and maturities and is classifi

Commitments to Extend Credit and Letters of Credit

The fair value of commitments to extend credit and letters of credit was estimated using the fees currently charged to enter into similar agreements, taking in fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The Company classifies thes

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estima entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estima characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant jud the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future busin

Significant assets and liabilities that are not considered financial assets or liabilities include goodwill and other intangibles, deferred tax assets and premises can have a significant effect on fair value estimates and have not been considered in the estimates.

The following tables present the Company's financial instruments at their carrying and fair values as of December 31, 2022 December 31, 2023 and Decembe

			Fair Value Measurements at December 31, 2022 Using:						
(Dollars in thousands)	(Dollars in thousands)	Carrying value	Fair value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Carrying value	Fa val
Financial assets:	**Financial assets:**								
Cash and cash equivalents	Cash and cash equivalents	$ 186,508	186,508	186,508	—	—			
Cash and cash equivalents									
Cash and cash equivalents									
Available for sale debt securities:	Available for sale debt securities:								
U.S. Treasury obligations	U.S. Treasury obligations	245,816	245,816	245,816	—	—			
U.S. Treasury obligations									
U.S. Treasury obligations									

Agency guaranteed obligations						
Mortgage-backed securities	Mortgage-backed securities	1,427,139	1,427,139	—	1,427,139	—
Asset-backed securities	Asset-backed securities	37,621	37,621	—	37,621	—
State and municipal obligations	State and municipal obligations	56,864	56,864	—	56,864	—
Corporate obligations	Corporate obligations	36,108	36,108	—	36,108	—
Total available for sale debt securities	Total available for sale debt securities	$ 1,803,548	1,803,548	245,816	1,557,732	—
Held to maturity debt securities, net of allowance for credit losses:	Held to maturity debt securities, net of allowance for credit losses:					
Agency obligations		$ 9,997	8,964	8,964	—	—
U.S. Treasury obligations						
U.S. Treasury obligations						
U.S. Treasury obligations						
Agency-sponsored obligations						
State and municipal obligations						
State and municipal obligations						
State and municipal obligations	State and municipal obligations	366,146	353,417	—	353,417	—
Corporate obligations	Corporate obligations	11,780	11,087	—	11,087	—
Total held to maturity debt securities, net of allowance for credit losses	Total held to maturity debt securities, net of allowance for credit losses	$ 387,923	373,468	8,964	364,504	—
FHLBNY stock	FHLBNY stock	68,554	68,554	68,554	—	—
Equity Securities	Equity Securities	1,147	1,147	1,147	—	—
Loans, net of allowance for credit losses	Loans, net of allowance for credit losses	10,160,860	9,768,460	—	—	9,768,460
Derivative assets	Derivative assets	148,151	148,151	—	148,151	—

Financial liabilities:	**Financial liabilities:**					
Financial liabilities:						
Financial liabilities:						
Deposits other than certificates of deposits						
Deposits other than certificates of deposits						
Deposits other than certificates of deposits	Deposits other than certificates of deposits	$ 9,811,588	9,811,588	9,811,588	—	—
Certificates of deposit	Certificates of deposit	751,436	745,155	—	745,155	—
Total deposits	Total deposits	$10,563,024	10,556,743	9,811,588	745,155	—
Borrowings	Borrowings	1,337,370	1,324,578	—	1,324,578	—
Subordinated Debentures	Subordinated Debentures	10,493	9,422	—	9,422	—
Derivative liabilities	Derivative liabilities	120,896	120,896	—	120,896	—

			Fair Value Measurements at December 31, 2021 Using:						
(Dollars in thousands)	(Dollars in thousands)	Carrying value	Fair value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	(Dollars in thousands)	Carrying value	Fa val
Financial assets:	**Financial assets:**								
Cash and cash equivalents	Cash and cash equivalents	$ 712,463	712,463	712,463	—	—			
Cash and cash equivalents									
Cash and cash equivalents									
Available for sale debt securities:	Available for sale debt securities:								
U.S. Treasury obligations	U.S. Treasury obligations	196,329	196,329	196,329	—	—			
U.S. Treasury obligations									
U.S. Treasury obligations									
Mortgage-backed securities									
Mortgage-backed securities									
Mortgage-backed securities	Mortgage-backed securities	1,708,831	1,708,831	—	1,708,831	—			
Asset-backed securities	Asset-backed securities	46,797	46,797	—	46,797	—			
State and municipal obligations	State and municipal obligations	69,707	69,707	—	69,707	—			
Corporate obligations	Corporate obligations	36,187	36,187	—	36,187	—			

Total available for sale debt securities	Total available for sale debt securities	$ 2,057,851	2,057,851	196,329	1,861,522	—
Held to maturity debt securities:	Held to maturity debt securities:					
Agency obligations		$ 9,996	9,821	9,821	—	—
Mortgage-backed securities		21	21	—	21	—
Agency-sponsored obligations						
Agency-sponsored obligations						
Agency-sponsored obligations						
State and municipal obligations						
State and municipal obligations						
State and municipal obligations	State and municipal obligations	415,699	429,552	—	429,552	—
Corporate obligations	Corporate obligations	10,434	10,315	—	10,315	—
Total held to maturity debt securities, net of allowance for credit losses	Total held to maturity debt securities, net of allowance for credit losses	$ 436,150	449,709	9,821	439,888	—
FHLBNY stock	FHLBNY stock	34,290	34,290	34,290	—	—
Equity Securities	Equity Securities	1,325	1,325	1,325	—	—
Loans, net of allowance for credit losses	Loans, net of allowance for credit losses	9,500,884	9,607,225	—	—	9,607,225
Derivative assets	Derivative assets	65,903	65,903	—	65,903	—
Financial liabilities:	**Financial liabilities:**					
Financial liabilities:						
Financial liabilities:						
Deposits other than certificates of deposits						
Deposits other than certificates of deposits						
Deposits other than certificates of deposits	Deposits other than certificates of deposits	$10,541,497	10,541,497	10,541,497	—	—
Certificates of deposit	Certificates of deposit	692,515	694,041	—	694,041	—
Total deposits	Total deposits	$11,234,012	11,235,538	10,541,497	694,041	—
Borrowings	Borrowings	626,774	625,636	—	625,636	—
Subordinated Debentures	Subordinated Debentures	10,283	9,750	—	9,750	—

Derivative liabilities	Derivative liabilities	61,412	61,412	—	61,412	—

(19) (20) Earnings Per Share

The following is a reconciliation of the outstanding shares used in the basic and diluted earnings per share calculations.

					2023	2022
For the Year Ended December 31,						
		For the Year Ended December 31,				
		2022	2021	2020		
		(In thousands, except per share data)				
(In thousands, except per share data)						
Net income	Net income	$ 175,648	167,921	96,951		
Basic weighted average common shares outstanding	Basic weighted average common shares outstanding	74,700,623	76,471,933	69,548,499		
Plus:	Plus:					
Dilutive shares	Dilutive shares	81,747	88,907	77,459		
Dilutive shares						
Dilutive shares						
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	74,782,370	76,560,840	69,625,958		
Earnings per share:	Earnings per share:					
Basic	Basic	$ 2.35	2.20	1.39		
Basic						
Basic						
Diluted	Diluted	$ 2.35	2.19	1.39		

Anti-dilutive stock options and awards totaling 1,222,890 shares, 884,333 shares and 769,458 shares as of December 31, 2023, 2022 and 999,718 shares at

(20) (21) Parent-only Financial Information

The condensed financial statements of Provident Financial Services, Inc. (parent company only) are presented below:

Condensed Statements of Financial Condition
(Dollars in Thousands)

		December 31, 2022	December 31, 2021	December 31, 2023
December 31, 2023				
Assets	**Assets**			
Cash and due from banks				
Cash and due from banks				
Cash and due from banks	Cash and due from banks	$ 10,854	12,498	
Available for sale debt securities, at fair value	Available for sale debt securities, at fair value	960	1,138	
Investment in subsidiary	Investment in subsidiary	1,544,518	1,631,554	

Due from subsidiary—SAP	Due from subsidiary—SAP	34,439	38,286
ESOP loan	ESOP loan	13,228	19,615
Other assets	Other assets	4,410	4,643
Total assets	Total assets	$1,608,409	1,707,734
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**		
Other liabilities	Other liabilities	213	355
Other liabilities			
Other liabilities			
Subordinated Debentures	Subordinated Debentures	10,493	10,283
Total stockholders' equity	Total stockholders' equity	1,597,703	1,697,096
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$1,608,409	1,707,734

Condensed Statements of Operations

(Dollars in Thousands)

		For the Years Ended December 31,			For the Years Ended Dec
		2022	2021	2020	2023
Dividends from subsidiary	Dividends from subsidiary	$109,013	102,014	56,014	
Interest income	Interest income	785	1,022	1,245	
Investment gain	Investment gain	178	167	147	
Total income	Total income	109,976	103,203	57,406	
Subordinated debentures	Subordinated debentures	615	1,189	512	
Non-interest expense	Non-interest expense	1,451	1,292	1,196	
Total expense	Total expense	2,066	2,481	1,708	
Income before income tax expense	Income before income tax expense	107,910	100,722	55,698	
Income tax expense	Income tax expense	—	—	—	
Income before undistributed net income of subsidiary	Income before undistributed net income of subsidiary	107,910	100,722	55,698	

Earnings in excess of dividends (equity in undistributed net income) of subsidiary	Earnings in excess of dividends (equity in undistributed net income) of subsidiary	67,738	67,199	41,253
Net income	Net income	$175,648	167,921	96,951

Condensed Statements of Cash Flows

(Dollars in Thousands)

		For the Years Ended December 31,			For the Years E
		2022	2021	2020	2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net income	Net income	$175,648	167,921	96,951	
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities	Adjustments to reconcile net income to net cash provided by operating activities				
Earnings in excess of dividends (equity in undistributed net income) of subsidiary					
Earnings in excess of dividends (equity in undistributed net income) of subsidiary					
Earnings in excess of dividends (equity in undistributed net income) of subsidiary	Earnings in excess of dividends (equity in undistributed net income) of subsidiary	(67,738)	(67,199)	(31,444)	
ESOP allocation	ESOP allocation	4,140	4,318	2,401	
SAP allocation	SAP allocation	9,407	5,451	5,330	
Stock option allocation	Stock option allocation	198	200	189	
Decrease (increase) in due from subsidiary—SAP	Decrease (increase) in due from subsidiary—SAP	3,847	(4,061)	54,088	
Increase in other assets	Increase in other assets	(13,817)	(3,430)	(138,256)	
Decrease in other liabilities	Decrease in other liabilities	(142)	(12)	(4,493)	
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	111,543	103,188	(15,234)	

Cash flows from investing activities:	Cash flows from investing activities:			
Cash received, net of cash consideration paid for acquisition	Cash received, net of cash consideration paid for acquisition	—	—	78,089
Cash received, net of cash consideration paid for acquisition				
Cash received, net of cash consideration paid for acquisition				
Net decrease in ESOP loan	Net decrease in ESOP loan	6,387	5,939	5,558
Net cash provided by investing activities	Net cash provided by investing activities	6,387	5,939	83,647
Cash flows from financing activities:	Cash flows from financing activities:			
Purchases of treasury stock				
Purchases of treasury stock				
Purchases of treasury stock	Purchases of treasury stock	(46,530)	(20,711)	(21,161)
Purchase of employee restricted shares to fund statutory tax withholding	Purchase of employee restricted shares to fund statutory tax withholding	(1,021)	(961)	(969)
Cash dividends paid	Cash dividends paid	(72,023)	(71,478)	(65,823)
Repayment of subordinated debentures	Repayment of subordinated debentures	—	(15,000)	—
Shares issued dividend reinvestment plan	Shares issued dividend reinvestment plan	—	—	451
Stock options exercised	Stock options exercised	—	887	—
Net cash used in financing activities	Net cash used in financing activities	(119,574)	(107,263)	(87,502)
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents	(1,644)	1,864	(19,089)
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	12,498	10,634	29,723
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 10,854	12,498	10,634

(21) (22) Other Comprehensive Income (Loss)

The following table presents the components of other comprehensive (loss) income both gross and net of tax, for the years ended December 31, 2022 Decem

	For the Years Ended December 31,									For the Ye		
	2022			2021			2020			2023		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
Components of Other Comprehensive Income (Loss):												
Unrealized losses on available for sale debt securities:												
Unrealized losses on available for sale debt securities:												
Unrealized losses on available for sale debt securities:												
Net (losses) gains arising during the period												
Net (losses) gains arising during the period												
Net (losses) gains arising during the period	$(254,591)	68,230	(186,361)	(31,972)	8,242	(23,730)	20,134	(5,190)	14,944			
Reclassification adjustment for gains included in net income	(58)	16	(42)	(230)	59	(171)	—	—	—			
Total	(254,649)	68,246	(186,403)	(32,202)	8,301	(23,901)	20,134	(5,190)	14,944			
Unrealized gains (losses) on derivatives designated as cash flow hedges	21,727	(5,823)	15,904	12,189	(3,142)	9,047	(7,099)	1,830	(5,269)			
Unrealized gains (losses) on derivatives designated as cash flow hedges:												
Unrealized gains (losses) on derivatives designated as cash flow hedges:												
Unrealized gains (losses) on derivatives designated as cash flow hedges:												
Net (losses) gains arising during the period												
Net (losses) gains arising during the period												
Net (losses) gains arising during the period												
Reclassification adjustment for gains included in net income												
Total												
Amortization related to post-retirement obligations	(1,926)	517	(1,409)	5,474	(1,412)	4,062	5,604	(1,445)	4,159			

Total other comprehensive (loss) income	Total other comprehensive (loss) income	$ (234,848)	62,940	(171,908)	(14,539)	3,747	(10,792)	18,639	(4,805)	13,834

The following table presents the changes in the components of accumulated other comprehensive (loss) income, net of tax, for the years ended December 3

		Changes in Accumulated Other Comprehensive Income by Component, net of tax For the Years Ended December 31,								Changes in Ac
		2022				2021				
		Unrealized Losses on Available for Sale Debt Securities	Post-Retirement Obligations	Unrealized Gains on Derivatives (cash flow hedges)	Accumulated Other Comprehensive Income (Loss)	Unrealized Gains (Losses) on Available for Sale Debt Securities	Post-Retirement Obligations	Unrealized Gains (Losses) on Derivatives (cash flow hedges)	Accumulated Other Comprehensive Income (Loss)	
		2023								
		Unrealized Losses on Available for Sale Debt Securities								Unrealized Losses on Available for Sale Debt Securities
Balance at the beginning of the period	Balance at the beginning of the period	$ (211)	2,981	4,093	6,863	23,690	(1,081)	(4,954)	17,655	
Current period change in other comprehensive (loss) income	Current period change in other comprehensive (loss) income	(186,403)	(1,409)	15,904	(171,908)	(23,901)	4,062	9,047	(10,792)	
Balance at the end of the period	Balance at the end of the period	$ (186,614)	1,572	19,997	(165,045)	(211)	2,981	4,093	6,863	
Balance at the end of the period										
Balance at the end of the period										

The following table summarizes the reclassifications out of accumulated other comprehensive (loss) income for the years ended December 31, 2022 Decemb

	Reclassifications Out of Accumulated Other Comprehensive Income (Loss)						
	Amount reclassified from AOCI for the years ended December 31,						Amou
	2023						
Details of AOCI:							
Details of AOCI:							
Details of AOCI:							
Available for sale debt securities:							
Available for sale debt securities:							
Available for sale debt securities:							
Realized net gains on the sale of securities available for sale							
Realized net gains on the sale of securities available for sale							
Realized net gains on the sale of securities available for sale		$	—		(58)		(230)
	—			—	16		
	—			—	(42)		
Cash flow hedges:							
Cash flow hedges:							

Cash flow hedges:						
Unrealized gains (losses) on derivatives designated as cash flow hedges						
Unrealized gains (losses) on derivatives designated as cash flow hedges						
Unrealized gains (losses) on derivatives designated as cash flow hedges				(17,713)	(4,504)	3,878
	4,765			4,765	1,207	
	(12,948)					

	Reclassifications Out of Accumulated Other Comprehensive Income (Loss)			
	Amount reclassified from AOCI for the years ended December 31,			Affected line item in the Consolidated Statement of Income
	2022	2021	2020	
Details of AOCI:				
Available for sale debt securities:				
Realized net gains on the sale of securities available for sale	$ (58)	(230)	—	Net gain on securities transactions
Post-retirement obligations:				
	16	59	—	Income tax expense
	(42)	(171)	—	Net of tax
Cash flow hedges:				
Unrealized gains (losses) on derivatives designated as cash flow hedges	(4,504)	3,878	1,741	Interest expense
	1,207	(1,000)	(449)	Income tax expense
	(3,297)	2,878	1,292	
Post-retirement obligations:				
Post-retirement obligations: **Post-retirement obligations:**				
Amortization of actuarial (gains) losses Amortization of actuarial (gains) losses	(1,304)	(598)	448	Compensation and employee benefits (1)
	349	154	(115)	Income tax expense
	(955)	(444)	333	Net of tax
Amortization of actuarial (gains) losses				
Total reclassifications **Total reclassifications**	$(4,293)	2,263	1,625	Net of tax

Amortization of actuarial (gains) losses		(1,421)	(1304)	(598)
	384	384	349	
	(1,037)	(1,037)	(955)	
Total reclassifications				
Total reclassifications		$ (13,985)	(4,293)	2,263

(1) This item is included in the computation of net periodic benefit cost. See Note 13. Benefit Plans

(22) (23) Derivative and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its ex activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its as

Non-designated Hedges. Derivatives not designated in qualifying hedging relationships are not speculative and result from a service the Company provi manage interest rate risk in the Company's assets or liabilities. The Company may execute interest rate swaps with qualified commercial banking customers to fa offsetting interest rate swaps that the Company executes with a third party, such that the Company minimizes its net risk exposure resulting from such trans collateralized by the borrower's commercial real estate financed by the Company. As the Company has not elected to apply hedge accounting and these interest swaps and the offsetting swaps are recognized directly in earnings. At December 31, 2022 As of December 31, 2023 and 2021, 2022, the Company had 162 154 billion $2.40 billion, respectively.

The Company periodically enters into risk participation agreements ("RPAs"), with the Company functioning as either the lead institution, or as a participant w the credit exposure on interest rate contracts associated with these loan participation agreements. Under the RPAs, the Company will either receive or make a p collateral posting thresholds with certain of its risk participation counterparties, and has posted collateral of $70,000 against the potential risk of default by the Company had 14 12 and 13 14 credit derivatives, respectively, with aggregate notional amounts of $157.9 million $142.8 million and $144.8 million $157.9 million December 31, 2022 As of December 31, 2023, the asset and liability positions of these fair value credit derivatives totaled $17,000 and $8,000, respectively, com 31, 2021 as of December 31, 2022 .

Cash Flow Hedges of Interest Rate Risk. The Company's objective in using interest rate derivatives is to add stability to interest expense and to manage its swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable payment amounts f without exchange of the underlying notional amount.

Changes in the fair value of derivatives designated and that qualify as cash flow hedges of interest rate risk are recorded in accumulated other comprehensiv affects earnings. During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, such derivatives were used to hedge the variable ca

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made that $15.6 million $11.6 million will be reclassified as a reduction to interest expense. As of December 31, 2022 December 31, 2023, the Company had 11 9 outs designated as a cash flow hedge of interest rate risk.

Assets and liabilities relating to certain financial instruments, including derivatives, may be eligible for offset in the Consolidated Statements of Financial Con not offset asset and liabilities under such arrangements in the Consolidated Statements of Financial Condition.

The tables below present a gross presentation, the effects of offsetting, and a net presentation of the Company's financial instruments that are eligible for o December 31, 2021 (in thousands).

Fair Values of Derivative Instruments as of December 31, 2022

		Asset Derivatives			Liability Derivatives		
		Notional Amount	Consolidated Statements of Financial Condition	Fair value (2)	Notional Amount	Consolidated Statements of Financial Condition	Fair value (2)
		Fair Values of Derivative Instruments as of December 31, 2023					
		Asset Derivatives					
		Notional Amount				Notional Amount	Consolidated Statements of Financi
Derivatives not designated as a hedging instrument:	**Derivatives not designated as a hedging instrument:**						
Interest rate products							
Interest rate products							
Interest rate products	Interest rate products	$ 1,198,191	Other assets	$122,047	$1,198,191	Other liabilities	$122,378
Credit contracts	Credit contracts	47,143	Other assets	26	110,714	Other liabilities	12
Total derivatives not designated as a hedging instrument	Total derivatives not designated as a hedging instrument			122,073			122,390

Derivatives designated as a hedging instrument:	**Derivatives designated as a hedging instrument:**						
Derivatives designated as a hedging instrument:							
Derivatives designated as a hedging instrument:							
Interest rate products							
Interest rate products							
Interest rate products	Interest rate products	460,000	Other assets	29,119	—	Other liabilities	—
Total gross derivative amounts recognized on the balance sheet	**Total gross derivative amounts recognized on the balance sheet**			151,192			122,390
Total gross derivative amounts recognized on the balance sheet							
Total gross derivative amounts recognized on the balance sheet							
Gross amounts offset on the balance sheet							
Gross amounts offset on the balance sheet							
Gross amounts offset on the balance sheet	Gross amounts offset on the balance sheet			—			—
Net derivative amounts presented on the balance sheet	**Net derivative amounts presented on the balance sheet**			$151,192			$122,390
Gross amounts not offset on the balance sheet:	**Gross amounts not offset on the balance sheet:**						
Gross amounts not offset on the balance sheet:							
Gross amounts not offset on the balance sheet:							
Financial instruments - institutional counterparties							
Financial instruments - institutional counterparties							
Financial instruments - institutional counterparties	Financial instruments - institutional counterparties			$ —			$ —

Cash collateral - institutional counterparties (1)	Cash collateral - institutional counterparties (1)	149,800	—
Net derivatives not offset	Net derivatives not offset	$ 1,392	$122,390

Fair Values of Derivative Instruments as of December 31, 2021

		Asset Derivatives			Liability Derivatives		
		Notional Amount	Consolidated Statements of Financial Condition	Fair value (2)	Notional Amount	Consolidated Statements of Financial Condition	Fair value (2)

Fair Values of Derivative Instruments as of December 31, 2022

Asset Derivatives

Notional Amount

Notional Amount

Consolidated Statements of Financial

Derivatives not designated as a hedging instrument:	**Derivatives not designated as a hedging instrument:**						
Interest rate products							
Interest rate products							
Interest rate products	Interest rate products	$ 1,188,703	Other assets	$59,110	$1,188,703	Other liabilities	$60,163
Credit contracts	Credit contracts	47,599	Other assets	109	97,213	Other liabilities	46
Total derivatives not designated as a hedging instrument	Total derivatives not designated as a hedging instrument			59,219			60,209
Derivatives designated as a hedging instrument:	**Derivatives designated as a hedging instrument:**						
Derivatives designated as a hedging instrument:							
Derivatives designated as a hedging instrument:							
Interest rate products							
Interest rate products							
Interest rate products	Interest rate products	250,000	Other assets	7,278	350,000	Other liabilities	2,263
Total gross derivative amounts recognized on the balance sheet	**Total gross derivative amounts recognized on the balance sheet**			66,497			62,472

Total gross derivative amounts recognized on the balance sheet			
Total gross derivative amounts recognized on the balance sheet			
Gross amounts offset on the balance sheet			
Gross amounts offset on the balance sheet			
Gross amounts offset on the balance sheet	Gross amounts offset on the balance sheet	—	—
Net derivative amounts presented on the balance sheet	Net derivative amounts presented on the balance sheet	$66,497	$62,472
Gross amounts not offset on the balance sheet:	**Gross amounts not offset on the balance sheet:**		
Gross amounts not offset on the balance sheet:			
Gross amounts not offset on the balance sheet:			
Financial instruments - institutional counterparties			
Financial instruments - institutional counterparties			
Financial instruments - institutional counterparties	Financial instruments - institutional counterparties	$18,618	$18,618
Cash collateral - institutional counterparties (1)	Cash collateral - institutional counterparties (1)	—	26,566
Net derivatives not offset	Net derivatives not offset	$47,879	$17,288

(1) Cash collateral represents the amount that cannot be used to offset our derivative assets and liabilities from a gross basis to a net basis in accordance with position below zero. Therefore, excess cash collateral, if any, is not reflected above.

(2) The fair values related to interest rate products in the above net derivative tables show the total value of assets and liabilities, which include accrued interest December 31, 2021 December 31, 2022.

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Income for the years ended December 31

	Gain (loss) recognized in Income on derivatives
	For the Year Ended December 31,

	Consolidated Statements of Income	2022	2021	2020
Derivatives not designated as a hedging instruments:				

		Consolidated Statements of Income	Gain recognized in Income on derivatives For the Year Ended December 31,			Consolidated Statements of Income	2023
Derivatives not designated as hedging instruments:							
Interest rate products							
Interest rate products							
Interest rate products	Interest rate products	Other income	$ 722	384	(950)		
Credit contracts	Credit contracts	Other income	(49)	29	30		
Total derivatives not designated as hedging instruments	Total derivatives not designated as hedging instruments		$ 673	413	(920)		
Derivatives designated as a hedging instruments:			Loss (gain) recognized in Expense on derivatives				
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:							(Gain) Loss recogni
Interest rate products	Interest rate products	Interest (income) expense	$(4,504)	3,878	1,741		
Interest rate products							
Interest rate products							
Total derivatives designated as a hedging instruments	Total derivatives designated as a hedging instruments		$(4,504)	3,878	1,741		

The Company has agreements with certain of its dealer counterparties which contain a provision that if the Company defaults on any of its indebtedness, Company could also be deemed in default on its derivative obligations. In addition, the Company has agreements with certain of its dealer counterparties which co then the counterparty could terminate the derivative positions and the Company would be required to settle its obligations under the agreements.

As of December 31, 2022 December 31, 2023, the Company had four dealer counterparties. The Company had a net asset position with respect to all of its co

(23) (24) Revenue Recognition

The Company generates revenue from several business channels. The guidance in ASU 2014-09, Revenue from Contracts with Customers (Topic 606 investments, which comprise the majority of the Company's revenue. For the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 202 Company's total revenue, respectively. Revenue-generating activities that are within the scope of Topic 606, are components of non-interest income. These rev banking service charges and other fees.

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the years ended December 31,

		December 31, December 31, December 31, December 31,					
(in-thousands)	*(in-thousands)*	2022	2021	2020	*(in-thousands)*	2023	2022
Non-interest income	**Non-interest income**						
In-scope of Topic 606:	In-scope of Topic 606:						
In-scope of Topic 606:							
In-scope of Topic 606:							
Wealth management fees							
Wealth management fees							
Wealth management fees	**Wealth management fees**	$27,870	$30,756	25,733			
Insurance agency income	**Insurance agency income**	11,440	10,216	3,513			
Banking service charges and other fees:	**Banking service charges and other fees:**						
Service charges on deposit accounts							
Service charges on deposit accounts							
Service charges on deposit accounts	Service charges on deposit accounts	12,553	10,921	10,312			
Debit card and ATM fees	Debit card and ATM fees	3,124	5,665	5,974			
Total banking service charges and other fees	**Total banking service charges and other fees**	15,677	16,586	16,286			
Total in-scope non-interest income	Total in-scope non-interest income	54,987	57,558	45,532			
Total out-of-scope non-interest income	Total out-of-scope non-interest income	32,802	29,251	26,899			
Total non-interest income	Total non-interest income	$87,789	$86,809	72,431			

Wealth management fee income represents fees earned from customers as consideration for asset management, investment advisory and trust services. monthly. The fee is generally based upon the average market value of the assets under management ("AUM") for the month and the applicable fee rate. The Statements of Financial Condition. Fees are received from the customer on a monthly basis. The Company does not earn performance-based incentives. To a less

customers. The Company's performance obligation for these transaction-based services are is generally satisfied, and related revenue recognized, at either a poi
time, as each service component is completed.

Insurance agency income, consisting of commissions and fees, is generally recognized as of the effective date of the insurance policy. Commission revenue
recognized upon the receipt of notification from insurance companies concerning matters necessitating such adjustments. Profit-sharing contingent commissions
companies, or when the Company receives formal notification of the amount of such payments.

Service charges on deposit accounts include overdraft service fees, account analysis fees and other deposit related fees. These fees are generally transact
satisfied, and revenue recognized, at the time the transaction is completed, or the service rendered. Fees for these services are generally received from the cust
Debit card revenue is primarily comprised of interchange fees earned when a customer's Company card is processed through a card payment network. ATM fees a
uses a Company ATM. The Company's performance obligation for these services is satisfied when the service is rendered. Payment is generally received at time c

Out-of-scope non-interest income primarily consists of Bank-owned life insurance and net fees on loan level interest rate swaps, along with gains and losses
revenue streams are subject to the requirements of Topic 606.

(24) (25) Leases

The following table represents the consolidated statements of financial condition classification of the Company's right of use-assets and lease liabilities at as c

		Classification	December 31, 2022	December 31, 2021
		Classification		
Lease Right-of-Use Assets:	**Lease Right-of-Use Assets:**			
Operating lease right-of-use assets				
Operating lease right-of-use assets				
Operating lease right-of-use assets	Operating lease right-of-use assets	Other assets	$60,577	$48,808
Lease Liabilities:	**Lease Liabilities:**			
Operating lease liabilities	Operating lease liabilities	Other liabilities	$63,372	$50,236
Operating lease liabilities				
Operating lease liabilities				

Classification December 31

The calculated amount of the right-of-use assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate u
more options to renew at the Company's discretion. If at lease inception the Company considers the exercising of a renewal option to be reasonably certain, the Co
the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Com
leases existing prior to January 1, 2019, the rate for the remaining lease term as of January 1, 2019 was applied.

All of the leases in which the Company is the lessee are classified as operating leases and are primarily comprised of real estate property for branches and ad

At December 31, 2022 As of December 31, 2023, the weighted-average remaining lease term and the weighted-average discount rate for the Company's ope

The following table represents lease costs and other lease information for the Company's operating leases. The variable lease cost primarily represents varial

		Year ended December 31, 2022	Year ended December 31, 2021
		Year ended December 31, 2023	
Lease Costs	**Lease Costs**		
Operating lease cost			

Year ended December 31, 2023

Operating lease cost				
Operating lease cost	Operating lease cost	$	10,617	10,074
Variable lease cost	Variable lease cost		2,722	2,899
Variable lease cost				
Variable lease cost				
Total Lease Cost	**Total Lease Cost**	$	13,339	12,973
Total Lease Cost				
Total Lease Cost				

Cash paid for amounts included in the measurement of lease liabilities (in thousands):	Cash paid for amounts included in the measurement of lease liabilities (in thousands):	**Year ended December 31, 2022**	**Year ended December 31, 2021**	Cash paid for amounts included in the measurement of lease liabilities (in thousands):
Operating cash flows from operating leases	Operating cash flows from operating leases	$ 8,665	9,255	
Operating cash flows from operating leases				
Operating cash flows from operating leases				

For the year ended December 31, 2022, the Company added one new lease obligation related to the Company's new administrative office l liability for this lease obligation.

Future minimum payments for operating leases with initial or remaining terms of one year or more as of December 31, 2022 December 31, 2023 were as follo

		Operating Leases		
		Operating Leases		**Oper**
Years ended:	Years ended:			
2022				
2022				
2022	2022	$	9,379	
2023	2023		9,347	
2024	2024		8,812	
2025	2025		7,620	
2026	2026		6,757	
Thereafter	Thereafter		28,950	
Total future minimum lease payments	Total future minimum lease payments		70,865	

Amounts representing interest	Amounts representing interest	7,494
Present value of net future minimum lease payments	Present value of net future minimum lease payments	$ 63,372

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Anthony J. Labozzetta, the Company's Principal Executive Officer, and Thomas M. Lyons, the Company's Principal Financial Officer, conducted an evaluatio 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2022 December 31, 2023. Based upon their evaluation, they each found t

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's interna board of directors regarding the preparation and fair presentation of published financial statements.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable de transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, GAAP, an the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Co

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide on any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023. In making t Commission in Internal Control-Integrated Framework (2013).

Based on the assessment management believes that, as of December 31, 2022 December 31, 2023, the Company's internal control over financial reporting i

Report of Independent Registered Public Accounting Firm

The Company's independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on the effective This report appears on page 70 74 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

During the last quarter of the year under report, there was no change in the Company's internal control over financial reporting that has materially affected, or

Item 9B. Other Information

None. (a) During the year ended December 31, 2023, none of the Company's directors or executive officers adopted or terminated any contract, instructio defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as that term is used in SEC regulations.

Item 9C. Disclosure Regarding Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item regarding directors, executive officers and corporate governance is incorporated herein by reference to the Proxy Statement

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the Proxy Statement to be filed for the Annual Meeting of Stockholders to be held

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the Proxy Statement to be filed for the Annual Meeting of Stockholders to be held

Securities Authorized for Issuance Under Equity Compensa

Set forth below is information as of December 31, 2022 December 31, 2023 regarding equity compensation plans categorized by those plans that have Company's stockholders.

Plan	**Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights(1)**