

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2022

or

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

Commission File Number 001-38456

Columbia Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

22-3504946

(I.R.S. Employer Identification Number)

19-01 Route 208 North,

Fair Lawn,

New Jersey

07140

(Address of principal executive offices)

(Zip Code)

(800) 522-4167

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	CLBK	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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 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 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 the 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

☐ Smaller reporting company

☐

Non-accelerated filer

☐ Emerging growth company

☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of August 5, 2022, there were 110,499,898 shares issued and outstanding of the Registrant's common stock, par value \$0.01 per share.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
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COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Condition (In thousands, except share and per share data)

	June 30, 2022 (Unaudited)	December 31, 2021
Assets		
Cash and due from banks	\$ 109,021	\$ 70,702
Short-term investments	131	261
Total cash and cash equivalents	109,152	70,963
Debt securities available for sale, at fair value	1,490,642	1,703,847
Debt securities held to maturity, at amortized cost (fair value of \$393,025 and \$434,789 at June 30, 2022 and December 31, 2021, respectively)	425,884	429,734
Equity securities, at fair value	3,717	2,710
Federal Home Loan Bank stock	26,293	23,141
Loans receivable	6,982,796	6,360,601
Less: allowance for credit losses ⁽¹⁾	50,583	62,689
Loans receivable, net	6,932,213	6,297,912
Accrued interest receivable	28,272	28,300
Office properties and equipment, net	83,743	78,708
Bank-owned life insurance ("BOLI")	261,586	247,474
Goodwill and intangible assets	129,094	91,693
Other assets	260,822	249,615
Total assets	<u>\$ 9,751,418</u>	<u>\$ 9,224,097</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	\$ 8,033,064	\$ 7,570,216
Borrowings	419,969	377,309
Advance payments by borrowers for taxes and insurance	45,869	36,471
Accrued expenses and other liabilities	178,232	161,020
Total liabilities	8,677,134	8,145,016
Stockholders' equity:		
Preferred stock, \$0.01 par value. 10,000,000 shares authorized; none issued and outstanding at June 30, 2022 and December 31, 2021	—	—
Common stock, \$0.01 par value. 500,000,000 shares authorized; 130,777,623 shares issued and 111,000,740 shares outstanding at June 30, 2022 and 124,630,738 shares issued and 107,442,453 shares outstanding at December 31, 2021	1,308	1,246
Additional paid-in capital	776,542	667,906
Retained earnings	814,708	765,133
Accumulated other comprehensive loss	(155,845)	(45,919)
Treasury stock, at cost; 19,776,883 shares at June 30, 2022 and 17,188,285 shares at December 31, 2021	(325,723)	(271,647)
Common stock held by the Employee Stock Ownership Plan	(35,895)	(37,026)
Stock held by Rabbi Trust	(2,878)	(2,425)
Deferred compensation obligations	2,067	1,813
Total stockholders' equity	1,074,284	1,079,081
Total liabilities and stockholders' equity	<u>\$ 9,751,418</u>	<u>\$ 9,224,097</u>

See accompanying notes to unaudited consolidated financial statements.

⁽¹⁾ The Company adopted ASU 2016-13 as of January 1, 2022. Prior year periods have not been restated.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Income (In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest income:	(Unaudited)			
Loans receivable	\$ 61,927	\$ 57,683	\$ 118,884	\$ 116,451
Debt securities available for sale and equity securities	8,419	7,521	17,307	13,899
Debt securities held to maturity	2,357	2,151	4,783	3,903
Federal funds and interest-earning deposits	77	39	94	143
Federal Home Loan Bank stock dividends	298	487	745	1,122
Total interest income	73,078	67,881	141,813	135,518
Interest expense:				
Deposits	4,671	7,855	9,358	16,730
Borrowings	1,900	1,946	3,222	3,968
Total interest expense	6,571	9,801	12,580	20,698
Net interest income	66,507	58,080	129,233	114,820
Provision for (reversal of) credit losses ⁽¹⁾	1,539	(1,761)	2,998	(3,041)
Net interest income after provision for (reversal of) credit losses	64,968	59,841	126,235	117,861
Non-interest income:				
Demand deposit account fees	1,449	858	2,619	1,696
Bank-owned life insurance	2,139	1,497	3,868	2,971
Title insurance fees	1,035	1,503	1,992	3,123
Loan fees and service charges	856	714	1,496	1,365
Gain (loss) on securities transactions	210	(281)	210	(281)
Change in fair value of equity securities	(147)	(778)	(68)	(1,366)
Gain on sale of loans	—	8,524	110	10,674
Other non-interest income	2,127	2,354	4,483	4,804
Total non-interest income	7,669	14,391	14,710	22,986
Non-interest expense:				
Compensation and employee benefits	28,871	23,601	54,870	46,994
Occupancy	5,436	4,814	10,865	10,066
Federal deposit insurance premiums	630	567	1,277	1,147
Advertising	795	663	1,444	1,198
Professional fees	1,839	1,651	3,593	3,441
Data processing and software expenses	3,099	2,612	6,366	5,383
Merger-related expenses	1,327	75	1,478	75
Loss on extinguishment of debt	—	—	—	742
Other non-interest expense, net	(277)	3,627	2,576	6,267
Total non-interest expense	41,720	37,610	82,469	75,313
Income before income tax expense	30,917	36,622	58,476	65,534
Income tax expense	7,958	9,934	15,113	17,801
Net income	\$ 22,959	\$ 26,688	\$ 43,363	\$ 47,733
Earnings per share-basic and diluted	\$ 0.22	\$ 0.26	\$ 0.41	\$ 0.45
Weighted average shares outstanding-basic	106,204,230	104,537,656	104,684,765	105,253,661
Weighted average shares outstanding-diluted	106,750,557	104,537,656	105,246,304	105,253,661

See accompanying notes to unaudited consolidated financial statements.

¹⁾ The Company adopted ASU 2016-13 as of January 1, 2022. Prior year periods have not been restated.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited)			
Net income	\$ 22,959	\$ 26,688	\$ 43,363	\$ 47,733
Other comprehensive (loss) income, net of tax:				
Unrealized (loss) gain on debt securities available for sale	(37,676)	4,788	(95,491)	(12,246)
Accretion of unrealized (loss) gain on debt securities reclassified as held to maturity	(3)	(12)	(6)	2
Reclassification adjustment for gain included in net income	152	(202)	152	(202)
	<u>(37,527)</u>	<u>4,574</u>	<u>(95,345)</u>	<u>(12,446)</u>
Derivatives, net of tax:				
Unrealized gain on swap contracts accounted for as cash flow hedges	828	948	3,985	6,631
	<u>828</u>	<u>948</u>	<u>3,985</u>	<u>6,631</u>
Employee benefit plans, net of tax:				
Amortization of prior service cost included in net income	(11)	(11)	(22)	(20)
Reclassification adjustment of actuarial net (loss) included in net income	(244)	(1,089)	(488)	(2,178)
Change in funded status of retirement obligations	(18,536)	24,818	(18,056)	34,371
	<u>(18,791)</u>	<u>23,718</u>	<u>(18,566)</u>	<u>32,173</u>
Total other comprehensive (loss) income	<u>(55,490)</u>	<u>29,240</u>	<u>(109,926)</u>	<u>26,358</u>
Total comprehensive (loss) income, net of tax	<u>\$ (32,531)</u>	<u>\$ 55,928</u>	<u>\$ (66,563)</u>	<u>\$ 74,091</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

Three Months Ended June 30, 2022 and 2021

(In thousands)

	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock	Common Stock Held by the Employee Stock Ownership Plan	Stock Held by Rabbi Trust	Deferred Compensation Obligations	Total Stockholders' Equity
Balance at March 31, 2021	\$ 1,220	\$ 611,549	\$ 694,129	\$ (72,507)	\$ (195,361)	\$ (38,734)	\$ (2,141)	\$ 1,494	\$ 999,649
Net income	—	—	26,688	—	—	—	—	—	26,688
Other comprehensive income	—	—	—	29,240	—	—	—	—	29,240
Stock based compensation	—	2,397	—	—	—	—	—	—	2,397
Purchase of treasury stock (1,471,501 shares)	—	—	—	—	(25,709)	—	—	—	(25,709)
Exercise of options	—	1	—	—	—	—	—	—	1
Restricted stock forfeitures (128 shares)	—	2	—	—	(2)	—	—	—	—
Employee Stock Ownership Plan shares committed to be released	—	432	—	—	—	565	—	—	997
Funding of deferred compensation obligations	—	—	—	—	—	—	(64)	(153)	(217)
Balance at June 30, 2021	<u>\$ 1,220</u>	<u>\$ 614,381</u>	<u>\$ 720,817</u>	<u>\$ (43,267)</u>	<u>\$ (221,072)</u>	<u>\$ (38,169)</u>	<u>\$ (2,205)</u>	<u>\$ 1,341</u>	<u>\$ 1,033,046</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
Three Months Ended June 30, 2022 and 2021
(In thousands)

	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock	Common Stock Held by the Employee Stock Ownership Plan	Stock Held by Rabbi Trust	Deferred Compensation Obligations	Total Stockholders' Equity
Balance at March 31, 2022	\$ 1,247	\$ 670,955	\$ 791,749	\$ (100,355)	\$ (294,121)	\$ (36,461)	\$ (2,746)	\$ 2,219	\$ 1,032,487
Net income	—	—	22,959	—	—	—	—	—	22,959
Other comprehensive (loss)	—	—	—	(55,490)	—	—	—	—	(55,490)
Issuance of common stock to Columbia Bank MHC	61	102,680	—	—	—	—	—	—	102,741
Stock based compensation	—	2,192	—	—	—	—	—	—	2,192
Purchase of treasury stock (1,523,148 shares)	—	—	—	—	(31,491)	—	—	—	(31,491)
Exercise of stock options (5,412 shares)	—	(10)	—	—	—	—	—	—	(10)
Restricted stock forfeitures (5,182 shares)	—	111	—	—	(111)	—	—	—	—
Employee Stock Ownership Plan shares committed to be released	—	614	—	—	—	566	—	—	1,180
Funding of deferred compensation obligations	—	—	—	—	—	—	(132)	(152)	(284)
Balance at June 30, 2022	<u>\$ 1,308</u>	<u>\$ 776,542</u>	<u>\$ 814,708</u>	<u>\$ (155,845)</u>	<u>\$ (325,723)</u>	<u>\$ (35,895)</u>	<u>\$ (2,878)</u>	<u>\$ 2,067</u>	<u>\$ 1,074,284</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

Six Months Ended June 30, 2022 and 2021

(In thousands)

	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock	Common Stock Held by the Employee Stock Ownership Plan	Stock Held by Rabbi Trust	Deferred Compensation Obligations	Total Stockholders' Equity
Balance at December 31, 2020	\$ 1,220	\$ 609,531	\$ 673,084	\$ (69,625)	\$ (163,015)	\$ (39,293)	\$ (1,875)	\$ 1,260	\$ 1,011,287
Net income	—	—	47,733	—	—	—	—	—	47,733
Other comprehensive income	—	—	—	26,358	—	—	—	—	26,358
Treasury stock allocated to restricted stock award grants	—	(733)	—	—	733	—	—	—	—
Stock based compensation	—	4,540	—	—	—	—	—	—	4,540
Purchase of treasury stock (3,470,040 shares)	—	—	—	—	(58,546)	—	—	—	(58,546)
Exercise of stock options (1,661 shares)	—	1	—	—	—	—	—	—	1
Restricted stock forfeitures (13,974 shares)	—	244	—	—	(244)	—	—	—	—
Employee Stock Ownership Plan shares committed to be released	—	798	—	—	—	1,124	—	—	1,922
Funding of deferred compensation obligations	—	—	—	—	—	—	(330)	81	(249)
Balance at June 30, 2021	<u>\$ 1,220</u>	<u>\$ 614,381</u>	<u>\$ 720,817</u>	<u>\$ (43,267)</u>	<u>\$ (221,072)</u>	<u>\$ (38,169)</u>	<u>\$ (2,205)</u>	<u>\$ 1,341</u>	<u>\$ 1,033,046</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)
Six Months Ended June 30, 2022 and 2021
(In thousands)

	Common Stock	Additional Paid-in- Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Treasury Stock	Common Stock Held by the Employee Stock Ownership Plan	Stock Held by Rabbi Trust	Deferred Compensation Obligations	Total Stockholders' Equity
Balance at December 31, 2021	\$ 1,246	\$ 667,906	\$ 765,133	\$ (45,919)	\$ (271,647)	\$ (37,026)	\$ (2,425)	\$ 1,813	\$ 1,079,081
Effect of adopting ASU No. 2016-13 ("CECL")	—	—	6,212	—	—	—	—	—	6,212
Balance at January 1, 2022	1,246	667,906	771,345	(45,919)	(271,647)	(37,026)	(2,425)	1,813	1,085,293
Net income	—	—	43,363	—	—	—	—	—	43,363
Other comprehensive (loss)	—	—	—	(109,926)	—	—	—	—	(109,926)
Issuance of common stock to Columbia Bank MHC	61	102,680	—	—	—	—	—	—	102,741
Issuance of common stock allocated to restricted stock award grants (51,746 shares)	1	(1)	—	—	—	—	—	—	—
Stock based compensation	—	4,107	—	—	—	—	—	—	4,107
Purchase of treasury stock (2,546,667 shares)	—	—	—	—	(53,176)	—	—	—	(53,176)
Exercise of stock options (68,271 shares)	—	(192)	—	—	—	—	—	—	(192)
Restricted stock forfeitures (36,752 shares)	—	787	—	—	(787)	—	—	—	—
Repurchase shares for taxes (5,179 shares)	—	—	—	—	(113)	—	—	—	(113)
Employee Stock Ownership Plan shares committed to be released	—	1,255	—	—	—	1,131	—	—	2,386
Funding of deferred compensation obligations	—	—	—	—	—	—	(453)	254	(199)
Balance at June 30, 2022	<u>\$ 1,308</u>	<u>\$ 776,542</u>	<u>\$ 814,708</u>	<u>\$ (155,845)</u>	<u>\$ (325,723)</u>	<u>\$ (35,895)</u>	<u>\$ (2,878)</u>	<u>\$ 2,067</u>	<u>\$ 1,074,284</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Six Months Ended June 30,	
	2022	2021
	(In thousands, unaudited)	
Cash flows from operating activities:		
Net income	\$ 43,363	\$ 47,733
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred loan costs, fees and purchased premiums and discounts	3,267	(1,439)
Net amortization of premiums and discounts on securities	1,472	2,541
Net amortization of mortgage servicing rights	124	129
Amortization of intangible assets	749	520
Depreciation and amortization of office properties and equipment	3,605	3,362
Amortization of operating lease right-of-use assets	1,905	1,811
Loss on extinguishment of debt	—	742
Provision for (reversal of) credit losses	2,998	(3,041)
(Gain) loss on securities transactions	(210)	281
Change in fair value of equity securities	68	1,365
Gain on securitizations	—	(2,259)
Gain on sale of loans	(110)	(8,415)
Net loss on disposal of office properties and equipment	29	61
Deferred tax expense	2,219	736
Decrease in accrued interest receivable	938	1,160
Decrease in other assets	7,249	23,155
Increase in accrued expenses and other liabilities	4,661	592
Income on bank-owned life insurance	(3,868)	(2,971)
Employee stock ownership plan expense	2,386	1,922
Stock based compensation	4,107	4,540
(Decrease) in deferred compensation obligations under Rabbi Trust	(199)	(249)
Net cash provided by operating activities	74,753	72,276
Cash flows from investing activities:		
Proceeds from sales of debt securities available for sale	126,772	4,719
Proceeds from paydowns/maturities/calls of debt securities available for sale	169,220	169,638
Proceeds from paydowns/maturities/calls of debt securities held to maturity	21,919	20,633
Purchases of debt securities available for sale	(137,025)	(416,106)
Purchases of debt securities held to maturity	(18,298)	(160,466)
Proceeds from sales of loans held-for-sale	3,212	274,980
Purchases of loans receivable	—	(71,590)
Net increase in loans receivable	(291,878)	(125,022)
Proceeds from bank-owned life insurance death benefits	774	5
Proceeds from redemptions of Federal Home Loan Bank stock	42,219	7,630
Purchases of Federal Home Loan Bank stock	(44,465)	(4,793)
Proceeds from sales of office properties and equipment	1,009	685
Additions to office properties and equipment	(2,382)	(3,584)
Net cash acquired in acquisition	140,769	—
Net cash provided by (used in) investing activities	\$ 11,846	\$ (303,271)

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)

	Six Months Ended June 30,	
	2022	2021
	(In thousands, unaudited)	
Cash flows from financing activities:		
Net (decrease) increase in deposits	\$ (39,884)	\$ 300,652
Proceeds from long-term borrowings	—	37,120
Payments on long-term borrowings	—	(54,168)
Net increase (decrease) in short-term borrowings	36,898	(33,375)
Increase in advance payments by borrowers for taxes and insurance	8,057	3,585
Exercise of stock options	(192)	1
Purchase of treasury stock	(53,176)	(58,546)
Repurchase of shares for taxes	(113)	—
Net cash (used in) provided by financing activities	\$ (48,410)	\$ 195,269
Net increase (decrease) in cash and cash equivalents	\$ 38,189	\$ (35,726)
Cash and cash equivalents at beginning of year	70,963	422,957
Cash and cash equivalents at end of period	\$ 109,152	\$ 387,231
Cash paid during the period for:		
Interest on deposits and borrowings	\$ 12,863	\$ 20,892
Income tax payments, net of (refunds)	\$ 11,919	\$ 8,528
Non-cash investing and financing activities:		
Transfer of loans receivable to loans held-for-sale	\$ 3,102	\$ 262,419
Securitization of loans	—	99,603
Acquisition:		
Non-cash assets acquired:		
Debt securities available for sale	\$ 79,024	\$ —
Equity securities	1,075	—
Federal Home Loan Bank stock	906	—
Loans receivable	335,501	—
Accrued interest receivable	910	—
Office properties and equipment, net	7,296	—
Goodwill and intangibles	38,274	—
Deferred tax asset, net	3,633	—
Bank-owned life insurance	13,033	—
Other assets	2,723	—
Total non-cash assets acquired	\$ 482,375	\$ —
Liabilities assumed:		
Deposits	\$ 502,732	\$ —
Borrowings	5,762	—
Advance payments by borrowers for taxes and insurance	1,341	—
Accrued expenses and other liabilities	10,568	—
Total liabilities assumed	\$ 520,403	\$ —
Net non-cash liabilities assumed	\$ (38,028)	\$ —
Net cash and cash equivalents acquired in acquisition	\$ 140,769	\$ —

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

1. Basis of Financial Statement Presentation

The accompanying consolidated financial statements include the accounts of Columbia Financial, Inc. ("Columbia Financial"), its wholly-owned subsidiaries, Columbia Bank ("Columbia") and Freehold Bank ("Freehold") and Columbia's wholly-owned subsidiaries, Columbia Investment Services, Inc., 2500 Broadway Corp., 1901 Residential Management Co. LLC, Plaza Financial Services, Inc., First Jersey Title Services, Inc., Real Estate Management Corp. LLC, 1901 Commercial Management Co. LLC, Stewardship Realty LLC, CSB Realty Corp., RSI Insurance Agency, Inc., RSI Investment Corporation, and Highlander Investment Company and Freehold's wholly-owned inactive subsidiary, Freehold S & L Service Corporation (collectively, the "Company"). In consolidation, all intercompany accounts and transactions are eliminated.

Columbia Financial, Inc. is a majority-owned subsidiary of Columbia Bank, MHC (the "MHC"). The accounts of the MHC are not consolidated in the accompanying consolidated financial statements of the Company.

In preparing the interim unaudited consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the dates of the Consolidated Statements of Financial Condition and Consolidated Statements of Income for the periods presented. Actual results could differ from these estimates. Material estimates that are particularly susceptible to change are the determination of the adequacy of the allowance for credit losses, evaluation of the need for valuation allowances on deferred tax assets, and determination of liabilities related to retirement and other post-retirement benefits. These estimates and assumptions are evaluated on an ongoing basis and are adjusted when facts and circumstances dictate.

The interim unaudited consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. The results of operations for the three and six month periods ended June 30, 2022 are not necessarily indicative of the results of operations that may be expected for the entire fiscal year or any other period. Certain reclassifications have been made in the consolidated financial statements to conform with current year classifications.

The interim unaudited consolidated financial statements of the Company presented herein have been prepared in accordance with the rules of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and U.S. generally accepted accounting principles ("GAAP"). Certain information and note disclosures have been condensed or omitted pursuant to the rules and regulations of the SEC.

These unaudited consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and the audited consolidated financial statements included therein.

2. Acquisitions

Freehold Bank

On December 1, 2021, the Company completed its acquisition of Freehold Bancorp, MHC, Freehold Bancorp, Inc. and Freehold Bank (collectively, the "Freehold Entities"). Pursuant to the terms of the Merger Agreement, Freehold Bancorp, MHC merged with and into the MHC, with the MHC as the surviving entity; and Freehold Bancorp, Inc. merged with and into Columbia Financial, with Columbia Financial as the surviving entity. In connection with the merger, Freehold Bank converted to a federal savings bank and will operate as a wholly-owned subsidiary of Columbia Financial for at least two years following the effective time of the merger, or no later than December 31, 2023. Under the terms of the merger agreement, depositors of Freehold Bank became depositors of the Columbia Bank and have the same rights and privileges in the MHC as if their accounts had been established at Columbia Bank on the date established at Freehold Bank. The Company issued 2,591,007 shares of its common stock to the MHC, representing an amount equal to the fair value of the Freehold Entities as determined by an independent appraiser, at the effective time of the merger.

Merger-related expenses are recorded in the Consolidated Statements of Income and are expensed as incurred. Direct acquisition and other charges incurred in connection with the acquisition of the Freehold Entities totaled \$7,000 during the three and six months ended June 30, 2022. Merger expenses recorded during the three and six months ended June 30, 2021 totaled \$75,000.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

2. Acquisitions (continued)

RSI Bank

On May 1, 2022, the Company completed its acquisition of RSI Bancorp, M.H.C., RSI Bancorp, Inc. and RSI Bank (collectively, the “RSI Entities”). Pursuant to the terms of the merger agreement, RSI Bancorp, M.H.C. merged with and into the MHC, with the MHC as the surviving entity; RSI Bancorp, Inc. merged with and into Columbia Financial, with Columbia Financial as the surviving entity; and RSI Bank merged with and into Columbia Bank, with Columbia Bank as the surviving institution. Under the terms of the merger agreement, depositors of RSI Bank became depositors of Columbia Bank and have the same rights and privileges in the MHC as if their accounts had been established at Columbia Bank on the date established at RSI Bank. The Company issued 6,086,314 shares of its common stock to the MHC, representing an amount equal to the discounted fair value of the RSI Entities as determined by an independent appraiser, at the effective time of the merger.

Merger-related expenses are recorded in the Consolidated Statements of Income and are expensed as incurred. Direct acquisition and other charges incurred in connection with the acquisition of the RSI Entities totaled \$1.3 million and \$1.5 million, respectively, during the three and six months ended June 30, 2022. There were no related merger expenses associated with the acquisition of the RSI Entities recorded during the three and six months ended June 30, 2021.

The following table sets forth assets acquired and liabilities assumed in the acquisition of the RSI Entities, at their estimated fair values as of the closing date of the transaction:

	May 1, 2022
	(In thousands)
Assets acquired:	
Cash and cash equivalents	\$ 140,769
Debt securities available for sale	79,024
Equity securities	1,075
Federal Home Loan Bank Stock	906
Loans receivable	335,501
Accrued interest receivable	910
Office properties and equipment, net	7,296
Bank-owned life insurance	13,033
Deferred tax asset, net	3,633
Core deposit intangibles	10,271
Other assets	2,723
Total assets acquired	\$ 595,141
Liabilities assumed:	
Deposits	\$ 502,732
Borrowings	5,762
Advance payments by borrowers for taxes and insurance	1,341
Accrued expenses and other liabilities	10,568
Total liabilities assumed	\$ 520,403
Net assets acquired	\$ 74,738
Fair market value of stock issued to Columbia Bank MHC for purchase	102,741
Goodwill recorded at merger	\$ 28,003

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

2. Acquisitions (continued)

The assets acquired and liabilities assumed have been accounted for under the acquisition method of accounting. The assets and liabilities were recorded at their fair values as of May 1, 2022, and resulted in the recognition of goodwill of \$28.0 million. The determination of the fair value of assets acquired and liabilities assumed required management to make estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and subject to change. The fair value estimates are subject to change for up to one year after the closing date of the transaction if additional information (existing at the date of closing) relative to closing date fair values becomes available. As the Company continues to analyze the acquired assets and assumed liabilities, there may be adjustments to the recorded carrying values.

Fair Value Measurement of Assets Acquired and Liabilities Assumed

Described below are the methods used to determine the fair values of the significant assets acquired and liabilities assumed:

Cash and cash equivalents. The estimated fair values of cash and cash equivalents approximate their stated face amounts, as these financial instruments are either due on demand or have short-term maturities.

Debt securities available for sale. The estimated fair values of the debt securities were calculated utilizing Level 2 inputs. The majority of the acquired securities were fixed income instruments that are not quoted on an exchange, but are traded in active markets. The prices for these instruments are obtained through an independent pricing service when available, or dealer market participants with whom the Company has historically transacted with for both purchases and sales of securities. The prices are derived from market quotations and matrix pricing. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, and the bond's terms and conditions, among other things. Management reviewed the data and assumptions used in pricing securities by its third party provider to ensure the highest level of significant inputs are derived from market observable data.

Loans receivable. The acquired loan portfolio was segregated into pools for valuation purposes primarily based on loan type, non-accrual status, and credit risk rating. The estimated fair values were computed by discounting the expected cash flows from the respective pools. Cash flows were estimated by using valuation models that incorporated estimates of current key assumptions such as prepayment speeds, default rates, and loss severity rates. The process included: (1) projecting monthly principal and/or interest cash flows based on the contractual terms of the loans, including both maturity and contractual amortization; (2) adjusting projected cash flows for expected losses and prepayments, where appropriate; (3) developing a discount rate based on the relative risk of the cash flows, considering the loan type, liquidity risk, the maturity of the loans, servicing costs, and a required return on capital; and (4) discounting the projected cash flows to a present value, to arrive at the calculated value of the loans.

The methods used to estimate the fair values of loans are extremely sensitive to the assumptions and estimates used. While management attempted to use assumptions and estimates that best reflected the acquired loan portfolios and current market conditions, a greater degree of subjectivity is inherent in the values than in those determined in active markets.

Office properties and equipment, net. The fair value of land and buildings was estimated using current appraisals. Acquired equipment was not material. Buildings are amortized over their estimated useful lives. Equipment is amortized or depreciated over their estimated useful lives usually ranging from three to fifteen years.

Goodwill. Goodwill is not amortized for book purposes; however, it is reviewed at least annually for impairment and is not deductible for tax purposes.

Core deposit intangibles. Core deposit intangibles ("CDI") are the measure of the value of non-maturity deposits in a business combination. The fair value of the CDI was calculated utilizing the cost savings approach, the expected cost savings attributable to the core deposits funding relative to an alternative source of funding, using a discounted cash flow present value methodology. Key inputs and assumptions utilized in the discounted cash flow present value methodology include core deposit balances and rates paid, the cost of an additional funding source, the aggregate life of deposits and truncation points, non-interest deposit costs, and the immediate deposit outflow assumption.

Deposits. The fair values of deposit liabilities with no stated maturity (i.e., non-interest bearing and interest-bearing demand deposit accounts, money market and savings and club accounts) are equal to the carrying amounts payable on demand. The fair value of certificates of deposit represent contractual cash flows, discounted to present value using interest rates currently offered on deposits with similar characteristics and remaining maturities.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

2. Acquisitions (continued)

Borrowings. The fair values of borrowings consisting of FHLB advances were estimated by discounting future cash flows using market discount rates for borrowings with similar characteristics, terms and remaining maturities.

3. Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. For purposes of calculating basic EPS, weighted average common shares outstanding excludes treasury stock, unallocated employee stock ownership plan shares that have not been committed for release and deferred compensation obligations required to be settled in shares of Company stock.

Diluted EPS is computed using the same method as basic EPS and reflects the potential dilution which could occur if stock options and unvested shares were exercised and converted into common stock. The potentially diluted shares would then be included in the weighted average number of shares outstanding for the period using the treasury stock method.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share calculations for the three and six months ended June 30, 2022 and 2021:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
(Dollars in thousands, except per share data)				
Net income	\$ 22,959	\$ 26,688	\$ 43,363	\$ 47,733
Shares:				
Weighted average shares outstanding - basic	106,204,230	104,537,656	104,684,765	105,253,661
Weighted average dilutive shares outstanding	546,327	—	561,539	—
Weighted average shares outstanding - diluted	106,750,557	104,537,656	105,246,304	105,253,661
Earnings per share:				
Basic	\$ 0.22	\$ 0.26	\$ 0.41	\$ 0.45
Diluted	\$ 0.22	\$ 0.26	\$ 0.41	\$ 0.45

During the three and six months ended June 30, 2022, the average number of stock options which could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive totaled 237,110 and 73,753, respectively. During the three and six months ended June 30, 2021, the average number of stock options which could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive totaled 466,265 and 321,263, respectively.

4. Stock Repurchase Program

On September 10, 2020, the Company announced that its Board of Directors authorized the Company's second stock repurchase program for the purchase of up to 5,000,000 shares, or approximately 4.3%, of the Company's issued and outstanding common stock, commencing on September 15, 2020. On February 5, 2021, the Company completed the repurchases under the second stock repurchase program.

On February 1, 2021, the Company announced that its Board of Directors authorized the Company's third stock repurchase program to acquire up to 5,000,000 shares, or approximately 4.5%, of the Company's then issued and outstanding common stock, commencing upon completion of the Company's second stock repurchase program.

On December 6, 2021, the Company announced that its Board of Directors authorized the Company's fourth stock repurchase program to acquire up to 5,000,000 shares, or approximately 4.6%, of the Company's then issued and outstanding common stock, commencing upon the completion of the Company's third stock repurchase program.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

4. Stock Repurchase Program (continued)

During the three and six months ended June 30, 2022, the Company repurchased 1,523,148 shares at a cost of approximately \$31.5 million, or \$20.67 per share, and 2,546,667 shares at a cost of approximately \$53.2 million, or \$20.88 per share, respectively, under these programs. During the three and six months ended June 30, 2021, the Company repurchased 1,471,501 shares at a cost of approximately \$25.7 million, or \$17.47 per share, and 3,470,040 shares, at a cost of approximately \$58.5 million, or \$16.87 per share, respectively, under these programs. Repurchased shares are held as treasury stock and are available for general corporate purposes.

5. Summary of Significant Accounting Policies

Accounting Pronouncement Adopted in 2022

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("CECL")*, further amended by ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Topic 326 pertains to the measurement of credit losses on financial instruments. This update requires the measurement of all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better determine their credit loss estimates. This update is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This update was effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2019.

The Company elected to defer the adoption of the CECL methodology until December 31, 2020 as permitted by the enacted Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). In late December 2020, the Consolidated Appropriations Act, 2021 was enacted, and extended certain provisions of the CARES Act, which allowed the Company to extend the adoption of CECL until January 1, 2022. The Company elected to extend its adoption of CECL in accordance with this legislation, and adopted the above mentioned ASUs related to *Financial Instruments -Credit Losses (Topic 326)* using a modified retrospective approach.

The Company adopted ASU 2016-13 on January 1, 2022 for all financial assets measured at amortized cost and off balance sheet credit exposures. Results for the three months ended March 31, 2022 are presented under Accounting Standards Codification 326, *Financial Instruments - Credit Losses*, while prior period amounts continue to be reported with previously applicable GAAP and have not been restated. Effective January 1, 2022, the Company recorded a \$12.1 million decrease in the allowance for credit losses on loans (previously allowance for loan losses), established a \$353,000 allowance for credit losses on debt securities available for sale, and recorded a \$5.5 million increase in the liability for off balance sheet credit exposures, which resulted in a total cumulative effect adjustment of \$6.2 million, net of tax, and an increase to retained earnings.

Accounting Pronouncement Not Yet Adopted

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures*. ASU 2022-02 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. The amendments eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the CECL model and enhance the disclosure requirements for loan refinancing and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require a public business entity to disclose current period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. For entities that have adopted ASU 2016-13, this ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

6. Debt Securities Available for Sale

Debt securities available for sale at June 30, 2022 and December 31, 2021 are summarized as follows:

June 30, 2022				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(In thousands)			
U.S. government and agency obligations	\$ 68,236	\$ 144	\$ (1,569)	\$ 66,811
Mortgage-backed securities and collateralized mortgage obligations	1,452,210	482	(117,345)	1,335,347
Municipal obligations	4,615	5	(123)	4,497
Corporate debt securities	90,146	1	(6,160)	83,987
	<u>\$ 1,615,207</u>	<u>\$ 632</u>	<u>\$ (125,197)</u>	<u>\$ 1,490,642</u>

December 31, 2021				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(In thousands)			
U.S. government and agency obligations	\$ 34,711	\$ 404	\$ (236)	\$ 34,879
Mortgage-backed securities and collateralized mortgage obligations	1,553,491	14,141	(13,273)	1,554,359
Municipal obligations	4,159	20	—	4,179
Corporate debt securities	109,018	2,378	(966)	110,430
	<u>\$ 1,701,379</u>	<u>\$ 16,943</u>	<u>\$ (14,475)</u>	<u>\$ 1,703,847</u>

The amortized cost and fair value of debt securities available for sale at June 30, 2022, by contractual final maturity, is shown below. Expected maturities may differ from contractual maturities due to prepayment or early call options exercised by the issuer.

June 30, 2022			
	Amortized Cost		Fair Value
	(In thousands)		
One year or less	\$ 915	\$	914
More than one year to five years	56,479		54,788
More than five years to ten years	105,603		99,593
	\$ 162,997	\$	155,295
Mortgage-backed securities and collateralized mortgage obligations	1,452,210		1,335,347
	<u>\$ 1,615,207</u>	<u>\$</u>	<u>1,490,642</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

6. Debt Securities Available for Sale (continued)

Mortgage-backed securities and collateralized mortgage obligations totaling \$1.5 billion at amortized cost, and \$1.3 billion at fair value, are not classified by maturity in the table above as their expected lives are likely to be shorter than the contractual maturity date due to principal prepayments.

During the three and six months ended June 30, 2022, proceeds from the sales of debt securities available for sale totaled \$126.8 million, resulting in gross gains of \$210,000 and no gross losses. There were no calls or maturities of debt securities available for sale during three and six months ended June 30, 2022.

During the three months ended June 30, 2021, proceeds from the sale of one debt security available for sale totaled \$4.7 million, resulting in a gross loss of \$281,000. During the three months ended June 30, 2021, there were no calls or maturities of debt securities available for sale. During the six months ended June 30, 2021, proceeds from called debt securities available for sale totaled \$5.0 million, and proceeds from matured debt securities available for sale totaled \$210,000, resulting in no gross gains or losses.

Debt securities available for sale having a carrying value of \$637.5 million and \$587.7 million, at June 30, 2022 and December 31, 2021, respectively, were pledged as security for public funds on deposit at Columbia Bank as required and permitted by law, pledged for outstanding borrowings at the Federal Home Loan Bank, and pledged for potential borrowings at the Federal Reserve Bank of New York. Debt securities available for sale having a carrying value of \$34.4 million and \$44.1 million, at June 30, 2022 and December 31, 2021, respectively, were pledged by Freehold Bank for outstanding borrowings at the Federal Home Loan Bank, and for potential borrowings at the Federal Reserve Bank of New York.

The following tables summarize the fair value and gross unrealized losses of those securities that reported an unrealized loss at June 30, 2022 and December 31, 2021 and if the unrealized loss position was continuous for the twelve months prior to those respective dates:

June 30, 2022							
Less Than 12 Months			12 Months or Longer		Total		
Fair Value	Gross Unrealized (Losses)		Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	
(In thousands)							
U.S. government and agency obligations	\$ 46,356	\$ (1,135)	\$ 4,552	\$ (434)	\$ 50,908	\$ (1,569)	
Mortgage-backed securities and collateralized mortgage obligations	995,720	(79,434)	266,919	(37,911)	1,262,639	(117,345)	
Municipal obligations	4,031	(123)	—	—	4,031	(123)	
Corporate debt securities	77,334	(5,810)	4,650	(350)	81,984	(6,160)	
	\$ 1,123,441	\$ (86,502)	\$ 276,121	\$ (38,695)	\$ 1,399,562	\$ (125,197)	

December 31, 2021								
Less Than 12 Months				12 Months or Longer		Total		
Fair Value	Gross Unrealized (Losses)		Fair Value	Gross Unrealized (Losses)		Fair Value	Gross Unrealized (Losses)	
(In thousands)								
U.S. government and agency obligations	\$	14,488	\$	(236)	\$	—	\$	(236)
Mortgage-backed securities and collateralized mortgage obligations		820,746		(11,892)		62,407		(1,381)
Corporate debt securities		29,221		(671)		4,705		(295)
	\$	864,455	\$	(12,799)	\$	67,112	\$	(1,676)
						931,567		(14,475)

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

6. Debt Securities Available for Sale (continued)

The number of securities in an unrealized loss position at June 30, 2022 totaled 405, compared with 219 at December 31, 2021. All temporarily impaired securities were investment grade as of June 30, 2022 and December 31, 2021.

For available for sale securities, the Company assesses whether a loss is from credit or other factors and considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and adverse conditions related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows is less than the amortized cost, a credit loss would be recorded through an allowance for credit losses, limited by the amount that the fair value is less than the amortized cost basis.

The following table presents the activity in the allowance for credit losses on debt securities available for sale for the three and six months ended June 30, 2022:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	(In thousands)	
Allowance for Credit Losses:		
Beginning balance	\$ 1,144	\$ —
Impact of adopting ASU 2016-13 (CECL) effective January 1, 2022	—	490
(Reversal of) provision for credit losses	(1,144)	(490)
Balance at June 30, 2022	<u>\$ —</u>	<u>\$ —</u>

The Company made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of debt securities available for sale. Accrued interest receivable on debt securities available for sale is reported as a component of accrued interest receivable on the Consolidated Statement of Financial Condition, which totaled \$3.1 million at June 30, 2022, and is excluded from the estimate of credit losses.

7. Debt Securities Held to Maturity

Debt securities held to maturity at June 30, 2022 and December 31, 2021 are summarized as follows:

	June 30, 2022				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Allowance for Credit Losses	Fair Value
	(In thousands)				
U.S. government and agency obligations	\$ 44,870	\$ —	\$ (5,528)	\$ —	\$ 39,342
Mortgage-backed securities and collateralized mortgage obligations	381,014	—	(27,331)	—	353,683
	<u>\$ 425,884</u>	<u>\$ —</u>	<u>\$ (32,859)</u>	<u>\$ —</u>	<u>\$ 393,025</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

7. Debt Securities Held to Maturity (continued)

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(In thousands)			
U.S. government and agency obligations	\$ 44,870	\$ —	\$ (759)	\$ 44,111
Mortgage-backed securities and collateralized mortgage obligations	384,864	6,741	(927)	390,678
	<u>\$ 429,734</u>	<u>\$ 6,741</u>	<u>\$ (1,686)</u>	<u>\$ 434,789</u>

The amortized cost and fair value of debt securities held to maturity at June 30, 2022, by contractual final maturity, is shown below. Expected maturities may differ from contractual maturities due to prepayment or early call options exercised by the issuer.

	June 30, 2022	
	Amortized Cost	Fair Value
	(In thousands)	
More than one year to five years	\$ 14,874	\$ 13,656
More than five years to ten years	19,996	17,590
More than ten years	10,000	8,096
	44,870	39,342
Mortgage-backed securities and collateralized mortgage obligations	381,014	353,683
	<u>\$ 425,884</u>	<u>\$ 393,025</u>

Mortgage-backed securities and collateralized mortgage obligations totaling \$381.0 million at amortized cost, and \$353.7 million at fair value at June 30, 2022, are not classified by maturity as their expected lives are likely to be shorter than the contractual maturity date due to principal prepayments.

During the three and six months ended June 30, 2022, there were no sales, calls or maturities of debt securities held to maturity.

During the three and six months ended June 30, 2021, there were no sales, calls or maturities of debt securities held to maturity. During the three months ended June 30, 2021, proceeds from one called debt security held to maturity totaled \$125,000, resulting in no gross gain or loss. During the six months ended June 30, 2021, proceeds from called debt securities held to maturity totaled \$5.1 million, resulting in no gross gains or losses.

Debt securities held to maturity having a carrying value of \$237.2 million and \$252.4 million, at June 30, 2022 and December 31, 2021, respectively, were pledged as security for public funds on deposit at Columbia Bank as required and permitted by law, pledged for outstanding borrowings at the Federal Home Loan Bank, and pledged for potential borrowings at the Federal Reserve Bank of New York.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

7. Debt Securities Held to Maturity (continued)

The following tables summarize the fair value and gross unrealized losses of those securities that reported an unrealized loss at June 30, 2022 and December 31, 2021 and if the unrealized loss position was continuous for the twelve months prior to those respective dates:

	June 30, 2022					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
	(In thousands)					
U.S. government and agency obligations	\$ 21,752	\$ (3,122)	\$ 17,590	\$ (2,406)	\$ 39,342	\$ (5,528)
Mortgage-backed securities and collateralized mortgage obligations	337,750	(24,639)	15,849	(2,692)	353,599	(27,331)
	<u>\$ 359,502</u>	<u>\$ (27,761)</u>	<u>\$ 33,439</u>	<u>\$ (5,098)</u>	<u>\$ 392,941</u>	<u>\$ (32,859)</u>

	December 31, 2021					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)	Fair Value	Gross Unrealized (Losses)
	(In thousands)					
U.S. government and agency obligations	\$ 44,111	\$ (759)	\$ —	\$ —	\$ 44,111	\$ (759)
Mortgage-backed securities and collateralized mortgage obligations	79,036	(927)	—	—	79,036	(927)
	<u>\$ 123,147</u>	<u>\$ (1,686)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 123,147</u>	<u>\$ (1,686)</u>

The number of securities in an unrealized loss position at June 30, 2022 totaled 112, compared with 25 at December 31, 2021. All temporarily impaired securities were investment grade as of June 30, 2022 and December 31, 2021.

For held to maturity securities, management measures expected credit losses on a collective basis by major security type. All of the mortgage-backed securities are issued by U.S. government agencies and 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 and, therefore, the expectation of non-payment is zero and the Company is not required to estimate an allowance for credit losses on these securities under the CECL standard. All these securities reflect a credit quality rating of AAA by Moody's Investors Service.

The Company made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of debt held to maturity. Accrued interest receivable on debt securities held to maturity is reported as a component of accrued interest receivable on the Consolidated Statement of Financial Condition, which totaled \$920,000 at June 30, 2022, and is excluded from the estimate of credit losses.

8. Equity Securities at Fair Value

The Company has an equity securities portfolio which consists of stock in other financial institutions, a payment technology company, a community bank correspondent services company, preferred stock in U.S. Government agencies, and a community reinvestment act qualifying bond fund which are reported at fair value on the Company's Consolidated Statements of Financial Condition. The fair value of the equities portfolio at June 30, 2022 and December 31, 2021 was \$3.7 million and \$2.7 million, respectively.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

8. Equity Securities at Fair Value (continued)

The Company recorded a net decrease in the fair value of equity securities of \$(147,000) and \$(778,000), during the three months ended June 30, 2022 and 2021, respectively, as a component of non-interest income. During the six months ended June 30, 2022 and 2021, the Company recorded a net decrease in the fair value of equity securities of \$(68,000) and \$(1.4) million, respectively, as a component of non-interest income.

During the three and six months ended June 30, 2022 and 2021, there were no sales of equity securities.

9. Loans Receivable and Allowance for Credit Losses

On January 1, 2022, the Company adopted CECL (ASC Topic 326), which replaced the historical incurred loss methodology with an expected loss methodology. The loan portfolio segmentation was expanded to seven portfolio segments taking into consideration common loan attributes and risk characteristics, as well as historical reporting metrics and data availability. Disclosures at and for the periods ended December 31, 2021 and June 30, 2021, are presented in accordance with the expanded segmentation adopted in conjunction with CECL, when appropriate. The Company made an accounting policy election to exclude accrued interest receivable from the amortized cost basis of loans receivable. Accrued interest receivable on loans receivable is reported as a component of accrued interest receivable on the Consolidated Statement of Financial Condition, which totaled \$24.1 million at June 30, 2022, and is excluded from the estimate of 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 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.

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 through the use of segment-specific loss given default 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 probability of default ("PD") 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 reversion period to historical average macroeconomic factors.

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 segment is measured using an economic forecast, discounted cash flow 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. After quantitative considerations, management applies additional qualitative adjustments so that the allowance for credit loss is reflective of the estimate of lifetime losses that exist in the loan portfolio at the balance sheet date.

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.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The allowance for credit losses on loans individually evaluated for impairment is based upon loans that have been identified through the Company's loan monitoring process. This process includes the review of delinquent, restructured, and charged-off loans.

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, and increases in interest rates in the absence of economic improvement. Any one or a combination of these events may adversely affect a borrower's ability to repay its loan, resulting in increased delinquencies and loan losses. Accordingly, the Company has recorded loan losses at a level which is estimated to represent the current risk in its loan portfolio. Management considers it important to maintain the ratio of the allowance for credit losses to total loans at an acceptable level considering the current composition of the loan portfolio.

Loans receivable at June 30, 2022 and December 31, 2021 are summarized as follows:

	June 30,		December 31,
	2022		2021
	(In thousands)		
Real estate loans:			
One-to-four family	\$ 2,511,715	\$	2,092,317
Multifamily	1,077,459		1,041,108
Commercial real estate	2,306,683		2,170,236
Construction	276,710		295,047
Commercial business loans	474,145		452,232
Consumer loans:			
Home equity loans and advances	281,590		276,563
Other consumer loans	2,131		1,428
Total gross loans	6,930,433		6,328,931
Purchased credit-deteriorated ("PCD") loans	21,353		6,791
Net deferred loan costs, fees and purchased premiums and discounts	31,010		24,879
Loans receivable	<u>\$ 6,982,796</u>	<u>\$</u>	<u>6,360,601</u>

The Company had no loans held-for-sale at June 30, 2022 and December 31, 2021. During the three months ended June 30, 2022, the Company sold \$589,000 and \$424,000 of one-to-four family real estate loans and construction loans held-for-sale, respectively, resulting no gross gains or losses. During the six months ended June 30, 2022, the Company sold \$589,000, \$1.3 million and \$1.3 million, of one-to-four family real estate loans, SBA loans included in commercial business loans, and construction loans held-for-sale, respectively, resulting in gross gains of \$110,000 and no gross losses.

During the three months ended June 30, 2021, the Company sold \$14.4 million of one-to-four family real estate loans and home equity loans held-for-sale, resulting in gross gains of \$277,000 and no gross losses. During the three months ended June 30, 2021, the Company sold \$244.7 million of SBA loans held-for-sale included in commercial business loans, resulting in gross gains of \$7.7 million and no gross losses. During the three months ended June 30, 2021, the Company also sold a \$31,000 construction loan held-for-sale resulting in no gross gain or loss. During the six months ended June 30, 2021, the Company sold \$15.6 million, \$4.1 million, \$248.9 million, and \$6.4 million of one-to-four family real estate loans and home equity loans, multifamily and commercial real estate loans, commercial business and SBA loans, and construction loans held-for-sale, respectively, resulting in gross gains of \$8.4 million and no gross losses.

During the three and six months ended June 30, 2022, no loans were purchased by the Company. During the three and six months ended June 30, 2021, the Company purchased \$71.6 million of commercial real estate loans from third parties.

At June 30, 2022 and December 31, 2021, commercial business loans included \$10.6 million and \$44.9 million, respectively, in SBA Payroll Protection Program ("PPP") loans and net deferred fees related to these loans totaling \$269,000 and \$1.2 million, respectively.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The Company has entered into guarantor swaps with Freddie Mac which results in improved liquidity. During the three and six months ended June 30, 2022, no loans were exchanged for Freddie Mac mortgage participation certificates. During the three months ended June 30, 2021, the Company exchanged \$35.6 million of loans for Freddie Mac mortgage participation certificates, resulting in gross gains of \$544,000 and no gross losses. During the six months ended June 30, 2021, the Company exchanged \$99.6 million of loans for Freddie Mac mortgage participation certificates, resulting in gross gains of \$2.3 million and no gross losses. The Company retained the servicing of these loans.

At June 30, 2022 and December 31, 2021, the carrying value of loans serviced by the Company for investors was \$521.7 million and \$519.5 million, respectively. These loans are not included in the Consolidated Statements of Financial Condition.

The following tables summarize the aging of loans receivable by portfolio segment, including non-accrual loans and excluding PCD loans at June 30, 2022 and December 31, 2021:

June 30, 2022							
30-59 Days	60-89 Days	90 Days or More	Total Past Due	Non-accrual	Current	Total	

(In thousands)

Real estate loans:

One-to-four family	\$ 4,237	\$ 1,785	\$ 666	\$ 6,688	\$ 2,267	\$ 2,505,027	\$ 2,511,715
Multifamily	—	—	—	—	—	1,077,459	1,077,459
Commercial real estate	3,563	1,607	1,774	6,944	1,774	2,299,739	2,306,683
Construction	—	—	—	—	—	276,710	276,710
Commercial business loans	455	—	250	705	318	473,440	474,145

Consumer loans:

Home equity loans and advances	417	50	136	603	166	280,987	281,590
Other consumer loans	—	—	14	14	—	2,117	2,131
Total loans	<u>\$ 8,672</u>	<u>\$ 3,442</u>	<u>\$ 2,840</u>	<u>\$ 14,954</u>	<u>\$ 4,525</u>	<u>\$ 6,915,479</u>	<u>\$ 6,930,433</u>

December 31, 2021							
30-59 Days	60-89 Days	90 Days or More	Total Past Due	Non-accrual	Current	Total	

(In thousands)

Real estate loans:

One-to-four family	\$ 3,131	\$ 1,976	\$ 373	\$ 5,480	\$ 1,416	\$ 2,086,837	\$ 2,092,317
Multifamily	—	—	—	—	—	1,041,108	1,041,108
Commercial real estate	2,189	—	1,561	3,750	1,561	2,166,486	2,170,236
Construction	—	—	—	—	—	295,047	295,047
Commercial business loans	412	—	203	615	761	451,617	452,232

Consumer loans:

Home equity loans and advances	108	53	81	242	201	276,321	276,563
Other consumer loans	—	4	—	4	—	1,424	1,428
Total loans	<u>\$ 5,840</u>	<u>\$ 2,033</u>	<u>\$ 2,218</u>	<u>\$ 10,091</u>	<u>\$ 3,939</u>	<u>\$ 6,318,840</u>	<u>\$ 6,328,931</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The Company considers a loan to be delinquent when we have not received a payment within 30 days of its contractual due date. Generally, a loan is designated as a non-accrual loan when the payment of interest is 90 days or more in arrears of its contractual due date. Non-accruing loans are returned to accrual status after there has been a sustained period of repayment performance (generally six consecutive months of payments) and both principal and interest are deemed collectible. The Company identifies loans that may need to be charged-off as a loss, by reviewing all delinquent loans, classified loans and other loans that management may have concerns about collectability. At June 30, 2022 and December 31, 2021, non-accrual loans totaled \$4.5 million and \$3.9 million, respectively. Included in non-accrual loans at both June 30, 2022 and December 31, 2021, are 10 loans totaling \$1.7 million, respectively, which are less than 90 days in arrears.

At June 30, 2022 there were no loans past due 90 days or more still accruing interest. At December 31, 2021, there were no loans past due 90 days or more still accruing interest other than COVID-19 related loan forbearance and deferrals. In accordance with the CARES Act, these loans were not included in the aging of loans receivable by portfolio segment in the table above, and the Company continued to accrue interest income during the forbearance or deferral period.

Purchased credit impaired loans ("PCI") were loans acquired at a discount primarily due to deteriorated credit quality. These loans were initially recorded at fair value at acquisition, based upon the present value of expected future cash flows, with no related allowance for credit losses. In connection with the adoption of CECL on January 1, 2022, all loans considered PCI loans prior to that date were converted to purchase credit-deteriorated ("PCD") loans. Loans acquired in a business combination after January 1, 2022 are recorded in accordance with ASC Topic 326, which requires loans as of the acquisition date, that have experienced a more than insignificant deterioration in credit quality since origination to be classified as PCD loans.

At June 30, 2022 and December 31, 2021, PCD loans acquired in the Stewardship Financial Corporation ("Stewardship") acquisition totaled \$2.1 million and \$2.7 million, respectively, PCD loans acquired in the Roselle Bank acquisition totaled \$185,000 and \$184,000, respectively, and PCD loans acquired in the Freehold Bank acquisition totaled \$3.8 million and \$3.9 million, respectively. At June 30, 2022, PCD loans acquired in the RSI Bank acquisition totaled \$15.3 million.

We may obtain physical possession of real estate collateralizing a residential mortgage loan via foreclosure or through an in-substance repossession. At June 30, 2022 and December 31, 2021, the Company had no real estate owned. At both June 30, 2022 and December 31, 2021, we had one residential mortgage loan with a carrying value of \$87,000 collateralized by residential real estate which was in the process of foreclosure.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The following tables summarize loans receivable (including PCD loans) and allowance for credit losses by portfolio segment and impairment method at June 30, 2022 and December 31, 2021:

June 30, 2022								
	One-to-Four Family	Multifamily	Commercial Real Estate	Construction	Commercial Business	Home Equity Loans and Advances	Other Consumer Loans	Total
(In thousands)								
Allowance for credit losses:								
Individually evaluated for impairment	\$ 246	\$ 4	\$ 97	\$ —	\$ 10	\$ 28	\$ —	\$ 385
Collectively evaluated for impairment	10,580	10,928	14,331	5,560	7,269	1,443	10	50,121
Loans acquired with deteriorated credit quality	10	—	52	10	5	—	—	77
Total	<u>\$ 10,836</u>	<u>\$ 10,932</u>	<u>\$ 14,480</u>	<u>\$ 5,570</u>	<u>\$ 7,284</u>	<u>\$ 1,471</u>	<u>\$ 10</u>	<u>\$ 50,583</u>
Total loans:								
Individually evaluated for impairment	\$ 4,278	\$ 720	\$ 15,337	\$ —	\$ 1,300	\$ 859	\$ —	\$ 22,494
Collectively evaluated for impairment	2,507,437	1,076,739	2,291,346	276,710	472,845	280,731	2,131	6,907,939
Loans acquired with deteriorated credit quality	3,344	—	16,074	1,040	699	196	—	21,353
Total loans	<u>\$ 2,515,059</u>	<u>\$ 1,077,459</u>	<u>\$ 2,322,757</u>	<u>\$ 277,750</u>	<u>\$ 474,844</u>	<u>\$ 281,786</u>	<u>\$ 2,131</u>	<u>\$ 6,951,786</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

December 31, 2021								
	One-to-Four Family	Multifamily	Commercial Real Estate	Construction	Commercial Business	Home Equity Loans and Advances	Other Consumer Loans	Total
(In thousands)								
Allowance for credit losses:								
Individually evaluated for impairment	\$ 258	\$ —	\$ 97	\$ —	\$ 16	\$ 7	\$ —	\$ 378
Collectively evaluated for impairment	8,540	7,741	16,017	8,943	20,198	866	6	62,311
Loans acquired with deteriorated credit quality	—	—	—	—	—	—	—	—
Total	<u>\$ 8,798</u>	<u>\$ 7,741</u>	<u>\$ 16,114</u>	<u>\$ 8,943</u>	<u>\$ 20,214</u>	<u>\$ 873</u>	<u>\$ 6</u>	<u>\$ 62,689</u>
Total loans:								
Individually evaluated for impairment	\$ 5,184	\$ 762	\$ 15,830	\$ —	\$ 1,806	\$ 705	\$ —	\$ 24,287
Collectively evaluated for impairment	2,087,133	1,040,346	2,154,406	295,047	450,426	275,858	1,428	6,304,644
Loans acquired with deteriorated credit quality	431	—	5,426	—	934	—	—	6,791
Total loans	<u>\$ 2,092,748</u>	<u>\$ 1,041,108</u>	<u>\$ 2,175,662</u>	<u>\$ 295,047</u>	<u>\$ 453,166</u>	<u>\$ 276,563</u>	<u>\$ 1,428</u>	<u>\$ 6,335,722</u>

Loan modifications to borrowers experiencing financial difficulties that are considered troubled debt restructurings ("TDRs") primarily involve the lowering of the monthly payments on such loans through either a reduction in interest rate below a market rate, an extension of the term of the loan without a corresponding adjustment to the risk premium reflected in the interest rate, or a combination of these two methods. These modifications generally do not result in the forgiveness of principal or accrued interest. In addition, the Company attempts to obtain additional collateral or guarantor support when modifying such loans. 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.

Section 4013 of the CARES Act, "Temporary Relief from Troubled Debt Restructurings," allowed banks to temporarily suspend certain requirements under GAAP related to TDRs for a limited period of time to account for the effects of COVID-19. The Company elected to account for modifications on certain loans under Section 4013 of the CARES Act or, if the loan modification was not eligible under Section 4013, used the criteria in the COVID-19 guidance to determine when the loan modification was not a TDR in accordance with ASC 310-40. Guidance noted that modification or deferral programs mandated by the federal or a state government related to COVID-19 would not be in the scope of ASC 310-40, such as a state program that requires all institutions within that state to suspend mortgage payments for a specified period. These short-term loan modifications were not treated as a troubled debt restructuring during the short-term modification period if the loan was not in arrears at December 31, 2019. Furthermore, based on current evaluations, generally, we continued the accrual of interest on these loans during the short-term modification period. The Consolidated Appropriations Act, 2021, which was enacted in late December 2020, extended certain provisions of the CARES Act through January 1, 2022, including provisions permitting loan deferral extension requests to not be treated as troubled debt restructurings. Subsequent modifications to these loans are evaluated for troubled debt restructuring accounting treatment.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The following tables present the number of loans modified as TDRs during the three and six months ended June 30, 2022 and 2021, along with their balances immediately prior to the modification date and post-modification. Post-modification recorded investment represents the net book balance immediately following modification.

For the Three Months Ended June 30,										
2022					2021					
No. of Loans	Pre-modification Recorded Investment		Post-modification Recorded Investment		No. of Loans	Pre-modification Recorded Investment		Post-modification Recorded Investment		
(Dollars in thousands)										
Troubled Debt Restructurings										
Real Estate loans:										
One-to-four family	—	\$	—	\$	—	1	\$	221	\$	322
Commercial	—		—		—	1		192		211
Total restructured loans	—	\$	—	\$	—	2	\$	413	\$	533
For the Six Months Ended June 30,										
2022					2021					
No. of Loans	Pre-modification Recorded Investment		Post-modification Recorded Investment		No. of Loans	Pre-modification Recorded Investment		Post-modification Recorded Investment		
(Dollars in thousands)										
Troubled Debt Restructurings										
Real Estate loans:										
One-to-four family	—	\$	—	\$	—	1	\$	221	\$	322
Commercial	—		—		—	1		192		211
Consumer loans:										
Home equity loans and advances	1	\$	119	\$	119	—	\$	—	\$	—
Total restructured loans	1	\$	119	\$	119	2	\$	413	\$	533

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The activity in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2022 and 2021 are as follows:

For the Three Months Ended June 30,																
	One-to-Four Family		Multifamily		Commercial Real Estate		Construction		Commercial Business		Home Equity Loans and Advances		Other Consumer Loans		Totals	
(In thousands)																
2022																
Balance at beginning of period	\$	8,814	\$	11,203	\$	13,513	\$	4,974	\$	7,143	\$	1,507	\$	8	\$	47,162
Initial allowance related to PCD loans		131		—		474		3		19		6		—		633
Provision for (reversal of) credit losses		1,785		(271)		493		593		127		(46)		2		2,683
Recoveries		199		—		—		—		30		4		—		233
Charge-offs		(93)		—		—		—		(35)		—		—		(128)
Balance at end of period	\$	10,836	\$	10,932	\$	14,480	\$	5,570	\$	7,284	\$	1,471	\$	10	\$	50,583
2021																
Balance at beginning of period	\$	19,850	\$	6,955	\$	16,894	\$	11,464	\$	14,804	\$	1,931	\$	6	\$	71,904
Provision for (reversal of) credit losses		(2,463)		1,783		89		(2,304)		1,600		(465)		(1)		(1,761)
Recoveries		11		—		931		—		111		34		—		1,087
Charge-offs		(290)		(296)		(100)		—		(617)		(29)		—		(1,332)
Balance at end of period	\$	17,108	\$	8,442	\$	17,814	\$	9,160	\$	15,898	\$	1,471	\$	5	\$	69,898

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

	For the Six Months Ended June 30,									
	One-to-Four Family	Multifamily	Commercial Real Estate	Construction	Commercial Business	Home Equity Loans and Advances	Other Consumer Loans	Totals		
	(In thousands)									
2022										
Balance at beginning of period	\$ 8,798	\$ 7,741	\$ 16,114	\$ 8,943	\$ 20,214	\$ 873	\$ 6	\$ 62,689		
Effect of adopting ASU No. 2016-13 ("CECL")	(2,308)	(2,030)	(4,227)	(2,346)	(5,302)	(229)	(1)	(16,443)		
Initial allowance related to PCD loans	131	—	474	3	19	6	—	633		
Provision for (reversal of) credit losses	3,970	5,221	2,119	(1,030)	(7,640)	840	8	3,488		
Recoveries	338	—	—	—	55	8	—	401		
Charge-offs	(93)	—	—	—	(62)	(27)	(3)	(185)		
Balance at end of period	\$ 10,836	\$ 10,932	\$ 14,480	\$ 5,570	\$ 7,284	\$ 1,471	\$ 10	\$ 50,583		
2021										
Balance at beginning of period	\$ 13,586	\$ 8,897	\$ 21,784	\$ 11,271	\$ 17,384	\$ 1,748	\$ 6	\$ 74,676		
Provision for (reversal of) credit losses	4,014	(159)	(4,641)	(2,112)	91	(235)	1	(3,041)		
Recoveries	14	—	937	1	127	45	—	1,124		
Charge-offs	(506)	(296)	(266)	—	(1,704)	(87)	(2)	(2,861)		
Balance at end of period	\$ 17,108	\$ 8,442	\$ 17,814	\$ 9,160	\$ 15,898	\$ 1,471	\$ 5	\$ 69,898		

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The following tables present loans individually evaluated for impairment by loan segment, excluding PCD loans, at June 30, 2022 and December 31, 2021:

	At June 30, 2022		
	Recorded Investment	Unpaid Principal Balance	Specific Allowance
	(In thousands)		
With no allowance recorded:			
Real estate loans:			
One-to-four family	\$ 1,146	\$ 1,494	\$ —
Multifamily	64	67	—
Commercial real estate	13,406	14,095	—
Commercial business loans	168	168	—
Consumer loans:			
Home equity loans and advances	249	355	—
	<u>15,033</u>	<u>16,179</u>	<u>—</u>
With a specific allowance recorded:			
Real estate loans:			
One-to-four family	3,132	3,151	246
Multifamily	656	656	4
Commercial real estate	1,931	1,934	97
Commercial business loans	1,132	1,132	10
Consumer loans:			
Home equity loans and advances	610	610	28
	<u>7,461</u>	<u>7,483</u>	<u>385</u>
Total:			
Real estate loans:			
One-to-four family	4,278	4,645	246
Multifamily	720	723	4
Commercial real estate	15,337	16,029	97
Commercial business loans	1,300	1,300	10
Consumer loans:			
Home equity loans and advances	859	965	28
Total loans	<u>\$ 22,494</u>	<u>\$ 23,662</u>	<u>\$ 385</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

	At December 31, 2021		
	Recorded Investment	Unpaid Principal Balance	Specific Allowance
	(In thousands)		
With no allowance recorded:			
Real estate loans:			
One-to-four family	\$ 1,882	\$ 2,421	\$ —
Multifamily	762	765	—
Commercial real estate	13,861	14,586	—
Commercial business loans	573	573	—
Consumer loans:			
Home equity loans and advances	202	308	—
	<u>17,280</u>	<u>18,653</u>	<u>—</u>
With a specific allowance recorded:			
Real estate loans:			
One-to-four family	3,302	3,321	258
Commercial real estate	1,969	1,971	97
Commercial business loans	1,233	1,233	16
Consumer loans:			
Home equity loans and advances	503	503	7
	<u>7,007</u>	<u>7,028</u>	<u>378</u>
Total:			
Real estate loans:			
One-to-four family	5,184	5,742	258
Multifamily	762	765	—
Commercial real estate	15,830	16,557	97
Commercial business loans	1,806	1,806	16
Consumer loans:			
Home equity loans and advances	705	811	7
	<u>\$ 24,287</u>	<u>\$ 25,681</u>	<u>\$ 378</u>

Specific allocations of the allowance for credit losses attributable to impaired loans totaled \$385,000 and \$378,000 at June 30, 2022 and December 31, 2021, respectively. At June 30, 2022 and December 31, 2021, impaired loans for which there was no related allowance for credit losses totaled \$15.0 million and \$17.3 million, respectively.

The recorded investment in TDRs totaled \$20.8 million at June 30, 2022, of which one loan with a balance of \$30,000 was 60 days past due. The remaining loans modified were current at the time of restructuring and have complied with the terms of their restructure agreement at June 30, 2022. The recorded investment in TDRs totaled \$22.4 million at December 31, 2021, of which one loan with a balance of \$36,000 was 30-59 days past due. The remaining loans modified were current at the time of restructuring and have complied with the terms of their restructure agreement at December 31, 2021.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The following tables present interest income recognized for loans individually evaluated for impairment, by loan segment, excluding PCD loans for the three and six months ended June 30, 2022 and 2021:

For the Three Months Ended June 30,					
2022			2021		
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	
(In thousands)					
Real estate loans:					
One-to-four family	\$ 4,577	\$ 46	\$ 6,149	\$ 102	
Multifamily	731	11	16,468	177	
Commercial real estate	16,176	164	25,030	198	
Commercial business loans	1,373	22	2,295	41	
Consumer loans:					
Home equity loans and advances	873	10	1,523	18	
Total loans	\$ 23,730	\$ 253	\$ 51,465	\$ 536	

For the Six Months Ended June 30,					
2022			2021		
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized	
(In thousands)					
Real estate loans:					
One-to-four family	\$ 4,779	\$ 101	\$ 6,518	\$ 170	
Multifamily	741	22	16,468	349	
Commercial real estate	16,061	406	27,617	462	
Commercial business loans	1,517	44	2,679	70	
Consumer loans:					
Home equity loans and advances	817	21	1,565	38	
Total loans	\$ 23,915	\$ 594	\$ 54,847	\$ 1,089	

The Company utilizes an eight-point risk rating system to summarize its loan portfolio into categories with similar risk characteristics. Loans deemed to be “acceptable quality” are rated 1 through 4 (Pass), with a rating of 1 established for loans with minimal risk. Loans that are deemed to be of “questionable quality” are rated 5 (Special Mention) or 6 (Substandard). Loans with adverse classifications are rated 7 (Doubtful) or 8 (Loss). The risk ratings are also confirmed through periodic loan review examinations which are currently performed by both an independent third-party and the Company's credit risk review department. The Company requires an annual review be performed above certain dollar thresholds, depending on loan type, to help determine the appropriate risk ratings. Results from examinations are presented to the Audit Committee of the Board of Directors.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The following table summarizes the Company's loans by year of origination and internally assigned credit risk rating, excluding PCD loans at June 30, 2022 and December 31, 2021:

Loans by Year of Origination at June 30, 2022									
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
One-to-Four Family									
Pass	\$ 374,154	\$ 852,583	\$ 308,495	\$ 185,900	\$ 133,938	\$ 653,327	\$ —	\$ —	\$ 2,508,397
Special mention	—	—	—	—	—	195	—	—	195
Substandard	—	488	—	688	325	1,622	—	—	3,123
Total One-to-Four Family	<u>374,154</u>	<u>853,071</u>	<u>308,495</u>	<u>186,588</u>	<u>134,263</u>	<u>655,144</u>	<u>—</u>	<u>—</u>	<u>2,511,715</u>
Multifamily									
Pass	103,694	307,293	177,317	209,352	47,552	227,705	—	—	1,072,913
Special mention	—	—	—	—	—	4,546	—	—	4,546
Substandard	—	—	—	—	—	—	—	—	—
Total Multifamily	<u>103,694</u>	<u>307,293</u>	<u>177,317</u>	<u>209,352</u>	<u>47,552</u>	<u>232,251</u>	<u>—</u>	<u>—</u>	<u>1,077,459</u>
Commercial Real Estate									
Pass	189,253	393,998	178,019	264,387	241,040	964,935	—	—	2,231,632
Special mention	—	—	—	1,071	15,853	29,644	—	—	46,568
Substandard	—	—	1,286	—	—	27,197	—	—	28,483
Total Commercial Real Estate	<u>189,253</u>	<u>393,998</u>	<u>179,305</u>	<u>265,458</u>	<u>256,893</u>	<u>1,021,776</u>	<u>—</u>	<u>—</u>	<u>2,306,683</u>
Construction									
Pass	64,943	117,908	40,766	18,216	9,826	25,051	—	—	276,710
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Construction	<u>\$ 64,943</u>	<u>\$ 117,908</u>	<u>\$ 40,766</u>	<u>\$ 18,216</u>	<u>\$ 9,826</u>	<u>\$ 25,051</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 276,710</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

Loans by Year of Origination at June 30, 2022									
	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
Commercial Business									
Pass	\$ 28,615	\$ 45,700	\$ 34,306	\$ 26,367	\$ 28,320	\$ 42,923	\$ 252,220	\$ —	\$ 458,451
Special mention	—	224	62	1,322	1,132	43	3,661	—	6,444
Substandard	—	151	66	212	2,556	486	5,779	—	9,250
Total Commercial Business	<u>28,615</u>	<u>46,075</u>	<u>34,434</u>	<u>27,901</u>	<u>32,008</u>	<u>43,452</u>	<u>261,660</u>	<u>—</u>	<u>474,145</u>
Home Equity Loans and Advances									
Pass	18,100	23,603	15,643	14,070	13,078	98,835	97,582	457	281,368
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	186	36	—	222
Total Home Equity Loans and Advances	<u>18,100</u>	<u>23,603</u>	<u>15,643</u>	<u>14,070</u>	<u>13,078</u>	<u>99,021</u>	<u>97,618</u>	<u>457</u>	<u>281,590</u>
Other Consumer Loans									
Pass	1,241	107	122	159	45	130	327	—	2,131
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Other Consumer Loans	<u>1,241</u>	<u>107</u>	<u>122</u>	<u>159</u>	<u>45</u>	<u>130</u>	<u>327</u>	<u>—</u>	<u>2,131</u>
Total Loans	<u>\$ 780,000</u>	<u>\$ 1,742,055</u>	<u>\$ 756,082</u>	<u>\$ 721,744</u>	<u>\$ 493,665</u>	<u>\$ 2,076,825</u>	<u>\$ 359,605</u>	<u>\$ 457</u>	<u>\$ 6,930,433</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

Loans by Year of Origination at December 31, 2021									
	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
One-to-Four Family									
Pass	\$ 793,848	\$ 298,815	\$ 196,244	\$ 138,215	\$ 134,811	\$ 525,615	\$ —	\$ —	\$ 2,087,548
Special mention	—	—	—	—	—	203	—	—	203
Substandard	—	—	1,463	1,420	360	1,323	—	—	4,566
Total One-to-Four family	<u>793,848</u>	<u>298,815</u>	<u>197,707</u>	<u>139,635</u>	<u>135,171</u>	<u>527,141</u>	<u>—</u>	<u>—</u>	<u>2,092,317</u>
Multifamily									
Pass	312,738	181,285	231,252	47,024	131,169	137,640	—	—	1,041,108
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Multifamily	<u>312,738</u>	<u>181,285</u>	<u>231,252</u>	<u>47,024</u>	<u>131,169</u>	<u>137,640</u>	<u>—</u>	<u>—</u>	<u>1,041,108</u>
Commercial Real Estate									
Pass	381,222	161,136	278,581	241,669	222,752	803,945	—	—	2,089,305
Special mention	—	—	1,303	16,070	1,885	34,788	—	—	54,046
Substandard	—	386	—	1,561	1,276	23,662	—	—	26,885
Total Commercial Real Estate	<u>381,222</u>	<u>161,522</u>	<u>279,884</u>	<u>259,300</u>	<u>225,913</u>	<u>862,395</u>	<u>—</u>	<u>—</u>	<u>2,170,236</u>
Construction									
Pass	107,070	77,549	37,498	41,591	28,814	2,418	—	—	294,940
Special mention	—	—	107	—	—	—	—	—	107
Substandard	—	—	—	—	—	—	—	—	—
Total Construction	<u>\$ 107,070</u>	<u>\$ 77,549</u>	<u>\$ 37,605</u>	<u>\$ 41,591</u>	<u>\$ 28,814</u>	<u>\$ 2,418</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 295,047</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

Loans by Year of Origination at December 31, 2021									
	2021	2020	2019	2018	2017	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
Commercial Business									
Pass	\$ 84,113	\$ 36,115	\$ 25,156	\$ 30,670	\$ 21,762	\$ 26,515	\$ 210,597	\$ —	\$ 434,928
Special mention	246	15	1,729	1,369	18	46	3,291	—	6,714
Substandard	192	71	352	1,084	371	609	7,911	—	10,590
Total Commercial Business	84,551	36,201	27,237	33,123	22,151	27,170	221,799	—	452,232
Home Equity Loans and Advances									
Pass	22,393	15,977	15,906	13,146	12,023	100,870	95,484	426	276,225
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	246	92	—	338
Total Home Equity Loans and Advances	22,393	15,977	15,906	13,146	12,023	101,116	95,576	426	276,563
Other Consumer Loans									
Pass	659	58	284	60	9	5	353	—	1,428
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Other Consumer Loans	659	58	284	60	9	5	353	—	1,428
Total Loans	\$ 1,702,481	\$ 771,407	\$ 789,875	\$ 533,879	\$ 555,250	\$ 1,657,885	\$ 317,728	\$ 426	\$ 6,328,931

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

9. Loans Receivable and Allowance for Credit Losses (continued)

The Company is required to include unfunded commitments that are expected to be funded in the future within the allowance calculation, other than those that are unconditionally cancellable. To arrive at that reserve, the reserve percentage for each applicable segment is applied to the unused portion of the expected commitment balance and is multiplied by the expected funding rate. To determine the expected funding rate, the Company uses a historical utilization rate for each segment. The allowance for credit losses on off balance sheet exposures is reported in other liabilities in the Consolidated Statements of Financial Condition. The liability represents an estimate of expected credit losses arising from off balance sheet exposures such as unfunded commitments. At June 30, 2022, the balance of the allowance for credit losses on unfunded commitments, included in other liabilities, totaled \$8.4 million. The Company recorded a (reversal of) provision for credit losses on unfunded commitments, included in other non-interest expense in the Consolidated Statements of Income, of \$(488,000) and \$160,000 during the three and six months ended June 30, 2022.

The following table presents the activity in the allowance for credit losses on off balance sheet exposures for the three and six months ended June 30, 2022:

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
	(In thousands)	
Allowance for Credit Losses:		
Beginning balance	\$ 8,846	\$ 524
Impact of adopting ASU 2016-13 ("CECL") effective January 1, 2022	—	7,674
(Reversal of) provision for credit losses	(488)	160
Balance at June 30, 2022	<u>\$ 8,358</u>	<u>\$ 8,358</u>

10. Leases

The Company's leases real estate property for branches and office space. At June 30, 2022 and December 31, 2021, all of the Company's leases are classified as operating leases.

The Company determines if an arrangement is a lease at inception. Topic 842 requires lessees to recognize a right-of-use asset and a lease liability, measured at the present value of the future minimum lease payments, at the lease commencement date. The calculated amount of the right-of-use asset and lease liabilities are impacted by the length of the lease term and the discount rate used to calculate the present value of minimum lease payments.

At June 30, 2022 and December 31, 2021, the weighted average remaining lease term for operating leases was 6.7 years and 7.0 years, respectively, and the weighted average discount rate used in the measurement of operating lease liabilities was 2.22% and 2.13%, respectively.

The Company elected to account for the lease and non-lease components separately since such amounts are readily determinable under the Company's lease contracts. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are recognized as incurred. Variable lease payments include common area maintenance charges, real estate taxes, repairs and maintenance costs and utilities. Operating and variable lease expenses are recorded in occupancy expense in the Consolidated Statements of Income. During the three months ended June 30, 2022 and 2021, operating and variable lease expenses totaled approximately \$607,000 and \$563,000, respectively. During the six months ended June 30, 2022 and 2021, operating and variable lease expenses totaled approximately \$1.3 million and \$1.2 million, respectively.

There were no sale and leaseback transactions, leveraged leases or lease transactions with related parties during the three and six months ended June 30, 2022 and 2021. At June 30, 2022, the Company had not entered into any leases which had not yet commenced.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

10. Leases (continued)

The following table summarizes lease payment obligations for each of the next five years and thereafter as follows:

	Lease Payment Obligations at	
	June 30, 2022	December 31, 2021
	(In thousands)	
One year or less	\$ 2,150	\$ 4,198
After one year to two years	4,206	3,950
After two years to three years	3,413	3,150
After three years to four years	2,742	2,479
After four years to five years	2,440	2,177
Thereafter	5,783	5,340
Total undiscounted cash flows	20,734	21,294
Discount on cash flows	(1,648)	(1,709)
Total lease liability	<u>\$ 19,086</u>	<u>\$ 19,585</u>

11. Deposits

Deposits at June 30, 2022 and December 31, 2021 are summarized as follows:

	June 30,	December 31,
	2022	2021
	(In thousands)	
Non-interest-bearing demand	\$ 1,788,091	\$ 1,712,061
Interest-bearing demand	2,706,948	2,599,987
Money market accounts	712,004	657,156
Savings and club deposits	984,926	822,833
Certificates of deposit	1,841,095	1,778,179
Total deposits	<u>\$ 8,033,064</u>	<u>\$ 7,570,216</u>

Included in the above balance at December 31, 2021 are certificates of deposit obtained through brokers totaling \$5.0 million that were acquired from Stewardship.

The aggregate amount of certificates of deposit that meet or exceed \$100,000 totaled approximately \$960.6 million and \$932.4 million at June 30, 2022 and December 31, 2021, respectively. Interest expense on deposits for the three months ended June 30, 2022 and 2021 totaled \$4.7 million and \$7.9 million, respectively. Interest expense on deposits for the six months ended June 30, 2022 and 2021 totaled \$9.4 million and \$16.7 million, respectively.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

11. Deposits (continued)

Scheduled maturities of certificates of deposit accounts at June 30, 2022 and December 31, 2021 are summarized as follows:

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	(In thousands)	
One year or less	\$ 1,166,258	\$ 1,087,631
After one year to two years	394,853	418,515
After two years to three years	161,556	143,950
After three years to four years	56,636	36,277
After four years	61,792	91,806
	<u>\$ 1,841,095</u>	<u>\$ 1,778,179</u>

12. Stock Based Compensation

At the Company's annual meeting of stockholders held on June 6, 2019, stockholders approved the Columbia Financial, Inc. 2019 Equity Incentive Plan ("2019 Plan") which provides for the issuance of up to 7,949,996 shares (2,271,427 restricted stock awards and 5,678,569 stock options) of common stock.

At June 30, 2022, there were 835,814 shares remaining available for future restricted stock awards and 1,966,728 shares remaining available for future stock option grants under the 2019 plan

On March 22, 2021, 50,203 shares of restricted stock were awarded, with a grant date fair value of \$17.86 per share. To fund the grant of restricted common stock, the Company reissued shares from treasury stock.

On March 2, 2022, 51,746 shares of restricted stock were awarded, with a grant date fair value of \$21.79 per share. To fund the grant of restricted common stock, the Company issued shares from authorized but unissued shares.

Restricted shares granted under the 2019 Plan generally vest in equal installments, over performance or service periods ranging from 1 year to 5 years, beginning 1 year from the date of grant. A portion of restricted shares awarded are performance vesting awards, which may or may not vest depending upon the attainment of certain corporate financial targets. Management recognizes compensation expense for the fair value of restricted shares on a straight line basis over the requisite performance or service period. During the three months ended June 30, 2022 and 2021, approximately \$1.4 million and \$1.6 million in expense was recognized in regard to these awards. The expected future compensation expense related to the 1,041,554 non-vested restricted shares outstanding at June 30, 2022 is approximately \$6.7 million over a weighted average period of 1.3 years. During the six months ended June 30, 2022 and 2021, approximately \$2.5 million and \$3.0 million in expense was recognized in regard to these awards.

The following is a summary of the Company's restricted stock activity during the three and six months ended June 30, 2022 and 2021:

	<u>Number of Restricted Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 1, 2022	1,054,335	\$ 15.78
Grants	51,746	21.79
Vested	(27,775)	17.86
Forfeited	(31,570)	16.91
Non-vested at March 31, 2022	1,046,736	\$ 15.98
Forfeited	(5,182)	18.34
Non-vested at June 30, 2022	<u>1,041,554</u>	<u>\$ 15.97</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

12. Stock Based Compensation (continued)

	<u>Number of Restricted Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 1, 2021	1,263,169	\$ 15.66
Grants	50,203	\$ 17.86
Forfeited	<u>(13,846)</u>	<u>15.60</u>
Non-vested at March 31, 2021	1,299,526	\$ 15.74
Forfeited	<u>(128)</u>	<u>15.60</u>
Non-vested at June 30, 2021	<u><u>1,299,398</u></u>	<u><u>\$ 15.74</u></u>

On March 22, 2021, options to purchase 109,654 shares of Company common stock were awarded with a grant date fair value of \$4.91 per option. Stock options granted under the 2019 Plan vest in equal installments over the service period of three years beginning one year from the date of grant. Stock options were granted at an exercise price of \$17.86, which represents the fair value of the Company's common stock price on the grant date based on the closing market price, and have an expiration period of approximately 10 years. The fair value of stock options granted was estimated utilizing the Black-Scholes option pricing model using the following assumptions: expected life of 6.0 years, risk-free rate of return of 1.11%, volatility of 25.98%, and a dividend yield of 0.00%.

On March 21, 2022, options to purchase 130,951 shares of Company common stock were awarded with a grant date fair value of \$6.51 per option. Stock options granted under the 2019 Plan vest in equal installments over the service period of three years beginning one year from the date of grant. Stock options were granted at an exercise price of \$21.79, which represents the fair value of the Company's common stock price on the grant date based on the closing market price, and have an expiration period of approximately 10 years. The fair value of stock options granted was estimated utilizing the Black-Scholes option pricing model using the following assumptions: expected life of six years risk-free rate of return of 2.34%, volatility of 25.31%, and a dividend yield of 0.00%.

The expected life of the options represents the period of time that stock options are expected to be outstanding and is estimated using the simplified approach, which assumes that all outstanding options will be exercised at the midpoint of the vesting date and full contractual term. The risk-free rate of return is based on the rates on the grant date of a U.S. Treasury Note with a term equal to the expected option life. Since the Company recently became a public company and does not have sufficient historical price data, the expected volatility is based on the historical daily stock prices of Company stock plus a peer group of similar entities based on factors such as industry, stage of life cycle, size and financial leverage. The Company has not paid any cash dividends on its common stock.

Management recognizes expense for the fair value of these awards on a straight line basis over the requisite service period. During the three months ended June 30, 2022 and 2021, approximately \$811,000 and \$822,000 in expense was recognized in regard to these awards. The expected future compensation expense related to the 2,222,014 non-vested options outstanding at June 30, 2022 is \$7.0 million over a weighted average period of 1.9 years. During the six months ended June 30, 2022 and 2021, approximately \$1.6 million and \$1.6 million in expense was recognized in regard to these awards.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

12. Stock Based Compensation (continued)

The following is a summary of the Company's option activity during the three and six months ended June 30, 2022 and 2021:

	<u>Number of Stock Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding, January 1, 2022	3,637,542	\$ 15.78	7.6	\$ 18,654,905
Granted	130,951	21.79	0	—
Exercised	(62,859)	16.42		
Expired	(1,412)	15.60	0	—
Forfeited	(61,961)	16.84	0	—
Outstanding, March 31, 2022	3,642,261	\$ 15.92	7.5	\$ 20,401,381
Exercised	(5,412)	15.60	0	—
Forfeited	(21,801)	17.78	0	—
Outstanding, June 30, 2022	<u>3,615,048</u>	\$ 15.91	7.2	\$ 21,335,939
Options exercisable at June 30, 2022	<u>1,393,034</u>	\$ 15.69	7.1	\$ 8,526,586

	<u>Number of Stock Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding, January 1, 2021	3,708,628	\$ 15.66	8.6	\$ —
Granted	109,654	17.86	—	—
Expired	(2,029)	15.60	—	—
Forfeited	(30,118)	15.60	—	—
Outstanding, March 31, 2021	3,786,135	\$ 15.73	8.4	\$ 6,673,328
Exercised	(1,661)	15.60	—	\$ —
Expired	(7,529)	15.60	—	—
Forfeited	(1,412)	15.60	—	—
Outstanding, June 30, 2021	<u>3,775,533</u>	\$ 15.73	8.1	\$ 5,700,258
Options exercisable at June 30, 2021	<u>732,079</u>	\$ 15.67	8.1	\$ 1,138,280

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value, the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money options.

During the three and six months ended June 30, 2022, the aggregate intrinsic value of options exercised was \$360,469 and \$388,990, respectively. During both the three and six months ended June 30, 2021, the aggregate intrinsic value of options exercised was \$3,805.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

13. Components of Net Periodic Benefit Cost

Pension Plan, Retirement Income Maintenance Plan (the "RIM Plan") Post-retirement Plan, and Split-Dollar Life Insurance Plans

The Company maintains a single employer, tax-qualified defined benefit pension plan (the "Pension Plan") which covers full-time employees that satisfy the Pension Plan's eligibility requirements. The benefits are based on years of service and the employee's average compensation for the highest five consecutive years of employment. Effective October 1, 2018, employees hired are not eligible to participate in the Columbia Bank's Pension Plan as the plan has been closed to new employees as of that date.

The Company also has a Retirement Income Maintenance Plan (the "RIM Plan") which is a non-qualified defined benefit plan which provides benefits to all employees of the Company if their benefits under the Pension Plan are limited by Internal Revenue Code 415 and 401(a)(17).

In addition, the Company provides certain health care and life insurance benefits to eligible retired employees under a Post-retirement Plan. The Company accrues the cost of retiree health care and other benefits during the employees' period of active service. Effective January 1, 2019, the Post-retirement Plan has been closed to new hires. The Company also provides life insurance benefits to eligible employees under an endorsement split-dollar life insurance program.

Through the acquisition of the RSI Entities, the Company acquired a funded pension plan, a non-funded post-retirement plan, and a split-dollar life insurance plan which are included in the tables below, based on benefit valuations as of the acquisition date.

Net periodic benefit (income) cost for Pension Plan, RIM Plan, Post-retirement Plan and Split-Dollar Life Insurance plan benefits for the three and six months ended June 30, 2022 and 2021, includes the following components:

For the Three Months Ended June 30,										Affected Line Item in the Consolidated Statements of Income
Pension Plan		RIM Plan		Post-retirement Plan		Split-Dollar Life Insurance				
2022	2021	2022	2021	2022	2021	2022	2021			
(In thousands)										
Service cost	\$ 1,966	\$ 2,150	\$ 93	\$ 100	\$ 110	\$ 130	\$ 128	\$ 141	Compensation and employee benefits	
Interest cost	2,081	1,756	97	86	173	141	153	125	Other non-interest expense	
Expected return on plan assets	(7,633)	(6,318)	—	—	—	—	—	—	Other non-interest expense	
Amortization:										
Prior service cost	—	—	—	—	—	—	14	14	Other non-interest expense	
Net loss	—	1,000	111	166	78	153	151	191	Other non-interest expense	
Net periodic (income) benefit cost	\$ (3,586)	\$ (1,412)	\$ 301	\$ 352	\$ 361	\$ 424	\$ 446	\$ 471		

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

13. Components of Net Periodic Benefit Cost (continued)

		For the Six Months Ended June 30,								Affected Line Item in the Consolidated Statements of Income							
		Pension Plan		RIM Plan		Post-retirement Plan		Split-Dollar Life Insurance									
		2022	2021	2022	2021	2022	2021	2022	2021								
(In thousands)																	
Service cost	\$	3,932	\$	4,300	\$	186	\$	200	\$	197	\$	260	\$	253	\$	282	Compensation and employee benefits
Interest cost		4,112		3,512		194		172		323		282		295		250	Other non-interest expense
Expected return on plan assets		(15,192)		(12,636)		—		—		—		—		—		—	Other non-interest expense
Amortization:																	
Prior service cost		—		—		—		—		—		—		28		28	Other non-interest expense
Net loss		—		2,000		222		332		156		306		302		382	Other non-interest expense
Net periodic (income) benefit cost	\$	(7,148)	\$	(2,824)	\$	602	\$	704	\$	676	\$	848	\$	878	\$	942	

For the three and six months ended June 30, 2022, no contribution was made to the Pension Plan. Columbia Bank made a \$10.0 million contribution to the Pension Plan in August 2022. The net periodic (income) cost for pension benefits, other post-retirement and split dollar life insurance benefits for the three and six months ended June 30, 2022 were calculated using the most recent available benefit valuations.

Through the acquisition of the Roselle Entities, the Company acquired a non-contributory defined benefit supplemental executive retirement plan with the only participant being a former president of Roselle Bank. For the three and six months ended June 30, 2022 and 2021, the Company recorded a net periodic benefit cost of \$3,000 and \$6,000, and \$4,000 and \$4,000 respectively, in connection with this plan.

Freehold Bank has a non-contributory defined benefit supplemental executive plan with the only participant being the former president of Freehold Bank. For the three and six months ended June 30, 2022, the Company recorded a net periodic benefit cost of \$2,000 and \$4,000, respectively, in connection with this plan.

In addition, through the acquisition of the RSI Entities, the Company acquired a non-contributory defined benefit supplemental executive retirement plan with the only participant being a former president of RSI Bank. For both the three and six months ended June 30, 2022, the Company recorded a net periodic benefit cost of \$11,000, in connection with this plan.

14. 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 determination of fair values of financial instruments often requires the use of estimates. Where quoted market values in an active market are not readily available, the Company utilizes various valuation techniques to estimate fair value.

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

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access on the measurement date.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar instruments in markets that are active or not active, or inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require unobservable inputs that are both significant to the fair value measurement and unobservable (i.e., supported by minimal or no market activity). Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques.

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.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The methods described below were used to measure fair value of financial instruments as reflected in the tables below on a recurring basis at June 30, 2022 and December 31, 2021.

Debt Securities Available for Sale, at Fair Value

For debt securities available for sale, fair value was estimated using a market approach. The majority of these securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. Prices for these instruments are obtained through third-party data service providers or dealer market participants with which the Company has historically transacted both purchases and sales of securities. Prices obtained from these sources include market quotations, matrix pricing and discounted cash flow pricing. Matrix pricing, a Level 2 input, is a mathematical technique used principally to value certain securities to a benchmark or to comparable securities. The Company evaluates the quality of Level 2 matrix pricing through comparison to similar assets with greater liquidity and evaluation of projected cash flows. Discounted cash flows, a Level 3 input, is estimated by discounting the expected future cash flows using the current rates for securities with similar credit ratings and similar remaining maturities. As the Company is responsible for the determination of fair value, it performs quarterly analysis on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to assess the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services has not historically resulted in an adjustment in the prices obtained from the pricing service. The Company may hold debt instruments issued by the U.S. government and U.S. government-sponsored agencies that are traded in active markets with readily accessible quoted market prices that are considered Level 1 inputs. The Company classifies the estimated fair value of its loan portfolio as Level 3.

Equity Securities, at Fair Value

The Company holds equity securities that are traded in active markets with readily accessible quoted market prices that are considered Level 1 inputs. A trust preferred security that is not traded in an active market and Federal Home Loan Mortgage Corporation ("FHLMC") and Federal National Mortgage Association ("FNMA") preferred stock are considered Level 2 instruments. In addition, Level 2 instruments include Atlantic Community Bankers Bank ("ACCB") stock, which is based on redemption at par value and can only be sold to the issuing ACBB or another institution that holds ACBB stock.

Derivatives

The Company records all derivatives included in other assets and liabilities on the Consolidated Statements of Financial Condition at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting, and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. See note 16 for disclosures related to the accounting treatment for derivatives.

The fair value of the Company's derivatives is determined using discounted cash flow analysis using observable market-based inputs, which are considered Level 2 inputs.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

The following tables present the assets and liabilities reported on the Consolidated Statements of Financial Condition at their fair values at June 30, 2022 and December 31, 2021, by level within the fair value hierarchy:

June 30, 2022				
Fair Value	Fair Value Measurements			Significant Unobservable Inputs (Level 3)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		
(In thousands)				
Debt securities available for sale:				
U.S. government and agency obligations	\$ 66,811	\$ 57,176	\$ 9,635	\$ —
Mortgage-backed securities and collateralized mortgage obligations	1,335,347	—	1,335,347	—
Municipal obligations	4,497	—	908	3,589
Corporate debt securities	83,987	—	74,037	9,950
Total debt securities available for sale	1,490,642	57,176	1,419,927	13,539
Equity securities	3,717	3,377	340	—
Derivative assets	8,642	—	8,642	—
	\$ 1,503,001	\$ 60,553	\$ 1,428,909	\$ 13,539
Derivative liabilities	\$ 9,943	\$ —	\$ 9,943	\$ —
December 31, 2021				
Fair Value	Fair Value Measurements			Significant Unobservable Inputs (Level 3)
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		
(In thousands)				
Debt securities available for sale:				
U.S. government and agency obligations	\$ 34,879	\$ 34,879	\$ —	\$ —
Mortgage-backed securities and collateralized mortgage obligations	1,554,359	—	1,554,359	—
Municipal obligations	4,179	—	4,179	—
Corporate debt securities	110,430	—	110,430	—
Total debt securities available for sale	1,703,847	34,879	1,668,968	—
Equity securities	2,710	2,364	346	—
Derivative assets	9,492	—	9,492	—
	\$ 1,716,049	\$ 37,243	\$ 1,678,806	\$ —
Derivative liabilities	\$ 17,366	\$ —	\$ 17,366	\$ —

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

The table below provides activity of assets reported as Level 3 for the period ended June 30, 2022:

	Significant Unobservable Inputs (Level 3)
	(In thousands)
Debt securities available for sale:	
Balance of recurring Level 3 assets -December 31, 2021	\$ —
Transfers into Level 3 assets	13,539
Balance of recurring Level 3 assets - June 30, 2022	<u>\$ 13,539</u>

The fair value of investments placed in Level 3 is estimated by discounting the expected future cash flows using reasonably available current rates for comparable new issue securities with similar structure, including original maturity, call date, and assumptions about risk. Discounted cash flow estimated valuations are subsequently validated against comparable structures as an approximation of value.

Expected cash flows were projected based on contractual cash flows. Two private placement corporate debt securities classified as available for sale and four private placement municipal obligations classified as available for sale were transferred from Level 2 to Level 3 during the three and six months ended June 30, 2022.

Private placement debt security cash flows were discounted to a market yield ranging from 5.0% to 8.0% (weighted average is 7.1%), and private placement municipal obligation cash flows were discounted to a market yield ranging from 1.0% to 4.0% (weighted average is 2.2%).

The period end valuations were support by an analysis prepared by an independent third party market participant and approved by management.

There were no Level 3 assets measured at fair value on a recurring basis at December 31, 2021.

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 at June 30, 2022 and December 31, 2021.

Impaired Loans

Loans which meet certain criteria are evaluated individually for impairment. Loan impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. For loans measured for impairment based on the fair value of the underlying collateral, fair value was estimated using a market approach. The Company measures the fair value of collateral underlying impaired loans primarily through obtaining independent appraisals that rely upon quoted market prices for similar assets in active markets. These appraisals include adjustments, on an individual case-by-case basis, to comparable assets based on the appraisers' market knowledge and experience, as well as adjustments for estimated costs to sell between 6.0% and 8.0%. The Company classifies these loans as Level 3 within the fair value hierarchy.

Mortgage Servicing Rights, Net ("MSR's")

Mortgage servicing rights are carried at the lower of cost or estimated fair value. The estimated fair value of MSRs is obtained through an analysis of future cash flows, incorporating assumptions that market participants would use in determining fair value including market discount rates, prepayments speeds, servicing income, servicing costs, default rates and other market driven data, including the market's perception of future interest rate movements. The prepayment speed and the discount rate are considered two of the most significant inputs in the model. A significant degree of judgment is involved in valuing the mortgage servicing rights using Level 3 inputs. The use of different assumptions could have a significant effect on this fair value estimate.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
14. Fair Value Measurements (continued)

The following tables present the assets and liabilities reported on the Consolidated Statements of Financial Condition at their fair values on a non-recurring basis at June 30, 2022 and December 31, 2021, by level within the fair value hierarchy:

June 30, 2022				
Fair Value	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Mortgage servicing rights	\$ 2,239	\$ —	\$ —	\$ 2,239
	<u>\$ 2,239</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,239</u>
December 31, 2021				
Fair Value	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
Impaired loans	\$ 1,213	\$ —	\$ —	\$ 1,213
Mortgage servicing rights	1,906	—	—	1,906
	<u>\$ 3,119</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,119</u>

The following table presents information for Level 3 assets measured at fair value on a non-recurring basis at June 30, 2022 and December 31, 2021:

June 30, 2022				
Fair Value	Valuation Methodology	Unobservable Inputs	Range of Inputs	Weighted Average
(Dollars in thousands)				
Mortgage servicing rights	\$ 2,239 Discounted cash flow	Prepayment speeds and discount rates	5.6% - 24.5%	8.0 %

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

		December 31, 2021			
	Fair Value	Valuation Methodology	Unobservable Inputs	Range of Inputs	Weighted Average
(Dollars in thousands)					
Impaired loans	\$ 1,213	Other	Contracted sales price of collateral	— %	— %
Mortgage servicing rights	\$ 1,906	Discounted cash flow	Prepayment speeds and discount rates	7.5% - 24.9%	12.7 %

(1) Value of SBA servicing rights based on a discount rate of 11.75%.

(2) Value of SBA servicing rights based on a discount rate of 10.25%.

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 practicable to estimate fair value. A description of the valuation methodologies used for those assets and liabilities not recorded at fair value on a recurring or non-recurring basis are set forth below.

Cash and Cash Equivalents

For cash and due from banks, federal funds sold and short-term investments, the carrying amount approximates fair value due to their nature and short-term maturities.

Debt Securities Held to Maturity

For debt securities held to maturity, fair value was estimated using a market approach. The majority of the Company's securities are fixed income instruments that are not quoted on an exchange, but are traded in active markets. Prices for these instruments are obtained through third-party data service providers or dealer market participants with which the Company has historically transacted both purchases and sales of securities. Prices obtained from these sources include market quotations and matrix pricing. Matrix pricing, a Level 2 input, is a mathematical technique used principally to value certain securities to a benchmark or to comparable securities. The Company evaluates the quality of Level 2 matrix pricing through comparison to similar assets with greater liquidity and evaluation of projected cash flows. As the Company is responsible for the determination of fair value, it performs quarterly analysis on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to a secondary pricing source. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to assess the reasonableness of the reported prices. The Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services has not historically resulted in an adjustment in the prices obtained from the pricing service. The Company also holds debt instruments issued by the U.S. government and U.S. government-sponsored agencies that are traded in active markets with readily accessible quoted market prices that are considered Level 1 inputs within the fair value hierarchy.

Federal Home Loan Bank Stock ("FHLB")

The fair value of FHLB stock is based on redemption at par value and can only be sold to the issuing FHLB, to other FHLBs, or to other member banks. As such, the Company's FHLB stock is recorded at cost, or par value, and is evaluated for impairment each reporting period by considering the ultimate recoverability of the investment rather than temporary declines in value. The Company classifies the estimated fair value as Level 2 within the fair value hierarchy.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

Loans Receivable

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial mortgage, residential mortgage, commercial, construction, and consumer and other. Each loan category is further segmented into fixed and adjustable rate interest terms and into performing and non-performing categories.

The fair value of performing loans was estimated using a combination of techniques, including a discounted cash flow model that utilizes a discount rate that reflects the Company's current pricing for loans with similar characteristics and remaining maturity, adjusted by an amount for estimated credit losses inherent in the portfolio at the balance sheet date. The rates take into account the expected yield curve, as well as an adjustment for 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 anticipated cash flows. The Company classifies the estimated fair value of its non-performing loan portfolio as Level 3.

Deposits

The fair value of deposits with no stated maturity, such as demand, money market, and savings and club deposits are payable on demand at each reporting date and classified as Level 2. The estimated fair value of certificates of deposit was based on the discounted value of contractual cash flows. The discount rate was estimated using the Company's current rates offered for deposits with similar remaining maturities. The Company classifies the estimated fair value of its certificates of deposit portfolio as Level 2.

Borrowings

The fair value of borrowings was estimated by discounting future cash flows using rates available for debt with similar terms and maturities and is classified by the Company as Level 2 within the fair value hierarchy.

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 into account the remaining terms of the agreements and the present creditworthiness of the counter-parties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value estimates of commitments to extend credit and letters of credit are deemed immaterial.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

The following tables present the assets and liabilities reported on the Consolidated Statements of Financial Condition at their fair values at June 30, 2022 and December 31, 2021:

June 30, 2022						
			Fair Value Measurements			
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Carrying Value	Total Fair Value					
(In thousands)						
Financial assets:						
Cash and cash equivalents	\$ 109,152	\$ 109,152	\$ 109,152	\$ —	\$ —	
Debt securities available for sale	1,490,642	1,490,642	57,176	1,419,927	13,539	
Debt securities held to maturity	425,884	393,025	—	393,025	—	
Equity securities	3,717	3,717	3,377	340	—	
Federal Home Loan Bank stock	26,293	26,293	—	26,293	—	
Loans receivable, net	6,932,213	6,416,145	—	—	6,416,145	
Derivative assets	8,642	8,642	—	8,642	—	
Financial liabilities:						
Deposits	\$ 8,033,064	\$ 7,987,886	\$ —	\$ 7,987,886	\$ —	
Borrowings	419,969	415,715	—	415,715	—	
Derivative liabilities	9,943	9,943	—	9,943	—	
December 31, 2021						
			Fair Value Measurements			
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Carrying Value	Total Fair Value					
(In thousands)						
Financial assets:						
Cash and cash equivalents	\$ 70,963	\$ 70,963	\$ 70,963	\$ —	\$ —	
Debt securities available for sale	1,703,847	1,703,847	34,879	1,668,968	—	
Debt securities held to maturity	429,734	434,789	—	434,789	—	
Equity securities	2,710	2,710	2,364	346	—	
Federal Home Loan Bank stock	23,141	23,141	—	23,141	—	
Loans receivable, net	6,297,912	6,457,766	—	—	6,457,766	
Derivative assets	9,492	9,492	—	9,492	—	
Financial liabilities:						
Deposits	\$ 7,570,216	\$ 7,564,210	\$ —	\$ 7,564,210	\$ —	
Borrowings	377,309	378,810	—	378,810	—	
Derivative liabilities	17,366	17,366	—	17,366	—	

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because limited markets exist for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect 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 business and the value of assets and liabilities that are not considered financial instruments. Other significant assets and liabilities that are not considered financial assets or liabilities include goodwill and intangibles assets, deferred tax assets, office properties and equipment, and bank-owned life insurance.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

15. Other Comprehensive Income (Loss)

The following tables present the components of other comprehensive income (loss), both gross and net of tax, for the three and six months ended June 30, 2022 and 2021:

	For the Three Months Ended June 30,					
	2022			2021		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Components of other comprehensive income (loss):						
Unrealized (loss) on debt securities available for sale:	\$ (52,246)	\$ 14,570	\$ (37,676)	\$ 6,645	\$ (1,857)	\$ 4,788
Accretion of unrealized (loss) on debt securities reclassified as held to maturity	(4)	1	(3)	(17)	5	(12)
Reclassification adjustment for gain (loss) included in net income	210	(58)	152	(281)	79	(202)
	<u>(52,040)</u>	<u>14,513</u>	<u>(37,527)</u>	<u>6,347</u>	<u>(1,773)</u>	<u>4,574</u>
Derivatives:						
Unrealized gain on swap contracts accounted for as cash flow hedges	1,149	(321)	828	1,315	(367)	948
	<u>1,149</u>	<u>(321)</u>	<u>828</u>	<u>1,315</u>	<u>(367)</u>	<u>948</u>
Employee benefit plans:						
Amortization of prior service cost included in net income	(14)	3	(11)	(14)	3	(11)
Reclassification adjustment of actuarial net (loss) included in net income	(339)	95	(244)	(1,511)	422	(1,089)
Change in funded status of retirement obligations	(25,704)	7,168	(18,536)	34,441	(9,623)	24,818
	<u>(26,057)</u>	<u>7,266</u>	<u>(18,791)</u>	<u>32,916</u>	<u>(9,198)</u>	<u>23,718</u>
Total other comprehensive (loss)	<u>\$ (76,948)</u>	<u>\$ 21,458</u>	<u>\$ (55,490)</u>	<u>\$ 40,578</u>	<u>\$ (11,338)</u>	<u>\$ 29,240</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

15. Other Comprehensive Income (Loss) (continued)

	For the Six Months Ended June 30,					
	2022			2021		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
	(In thousands)					
Components of other comprehensive income (loss):						
Unrealized (loss) on debt securities available for sale:	\$ (132,429)	\$ 36,938	\$ (95,491)	\$ (13,196)	\$ 950	\$ (12,246)
Accretion of unrealized (loss) on debt securities reclassified as held to maturity	(8)	2	(6)	(21)	23	2
Reclassification adjustment for gain (loss) included in net income	210	(58)	152	(281)	79	(202)
	<u>(132,227)</u>	<u>36,882</u>	<u>(95,345)</u>	<u>(13,498)</u>	<u>1,052</u>	<u>(12,446)</u>
Derivatives:						
Unrealized gain on swap contracts accounted for as cash flow hedges	5,532	(1,547)	3,985	7,147	(516)	6,631
	<u>5,532</u>	<u>(1,547)</u>	<u>3,985</u>	<u>7,147</u>	<u>(516)</u>	<u>6,631</u>
Employee benefit plans:						
Amortization of prior service cost included in net income	(28)	6	(22)	(28)	8	(20)
Reclassification adjustment of actuarial net (loss) included in net income	(678)	190	(488)	(3,022)	844	(2,178)
Change in funded status of retirement obligations	(24,997)	6,941	(18,056)	37,491	(3,120)	34,371
	<u>(25,703)</u>	<u>7,137</u>	<u>(18,566)</u>	<u>34,441</u>	<u>(2,268)</u>	<u>32,173</u>
Total other comprehensive (loss)	<u>\$ (152,398)</u>	<u>\$ 42,472</u>	<u>\$ (109,926)</u>	<u>\$ 28,090</u>	<u>\$ (1,732)</u>	<u>\$ 26,358</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

15. Other Comprehensive Income (Loss) (continued)

The following tables present the changes in the components of accumulated other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2022 and 2021:

	For the Three Months Ended June 30,							
	2022				2021			
	Unrealized (Losses) on Debt Securities Available for Sale	Unrealized (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	Unrealized Gains on Debt Securities Available for Sale	Unrealized (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)
(In thousands)								
Balance at beginning of period	\$ (56,174)	\$ (1,760)	\$ (42,421)	\$ (100,355)	\$ 14,008	\$ (11,173)	\$ (75,342)	\$ (72,507)
Current period changes in other comprehensive (loss) income	(37,527)	828	(18,791)	(55,490)	4,574	948	23,718	29,240
Total other comprehensive (loss) income	<u>\$ (93,701)</u>	<u>\$ (932)</u>	<u>\$ (61,212)</u>	<u>\$ (155,845)</u>	<u>\$ 18,582</u>	<u>\$ (10,225)</u>	<u>\$ (51,624)</u>	<u>\$ (43,267)</u>

	For the Six Months Ended June 30,							
	2022				2021			
	Unrealized Gains (Losses) on Debt Securities Available for Sale	Unrealized (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	Unrealized Gains (Losses) on Debt Securities Available for Sale	Unrealized (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)
(In thousands)								
Balance at beginning of period	\$ 1,644	\$ (4,917)	\$ (42,646)	\$ (45,919)	\$ 31,028	\$ (16,856)	\$ (83,797)	\$ (69,625)
Current period changes in other comprehensive (loss) income	(95,345)	3,985	(18,566)	(109,926)	(12,446)	6,631	32,173	26,358
Total other comprehensive (loss) income	<u>\$ (93,701)</u>	<u>\$ (932)</u>	<u>\$ (61,212)</u>	<u>\$ (155,845)</u>	<u>\$ 18,582</u>	<u>\$ (10,225)</u>	<u>\$ (51,624)</u>	<u>\$ (43,267)</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

15. Other Comprehensive Income (Loss) (continued)

The following tables reflect amounts reclassified from accumulated other comprehensive income (loss) to the Consolidated Statements of Income and the affected line item in the statement where net income is presented for the three and six months ended June 30, 2022 and 2021:

	Accumulated Other Comprehensive Income (Loss) Components		
	For the Three Months Ended June 30,		Affected Line Items in the Consolidated Statements of Income
	2022	2021	
	(In thousands)		
Reclassification adjustment for gain (loss) included in net income	\$ 210	\$ (281)	Gain (loss) on securities transactions
Reclassification adjustment of actuarial net (loss) included in net income	(339)	(1,511)	Other non-interest expense
Total before tax	(129)	(1,792)	
Income tax benefit	37	501	
Net of tax	<u>\$ (92)</u>	<u>\$ (1,291)</u>	

	Accumulated Other Comprehensive Income (Loss) Components		Affected Line Items in the Consolidated Statements of Income
	For the Six Months Ended June 30,		
	2022	2021	
	(In thousands)		
Reclassification adjustment for gain included in net income	\$ 210	\$ (281)	Gain (loss) on securities transactions
Reclassification adjustment of actuarial net (loss) included in net income	(678)	(3,022)	Other non-interest expense
Total before tax	(468)	(3,303)	
Income tax benefit	132	923	
Net of tax	\$ (336)	\$ (2,380)	

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16. Derivatives and Hedging Activities

The Company uses derivative financial instruments as components of its market risk management, principally to manage interest rate risk. Certain derivatives are entered into in connection with transactions with commercial customers. Derivatives are not used for speculative purposes. All derivatives are recognized as either assets or liabilities in the Consolidated Statements of Financial Condition, reported at fair value and presented on a gross basis. Until a derivative is settled, a favorable change in fair value results in an unrealized gain that is recognized as an asset, while an unfavorable change in fair value results in an unrealized loss that is recognized as a liability.

The Company generally applies hedge accounting to its derivatives used for market risk management purposes. Hedge accounting is permitted only if specific criteria are met, including a requirement that a highly effective relationship exists between the derivative instrument and the hedged item, both at inception of the hedge and on an ongoing basis. Changes in the fair value of effective fair value hedges are recognized in current earnings (with the change in fair value of the hedged asset or liability also recognized in earnings). Changes in the fair value of effective cash flow hedges are recognized in other comprehensive income (loss) until earnings are affected by the variability in cash flows of the designated hedged item. Ineffective portions of hedge results are recognized in current earnings. Changes in the fair value of derivatives for which hedge accounting is not applied are recognized in current earnings.

The Company formally documents at inception all relationships between the derivative instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transactions. This process includes linking all derivatives that are designated as hedges to specific assets and liabilities, or to specific firm commitments. The Company also formally assesses, both at inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of the hedged items. If it is determined that a derivative is not highly effective or has ceased to be a highly effective hedge, the Company would discontinue hedge accounting prospectively. Gains or losses resulting from the termination of a derivative accounted for as a cash flow hedge remain in other comprehensive income (loss) and is (accrued) amortized to earnings over the remaining period of the former hedging relationship.

Certain derivative financial instruments are offered to certain commercial banking customers to manage their risk of exposure and risk management strategies. These derivative instruments consist primarily of currency forward contracts and interest rate swap contracts. The risk associated with these transactions is mitigated by simultaneously entering into similar transactions having essentially offsetting terms with a third party. In addition, the Company executes interest rate swaps with third parties in order to hedge the interest rate risk of short-term FHLB advances.

Currency Forward Contracts. At June 30, 2022 and December 31, 2021, the Company had no currency forward contracts in place with commercial banking customers.

Interest Rate Swaps. At both June 30, 2022 and December 31, 2021, the Company had interest rate swaps in place with 50 and 52 commercial banking customers executed by offsetting interest rate swaps with third parties, with aggregated notional amounts of \$171.8 million and \$183.4 million, respectively. These derivatives are not designated as hedges and are not speculative. These interest rate swaps do not meet hedge accounting requirements.

At June 30, 2022 and December 31, 2021, the Company had 12 and 14 interest rate swaps with notional amounts of \$170.0 million and \$190.0 million, respectively, hedging certain FHLB advances. These interest rate swaps meet the cash flow hedge accounting requirements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counter-party in exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount.

At June 30, 2022, the Company had two interest rate swaps hedged against pools of floating rate commercial loans with notional amounts totaling \$100.0 million. These swaps meet the cash flow hedge accounting requirements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counter-party in exchange for the Company making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. At December 31, 2021, the Company had no interest rate swaps hedged against pools of floating rate commercial loans.

For the three and six months ended June 30, 2022 and 2021, the Company did not record any hedge ineffectiveness associated with these contracts.

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16. Derivatives and Hedging Activities (continued)

The tables below present the fair value of the Company's derivative financial instruments as well as their classification in the Consolidated Statements of Financial Condition at June 30, 2022 and December 31, 2021:

June 30, 2022				
Asset Derivative			Liability Derivative	
Consolidated Statements of Financial Condition	Fair Value		Consolidated Statements of Financial Condition	Fair Value
(In thousands)				
Derivatives:				
Interest rate swaps	Other Assets	\$ 8,642	Other Liabilities	\$ 9,943
Total derivative instruments		<u>\$ 8,642</u>		<u>\$ 9,943</u>
December 31, 2021				
Asset Derivative			Liability Derivative	
Consolidated Statements of Financial Condition	Fair Value		Consolidated Statements of Financial Condition	Fair Value
(In thousands)				
Derivatives:				
Interest rate swaps	Other Assets	\$ 9,492	Other Liabilities	\$ 17,366
Total derivative instruments		<u>\$ 9,492</u>		<u>\$ 17,366</u>

For the three months ended June 30, 2022 and 2021, gains(losses) of \$226,000 and losses of \$(167,000), respectively, were recorded for changes in fair value of interest rate swaps with third parties. For the six months ended June 30, 2022 and 2021, gains of \$475,000 and \$201,000, respectively, were recorded for changes in fair value of interest rate swaps with third parties.

At June 30, 2022 and December 31, 2021, accrued interest was \$251,000 and \$567,000.

The Company has agreements with counterparties that contain a provision that if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default of its derivative obligations.

At June 30, 2022, the termination value of derivatives in a net liability position, which includes accrued interest, was \$1.3 million. The Company has collateral posting thresholds with certain of its derivative counterparties, and has posted collateral of \$1.8 million against its obligations under these agreements.

17. Revenue Recognition

The Company's revenue includes net interest income on financial instruments and non-interest income. Most of the Company's revenue is not within the scope of Accounting Standards Codification Topic 606 which does not apply to revenue associated with financial instruments, including interest income on loans and securities, which comprise the majority of the Company's revenue. Revenue-generating activities that are within the scope of this guidance are components of non-interest income. These revenue streams can generally be classified as demand deposit account fees, title insurance fees, insurance agency income and other fees.

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Notes to Unaudited Consolidated Financial Statements

17. Revenue Recognition (continued)

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the three and six months ended June 30, 2022 and 2021.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
(In thousands)				
Non-interest income				
In-scope of Topic 606:				
Demand deposit account fees	\$ 1,449	\$ 858	\$ 2,619	\$ 1,696
Title insurance fees	1,035	1,503	1,992	3,123
Insurance agency income	45	—	45	—
Other non-interest income	2,106	1,956	4,139	3,697
Total in-scope non-interest income	4,635	4,317	8,795	8,516
Total out-of-scope non-interest income	3,034	10,074	5,915	14,470
Total non-interest income	\$ 7,669	\$ 14,391	\$ 14,710	\$ 22,986

Demand deposit account fees include monthly maintenance fees and service charges. These fees are generally derived as a result of either transaction-based or serviced-based services. The Company's performance obligation for these services is generally satisfied, and revenue recognized, at the time the transaction is completed or the service rendered. Fees for these services are generally received from the customer either at the time of the transaction or monthly.

Title insurance fees are generally recognized at the time the transaction closes or when the service is rendered.

RSI Insurance Agency, Inc. performs the function of an insurance intermediary, by introducing the policyholder and insurer for life and health, and property and casualty insurance, and is compensated by a commission fee for placement of an insurance policy. Commission and fees are generally recognized as of the effective date of the insurance policy. Commission revenues related to installment billings are recognized on the invoice date. Subsequent commission adjustments are recognized upon the receipt of notification from insurance companies concerning matters necessitating such adjustments.

Other non-interest income includes check printing fees, traveler's check fees, gift card fees, branch service fees, overdraft fees, account analysis fees, other deposit related fees, wealth management related fee income which includes annuity fees, brokerage commissions, and asset management fees. Wealth management related fee income represent fees earned from customers as consideration for asset management and investment advisory services provided by a third party. The Company's performance obligation is generally satisfied monthly and the resulting fees are recognized monthly based upon the month-end market value of the assets under management and the applicable fee rate. The Company does not earn performance-based incentives. The Company's performance obligation for these transaction-based services are generally satisfied, and related revenue recognized, at the time the transaction closes or when the service is rendered or a point in time when the service is completed.

Also included in other fees are debit card and ATM fees which are transaction-based. 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 are largely generated when a Company cardholder uses a non-Company ATM, or a non-Company cardholder 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 of transaction or monthly.

Out-of-scope non-interest income primarily consists of income from bank-owned life insurance, loan prepayment and servicing fees, net fees loan level swaps, gains and losses on the sale of loans and securities, credit card interchange income, and changes in the fair value of equity securities. None of these revenue streams are subject to the requirements of Topic 606.

18. Subsequent Events

The Company has evaluated events subsequent to June 30, 2022 and through the financial statement issuance date of August 9, 2022, and concluded that no material events occurred that would require disclosure.

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

Forward-Looking Statements

Certain statements contained herein are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 risk factors 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, as well as its impact on fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, higher inflation and its impact on national and local economic conditions, the Company's ability to successfully implement its business strategy, acquisitions and the integration of acquired businesses, credit risk management, the effect of the COVID-19 pandemic (including its impact on our borrowers and their ability to repay their loans, and on the local and national economies), asset-liability management, the financial and securities markets, and the availability of and costs associated with sources of liquidity.

The Company cautions readers not to place undue reliance on any such forward-looking statements which speak only as of the date made. The Company also 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 have any obligation to update any forward-looking statements to reflect any subsequent events or circumstances after the date of this statement.

Comparison of Financial Condition at June 30, 2022 and December 31, 2021

Total assets increased \$527.3 million, or 5.7%, to \$9.8 billion at June 30, 2022 from \$9.2 billion at December 31, 2021. The increase in total assets was primarily attributable to an increase in cash and cash equivalents of \$38.2 million, an increase in loans receivable, net of \$634.3 million, an increase in bank-owned life insurance of \$14.1 million, an increase in goodwill and intangibles of \$37.4 million, and an increase in other assets of \$11.2 million, partially offset by a decrease in debt securities available for sale of \$213.2 million.

Cash and cash equivalents increased \$38.2 million, or 53.8%, to \$109.2 million at June 30, 2022 from \$71.0 million at December 31, 2021. The increase was primarily attributable to \$140.8 million in cash and cash equivalents acquired in the RSI Bank acquisition, repayments on loans and mortgage-backed securities, and proceeds from the sale \$126.8 million of debt securities available for sale, partially offset by \$137.0 million in purchases of debt securities available for sale, and \$53.2 million in repurchases of common stock under our stock repurchase program.

Debt securities available for sale decreased \$213.2 million, or 12.5%, to \$1.5 billion at June 30, 2022 from \$1.7 billion at December 31, 2021. The decrease was attributable to repayments on securities of \$169.2 million, sales of securities of \$126.8 million, and a decrease in the gross unrealized gain (loss) of \$132.2 million, predominately due to rising interest rates, partially offset by purchases of securities of \$137.0 million, primarily consisting of U.S. government and agency obligations and mortgage-backed securities and \$79.0 million of debt securities available for sale acquired due to the RSI Bank acquisition.

Loans receivable, net, increased \$634.3 million, or 10.1%, to \$6.9 billion at June 30, 2022 from \$6.3 billion at December 31, 2021. One-to-four family real estate loans, multi-family real estate loans, commercial real estate loans, commercial business loans, and home equity loans and advances increased \$419.4 million, \$36.4 million, \$136.4 million, \$21.9 million, and \$5.0 million, respectively, partially offset by a decrease in construction loans of \$18.3 million. The Company acquired \$335.5 million in loans from the RSI Bank acquisition during the second quarter of 2022. The allowance for credit losses for loans decreased \$12.1 million to \$50.6 million at June 30, 2022 from \$62.7 million at December 31, 2021. A \$16.8 million decrease in the allowance for credit losses for loans was recorded on January 1, 2022 upon adoption of the CECL standard. During the six months ended June 30, 2022, the allowance for credit losses increased \$3.0 million, primarily due to an increase in the outstanding balance of loans, including \$1.9 million in allowance for credit losses recorded on the loans acquired from RSI Bank. The June 30, 2022 methodology and impact of loss rates and qualitative factors remained consistent with those established upon initial adoption of the CECL standard.

Bank-owned life insurance increased \$14.1 million, or 5.7%, to \$261.6 million at June 30, 2022 from \$247.5 million at December 31, 2021. The increase was mainly attributable to bank-owned life insurance of \$13.0 million acquired due to the RSI Bank acquisition.

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

Goodwill and intangibles increased \$37.4 million, or 40.8%, to \$129.1 million at June 30, 2022 from \$91.7 million at December 31, 2021. The increase consisted of \$28.0 million in goodwill and \$10.3 million in core deposit intangibles recorded due to the RSI Bank acquisition.

Other assets increased \$11.2 million, or 4.5%, to \$260.8 million at June 30, 2022 from \$249.6 million at December 31, 2021. The increase in other assets consisted of an increase of \$30.5 million in net deferred tax assets, an increase of \$5.2 million in a low income housing tax credit asset and an increase of \$7.1 million in accounts receivable related to an unsettled investment security sold, partially offset by a decrease of \$17.2 million in interest rate swap assets, and a decrease of \$18.6 million in the Company's pension plan balance.

Total liabilities increased \$532.1 million, or 6.5%, to \$8.7 billion at June 30, 2022 from \$8.1 billion at December 31, 2021. The increase was primarily attributable to an increase in total deposits of \$462.8 million, or 6.1%, an increase in borrowings of \$42.7 million, or 11.3%, and an increase in accrued expenses and other liabilities of \$17.2 million, or 10.7%. The increase in total deposits primarily consisted of increases in non-interest bearing demand deposits, interest-bearing demand deposits, money market accounts, savings and club deposits, and certificates of deposit of \$76.0 million, \$107.0 million, \$54.8 million, \$162.1 million, and \$62.9 million respectively. These increases included \$502.7 million in deposits assumed in connection with the RSI Bank acquisition. The increase in borrowings was primarily driven by a \$20.0 million increase in FHLB overnight borrowings and a \$22.8 million increase in FHLB term advances, of which \$5.8 million were acquired due to the RSI Bank acquisition. The increase in accrued expenses and other liabilities primarily consisted of \$10.6 million in accrued expenses and other liabilities related to the RSI Bank acquisition, a \$5.2 million increase in a low income housing tax credit liability, a \$4.4 million increase in outstanding checks, and a \$7.8 million increase in allowance for credit losses for unfunded commitments, partially offset by a \$6.4 million decrease in interest rate swap liabilities and a \$6.3 million decrease in accrued incentive compensation. Upon the initial adoption of the CECL standard on January 1, 2022, an allowance for credit losses for unfunded commitments of \$7.7 million was recorded.

Total stockholders' equity decreased \$4.8 million, or 0.4%, with a balance of \$1.1 billion at both June 30, 2022 and December 31, 2021. The decrease in equity was primarily attributable to an increase of \$109.9 million in unrealized losses on debt securities available for sale and interest rate swap contracts, net of taxes, included in other comprehensive income, and the repurchase of 2,546,667 shares of common stock totaling \$53.2 million, or \$20.88 per share, under our stock repurchase program, partially offset by net income of \$43.4 million and an increase in paid in capital of \$102.7 million due to the issuance of 6,086,314 shares of Company common stock to Columbia Bank MHC in connection with the RSI Bank acquisition.

Comparison of Results of Operations for the Three Months Ended June 30, 2022 and June 30, 2021

Net income of \$23.0 million was recorded for the quarter ended June 30, 2022, a decrease of \$3.7 million, or 14.0%, compared to net income of \$26.7 million for the quarter ended June 30, 2021, was partially due to the quarter ended June 30, 2021 including a \$7.7 million gain on the sale of commercial business loans granted as part of the Small Business Administration PPP, in addition to recording \$1.3 million in merger expenses and \$1.8 million in provision for credit losses on the loans acquired from the RSI Bank acquisition during the quarter ended June 30, 2022. The decrease in net income was primarily attributable to a \$3.3 million increase in provision for credit losses, a \$6.7 million decrease in non-interest income, and a \$4.1 million increase in non-interest expense, partially offset by a \$8.4 million increase in net interest income and a \$2.0 million decrease in income tax expense.

Net interest income was \$66.5 million for the quarter ended June 30, 2022, an increase of \$8.4 million, or 14.5%, from \$58.1 million for the quarter ended June 30, 2021. The increase in net interest income was primarily attributable to a \$3.2 million decrease in interest expense on deposits and borrowings, coupled with a \$5.2 million increase in interest income. The decrease in interest expense on deposits was driven by an increase in lower costing demand deposits and the repricing of existing deposits at reduced rates as a result of the sustained lower interest rate environment until March 2022, when the Federal Reserve announced a 25 basis point increase in the federal funds rate. The subsequent 50 basis point increase in interest rates in May 2022 and the 75 basis point increase in interest rates in June 2022, did not significantly impact second quarter interest expense on deposits, as the repricing on deposit products lags in relation to increases in market interest rates. The increase in interest income for the quarter ended June 30, 2022 was due to an increase in the average balance of interest-earning assets coupled with the impact of the rise in interest rates during the quarter ended June 30, 2022. Prepayment penalties, which are included in interest income on loans, totaled \$1.5 million for the quarter ended June 30, 2022, compared to \$1.1 million for the quarter ended June 30, 2021.

The average yield on loans for the quarter ended June 30, 2022 decreased 4 basis points to 3.68%, as compared to 3.72% for the quarter ended June 30, 2021, but increased 6 basis points since March 31, 2022, as interest income grew due to rising interest rates and loan growth. The average yield on securities for the quarter ended June 30, 2022 increased 21 basis points to 2.14%, as compared to 1.93% for the quarter ended June 30, 2021, as \$88.4 million of higher yielding securities were purchased, and a number of

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adjustable rate securities tied to various indexes repriced higher during the quarter. The average yield on other interest-earning assets for the quarter ended June 30, 2022 increased 69 basis points to 1.93%, as compared to 1.24% for the quarter ended June 30, 2021, as the average cash balances in lower yielding bank accounts decreased for the quarter ended June 30, 2022.

Total interest expense was \$6.6 million for the quarter ended June 30, 2022, a decrease of \$3.2 million, or 33.0%, from \$9.8 million for the quarter ended June 30, 2021. The decrease in interest expense was primarily attributable to a 26 basis point decrease in the average cost of interest-bearing deposits which was partially offset by the impact of the increase in the average balance of deposits. The decrease in interest expense on deposits was driven by an increase in lower costing demand deposits and the repricing of existing deposits at reduced rates as a result of the sustained lower interest rate environment as described above. Interest on borrowings decreased \$46,000, or 2.4%, due to a decrease in the average balance of borrowings, partially offset by an increase in the cost of these borrowings.

The Company's net interest margin for the quarter ended June 30, 2022 increased 24 basis points to 3.01%, when compared to 2.77% for the quarter ended June 30, 2021. The weighted average yield on interest-earning assets increased 7 basis points to 3.31% for the quarter ended June 30, 2022 as compared to 3.24% for the quarter ended June 30, 2021. The average cost of interest-bearing liabilities decreased 22 basis points to 0.40% for the quarter ended June 30, 2022 as compared to 0.62% for the quarter ended June 30, 2021. The increase in yields for the quarter ended June 30, 2022, were due to the impact of the rise in interest rates during the quarter, while the decrease in costs were largely driven by the sustained lower interest rate environment until rates began to rise in March 2022. The net interest margin increased for the quarter ended June 30, 2022, as the repricing of interest-bearing liabilities lags in relation to the repricing of yields on interest-earning assets in a rising rate environment.

The provision for credit losses for the quarter ended June 30, 2022 was \$1.5 million, an increase of \$3.3 million, from a reversal of provision for loan loss expense of \$1.8 million recorded for the quarter ended June 30, 2021. The increase in provision for credit losses during the quarter was primarily attributable to an increase in the balances of loans, including \$1.8 million in provision for credit losses recorded on the loans acquired from RSI Bank, and the consideration of economic conditions.

Non-interest income was \$7.7 million for the quarter ended June 30, 2022, a decrease of \$6.7 million, or 46.7%, from \$14.4 million for the quarter ended June 30, 2021. The decrease was primarily attributable to a decrease in income from the gain on the sale of loans of \$8.5 million, and a decrease in income from title insurance fees of \$468,000, partially offset by an increase in demand deposit fees of \$591,000, an increase in BOLI income of \$642,000 due to a death benefit claim, and an increase in the fair value of equity securities of \$631,000. The quarter ended June 30, 2021 included a \$7.7 million gain on the sale of commercial business loans granted as part of the Small Business Administration PPP.

Non-interest expense was \$41.7 million for the quarter ended June 30, 2022, an increase of \$4.1 million, or 10.9%, from \$37.6 million for the quarter ended June 30, 2021. The increase was primarily attributable to an increase in compensation and employee benefits expense of \$5.3 million and an increase in merger-related expenses of \$1.3 million. The increase in compensation and employee benefits expense was due to an increase in staff levels and related personnel benefit costs, mainly due the acquisitions of Freehold Bank in December 2021 and RSI Bank in May 2022. The increase in merger-related expenses was related to the acquisition of RSI Bank. Other non-interest expense for the quarter ended June 30, 2022 included an increase in the credit for net periodic benefit cost of \$2.1 million and a reversal of the provision for credit losses for unfunded commitments of \$488,000.

Income tax expense was \$8.0 million for the quarter ended June 30, 2022, a decrease of \$2.0 million, as compared to \$9.9 million for the quarter ended June 30, 2021, mainly due to a decrease in pre-tax income, and to a lesser extent, a decrease in the Company's effective tax rate. The Company's effective tax rate was 25.7% and 27.1% for the quarters ended June 30, 2022 and 2021, respectively.

Comparison of Results of Operations for the Six Months Ended June 30, 2022 and June 30, 2021

Net income of \$43.4 million was recorded for the six months ended June 30, 2022, a decrease of \$4.4 million, or 9.2%, compared to net income of \$47.7 million for the six months ended June 30, 2021. The decrease in net income was primarily attributable to a \$6.0 million increase in provision for credit losses, an \$8.3 million decrease in non-interest income, and a \$7.2 million increase in non-interest expense, partially offset by a \$14.4 million increase in net interest income and a \$2.7 million decrease in income tax expense.

Net interest income was \$129.2 million for the six months ended June 30, 2022, an increase of \$14.4 million, or 12.6%, from \$114.8 million for the six months ended June 30, 2021. The increase in net interest income was primarily attributable to a \$8.1 million decrease in interest expense, resulting from a decrease in interest expense on deposits and borrowings, coupled with a \$6.3 million

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increase in interest income. The decrease in interest expense on deposits was driven by an increase in lower costing demand deposits and the repricing of existing deposits at reduced rates as a result of the sustained lower interest rate environment until March 2022, when the Federal Reserve announced a 25 basis point increase in the federal funds rate. The subsequent 50 basis point increase in interest rates in May 2022 and the 75 basis point increase in interest rates in June 2022, did not significantly impact interest expense on deposits, as the repricing on deposit products lags in relation to increases in market interest rates. The increase in interest income for the six months ended June 30, 2022 was due to an increase in the average balance of interest-earning assets coupled with the impact of the rise in interest rates during 2022. Prepayment penalties, which are included in interest income on loans, totaled \$2.8 million for the six months ended June 30, 2022, compared to \$2.0 million for the six months ended June 30, 2021.

The average yield on loans for the six months ended June 30, 2022 decreased 14 basis points to 3.65%, as compared to 3.79% for the six months ended June 30, 2021, but increased 3 basis points since March 31, 2022, as interest income grew due to rising interest rates and loan growth. The average yield on securities for the six months ended June 30, 2022 increased 19 basis points to 2.17%, as compared to 1.98% for the six months ended June 30, 2021, as \$135.8 million of higher yielding securities were purchased, and a number of adjustable rate securities tied to various indexes repriced higher during the period. The average yield on other interest-earning assets for the six months ended June 30, 2022 increased 151 basis points to 2.33%, as compared to 0.82% for the six months ended June 30, 2021, as the average cash balances in lower yielding bank accounts decreased during the six months ended June 30, 2022.

Total interest expense was \$12.6 million for the six months ended June 30, 2022, a decrease of \$8.1 million, or 39.2%, from \$20.7 million for the six months ended June 30, 2021. The decrease in interest expense was primarily attributable to a 30 basis point decrease in the average cost of interest-bearing deposits which was partially offset by the impact of the increase in the average balance of deposits. The decrease in interest expense on deposits was driven by an increase in lower costing demand deposits and the repricing of existing deposits at reduced rates as a result of the sustained lower interest rate environment as described above. Interest on borrowings decreased \$746,000, or 18.8%, due to a decrease in the average balance of borrowings, partially offset by an increase in cost of borrowings.

The Company's net interest margin for the six months ended June 30, 2022 increased 21 basis points to 3.00%, when compared to 2.79% for the six months ended June 30, 2021. The weighted average yield on interest-earning assets remained consistent at 3.29% for the six months ended June 30, 2022 and 2021. The average cost of interest-bearing liabilities decreased 28 basis points to 0.39% for the six months ended June 30, 2022 as compared to 0.67% for the six months ended June 30, 2021. The decrease in costs for the six months ended June 30, 2022 were largely driven by the sustained lower interest rate environment until rates began to rise in March 2022. The net interest margin increased for the six months ended June 30, 2022 as the cost of interest-bearing liabilities continued to reprice lower, while the total yield on interest-earning assets remained constant. The net interest margin increased for the six months ended June 30, 2022, as the repricing of interest-bearing liabilities lags in relation to the repricing of yields on interest-earning assets in a rising rate environment.

On January 1, 2022, the Company adopted ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), also known as the Current Expected Credit Loss ("CECL") standard. CECL requires the measurement of all expected credit losses over the life of financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In connection with the adoption of CECL, the Company recognized a cumulative effect adjustment that increased stockholders' equity by \$6.2 million, net of tax. At adoption and on a gross basis, the Company decreased its allowance for credit losses ("ACL") by \$16.8 million for loans, increased its ACL for unfunded commitments, included in other liabilities, by \$7.7 million, and established an ACL for debt securities available for sale of \$490,000. The provision for credit losses for the six months ended June 30, 2022 was \$3.0 million, an increase of \$6.0 million, from a reversal of provision for loan loss of \$3.0 million recorded for the six months ended June 30, 2021. The increase in provision for credit losses during the six months ended June 30, 2022 was primarily attributable to an increase in the balances of loans and the consideration of economic conditions.

Non-interest income was \$14.7 million for the six months ended June 30, 2022, a decrease of \$8.3 million, or 36.0%, from \$23.0 million for the six months ended June 30, 2021. The decrease was primarily attributable to a decrease in income from the gain on the sale of loans of \$10.6 million and a decrease in income from title insurance fees of \$1.1 million, partially offset by an increase in the change in fair value of equity securities of \$1.3 million and an increase in demand deposit fees of \$923,000. The six months ended June 30, 2021 included a \$7.7 million gain on the sale of commercial business loans granted as part of the Small Business Administration PPP.

Non-interest expense was \$82.5 million for the six months ended June 30, 2022, an increase of \$7.2 million, or 9.5%, from \$75.3 million for the six months ended June 30, 2021. The increase was primarily attributable to an increase in compensation and employee benefits expense of \$7.9 million and an increase in merger-related expenses of \$1.4 million. The increase in compensation

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and employee benefits expense was due to an increase in staff levels and related personnel benefit costs, mainly due the acquisitions of Freehold Bank in December 2021 and RSI Bank in May 2022. There was an increase of 110 full time equivalent employees from June 30, 2021 compared to June 30, 2022. The increase in merger-related expenses was related to the acquisition of RSI Bank.

Income tax expense was \$15.1 million for the six months ended June 30, 2022, a decrease of \$2.7 million, as compared to \$17.8 million for the six months ended June 30, 2021, mainly due to a decrease in pre-tax income, and to a lesser extent, a decrease in the Company's effective tax rate. The Company's effective tax rate was 25.8% and 27.2% for the six months ended June 30, 2022 and 2021, respectively.

Asset Quality

The Company's non-performing loans at June 30, 2022 totaled \$4.5 million, or 0.07% of total gross loans, as compared to \$3.9 million, or 0.06% of total gross loans, at December 31, 2021. The \$586,000 increase in non-performing loans was primarily attributable to an increase of \$1.3 million in non-performing one-to-four family loans, partially offset by decreases of \$442,000 and \$275,000, respectively, in non-performing commercial business loans and commercial real estate loans. The increase in non-performing one-to-four family loans was due to an increase in the number of loans from seven non-performing loans at December 31, 2021 to 13 loans at June 30, 2022. The decrease in non-performing commercial business loans was due to a decrease in the number of loans from six non-performing loans at December 31, 2021 to two non-performing loans at June 30, 2022. There was one non-performing commercial real estate loan at both June 30, 2022 and December 31, 2021. Non-performing assets as a percentage of total assets totaled 0.05% at June 30, 2022 as compared to 0.04% at December 31, 2021.

For the quarter ended June 30, 2022, net recoveries totaled \$105,000, as compared to \$245,000 in net charge-offs for the quarter ended June 30, 2021. For the six months ended June 30, 2022, net recoveries totaled \$216,000, as compared to \$1.7 million for the six months ended June 30, 2021.

The Company's allowance for credit losses on loans was \$50.6 million, or 0.73% of total gross loans, at June 30, 2022, compared to \$62.7 million, or 0.99% of total gross loans, at December 31, 2021. The decrease in the allowance for credit losses for loans was primarily attributable to the impact of the initial adoption of the CECL standard on January 1, 2022, which resulted in a decrease to allowance for credit losses on loans of \$16.8 million, partially offset by an increase in provision for credit losses of \$3.0 million recorded during the six months ended June 30, 2022, due to an increase in the balance of loans and consideration of economic conditions.

Critical Accounting Policies

The Company considers certain accounting policies to be critically important to the fair presentation of its Consolidated Statements of Financial Condition and Consolidated Statements of Income. These policies require management to make significant 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 following as critical accounting policies:

- Adequacy of the allowance for credit losses
- Valuation of deferred tax assets
- Valuation of retirement and post-retirement benefits

The calculation of the allowance for credit losses is a critical accounting policy of the Company. 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.

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 through the use of segment-specific loss given default 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

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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 probability of default ("PD") 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 reversion period to historical average macroeconomic factors.

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 segment is measured using an economic forecast, discounted cash flow 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. After quantitative considerations, management applies additional qualitative adjustments so that the allowance for credit loss is reflective of the estimate of lifetime losses that exist in the loan portfolio at the balance sheet date.

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.

The allowance for credit losses on loans individually evaluated for impairment is based upon loans that have been identified through the Company's loan monitoring process. This process includes the review of delinquent, restructured, and charged-off loans.

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, and increases in interest rates in the absence of economic improvement. Any one or a combination of these events may adversely affect a borrower's ability to repay its loan, resulting in increased delinquencies and loan losses. Accordingly, the Company has recorded loan losses at a level which is estimated to represent the current risk in its loan portfolio. Management considers it important to maintain the ratio of the allowance for credit losses to total loans at an acceptable level considering the current composition of the loan portfolio.

Although management believes that the Company has established and maintained the allowance for credit losses at appropriate levels, reserve levels may change if future economic, organizational, and portfolio conditions differ from the current operating environment. Management evaluates its estimates and assumptions on an ongoing basis, and the estimates and assumptions are adjusted when facts and circumstances necessitate a re-valuation of the estimate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. In addition, 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.

The determination of whether deferred tax assets will be realizable is predicated on the reversal of existing deferred tax liabilities, utilization against carry-back years, and projections of future taxable income. These estimates are subject to management's judgment. A valuation allowance is established when management is unable to conclude that it is more likely than not that it will realize deferred tax assets based on the nature and timing of these items. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period enacted. Management believes, based on current facts, that it is more likely than not that there will be sufficient taxable income in future years to realize federal deferred tax assets and that it is more likely than not that the benefits from certain state temporary differences will not be realized. At June 30, 2022 and December 31, 2021, the Company's net deferred tax assets (liabilities) totaled \$19.6 million and \$(9.7) million, respectively, which included a valuation allowance totaling \$2.0 million at both dates. Based upon projections of future taxable income and the ability to carryforward

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operating losses indefinitely, management believes it is more likely than not the Company will realize the remaining deferred tax assets.

The Company provides certain health care and life insurance benefits, along with a split dollar BOLI death benefit, to eligible retired employees. The cost of retiree health care and other benefits during the employees' period of active service are accrued monthly. The accounting guidance requires the following: a) recognize in the statement of financial position the over funded or underfunded status of a defined benefit post-retirement plan measured as the difference between the fair value of plan assets and the benefit obligations; b) measure a plan's assets and its obligations that determine its funded status as of the end of the Company's fiscal year (with limited exceptions); and c) recognizes a component of other comprehensive income (loss), net of tax, the actuarial gain and losses and the prior service costs and credits that arise during the period. These assets and liabilities and expenses are based upon actuarial assumptions including interest rates, rates of increase in compensation, expected rate of return on plan assets and the length of time we will have to provide those benefits. Actual results may differ from these assumptions. These assumptions are reviewed and updated at least annually and management believes the estimates are reasonable.

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Qualitative Analysis. Interest rate risk is defined as the exposure of a Company's current and future earnings and capital arising from movements in market 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, liabilities, earnings and capital.

The Asset/Liability Committee meets regularly 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 and net income.

The Company's strategy for liabilities has been to maintain a stable funding base by focusing on core deposit accounts. 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.

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 changes in net interest income using flat rates as a base 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 changes. The Company periodically reviews historical deposit re-pricing activity and makes modifications to certain assumptions used in its balance sheet and income simulation models regarding the interest rate sensitivity of deposits. These modifications are made to 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.

Assumptions used in the simulation model may include but are not limited to:

- Securities pricing from third parties;
- Loan pricing indications from third parties;
- Loan and depository spread assumptions based upon the Company's product offerings;
- Securities and borrowing spreads based upon third party indications; and
- Prepayment assumptions derived from the Company's actual results and third party surveys.

Certain shortcomings are inherent in the methodologies used in the interest rate risk measurements. Modeling changes in net interest income requires the use of certain assumptions regarding prepayment and deposit repricing, which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. While management believes such assumptions are reasonable, there can be no assurance that assumed prepayment rates and repricing rates will approximate actual future asset prepayment and liability repricing activity.

The table below sets forth an approximation of our interest rate exposure. Net interest income assumes that the composition of interest sensitive assets and liabilities existing at the beginning of a period remains constant over 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 to maturity or repricing of specific assets and liabilities. Accordingly, although the net interest income table provides an indication of our interest rate risk exposure at a particular point in time, such measurement is not intended to and does not provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual.

The table below sets forth, as of June 30, 2022, the net portfolio value, the estimated changes in the net portfolio value, and the net interest income that would result from the designated instantaneous parallel changes in market interest rates. This data is for Columbia Bank and Freehold Bank and its subsidiaries only and does not include any assets of the Company.

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Change in Interest Rates (Basis Points)	Twelve Months Net Interest Income			Net Portfolio Value ("NPV")		
	Amount	Dollar Change	Percent of Change (Dollars in thousands)	Estimated NPV	Present Value Ratio	Percent Change
+300	\$ 268,863	\$ (8,180)	(2.95)%	\$ 1,271,466	15.18 %	(21.66)%
+200	272,122	(4,921)	(1.78)	1,398,794	16.17	(13.82)
+100	274,874	(2,169)	(0.78)	1,515,793	16.97	(6.61)
Base	277,043	—	—	1,623,062	17.60	—
-100	267,735	(9,308)	(3.36)	1,663,307	17.46	2.48

As of June 30, 2022, based on the scenarios above, net interest income would decrease by approximately 1.78% if rates were to rise 200 basis points, and would decrease by 3.36% if rates were to decrease 100 basis points over a one-year time horizon.

Another measure of interest rate sensitivity is to model changes in net portfolio value through the use of immediate and sustained interest rate shocks. As of June 30, 2022, based on the scenarios above, in the event of an immediate and sustained 200 basis point increase in interest rates, the NPV is projected to decrease 13.82%. If rates were to decrease 100 basis points, the model forecasts a 2.48% increase in the NPV.

Overall, our June 30, 2022 results indicate that we are adequately positioned with an acceptable net interest income and economic value at risk in all scenarios and that all interest rate risk results continue to be within our policy guidelines.

Liquidity Management and Capital Resources:

Liquidity Management. Liquidity refers to the Company's ability to generate adequate amounts of cash to meet financial obligations of a short-term and long-term nature. Sources of funds consist of deposit inflows, loan repayments and maturities, maturities and sales of securities, and the ability to execute new borrowings. While maturities and scheduled amortization of loans and securities are predictable sources of funds, deposit flows, calls of debt securities, and prepayments on loans and mortgage-backed securities are influenced by economic conditions, competition, and interest rate movements.

The Company's cash flows are identified as cash flows from operating activities, investing activities and financing activities. Refer to the Consolidated Statements of Cash Flows for further details of the cash inflows and outflows of the Company.

Capital Resources. The Company and its subsidiary banks (Columbia Bank and Freehold Bank) are subject to various regulatory capital requirements administered by the federal banking regulators, including a risk-based capital measure. The Federal Reserve establishes capital requirements, including well capitalized standards, for the consolidated financial holding company, and the Office of the Comptroller of the Currency (the "OCC") has similar requirements for the Company's subsidiary banks. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's Consolidated Statements of Financial Condition.

Federal regulators require federally insured depository institutions to meet several minimum capital standards: (1) total capital to risk-weighted assets of 8.0%; (2) tier 1 capital to risk-weighted assets of 6.0%; (3) common equity tier 1 capital to risk-weighted assets of 4.5%; and (4) tier 1 capital to adjusted total assets of 4.0%. In addition to establishing the minimum regulatory capital requirements, the 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 assets above the amount necessary to meet its minimum risk-based capital requirements. The regulators established a framework for the classification of savings institutions into five categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Generally, an institution is considered well capitalized if it has: a total capital to risk-weighted assets ratio of at least 10.0%, a tier 1 capital to risk-weighted assets ratio of at least 8.0%, a common tier 1 capital to risk-weighted assets ratio of at least 6.5%, and a tier 1 capital to adjusted total assets ratio of at least 5.0%. As of June 30, 2022 and December 31, 2021, each of the Company and the Banks exceeded all capital adequacy requirements to which it is subject.

The following tables presents the Company's, Columbia Bank's and Freehold Bank's actual capital amounts and ratios at June 30, 2022 and December 31, 2021 compared to the Federal Reserve Bank minimum capital adequacy requirements and the Federal Reserve Bank requirements for classification as a well-capitalized institution:

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	Actual		Minimum Capital Adequacy Requirements		Minimum Capital Adequacy Requirements with Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Company	(In thousands, except ratio data)							
At June 30, 2022:								
Total capital (to risk-weighted assets)	\$ 1,145,051	16.43 %	\$ 557,657	8.00 %	\$ 731,925	10.50 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	1,086,231	15.58	418,243	6.00	592,511	8.50	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	1,079,014	15.48	313,682	4.50	487,950	7.00	N/A	N/A
Tier 1 capital (to adjusted total assets)	1,086,231	11.36	382,619	4.00	382,619	4.00	N/A	N/A
At December 31, 2021:								
Total capital (to risk-weighted assets)	\$ 1,104,863	17.13 %	\$ 515,924	8.00 %	\$ 677,151	10.50 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	1,041,650	16.15	386,943	6.00	548,170	8.50	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	1,034,433	16.04	290,207	4.50	451,434	7.00	N/A	N/A
Tier 1 capital (to adjusted total assets)	1,041,650	11.23	370,909	4.00	370,909	4.00	N/A	N/A

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	Actual		Minimum Capital Adequacy Requirements		Minimum Capital Adequacy Requirements with Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(In thousands, except ratio data)								
Columbia Bank								
At June 30, 2022:								
Total capital (to risk-weighted assets)	\$ 1,055,048	15.60 %	\$ 541,217	8.00 %	\$ 710,347	10.50 %	\$ 676,521	10.00 %
Tier 1 capital (to risk-weighted assets)	997,900	14.75	405,912	6.00	575,043	8.50	541,217	8.00
Common equity tier 1 capital (to risk-weighted assets)	997,900	14.75	304,434	4.50	473,565	7.00	439,739	6.50
Tier 1 capital (to adjusted total assets)	997,900	10.76	371,051	4.00	371,051	4.00	463,814	5.00
At December 31, 2021:								
Total capital (to risk-weighted assets)	\$ 962,137	15.39 %	\$ 500,127	8.00 %	\$ 656,417	10.50 %	\$ 625,159	10.00 %
Tier 1 capital (to risk-weighted assets)	898,935	14.38	375,095	6.00	531,385	8.50	500,127	8.00
Common equity tier 1 capital (to risk-weighted assets)	898,935	14.38	281,322	4.50	437,611	7.00	406,353	6.50
Tier 1 capital (to adjusted total assets)	898,935	9.80	366,961	4.00	366,961	4.00	458,701	5.00
Freehold Bank								
At June 30, 2022:								
Total capital (to risk-weighted assets)	\$ 43,562	23.08 %	\$ 15,100	8.00 %	\$ 19,819	10.50 %	\$ 18,875	10.00 %
Tier 1 capital (to risk-weighted assets)	41,889	22.19	11,325	6.00	16,044	8.50	15,100	8.00
Common equity tier 1 capital (to risk-weighted assets)	41,889	22.19	8,494	4.50	13,212	7.00	12,269	6.50
Tier 1 capital (to adjusted total assets)	41,889	14.71	11,391	4.00	11,391	4.00	14,238	5.00
At December 31, 2021:								
Total capital (to risk-weighted assets)	\$ 41,549	22.87 %	\$ 14,534	8.00 %	\$ 19,076	10.50 %	\$ 18,168	10.00 %
Tier 1 capital (to risk-weighted assets)	41,537	22.86	10,901	6.00	15,443	8.50	14,534	8.00
Common equity tier 1 capital (to risk-weighted assets)	41,537	22.86	8,176	4.50	12,717	7.00	11,809	6.50
Tier 1 capital (to adjusted total assets)	41,537	13.71	12,118	4.00	12,118	4.00	15,147	5.00

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Item 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of June 30, 2022. In designing and evaluating the Company's disclosure controls and procedures, the Company and its management recognize that any controls and procedures, no matter how well-designed and operated, can provide only a reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating and implementing possible controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

During the quarter ended June 30, 2022, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various legal actions and claims arising in the normal course of business. In the opinion of management, these legal actions and claims are not expected to have a material adverse impact on the Company's financial condition.

Item 1A. Risk Factors

For information regarding the Company's risk factors, refer to the Risk Factors previously disclosed under Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the Securities and Exchange Commission. As of June 30, 2022, the risk factors of the Company have not materially changed from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table reports information regarding repurchases of the Company's common stock during the quarter ended June 30, 2022:

Period	Total Number of Shares (2)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 - 30, 2022	292,587	\$ 21.23	290,855	3,499,565
May 1 - 31, 2022	711,574	20.14	710,900	2,788,665
June 1 - 30, 2022	524,169	21.10	521,393	2,267,272
Total	1,528,330	\$ 20.68	1,523,148	

(1) On December 6, 2021, the Company announced that its Board of Directors authorized a new stock repurchase program to acquire up to 5,000,000 shares, or approximately 4.6%, of the Company's then issued and outstanding common stock, commencing upon the completion of the Company's stock repurchase program announced on February 1, 2021. On December 21, 2021, the Company completed the repurchases under the previous stock repurchase program.

(2) During the three months ended June 30, 2022, 5,182 shares were repurchased pursuant to forfeitures related to the 2019 Equity Incentive Plan and not as part of a share repurchase program.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed in the Exhibit Index (following the signatures section of this report) are included in, or incorporated by reference into this Quarterly Report on Form 10-Q.

Exhibit Index

10.1	<u>Employment Agreement between Columbia Financial, Inc., Columbia Bank and Jenifer W. Walden</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.0	The following materials from the Company's Quarterly Report to Stockholders on Form 10-Q for the quarter ended June 30, 2022, formatted in inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Changes in Stockholder's Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to the Consolidated Financial Statements.
101. INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101. SCH	Inline XBRL Taxonomy Extension Schema Document
101. CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101. PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

Columbia Financial, Inc.

Date: August 9, 2022

/s/Thomas J. Kemly
Thomas J. Kemly
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2022

/s/Dennis E. Gibney
Dennis E. Gibney
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into on May 27, 2022, by and between Columbia Financial, Inc. (the "Company"), a Delaware corporation, Columbia Bank (the "Bank"), a federal savings bank, and Jenifer W. Walden (the "Executive").

Background

- A. The Company and the Bank wish to employ the Executive on the terms and conditions provided herein, and the Executive wishes to continue in such capacity on the terms and conditions provided herein.
- B. The Company and the Bank wish to encourage the Executive to devote her full time and attention to the faithful performance of her responsibilities and pursuing the best interests of the Company and the Bank.
- C. The Company and the Bank will employ the Executive in a position of trust and confidence and expect the Executive to become acquainted with the Company's Business, its officers and employees, its strategic and operating plans, its business practices, processes, and relationships, the needs and expectations of its Customers and Prospective Customers, and its trade secrets and other property, including Confidential Information ("Company's Business," "Customers," "Prospective Customers" and "Confidential Information" are defined in Section 11 below).

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement agree as follows:

1. **Term.** This Agreement shall become effective June 13, 2022 (the "Effective Date"). The initial term of this Agreement shall begin on the Effective Date and shall continue until the second anniversary of the Effective Date. On April 1, 2023, the term of the Agreement shall be extended through April 1, 2025, and on April 1, 2024, and each April 1st thereafter the term of this Agreement shall be extended by twelve (12) months, in each case unless the disinterested members of the boards of directors of the Company and the Bank (the "Company Board" and "Bank Board", respectively) or the Executive shall have provided notice to the other party at least sixty (60) days before such date that the term shall not be extended. The period during which the Executive is employed by the Company and the Bank pursuant to this Agreement, including all extensions thereof, is hereinafter referred to as the "Term." Notwithstanding the preceding provisions of this Section, if a Change of Control occurs during the Term, the Term shall not end before the first anniversary of the Change of Control; provided, however, this sentence shall apply only to the first Change of Control to occur while this Agreement is in effect. The Executive's direct supervisor shall conduct a comprehensive performance evaluation and review of the Executive annually, in consultation with the Chief Executive Officer of the Bank (the "CEO"). The Bank Board will review such performance evaluation for purposes of determining whether to extend the Agreement for an additional twelve (12) months, and the rationale and results thereof shall be included in the minutes of the meeting of the Bank Board.
2. **Position and Duties.** At all times during the Term, the Executive shall (i) serve as Executive Vice President, Chief Human Resources Officer, of the Bank, reporting to the Senior Executive Vice President, Chief Operations Officer, or in such other position as determined by the CEO, and, in such capacity, shall perform such duties and have such responsibilities as is typical for such position, as well as any other

reasonable duties as may be assigned to her from time to time, and (ii) diligently and conscientiously devote substantially all of her business time, energy, and ability to her duties and the business of the Company and the Bank and will not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or materially interfere with the performance of such services either directly or indirectly without the prior written consent of the Bank Board, and (iii) comply with all directions from the Company Board, the Bank Board, the CEO and any other executive to whom Executive reports from time to time (other than directions that would require an illegal or unethical act or omission) and all applicable policies and regulations of the Company and the Bank. Notwithstanding the foregoing, the Executive will be permitted to (a) with the prior written consent of the Bank Board (not to be unreasonably withheld) act or serve as a director, trustee, committee member, or principal of any type of business, civic or charitable organization as long as such activities are disclosed in writing to the Bank Board, and (b) purchase or own less than two percent (2%) of the publicly traded securities of any entity which has the potential to be a competitor of the Company or the Bank or an unlimited ownership interest in any entity which is not similar to and does not have the potential to compete with the Company or the Bank; provided that, such ownership represents a passive investment and that the Executive is not a controlling person of, or a member of a group that controls, such entity; and provided further that, the activities described in clauses (a) and (b), in each case and in the aggregate, do not materially interfere with the performance of the Executive's material duties and responsibilities as provided hereunder. The Executive has disclosed all such business, civic, and charitable organizations for which she serves as of the Effective Date, and it is hereby acknowledged that, as of the Effective Date, the same do not currently conflict with, and are not expected to interfere with, the Executive's duties hereunder. For purposes of this Agreement, all references to either the Company Board or the Bank Board shall be deemed to include references to all committees of either such Board.

3. **Compensation, Benefits and Expenses.** During the Term, the Bank shall compensate the Executive for her services as provided in this Section 3. Unless otherwise determined by the Company Board, all payments and benefits provided in this Agreement shall be paid or provided solely by the Bank. Notwithstanding anything in this Agreement to the contrary, no provision of this Agreement shall be construed so as to result in the duplication of any payment or benefit. Unless otherwise determined by the Company Board, the Company's sole obligation under this Agreement shall be to unconditionally guarantee the payment and provision of all amounts and benefits due hereunder to Executive, and the affirmative obligations of the Company as set forth at Section 3(h), herein, with respect to Indemnification, and, if such amounts and benefits due from the Bank are not timely paid or provided by the Bank, such amounts and benefits shall be paid or provided by the Company.

(a) **Base Salary.** The Bank shall pay the Executive an annual base salary at the rate of \$270,000 (partial years prorated) payable in substantially equal installments in accordance with the Bank's customary payroll practices regarding the payment of base salary to executives but no less frequently than monthly (except to the extent the Executive has properly deferred such base salary pursuant to a Bank deferred compensation plan or arrangement, if any). The Executive's base salary shall be reviewed at least annually by the Bank Board in consultation with the CEO, and the Bank Board may increase but not decrease the base salary during the Term. In the absence of action by the Bank Board, the Executive shall continue to receive an annual base salary at the rate specified above on the Effective Date or, if another rate has been established under this Section 3(a), the rate last properly established by action of the Bank Board under this Section 3(a). The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "**Base Salary.**"

(b) **Annual Bonuses.** For the completed fiscal year of the Bank ("**Fiscal Year**") commencing on January 1, 2022, and each other completed Fiscal Year commencing during the Term, the Executive

shall have the opportunity to earn an annual bonus pursuant to the Columbia Bank Performance Achievement Incentive Program or any successor plan thereto (the "PAIP"), as the terms of the PAIP may be revised from time to time, based on achievement of annual performance goals established by the Bank Board in its discretion (an "Annual Bonus") with a target amount determined annually based on review of market data for similarly situated executives (a "Target Bonus"). [For the Fiscal Year commencing January 1, 2022, the Executive's Target Bonus will be equal to 50% of Base Salary as in effect on the Effective Date (prorated for the Executive's period of employment with the Bank in 2022).

(d) **Long-Term Equity Incentive Awards.** Subject to approval of the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") and the Board, the Executive will be granted equity awards ("Equity Awards") under the Company's 2019 Equity Incentive Plan ("Equity Plan") in three installments, each as described in the tables below with an aggregate value of \$80,000 as of the grant date of each installment (for a total value of \$240,000), with such value determined as specified in the tables below. The first installment will be granted as soon as practicable on or after the Effective Time and the second and third installments will be granted as soon as practicable on or after the first and second anniversaries of the Effective Time, respectively, provided that an installment will be granted to the Executive only if the Executive remains employed with the Bank until the grant date for such installment. The Equity Awards shall be governed by the terms and conditions of the Equity Plan, as it may be amended or replaced from time to time, and the award agreements evidencing the Equity Awards.

Restricted Stock	Value	Vesting Schedule	# of Shares
Time Based	\$40,000	1/3 on first anniversary of grant date, 1/3 on second anniversary of grant date, and remainder on the third anniversary of the grant date, all conditioned upon continued employment	To be determined based on Fair Market Value (within the meaning of the Equity Plan) of a share of Company's common stock ("FMV") on grant date of such award

Stock Options	Value	Vesting Schedule	Per Share Exercise Price	# of Options
Time Based	\$40,000	1/3 on first anniversary of grant date, 1/3 on second anniversary of grant date, and the remainder on the third anniversary of the grant date, all conditioned upon continued employment	FMV on grant date of such award	To be determined based on Black-Scholes value, as determined by Compensation Committee and Board in their good faith discretion

(e) **Employee Benefits.** During the Term, the Executive will be entitled to participate in or receive benefits under any employee benefit plan, program, arrangement or practice made available by the Company or the Bank in the future to any member of the Company's and the Bank's executive leadership teams (the "ELT"), subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(f) **Vacation.** For calendar year 2022, the Executive shall be eligible for three (3) weeks of paid vacation in accordance with the Bank's vacation policies, as in effect from time to time. For later calendar years commencing during the Term, the Executive shall be eligible for five (5) weeks of paid vacation per calendar year (prorated for partial years) in accordance with the Bank's vacation policies, as in effect from time to time.

(g) **Business Expenses.** The Executive shall be eligible for reimbursement of all reasonable and necessary out-of-pocket business, entertainment and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Bank's expense reimbursement policies and procedures for ELT members.

(h) **Indemnification.** The Bank and the Company shall provide the Executive (including her heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at their expense and each such party shall indemnify the Executive (and her heirs, executors and administrators) to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of her having been a director or officer of the Company or the Bank (whether or not he continues to be a director or officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the costs of reasonable settlements.

4. Termination of Employment.

(a) Subject to its payment obligations under this Section and Section 5 or 6, if applicable, the Company and the Bank may terminate the Executive's employment with the Company and the Bank and this Agreement at any time, with or without Cause (as defined in subsection (b) below), by providing at least thirty (30) days prior written notice (with the exception of a termination for Cause, for which no prior written notice is required) setting forth the provision of the Agreement under which the Company and the Bank intend to terminate the Executive's employment and that satisfies any additional specific notice provisions under such provision. The Executive may voluntarily terminate her employment with the Company and the Bank and this Agreement at any time, with or without Good Reason (as defined in subsection (c) below), by providing at least thirty (30) days prior written notice to the Company and the Bank setting forth the provision of the Agreement under which the Executive intends to terminate the Executive's employment and that satisfies any additional specific notice provisions under such provision. Upon termination of the Executive's employment and this Agreement during the Term, the Executive shall be entitled to the following in addition to any benefits payable under Section 5 or 6, as applicable, and shall have no further rights to any compensation or any other benefits from the Company or the Bank or any other affiliate of the Company:

(i) Any earned but unpaid Base Salary through the effective date of the Executive's termination of employment with the Company and the Bank (the "Termination Date"), paid in accordance with Section 3(a).

(ii) Provided that the Executive applies for reimbursement in accordance with the Bank's established reimbursement policies (within the period required by such policies but under no circumstances less than thirty (30) days after her Termination Date), the Bank shall pay the Executive any reimbursements to which he is entitled under such policies.

(iii) Any benefits (other than severance) payable to the Executive under any of the Bank's incentive compensation or employee benefit plans or programs shall be payable in accordance with the provisions of those plans or programs.

(iv) All rights to indemnification and directors and officers liability insurance provided under Section 3(h).

Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer of the Company or the Bank or of any other affiliate of the Company.

(b) For purposes of this Agreement, "Cause" means the occurrence of any of the following during the Term:

(i) the Executive's personal dishonesty, act or failure to act constituting willful misconduct or gross negligence, that is materially injurious to the Company or the Bank or their reputation, breach of fiduciary duty involving personal profit, or willful violation of any law, rule, regulation (other than traffic violations or similar offenses), final cease and desist order;

(ii) the Executive's material failure to perform the duties of her employment with the Company or the Bank (except in the case of a termination of the Executive's employment for Good Reason or on account of the Executive's physical or mental inability to perform such duties) and the failure to correct such failure within thirty (30) days after receiving written notice from the Bank specifying such failure in detail;

(iii) the Executive's willful failure to comply with any valid and legal written directive of the Company Board, the Bank Board or the CEO;

(iv) the Executive's willful and material violation of the Company's or the Bank's code of ethics or conduct policies which results in material harm to the Company or the Bank;

(v) the Executive's failure to follow the policies and standards of the Company, the Bank or any affiliate of the Company or the Bank as the same shall exist from time to time, provided that the Executive shall have received written notice from the Company or the Bank or the relevant affiliate of such failure and such failure shall have continued or recurred for ten (10) days following the date of such notice;

(vi) the written requirement or direction of a federal or state regulatory agency having jurisdiction over the Company or the Bank or any other affiliate of the Company that the Executive's employment with the Company or the Bank be terminated;

(vii) the Executive's conviction of or plea of nolo contendere to (i) a felony or (ii) a lesser criminal offense involving dishonesty, breach of trust, or moral turpitude; or

(viii) the Executive's intentional breach of a term, condition, or covenant of this Agreement that results in material harm to the Company or the Bank and the failure to correct such violation within thirty (30) days after receipt of written notice from the Bank specifying such breach in detail.

For purposes of this definition, no act or failure to act shall be considered "willful" if the Executive acted or failed to act either (i) in good faith or (ii) with a reasonable belief that her act or failure to act was not opposed to the Company's and Bank's best interests.

(c) For purposes of this Agreement, "Good Reason" means the occurrence of any of the following during the Term without the express written consent of the Executive:

(i) a material reduction in the Executive's Base Salary or Target Bonus under the PAIP, if applicable, except for reductions proportionate with similar reductions to all other members of the ELT;

(ii) a change in the primary location at which the Executive is required to perform the duties of her employment with the Company and the Bank to a location that is more than thirty (30) miles from the location of the Bank's headquarters on the Effective Date;

(iii) a material adverse change in Executive's position that results in a demotion in the Executive's status within the Bank and the Company; or

(iv) a material breach by the Company or the Bank of this Agreement or any other written agreement between the Executive, on the one hand, and any of the Company or the Bank or any other affiliate of the Company, on the other hand, unless arising from the Executive's inability to materially perform her duties contemplated hereunder.

5. Non-Change of Control Severance Benefit.

(a) Subject to (i) the Executive's timely execution and filing of a Release in accordance with Section 18, (ii) the expiration of any applicable waiting periods contained herein, and (iii) the following provisions of this Section 5, the Bank shall provide the Executive with the payments and benefits set forth in this Section 5 if, during the Term and before the occurrence of a Change of Control, either (1) the Company and the Bank terminate the Executive's employment with the Company and the Bank and this Agreement other than pursuant to Section 8, or (2) the Executive terminates her employment with the Company and the Bank and this Agreement for Good Reason pursuant to Section 9. Notwithstanding the preceding provisions of this subsection (a), the Executive shall not be entitled to severance benefits pursuant to this Section 5 if she is entitled to severance benefits pursuant to Section 6. Any amount payable to the Executive pursuant to this Section 5 is in addition to amounts already owed to the Executive by the Bank and is in consideration of the covenants set forth in this Agreement and/or the Release.

(b) The Bank shall pay to the Executive an amount equal to one (1) times the sum of Executive's Base Salary and Target Bonus in effect on the Termination Date, with such amount paid as salary continuation in substantially equal installments over the twelve (12) month period following the Termination Date in accordance with the Bank's customary payroll practices regarding the payment of base salary to executives but no less frequently than monthly (i.e., as if the Executive were still employed and receiving Base Salary pursuant to Section 3(a) of this Agreement), except that the first payment shall

be made within 60 days following the Termination Date and shall include all installments that would have been paid earlier had the installment stream commenced immediately following the Termination Date.

(c) If the Executive timely and properly elects continued Bank-provided group health plan coverage pursuant to the Consolidated Omnibus Reconciliation Act of 1985, as amended ("COBRA"), the Bank shall reimburse the Executive in an after-tax amount (determined using an assumed aggregate tax rate of 40%) equal to the monthly COBRA premium paid by the Executive for such coverage less the active employee premium for such coverage. Executive shall be eligible to receive such reimbursement until the earliest of: (i) the period of time used to calculate the Executive's severance pay pursuant to Section 5(b); (ii) the date Executive is no longer eligible to receive COBRA continuation coverage; or (iii) the date on which Executive either receives or becomes eligible to receive substantially similar coverage from another employer.

(d) The Bank shall pay to the Executive any unpaid Annual Bonus for the completed Fiscal Year preceding the Fiscal Year in which the Termination Date occurs, calculated by taking into account the degree of achievement of the applicable objective performance goals for such preceding Fiscal Year (the "Prior Year Bonus"), in a lump sum on the date on which the Annual Bonus would have been paid to the Executive but for the Executive's termination of employment.

(e) The treatment of any outstanding Equity Award or other equity incentive award shall be determined in accordance with the terms of the applicable equity incentive plan and the applicable award agreements evidencing such awards.

6. Change of Control Severance Benefit.

(a) Subject to (i) the expiration of any applicable waiting periods contained herein, and (ii) the following provisions of this Section 6, the Bank shall provide the Executive with the payments and benefits set forth in this Section 6, in lieu of severance payments or benefits under Section 5, if, during the Term and concurrent with or within twenty-four (24) months after a Change of Control (as defined in subsection (g) below), either (A) the Company and the Bank terminate the Executive's employment with the Company and the Bank and this Agreement other than pursuant to Section 8, or (B) the Executive terminates her employment with the Company and the Bank and this Agreement for Good Reason pursuant to Section 9.

(b) Within 60 days following the Termination Date, the Bank shall pay to the Executive a single lump sum payment in an amount equal to two (2) times the sum of the Executive's annual Base Salary, at the greater of the Base Salary in effect on the Change of Control Date (as defined in subsection (h) below) or her Termination Date, and the Executive's Target Bonus, at the greater of her Target Bonus in effect on the Change in Control Date or Termination Date.

(c) Within 60 days following the Termination Date, the Bank shall pay to the Executive a single lump sum payment in an after-tax amount (determined using an assumed aggregate tax rate of 40%) equal to twenty-four (24) times the Bank's monthly COBRA charge in effect on the Termination Date for the type of Bank-provided group health plan coverage in effect for the Executive (e.g., family coverage) on the Termination Date less the active employee charge for such coverage in effect on the Termination Date.

(d) The Bank shall pay to the Executive any Prior Year Bonus in a lump sum on the date on which the Annual Bonus would have been paid to the Executive but for Executive's termination of employment; and

(e) The treatment of any outstanding Equity Award or other equity incentive award shall be determined in accordance with the terms of the applicable equity incentive plan and the applicable award agreements evidencing such awards.

(f) If payments to the Executive pursuant to this Agreement would result in total Parachute Payments (as defined in Section 7) to the Executive, whether or not made pursuant to this Agreement, with a value (as determined pursuant to Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and the guidance thereunder) equal to or greater than Executive's Parachute Payment Limit (as defined in Section 7), the provisions of Section 7 shall apply as if set out in this Section 6.

(g) For purposes of this Agreement, "Change in Control" means the first occurrence of any of the following events during the Term:

(i) the acquisition by any person (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 ("Act")), other than by Columbia Bank MHC, the Company, the Bank, any other subsidiary of the Company, and any employee benefit plan of the Company or the Bank or any other subsidiary of the Company, of fifty percent (50%) or more of the combined voting power entitled to vote generally in the election of the directors of the Company's or the Bank's then outstanding voting securities;

(ii) the persons who were serving as the members of the Company Board or Bank Board immediately prior to the commencement of a proxy contest relating to the election of directors or a tender or exchange offer for voting securities of the Company or the Bank, as applicable ("Incumbent Directors"), shall cease to constitute at least a majority of such board (or the board of directors of any successor to the Company or the Bank, as applicable) at any time within one year of the election of directors as a result of such contest or the purchase or exchange of voting securities of the Company or the Bank, as applicable, pursuant to such offer, provided that any director elected or nominated for election to the Company Board or Bank Board, as applicable, by a majority of the Incumbent Directors then still in office and whose nomination or election was not made at the request or direction of the person(s) initiating such contest or making such offer shall be deemed to be an Incumbent Director for purposes of this subsection (ii); or

(iii) a sale, transfer, or other disposition of all or substantially all of the assets of the Company or the Bank which is consummated and immediately following which the persons who were the owners of the Company or the Bank, as applicable, immediately prior to such sale, transfer, or disposition, do not own, directly or indirectly and in substantially the same proportions as their ownership immediately prior to the sale, transfer, or disposition, more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of (i) the entity or entities to which such assets or ownership interest are sold or transferred or (ii) an entity that, directly or indirectly, owns more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the entities described in clause (i).

Notwithstanding anything herein to the contrary, the issuance of common stock by the Company or the Bank shall not be deemed to be a Change in Control nor shall any subsequent "second-step" conversion and stock issuance be deemed to be a Change in Control for purposes of this Agreement.

8. Termination of Employment by the Company and the Bank for Cause, Death or Disability.

(a) The Company and the Bank may initiate the termination of the Executive's employment with the Company and the Bank and this Agreement for Cause at any time. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to him a notice of termination which shall include a copy of a resolution duly adopted by the affirmative vote of not less than a simple majority of all of the members of the Company Board and Bank Board at a meeting of each such board called and held for that purpose, finding that in the good faith opinion of such board, Executive was guilty of conduct justifying termination for Cause and specifying the particulars thereof in detail. Executive shall not have the right to receive compensation or other benefits for any period after termination for Cause except as provided in Section 4 of this Agreement.

(b) If the Executive dies before the termination of her employment with the Company and the Bank, her employment and this Agreement shall terminate automatically on the date of her death. In the case of a termination of the Executive's employment with the Company and the Bank on account of death, (i) the Executive shall remain entitled to life insurance benefits pursuant to the Bank's plans, programs, arrangements and practices in this regard, (ii) the Bank shall pay the Executive's beneficiary (as such beneficiary is specified under the Bank's 401(k) retirement plan) an amount equal to one (1) times the sum of the Executive's Base Salary and Target Bonus in effect on the Termination Date in a lump sum within 60 days following the Termination Date, and (iii) the Executive shall not be entitled to severance benefits or payments pursuant to Sections 5 or 6.

(c) The Company and the Bank may initiate the termination of the Executive's employment with the Company and the Bank and this Agreement for Disability at any time. In the case of a termination of the Executive's employment with the Company and the Bank on account of Disability, (i) the Executive shall remain entitled to long-term disability benefits pursuant to the Bank's plans, programs, arrangements and practices in this regard (collectively, the "LTD Plan"), (ii) the Bank shall pay the Executive an amount equal to one (1) times the sum of the Executive's Base Salary and Target Bonus in effect on the Termination Date less the amount expected to be paid under the LTD Plan for the one (1) year period following the Termination Date, with such net amount paid as salary continuation in substantially equal installments over the twelve (12) month period following the Termination Date in accordance with the Bank's customary payroll practices regarding the payment of base salary to executives but no less frequently than monthly (i.e., as if the Executive were still employed and receiving Base Salary pursuant to Section 3(a) of this Agreement), except that the first payment shall be made within 60 days following the Termination Date and shall include all installments that would have been paid earlier had the installment stream commenced immediately following the Termination Date, and (iii) the Executive shall not be entitled to severance benefits or payments pursuant to Sections 5 or 6.

(d) For purposes of this Agreement, "Disability" will occur on the date on which the insurer or administrator of the Bank's program of long-term disability insurance determines that the Executive is eligible to commence benefits under such insurance.

9. Resignation by Executive for Good Reason. If an event of Good Reason occurs during the Term, the Executive may, at any time within the ninety (90) day period following the initial occurrence of such event, provide the CEO with a written notice of termination specifying the event of Good Reason and notifying the Company and the Bank of her intention to terminate her employment with the Company and the Bank upon the Company's and the Bank's failure to correct the event of Good Reason within thirty (30) days following receipt of the Executive's notice of termination. If the Company and the Bank fails to correct the event of Good Reason and provide the Executive with notice of such correction within such

thirty (30) day period, the Executive's employment with the Company and the Bank and this Agreement shall terminate as of the end of such period and the Executive shall be entitled to benefits as provided in Section 4 and Section 5 or 6, as applicable.

10. Withholding and Taxes. The Company and the Bank may withhold from any payment made hereunder (i) any taxes that the Company or the Bank reasonably determines are required to be withheld under federal, state, or local tax laws or regulations, and (ii) any other amounts that the Company or the Bank is authorized to withhold. Except for employment taxes that are the obligation of the Company or the Bank, the Executive shall pay all federal, state, local, and other taxes (including, without limitation, interest, fines, and penalties) imposed on him under applicable law by virtue of or relating to the payments and/or benefits contemplated by this Agreement, subject to any reimbursement provisions of this Agreement.

11. Use and Disclosure of Confidential Information.

(a) The Executive acknowledges and agrees that (i) by virtue of her employment with the Company and the Bank, he will be given access to, and will help analyze, formulate or otherwise use, Confidential Information, (ii) the Company and the Bank have devoted (and will devote) substantial time, money, and effort to develop Confidential Information and maintain the proprietary and confidential nature thereof, and (iii) Confidential Information is proprietary and confidential and, if any Confidential Information were disclosed or became known by persons engaging in a business in any way competitive with the Company's Business, such disclosure would result in hardship, loss, irreparable injury, and damage to the Company or the Bank, the measurement of which would be difficult, if not impossible, to determine. Accordingly, the Executive agrees that (i) the preservation and protection of Confidential Information is an essential part of her duties of employment and that, as a result of her employment with the Company and the Bank, he has a duty of fidelity, loyalty, and trust to the Company and the Bank in safeguarding Confidential Information. The Executive further agrees that he will use her best efforts, exercise utmost diligence, and take all reasonable steps to protect and safeguard Confidential Information, whether such information derives from the Executive, other employees of the Company or the Bank, Customers, Prospective Customers, or vendors or suppliers of the Company or the Bank, and that he will not, directly or indirectly, use, disclose, distribute, or disseminate to any other person or entity or otherwise employ Confidential Information, either for her own benefit or for the benefit of another, except as required in the ordinary course of her employment by the Company and the Bank. The Executive shall follow all Company and Bank policies and procedures to protect all Confidential Information and shall take all reasonable precautions necessary under the circumstances to preserve and protect against the prohibited use or disclosure of any Confidential Information.

(b) For purposes of this Agreement, "Confidential Information" means the following:

(i) materials, records, documents, data, statistics, studies, plans, writings, and information (whether in handwritten, printed, digital, or electronic form) relating to the Company's Business that are not generally known or available to the Company's business, trade, or industry or to individuals who work therein other than through a breach of this Agreement, or

(ii) trade secrets of the Company or the Bank.

Confidential Information also includes, but is not limited to: (1) information about Company or Bank employees; (2) information about the Company's or the Bank's compensation policies, structure, and implementation; (3) hardware, software, and computer programs and technology used by the Company or the Bank; (4) Customer and Prospective Customer identities, lists, and databases, including private

information related to customer history, loan activity, account balances, and financial information; (5) strategic, operating, and marketing plans; (6) lists and databases and other information related to the Company's or the Bank's vendors; (7) policies, procedures, practices, and plans related to pricing of products and services; and (8) information related to the Company's or the Bank's acquisition and divestiture strategy. Information or documents that are generally available or accessible to the public shall be deemed Confidential Information, if the information is retrieved, gathered, assembled, or maintained by the Company or the Bank in a manner not available to the public or for a purpose beneficial to the Company or the Bank.

(c) For purposes of this Agreement, "Company's Business" means, collectively, the products and services provided by the Company or the Bank or any other affiliate of the Company, including, but not limited to, lending activities (including individual loans consisting primarily of home equity lines of credit, residential real estate loans, and/or consumer loans, and commercial loans, including lines of credit, real estate loans, letters of credit, and lease financing) and depository activities (including noninterest-bearing demand, NOW, savings and money market, and time deposits), debit and ATM cards, merchant cash management, internet banking, treasury services, (including investment management, wholesale funding, interest rate risk, liquidity and leverage management and capital markets products) and other general banking services.

(d) For purposes of this Agreement, "Customer" means a person or entity who is a customer of the Company or the Bank at the time of the Executive's termination of employment or with whom the Executive had direct contact on behalf of the Company or the Bank at any time during the period of the Executive's employment with the Company and the Bank.

(e) For purposes of this Agreement, "Prospective Customer" means a person or entity who was the direct target of sales or marketing activity by the Executive or whom the Executive knew was a target of the Company's or the Bank's sales or marketing activities during the one-year period preceding the termination of the Executive's employment with the Company and the Bank.

(f) The confidentiality obligations contained in this Agreement shall continue as long as Confidential Information remains confidential (except that the obligations shall continue, if Confidential Information loses its confidential nature through improper use or disclosure, including but not limited to any breach of this Agreement and such use or disclosure is known to the Executive) and shall survive the termination of this Agreement and/or termination of the Executive's employment with the Company and the Bank.

12. Nondisparagement. The Executive agrees not to make any oral or written statement or take any other action that disparages or criticizes the Company or the Bank or their management or practices, that damages the Company's or the Bank's good reputation, or that impairs the normal operations of the Company or the Bank. The Executive understands that this nondisparagement provision does not apply on occasions when the Executive is subpoenaed or ordered by a court or other governmental authority to testify or give evidence and must, of course, respond truthfully, to conduct otherwise protected by the Sarbanes-Oxley Act, or to conduct or testimony in the context of enforcing the terms of this Agreement or other rights, powers, privileges, or claims not released by this Agreement. The Executive also understands that the foregoing nondisparagement provision does not apply on occasions when the Executive provides truthful information in good faith to any federal, state, or local governmental body, agency, or official investigating an alleged violation of any antidiscrimination or other employment-related law or otherwise gathering information or evidence pursuant to any official investigation, hearing, trial, or proceeding. Nothing in this nondisparagement provision is intended in any way to intimidate, coerce, deter, persuade,

or compensate the Executive with respect to providing, withholding, or restricting any communication whatsoever to the extent prohibited under 18 U.S.C. §§ 201, 1503, or 1512 or under any similar or related provision of state or federal law. In addition, nothing in this provision is intended to require the Executive to provide notice to the Company or the Bank or their attorneys before reporting any possible violations of federal law or regulation to any governmental agency or entity ("Whistleblower Disclosures"), and the Executive is not required to notify the Company or the Bank or their attorneys that the Executive has made any such Whistleblower Disclosures. The Company and the Bank agree not to make any oral or written statement or take any other action that disparages or criticizes the Executive or her good reputation both during the period of employment of the Executive with the Bank and the Company and at any time thereafter.

13. Ownership of Documents and Return of Materials At Termination of Employment.

(a) Any and all documents, records, and copies thereof, including but not limited to hard copies or copies stored digitally or electronically, pertaining to or including Confidential Information (collectively, "Company Documents") that are made or received by the Executive during her employment with the Company and the Bank shall be deemed to be property of the Company and the Bank. The Executive shall use Company Documents and information contained therein only in the course of her employment with the Company and the Bank and for no other purpose. The Executive shall not use or disclose any Company Documents to anyone except as authorized in the course of her employment and in furtherance of the Company's Business.

(b) Upon termination of employment, the Executive shall deliver to the Company and the Bank, as soon as practicably possible (with or without request) all Company Documents and all other Company and Bank property in the Executive's possession or under her custody or control.

14. Non-Solicitation of Customers and Employees. The Executive agrees that during the Term and for a period of two (2) years following the termination of the Executive's employment with the Company and the Bank (including but not limited to by reason of retirement), other than a termination of the Executive's employment with the Company and the Bank following a Change in Control, the Executive shall not, directly or indirectly, individually or jointly, (i) solicit in any manner, seek to obtain or service, or accept the business of any Customer for any product or service of the type offered by the Company or the Bank or competitive with the Company's Business, (ii) solicit in any manner, seek to obtain or service, or accept the business of any Prospective Customer for any product or service of the type offered by the Company or the Bank or otherwise competitive with the Company's Business, (iii) request or advise any Customer, Prospective Customer, or supplier of the Company or the Bank to terminate, reduce, limit, or change its business or relationship with the Company or the Bank, or (iv) induce, request, or attempt to influence any employee of the Company or the Bank to terminate her employment with the Company or the Bank.

15. Covenant Not to Compete. The Executive hereby understands and acknowledges that, by virtue of her position with the Company and the Bank, he has obtained advantageous familiarity and personal contacts with Customers and Prospective Customers, wherever located, and the business, operations, and affairs of the Company and the Bank. Accordingly, during the term of this Agreement and, except as provided in the last sentence of this Section 15, for a period of one (1) year following the termination of her employment with the Company and the Bank (including but not limited to by reason of retirement) ("Restriction Period"), other than a termination of the Executive's employment with the Company and the Bank following a Change in Control, the Executive shall not, directly or indirectly, except as agreed to by duly adopted resolution of the Bank Board:

(a) as owner, officer, director, stockholder, investor, proprietor, organizer, employee, agent, representative, consultant, independent contractor, or otherwise, engage in the same trade or business as the Company's Business, in the same or similar capacity as the Executive worked for the Company and the Bank, or in such capacity as would cause the actual or threatened use of the Company's or the Bank's trade secrets and/or Confidential Information; provided, however, that this subsection (a) shall not restrict the Executive from acquiring, as a passive investment, less than five percent (5%) of the outstanding securities of any class of an entity that are listed on a national securities exchange or actively traded in the over-the-counter market. The Executive acknowledges and agrees that, given the level of trust and responsibility given to him while in the Company's and the Bank's employ, and the level and depth of trade secrets and Confidential Information entrusted to him, any immediately subsequent employment with a competitor to the Company's Business would result in the inevitable use or disclosure of the Company's and the Bank's trade secrets and Confidential Information and, therefore, the duration of this year restriction is reasonable and necessary to protect against such inevitable disclosure; or

(b) offer to provide employment or work of any kind (whether such employment is with the Executive or any other business or enterprise), either on a full-time or part-time or consulting basis, to any person who then currently is an employee of the Company or the Bank.

The restrictions on the activities of the Executive contained in this Section 15 shall be limited to the following geographical areas: all counties in which Company or the Bank or any other affiliate of the Company maintains an office or branch or has filed an application for regulatory approval to establish an office or branch as of date of termination, except as agreed otherwise by the Bank Board. Notwithstanding anything herein to the contrary, the Restriction Period shall be limited to a period of one year in the event of termination of the Executive's employment by the Company or the Bank with Cause or termination due to Executive's retirement.

16. Remedies. The Executive agrees that the Company and the Bank will suffer irreparable damage and injury and will not have an adequate remedy at law if the Executive breaches any provision of the restrictions contained in Sections 11, 12, 13, 14 and 15 (the "Restrictive Covenants"). Accordingly, if the Executive breaches or threatens or attempts to breach the Restrictive Covenants, in addition to all other available remedies, the Company and the Bank shall be entitled to seek injunctive relief, and no or minimal bond or other security shall be required in connection therewith. The Executive acknowledges and agrees that in the event of termination of this Agreement for any reason whatsoever, the Executive can obtain employment not competitive with the Company's Business (or, if competitive, outside of the geographic and customer-specific scope described herein) and that the issuance of an injunction to enforce the provisions of the Restrictive Covenants shall not prevent the Executive from earning a livelihood. The Restrictive Covenants are essential terms and conditions to the Company entering into this Agreement, and they shall be construed as independent of any other provision in this Agreement or of any other agreement between the Executive and the Company or the Bank. The existence of any claim or cause of action that the Executive has against the Company or the Bank, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company or the Bank of the Restrictive Covenants.

17. Periods of Noncompliance and Reasonableness of Periods. The Company, the Bank and the Executive acknowledge and agree that the restrictions and covenants contained in Sections 14 and 15 are reasonable in view of the nature of the Company's Business and the Executive's advantageous knowledge of and familiarity with the Company's Business, operations, affairs, and Customers. Notwithstanding anything contained herein to the contrary, if the scope of any restriction or covenant contained in Sections 14 and 15 is found by a court of competent jurisdiction to be too broad to permit enforcement of such restriction or covenant to its full extent, then such restriction or covenant shall be enforced to the maximum

extent permitted by law. The parties hereby acknowledge and agree that a court of competent jurisdiction shall invoke and exercise the blue pencil doctrine to the fullest extent permitted by law to enforce this Agreement.

18. Release. For and in consideration of the foregoing covenants and promises made by the Company and the Bank, and the performance of such covenants and promises, the sufficiency of which is hereby acknowledged, the Executive understands that, as a condition of the payment of amounts under Section 5 of this Agreement, Executive will be required to execute a general release of all then existing claims against the Company, the Bank, their affiliates, shareholders, directors, officers, employees and agents in relation to claims relating to or arising out of the Executive's employment with the Company and the Bank in a form substantially consistent with the Bank's standard form of general release used for officers and not inconsistent with the terms of this Agreement (the "Release"), and the Executive shall not receive any payments or benefits to which he may be entitled hereunder that are subject to the execution of a Release unless the Executive satisfies this release requirement. The Release shall be substantially in the form attached hereto as Exhibit A. The Bank shall provide the Release to the Executive on the Termination Date or within five (5) days thereafter. **THE EXECUTIVE'S RIGHT TO BENEFITS UNDER SECTION 5 OF THIS AGREEMENT SHALL BE CONTINGENT ON HER SIGNING AND FILING THE RELEASE WITHIN THE PERIOD SPECIFIED IN THE RELEASE, WHICH PERIOD WILL NOT EXCEED 45 DAYS FROM THE DATE THE BANK PROVIDES THE RELEASE TO THE EXECUTIVE, AND NOT REVOKING THE RELEASE WITHIN THE PERIOD SPECIFIED IN THE RELEASE, WHICH PERIOD WILL NOT EXCEED 7 DAYS FROM THE DATE THE EXECUTIVE SIGNS THE RELEASE.**

19. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment with the Company and the Bank for any reason, to the extent reasonably requested by the Company or the Bank and subject to the Executive's professional commitments, the Executive shall cooperate with the Company and the Bank in connection with matters arising out of the Executive's service to the Company and the Bank, such cooperation to include without limitation the providing of truthful testimony in any hearing or trial as requested by the Company or the Bank or any other affiliate of the Company; provided, however, that the Company and the Bank shall make reasonable efforts to minimize disruption of the Executive's other activities. The Bank shall reimburse the Executive for reasonable expenses incurred or compensation not received by the Executive due to such cooperation.

20. Publicity. During the Term, the Executive hereby consents to any and all reasonable and customary uses and displays, by the Company, the Bank and their agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during the period of the Executive's employment with the Company and the Bank, for all legitimate commercial and business purposes of the Company and the Bank, without royalty, payment or other compensation to Executive.

21. Reimbursement of Certain Costs.

(a) If the Company or the Bank brings a cause of action to enforce the Restrictive Covenants or to recover damages caused by the Executive's breach of the Restrictive Covenants, the substantially prevailing party in such action shall be entitled to reasonable costs and expenses (including, without

limitation, reasonable attorneys' fees, expert witness fees, and disbursements) in connection with such action.

(b) If a dispute arises regarding the Executive's rights hereunder, and the Executive obtains a final judgment in her favor from a court of competent jurisdiction with respect to such dispute, all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, expert witness fees, and disbursements) incurred by the Executive in connection with such dispute or in otherwise pursuing a claim based on a breach of this Agreement, shall be paid by the Bank.

22. **No Reliance.** The Executive represents and acknowledges that in executing this Agreement, the Executive does not rely and has not relied upon any representation or statement by the Company or the Bank or their agents, other than statements contained in this Agreement.

23. **Required Provisions.** In the event any of the provisions of this Section 23 are in conflict with the other terms of this Agreement, this Section 23 shall prevail.

(a) The Company and the Bank may terminate the Executive's employment with the Company and the Bank at any time, but any termination by the Company and the Bank, other than termination for Cause, shall not prejudice the Executive's right to receive compensation or other benefits under this Agreement. The Executive shall not have the right to receive compensation or other benefits for any period after termination for Cause.

(b) If the Executive is suspended and/or temporarily prohibited from participating in the conduct of the Company's or the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the Federal Deposit Insurance Act, 12 U.S.C. §1818(e)(3) or (g)(1); the Company's and the Bank's obligations under this contract shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Company and the Bank may in their discretion: (i) pay the Executive all or part of the compensation withheld while its contract obligations were suspended; and (ii) reinstate (in whole or in part) any of the obligations which were suspended.

(c) If the Executive is removed and/or permanently prohibited from participating in the conduct of the Company's or the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act, 12 U.S.C. §1818(e)(4) or (g)(1), all obligations of the Company and the Bank under this contract shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) If the Bank is in default as defined in Section 3(x)(1) of the Federal Deposit Insurance Act, 12 U.S.C. §1813(x)(1) all obligations of the Company and the Bank under this contract shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) All obligations under this contract shall be terminated, except to the extent a determination is made that continuation of the contract is necessary for the continued operation of the Company or the Bank (i) by the director of the Office of the Comptroller of the Currency (the "OCC") designee (the "OCC Director"), at the time the Federal Deposit Insurance Corporation enters into an agreement to provide assistance to or on behalf of the Company or the Bank under the authority contained in Section 13(c) of the Federal Deposit Insurance Act; or (ii) by the OCC Director, at the time the OCC Director approves a supervisory merger to resolve problems related to the operations of the Company or the Bank or when the Company or the Bank is determined by the OCC Director to be in an unsafe or

unsound condition. Any rights of the Executive that have already vested, however, shall not be affected by such action.

(f) Any payments made to the Executive pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with 12 U.S.C. §1828(k) and FDIC regulation 12 C.F.R. Part 359, Golden Parachute and Indemnification Payments.

24. Section 409A. To the extent necessary to ensure compliance with Code Section 409A ("Section 409A"), the provisions of this Section 24 shall govern in all cases over any contrary or conflicting provision in this Agreement.

(a) It is intended that this Agreement comply with the requirements of Section 409A and all guidance issued thereunder by the U.S. Internal Revenue Service with respect to any nonqualified deferred compensation subject to Section 409A. This Agreement shall be interpreted and administered to maximize the exemptions from Section 409A and, to the extent this Agreement provides for deferred compensation subject to Section 409A, to comply with Section 409A and to avoid the imposition of tax, interest and/or penalties upon Executive under Section 409A. The Company and the Bank do not, however, assume any economic burdens associated with Section 409A. Although the Company and the Bank intend to administer this Agreement to prevent taxation under Section 409A, they do not represent or warrant that this Agreement complies with any provision of federal, state, local, or non-United States law. The Company, the Bank, other affiliates of the Bank, and their respective directors, officers, employees and advisers will not be liable to the Executive (or any other individual claiming a benefit through the Executive) for any tax, interest, or penalties the Executive may owe as a result of this Agreement. Neither the Company, the Bank nor any other affiliate of the Company has any obligation to indemnify or otherwise protect the Executive from any obligation to pay taxes under Section 409A.

(b) The right to a series of payments under this Agreement will be treated as a right to a series of separate payments. Each payment under this Agreement that is made within 2-½ months following the end of the year that contains the Termination Date is intended to be exempt from Section 409A as a short-term deferral within the meaning of the final regulations under Section 409A. Each payment under this Agreement that is made later than 2-½ months following the end of the year that contains the Termination Date is intended to be exempt from Section 409A under the two-times exception of Treasury Reg. § 1.409A-1(b)(9)(iii), up to the limitation on the availability of that exception specified in the regulation. Then, each payment that is made after the two-times exception ceases to be available shall be subject to delay, as necessary, as specified below.

(c) To the extent necessary to comply with Section 409A, in no event may the Executive, directly or indirectly, designate the taxable year of payment. In particular, to the extent necessary to comply with Section 409A, if any payment to the Executive under this Agreement is conditioned upon the Executive executing and not revoking a release of claims and if the designated payment period for such payment begins in one taxable year and ends in the next taxable year, the payment will be made in the later taxable year.

(d) To the extent necessary to comply with Section 409A, references in this Agreement to "termination of employment" or "terminates employment" (and similar references) shall have the same meaning as "separation from service" under Section 409A(a)(2)(A)(i) and any governing Internal Revenue Service guidance and Treasury regulations ("Separation from Service"), and no payment subject to Section 409A that is payable upon a termination of employment shall be paid unless and until (and not later than applicable in compliance with Section 409A) the Executive incurs a Separation from Service. In addition,

if the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) at the time of the Executive's Separation from Service, any nonqualified deferred compensation subject to Section 409A that would otherwise have been payable on account of, and within the first six months following, the Executive's Separation from Service, and not by reason of another event under Section 409A(a)(2)(A), will become payable on the first business day after six months following the date of the Executive's Separation from Service or, if earlier, the date of the Executive's death.

(e) To the extent that any payment of or reimbursement by the Bank to the Executive of eligible expenses under this Agreement constitutes a "deferral of compensation" within the meaning of Section 409A (a "Reimbursement") (i) the Executive must request the Reimbursement (with substantiation of the expense incurred) no later than 90 days following the date on which the Executive incurs the corresponding eligible expense; (ii) subject to any shorter time period provided in any Bank expense reimbursement policy or specifically provided otherwise in this Agreement, the Bank shall make the Reimbursement to the Executive on or before the last day of the calendar year following the calendar year in which the Executive incurred the eligible expense; (iii) the Executive's right to Reimbursement shall not be subject to liquidation or exchange for another benefit; (iv) the amount eligible for Reimbursement in one calendar year shall not affect the amount eligible for Reimbursement in any other calendar year; and (v) except as specifically provided otherwise in this Agreement, the period during which the Executive may incur expenses that are eligible for Reimbursement is limited to five calendar years following the calendar year in which the Termination Date occurs.

25. Miscellaneous Provisions.

(a) **Further Assurances.** Each of the parties hereto shall do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered at any time and from time to time upon the request of any other party hereto, all such further acts, documents, and instruments as may be reasonably required to effect any of the transactions contemplated by this Agreement.

(b) **Binding Effect; Assignment.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither party hereto may assign this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, (i) the Company or the Bank, as applicable, shall require any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company or the Bank, as applicable, to expressly assume, in writing, all of the Company's or the Bank's, as applicable, obligations to the Executive hereunder and the Executive hereby consents to the assignment of the Restrictive Covenants under this Agreement to any successor or assign of the Company or the Bank, as applicable, and (ii) upon the Executive's death, this Agreement shall inure to the benefit of and be enforceable by the Executive's executors, administrators, representatives, heirs, distributees, devisees, and legatees and all amounts payable hereunder shall be paid to such persons or the estate of the Executive.

(c) **Waiver; Amendment.** No provision or obligation of this Agreement may be waived or discharged unless such waiver or discharge is agreed to in writing and signed by a duly authorized officer of the Company and the Bank and the Executive. The waiver by any party hereto of a breach of or noncompliance with any provision of this Agreement shall not operate or be construed as a continuing waiver or a waiver of any other or later breach or noncompliance. Except as expressly provided otherwise herein, this Agreement may be amended or supplemented only by a written agreement executed by a duly authorized officer of the Company, a duly authorized officer of the Bank and the Executive.

(d) **Headings.** The headings in this Agreement have been inserted solely for ease of reference and shall not be considered in the interpretation or enforcement of this Agreement.

(c) **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement. The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law. The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

(f) **Notice.** Any notice, request, instruction, or other document to be given hereunder to any party shall be in writing and delivered by hand, registered or certified United States mail, return receipt requested, or other form of receipted delivery, with all expenses of delivery prepaid, at the address specified for such party below (or such other address as specified by such party by like notice):

If to the Executive:	At the address maintained in the personnel records of the Bank.
If to the Company:	Columbia Financial, Inc. 19-01 Route 208 North Fair Lawn, NJ 07410 Attention: Thomas J. Kemly
If to the Bank:	Columbia Bank 19-01 Route 208 North Fair Lawn, NJ 07410 Attention: Thomas J. Kemly

(g) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

(h) **Governing Law: Jurisdiction and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without reference to the choice of law principles or rules thereof. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in state courts in Bergen County, New Jersey and the United States District Court for the District of New Jersey. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

(i) **Entire Agreement.** This Agreement constitutes the entire and sole agreement between the Company and the Bank and the Executive with respect to the Executive's employment with the Company and the Bank or the termination thereof, and there are no other agreements or understandings either written or oral with respect thereto. The parties agree that any and all prior offer letters, severance and/or change of control agreements between the parties have been terminated and are of no further force or effect.

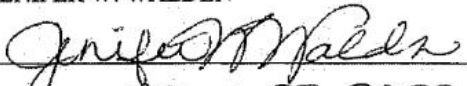
26. **Review and Consultation.** THE EXECUTIVE HEREBY ACKNOWLEDGES AND AGREES THAT HE (I) HAS READ THIS AGREEMENT IN ITS ENTIRETY PRIOR TO EXECUTING IT, (II) UNDERSTANDS THE PROVISIONS AND EFFECTS OF THIS AGREEMENT, (III) HAS CONSULTED WITH SUCH ADVISORS AS HE HAS DEEMED APPROPRIATE IN CONNECTION WITH HER EXECUTION OF THIS AGREEMENT, AND (IV) HAS EXECUTED THIS AGREEMENT VOLUNTARILY. THE EXECUTIVE HEREBY UNDERSTANDS, ACKNOWLEDGES, AND AGREES THAT THIS AGREEMENT HAS BEEN PREPARED BY COUNSEL FOR THE COMPANY AND THE BANK AND THAT THE EXECUTIVE HAS NOT RECEIVED ANY ADVICE, COUNSEL, OR RECOMMENDATION WITH RESPECT TO THIS AGREEMENT FROM THE COMPANY OR THE BANK OR THEIR COUNSEL.

27. **Survival.** Upon any expiration or other termination of this Agreement: (i) each of Sections 3(h) (Indemnification), 11-17 (Restrictive Covenants), 18 (Release), 19 (Cooperation), 23 (Required Provisions), 24 (Section 409A) and 26 (Review and Consultation) shall survive such expiration or other termination; and (ii) all of the other respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

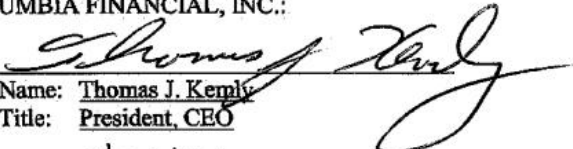
- signature page follows -

IN WITNESS WHEREOF, each of the Company and the Bank has caused this Agreement to be executed by its duly authorized officer, and the Executive has signed this Agreement, all on the dates specified below and effective as of the Effective Date.

JENIFER W. WALDEN


Date: May 27, 2022

COLUMBIA FINANCIAL, INC.:

By: 
Name: Thomas J. Kemly
Title: President, CEO
Date: 5/27/22

COLUMBIA BANK:

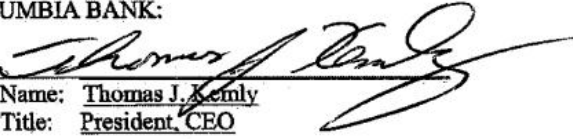
By: 
Name: Thomas J. Kemly
Title: President, CEO
Date: 5/27/22

EXHIBIT A

RELEASE OF ALL CLAIMS

FOR VALUABLE CONSIDERATION, including the payment to the Executive of certain severance benefits pursuant to the agreement between Columbia Financial, Inc., Columbia Bank and the Executive, dated May 27, 2022 (the "Employment Agreement"), the Executive hereby makes this Release of All Claims ("Release") in favor of **Columbia Financial, Inc. and Columbia Bank** (including all their subsidiaries and affiliates) (collectively, "Company") and its agents as set forth herein.

1. The Executive releases, waives and discharges the Company and its agents (as defined below) from all claims, whether known or unknown, arising out of the Executive's employment relationship with the Company, the termination of that relationship, and all other events, incidents, or actions occurring before the date on which this Release is signed. Claims released herein include, but are not limited to, discrimination claims based on age, race, sex, religion, national origin, disability, veteran status, or any other employment claim, including claims arising under The Civil Rights Act of 1866, 42 U.S.C. § 1981; Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Age Discrimination in Employment Act of 1967; the Federal Rehabilitation Act of 1973; the Older Workers' Benefits Protection Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; the Family and Medical Leave Act (to the extent that FMLA claims may be released under governing law), any Federal or State wage and hour laws and all other similar Federal or State statutes; and any and all tort or contract claims, including, but not limited to, breach of contract, breach of good faith and fair dealing, infliction of emotional distress, defamation, or wrongful termination or discharge; provided, however, that the release set forth in this Section 1 shall not apply to (a) the payment and/or benefit obligations of the Company under the Employment Agreement, (b) any claims the Executive may have under any plans or programs not covered by the Employment Agreement in which the Executive participated and under which the Executive has accrued and become entitled to a benefit, and (c) any indemnification or other rights the Executive may have under the Employment Agreement or in accordance with the governing instruments of the Company or under any director and officer liability insurance maintained by the Company with respect to liabilities arising as a result of the Executive's service as an officer and employee of the Company or any predecessor thereof.
2. The Executive further acknowledges that the Company has advised the Executive to consult with an attorney of the Executive's own choosing and that the Executive has had ample time and adequate opportunity to thoroughly discuss all aspects of this Release with legal counsel prior to executing this Release.
3. The Executive agrees that the Executive is signing this Release of her own free will and is not signing under duress.
4. In the event the Executive is forty (40) years of age or older, the Executive acknowledges that the Executive has been given a period of twenty-one (21) days to review and consider a draft of this Release in substantially the form of the copy now being executed and has carefully considered the terms of this Release. The Executive understands that the Executive may use as much or all of the twenty-one (21) day period as the Executive wishes prior to signing, and the Executive has done so.
5. In the event the Executive is forty (40) years of age or older, the Executive has been advised and understands that the Executive may revoke this Release within seven (7) days after acceptance. *Any*

revocation must be in writing and hand-delivered to: Thomas J. Kemly, no later than by close of business on the seventh (7th) day following the date of execution of this release.

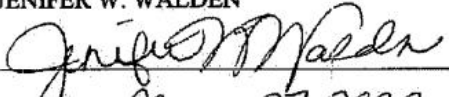
6. The "Company and its agents," as used in this Release, means the Company, its subsidiaries, affiliated or related corporations or associations, their predecessors, successors, and assigns, and the directors, officers, managers, supervisors, employees, representatives, servants, agents, and attorneys of the entities above described, and all persons acting through, under or in concert with any of them.

7. The Executive agrees to refrain from making any disparaging remarks concerning the Company or its agents. The Company agrees to refrain from providing any information to third parties other than confirming dates of employment and job title, unless the Executive gives the Company written authorization to release other information or as otherwise required by law. With respect to the Company, this restriction pertains only to official communications made by the Company's directors and/or officers and not to unauthorized communications by the Company's employees or agent. This restriction will not bar the Company from disclosing the Release as a defense or bar to any claim made by the Executive in derogation of this Release.

PLEASE READ CAREFULLY BEFORE SIGNING. EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH 1 ABOVE, THIS RELEASE CONTAINS A RELEASE AND DISCHARGE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY AND ITS AGENTS EXCEPT THOSE RELATING TO THE ENFORCEMENT OF THIS RELEASE OR THOSE ARISING AFTER THE EFFECTIVE DATE OF THIS RELEASE.

IN WITNESS WHEREOF, the Executive has executed this Release on the date specified below.

JENIFER W. WALDEN


Date: May 27, 2022

Section 2: EX-31.1 (EXHIBIT 31.1)

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

I, Thomas J. Kemly, certify that:

1. I have reviewed this report on Form 10-Q of Columbia Financial, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

/s/Thomas J. Kemly
Thomas J. Kemly
President and Chief Executive Officer

Section 3: EX-31.2 (EXHIBIT 31.2)

**Certification Pursuant to
Exchange Act Rule 13a-14(a) and Rule 15d-14(a)**

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

I, Dennis E. Gibney, certify that:

1. I have reviewed this report on Form 10-Q of Columbia Financial, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2022

/s/Dennis E. Gibney
Dennis E. Gibney
Executive Vice President and Chief Financial Officer

Section 4: EX-32 (Exhibit 32)

**Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

Thomas J. Kemly, President and Chief Executive Officer, and Dennis E. Gibney, Executive Vice President and Chief Financial Officer of Columbia Financial Inc. (the “Company”), each certify in his capacity as an officer of the Company that he has reviewed the quarterly report of the Company on Form 10-Q for the quarter ended June 30, 2022 and that to the best of his knowledge:

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

Date: August 9, 2022

/s/Thomas J. Kemly
Thomas J. Kemly
President and Chief Executive Officer

Date: August 9, 2022

/s/Dennis E. Gibney
Dennis E. Gibney
Executive Vice President and Chief Financial Officer