

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2024

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 November 4, 2024, there were 104,723,454 shares issued and outstanding of the Registrant's common stock, par value \$0.01 per share (including 76,016,524 shares held by Columbia Bank, MHC).

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)

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Cash and due from banks	\$ 283,391	\$ 423,140
Short-term investments	110	109
Total cash and cash equivalents	283,501	423,249
Debt securities available for sale, at fair value	1,272,464	1,093,557
Debt securities held to maturity, at amortized cost (fair value of \$367,559 and \$357,177 at September 30, 2024 and December 31, 2023, respectively)	401,331	401,154
Equity securities, at fair value	4,504	4,079
Federal Home Loan Bank stock	75,847	81,022
Loans receivable	7,857,190	7,874,537
Less: allowance for credit losses	58,495	55,096
Loans receivable, net	7,798,695	7,819,441
Accrued interest receivable	41,659	39,345
Office properties and equipment, net	82,248	83,577
Bank-owned life insurance ("BOLI")	272,970	268,362
Goodwill and intangible assets	121,569	123,350
Other real estate owned	1,974	—
Other assets	329,741	308,432
Total assets	<u>\$ 10,686,503</u>	<u>\$ 10,645,568</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits	\$ 7,958,059	\$ 7,846,556
Borrowings	1,420,640	1,528,695
Advance payments by borrowers for taxes and insurance	42,793	43,509
Accrued expenses and other liabilities	185,861	186,473
Total liabilities	9,607,353	9,605,233
Stockholders' equity:		
Preferred stock, \$0.01 par value. 10,000,000 shares authorized; none issued and outstanding at September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.01 par value. 500,000,000 shares authorized; 131,371,430 shares issued and 104,725,436 shares outstanding at September 30, 2024 and 131,155,268 shares issued and 104,918,905 shares outstanding at December 31, 2023	1,314	1,312
Additional paid-in capital	798,099	791,450
Retained earnings	903,174	893,604
Accumulated other comprehensive loss	(130,986)	(158,735)
Treasury stock, at cost; 26,645,994 shares at September 30, 2024 and 26,236,363 shares at December 31, 2023	(460,832)	(454,128)
Common stock held by the Employee Stock Ownership Plan	(30,778)	(32,478)
Stock held by Rabbi Trust	(3,183)	(2,955)
Deferred compensation obligations	2,342	2,265
Total stockholders' equity	1,079,150	1,040,335
Total liabilities and stockholders' equity	<u>\$ 10,686,503</u>	<u>\$ 10,645,568</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Unaudited)				
Interest income:				
Loans receivable	\$ 97,863	\$ 87,548	\$ 286,064	\$ 252,026
Debt securities available for sale and equity securities	9,592	6,147	26,618	21,043
Debt securities held to maturity	2,616	2,434	7,487	7,338
Federal funds and interest-earning deposits	3,850	747	11,872	3,360
Federal Home Loan Bank stock dividends	1,966	1,529	5,759	3,661
Total interest income	115,887	98,405	337,800	287,428
Interest expense:				
Deposits	52,196	35,918	150,440	81,733
Borrowings	18,416	13,965	55,805	45,158
Total interest expense	70,612	49,883	206,245	126,891
Net interest income	45,275	48,522	131,555	160,537
Provision for credit losses	4,103	2,379	11,575	3,632
Net interest income after provision for credit losses	41,172	46,143	119,980	156,905
Non-interest income:				
Demand deposit account fees	1,695	1,348	4,698	3,815
Bank-owned life insurance	1,669	2,014	5,253	5,670
Title insurance fees	688	629	1,935	1,840
Loan fees and service charges	951	969	3,290	3,366
Loss on securities transactions	—	—	(1,256)	(10,847)
Change in fair value of equity securities	(27)	(81)	425	249
Gain on sale of loans	459	397	825	1,060
Other non-interest income	3,543	3,326	10,440	10,977
Total non-interest income	8,978	8,602	25,610	16,130
Non-interest expense:				
Compensation and employee benefits	27,738	28,765	82,910	92,383
Occupancy	5,594	5,845	17,621	17,337
Federal deposit insurance premiums	1,518	1,201	5,752	3,624
Advertising	766	834	2,053	2,307
Professional fees	2,454	2,490	11,597	6,741
Data processing and software expenses	4,125	3,459	12,006	10,885
Merger-related expenses	23	14	737	280
Other non-interest expense, net	616	302	2,063	861
Total non-interest expense	42,834	42,910	134,739	134,418
Income before income tax expense	7,316	11,835	10,851	38,617
Income tax expense	1,131	2,705	1,281	9,100
Net Income	\$ 6,185	\$ 9,130	\$ 9,570	\$ 29,517
Earnings per share-basic	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.29
Earnings per share-diluted	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.29
Weighted average shares outstanding-basic	101,623,160	101,968,294	101,673,619	102,993,215
Weighted average shares outstanding-diluted	101,832,048	102,097,491	101,813,253	103,257,616

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Unaudited)			
Net income	\$ 6,185	\$ 9,130	\$ 9,570	\$ 29,517
Other comprehensive income (loss), net of tax:				
Unrealized loss on debt securities available for sale	31,002	(20,217)	25,561	(3,984)
Accretion of unrealized (loss) gain on debt securities reclassified as held to maturity	(1)	(1)	4	(9)
Reclassification adjustment for loss included in net income	—	—	(903)	(7,779)
	<u>31,001</u>	<u>(20,218)</u>	<u>24,662</u>	<u>(11,772)</u>
Derivatives, net of tax:				
Unrealized (loss) gain on swap contracts accounted for as cash flow hedges	(6,534)	1,845	(2,476)	3,863
	<u>(6,534)</u>	<u>1,845</u>	<u>(2,476)</u>	<u>3,863</u>
Employee benefit plans, net of tax:				
Amortization of prior service cost included in net income	(10)	(10)	(30)	(30)
Reclassification adjustment of actuarial net (loss) gain included in net income	(394)	1	(1,170)	2
Change in funded status of retirement obligations	433	15	6,763	2,695
	<u>29</u>	<u>6</u>	<u>5,563</u>	<u>2,667</u>
Total other comprehensive income (loss)	<u>24,496</u>	<u>(18,367)</u>	<u>27,749</u>	<u>(5,242)</u>
Total comprehensive income (loss), net of tax	<u>\$ 30,681</u>	<u>\$ (9,237)</u>	<u>\$ 37,319</u>	<u>\$ 24,275</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 September 30, 2024 and 2023 (In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (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 June 30, 2024	\$ 1,314	\$ 796,432	\$ 896,989	\$ (155,482)	\$ (460,291)	\$ (31,349)	\$ (3,106)	\$ 2,227	\$ 1,046,734
Net income	—	—	6,185	—	—	—	—	—	6,185
Other comprehensive income (loss)	—	—	—	24,496	—	—	—	—	24,496
Stock based compensation	—	1,241	—	—	—	—	—	—	1,241
Exercise of stock options (18,133 shares)	—	(9)	—	—	—	—	—	—	(9)
Restricted stock forfeitures (2,662 shares)	—	43	—	—	(43)	—	—	—	—
Repurchase shares for taxes (27,969 shares)	—	—	—	—	(495)	—	—	—	(495)
Excise tax on net stock repurchases	—	—	—	—	(3)	—	—	—	(3)
Employee Stock Ownership Plan shares committed to be released	—	392	—	—	—	571	—	—	963
Funding of deferred compensation obligations	—	—	—	—	—	—	(77)	115	38
Balance at September 30, 2024	<u>\$ 1,314</u>	<u>\$ 798,099</u>	<u>\$ 903,174</u>	<u>\$ (130,986)</u>	<u>\$ (460,832)</u>	<u>\$ (30,778)</u>	<u>\$ (3,183)</u>	<u>\$ 2,342</u>	<u>\$ 1,079,150</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Unaudited) (continued)
Three Months Ended September 30, 2024 and 2023 (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 June 30, 2023	\$ 1,311	\$ 786,248	\$ 877,905	\$ (166,171)	\$ (442,084)	\$ (33,623)	\$ (2,780)	\$ 1,982	\$ 1,022,788
Net income	—	—	9,130	—	—	—	—	—	9,130
Other comprehensive (loss)	—	—	—	(18,367)	—	—	—	—	(18,367)
Stock based compensation	—	2,283	—	—	—	—	—	—	2,283
Purchase of treasury stock (518,539 shares)	—	—	—	—	(8,974)	—	—	—	(8,974)
Exercise of stock options (3,265 shares)	—	(2)	—	—	—	—	—	—	(2)
Restricted stock forfeitures (15,509 shares)	—	244	—	—	(244)	—	—	—	—
Repurchase shares for taxes (18,849 shares)	—	—	—	—	(344)	—	—	—	(344)
Excise tax on net stock repurchases	—	—	—	—	(110)	—	—	—	(110)
Employee Stock Ownership Plan shares committed to be released	—	412	—	—	—	572	—	—	984
Funding of deferred compensation obligations	—	—	—	—	—	—	(82)	125	43
Balance at September 30, 2023	\$ 1,311	\$ 789,185	\$ 887,035	\$ (184,538)	\$ (451,756)	\$ (33,051)	\$ (2,862)	\$ 2,107	\$ 1,007,431

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Unaudited) (continued)
Nine Months Ended September 30, 2024 and 2023 (In thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (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, 2023	\$ 1,312	\$ 791,450	\$ 893,604	\$ (158,735)	\$ (454,128)	\$ (32,478)	\$ (2,955)	\$ 2,265	\$ 1,040,335
Net income	—	—	9,570	—	—	—	—	—	9,570
Other comprehensive income (loss)	—	—	—	27,749	—	—	—	—	27,749
Issuance of common stock allocated to restricted stock award grants (212,441 shares)	2	(2)	—	—	—	—	—	—	—
Stock based compensation	—	5,511	—	—	—	—	—	—	5,511
Purchase of treasury stock (365,116 shares)	—	—	—	—	(5,894)	—	—	—	(5,894)
Exercise of stock options (46,184 shares)	—	(58)	—	—	—	—	—	—	(58)
Restricted stock forfeitures (4,357 shares)	—	73	—	—	(73)	—	—	—	—
Repurchase shares for taxes (40,158 shares)	—	—	—	—	(690)	—	—	—	(690)
Excise tax on net stock repurchases	—	—	—	—	(47)	—	—	—	(47)
Employee Stock Ownership Plan shares committed to be released	—	1,125	—	—	—	1,700	—	—	2,825
Funding of deferred compensation obligations	—	—	—	—	—	—	(228)	77	(151)
Balance at September 30, 2024	<u>\$ 1,314</u>	<u>\$ 798,099</u>	<u>\$ 903,174</u>	<u>\$ (130,986)</u>	<u>\$ (460,832)</u>	<u>\$ (30,778)</u>	<u>\$ (3,183)</u>	<u>\$ 2,342</u>	<u>\$ 1,079,150</u>

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Unaudited) (continued)
Nine Months Ended September 30, 2024 and 2023 (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, 2022	\$ 1,309	\$ 781,165	\$ 857,518	\$ (179,296)	\$ (371,708)	\$ (34,750)	\$ (3,149)	\$ 2,506	\$ 1,053,595
Net income	—	—	29,517	—	—	—	—	—	29,517
Other comprehensive (loss)	—	—	—	(5,242)	—	—	—	—	(5,242)
Issuance of common stock allocated to restricted stock award grants (226,574 shares)	2	7	—	—	—	—	—	—	9
Stock based compensation	—	6,156	—	—	—	—	—	—	6,156
Purchase of treasury stock (4,104,073 shares)	—	—	—	—	(78,295)	—	—	—	(78,295)
Exercise of stock options (44,117 shares)	—	(24)	—	—	—	—	—	—	(24)
Restricted stock forfeitures (27,863 shares)	—	469	—	—	(469)	—	—	—	—
Repurchase shares for taxes (25,917 shares)	—	—	—	—	(477)	—	—	—	(477)
Excise tax on net stock repurchases	—	—	—	—	(807)	—	—	—	(807)
Employee Stock Ownership Plan shares committed to be released	—	1,412	—	—	—	1,699	—	—	3,111
Funding of deferred compensation obligations	—	—	—	—	—	—	287	(399)	(112)
Balance at September 30, 2023	\$ 1,311	\$ 789,185	\$ 887,035	\$ (184,538)	\$ (451,756)	\$ (33,051)	\$ (2,862)	\$ 2,107	\$ 1,007,431

See accompanying notes to unaudited consolidated financial statements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
	2024	2023
	(In thousands, unaudited)	
Cash flows from operating activities:		
Net income	\$ 9,570	\$ 29,517
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred loan costs, fees and purchased premiums and discounts	3,137	4,349
Net amortization of premiums and discounts on securities	(321)	1,419
Net amortization of mortgage servicing rights	188	178
Amortization of intangible assets	1,658	1,777
Depreciation and amortization of office properties and equipment	6,124	5,808
Amortization of operating lease right-of-use assets	2,928	2,933
Provision for credit losses	11,575	3,632
Loss on securities transactions	1,256	10,847
Change in fair value of equity securities	(425)	(249)
Gain on sale of loans, net	(825)	(1,060)
Net (gain) loss on disposal of office properties and equipment	(236)	37
Deferred tax expense (benefit)	1,688	(2,521)
Increase in accrued interest receivable	(2,314)	(3,118)
Increase in other assets	(28,035)	(18,618)
(Decrease) increase in accrued expenses and other liabilities	(4,479)	34,773
Income on bank-owned life insurance	(5,253)	(5,670)
Employee stock ownership plan expense	2,825	3,111
Stock based compensation	5,511	6,156
Decrease in deferred compensation obligations under Rabbi Trust	(151)	(112)
Net cash provided by operating activities	4,421	73,189
Cash flows from investing activities:		
Proceeds from sales of debt securities available for sale	3,495	277,022
Proceeds from paydowns/maturities/calls of debt securities available for sale	117,775	79,287
Proceeds from paydowns/maturities/calls of debt securities held to maturity	16,547	9,476
Purchases of debt securities available for sale	(266,882)	(75,314)
Purchases of debt securities held to maturity	(16,635)	—
Proceeds from sales of loans held-for-sale	15,814	109,429
Purchases of loans receivable	—	(14,729)
Net (increase) in loans receivable	(10,994)	(263,990)
Proceeds from bank-owned life insurance death benefits	5	605
Proceeds from redemptions of Federal Home Loan Bank stock	38,476	71,666
Purchases of Federal Home Loan Bank stock	(33,301)	(85,421)
Proceeds from sales of office properties and equipment	1,266	—
Additions to office properties and equipment	(5,825)	(5,312)
Net cash (used in) provided by investing activities	\$ (140,259)	\$ 102,719

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

	Nine Months Ended September 30,	
	2024	2023
	(In thousands, unaudited)	
Cash flows from financing activities:		
Net increase (decrease) in deposits	\$ 111,503	\$ (297,993)
Proceeds from long-term borrowings	235,205	311,113
Payments on long-term borrowings	(175,450)	(11,300)
Net (decrease) in short-term borrowings	(167,810)	(70,642)
Increase in advance payments by borrowers for taxes and insurance	(716)	(3,043)
Issuance of common stock for restricted stock awards	—	9
Exercise of stock options	(58)	(24)
Purchase of treasury stock	(5,894)	(78,295)
Repurchase of shares for taxes	(690)	(477)
Net cash (used in) financing activities	<u>\$ (3,910)</u>	<u>\$ (150,652)</u>
Net (decrease) increase in cash and cash equivalents	\$ (139,748)	\$ 25,256
Cash and cash equivalents at beginning of year	423,249	179,228
Cash and cash equivalents at end of period	<u><u>\$ 283,501</u></u>	<u><u>\$ 204,484</u></u>
Cash paid during the period for:		
Interest on deposits and borrowings	\$ 205,662	\$ 124,003
Income tax payments, net of refunds	\$ 619	\$ 6,281
Non-cash investing and financing activities:		
Transfer of loans receivable to other real estate owned	\$ 1,974	\$ —
Transfer of loans receivable to loans held-for-sale	\$ 15,054	\$ 109,072
Excise tax on net stock repurchases	\$ 47	\$ 807

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 subsidiary, Columbia Bank ("Columbia") (including the accounts of Freehold Bank, which merged with and into Columbia effective as of October 5, 2024), and Columbia's wholly-owned subsidiaries, Columbia Investment Services, Inc., 1901 Residential Management Co. LLC, First Jersey Title Services, Inc., 1901 Commercial Management Co. LLC, Stewardship Realty LLC, Columbia Insurance Services Inc. (formerly known as "RSI Insurance Agency, Inc."), and 19-01 Community Development Corporation, (collectively, the "Company"). In May 2024, Columbia dissolved its wholly-owned subsidiary 2500 Broadway Corp. 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, significant judgments 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 judgments and estimates under different conditions, resulting in a change that could have a material impact on the carrying values of our assets and liabilities and our results of operations. Material estimates that involve significant judgments and assumptions 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, significant judgments 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 nine months periods ended September 30, 2024 are not necessarily indicative of the results of operations that may be expected for the entire fiscal year or any other period.

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, 2023, 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" or "Freehold"). 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 operated as a wholly-owned subsidiary of Columbia Financial, until October 5, 2024, when the Company merged Freehold Bank into Columbia Bank. Under the terms of the merger agreement, upon the merger of the two banks, depositors of Freehold 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 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 holding company mergers.

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 \$23,000 and \$737,000 during the three and nine months ended September 30, 2024, and \$14,000 and \$88,000 recorded during the three and nine months ended September 30, 2023.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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 nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands, except per share data)				
Net income	\$ 6,185	\$ 9,130	\$ 9,570	\$ 29,517
Shares:				
Weighted average shares outstanding - basic	101,623,160	101,968,294	101,673,619	102,993,215
Weighted average diluted shares outstanding	208,888	129,197	139,634	264,401
Weighted average shares outstanding - diluted	101,832,048	102,097,491	101,813,253	103,257,616
Earnings per share:				
Basic	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.29
Diluted	\$ 0.06	\$ 0.09	\$ 0.09	\$ 0.29

During the three and nine months ended September 30, 2024 and 2023, 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 1,027,893 and 975,690, and 744,335 and 642,166, respectively.

4. Stock Repurchase Program

On December 14, 2022, the Company announced that its Board of Directors authorized the Company's fifth stock repurchase program to acquire up to 3,000,000 shares, or approximately 2.7% of the Company's then issued and outstanding common stock, commencing upon the completion of the Company's fourth stock repurchase program. As of September 30, 2024, all shares were repurchased under this program.

On May 25, 2023, the Company announced that its Board of Directors authorized the Company's sixth stock repurchase program to acquire up to 2,000,000 shares, or approximately 1.9% of the Company's then issued and outstanding common stock. As of September 30, 2024, there were 741,725 shares remaining to be purchased under this program.

During the nine months ended September 30, 2024, the Company repurchased 365,116 shares at a cost of approximately \$5.9 million, or \$16.14 per share, under these programs. There were no repurchases during the three months ended September 30, 2024 under these programs. During the three and nine months ended September 30, 2023, the Company repurchased 518,539 shares at a cost of approximately \$9.0 million, or \$17.31 per share, and 4,104,073 shares at a cost of approximately \$78.3 million, or \$19.08 per share, respectively, under these programs. Repurchases have been paused to retain capital. Repurchased shares are held as treasury stock and are available for general corporate purposes.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

5. Summary of Significant Accounting Policies

Accounting Pronouncements Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280); Improvements to Reportable Segment Disclosures. ASU 2023-07 enhances segment reporting under Topic 820 by expanding the breadth and frequency of segment disclosures. The ASU requires a public entity to disclose entity-wide and segment information in the notes to the financial statements. Disclosures include the measure of profit or loss that the chief operating decision maker uses to assess segment performance and decide how to allocate resources, as well as certain specified amounts included in that measure. This ASU was effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company adopted this ASU on January 1, 2024 on a retrospective basis for all periods presented. As it is only disclosure related, this ASU did not have an impact on the Company's consolidated financial statements.

6. Debt Securities Available for Sale

Debt securities available for sale at September 30, 2024 and December 31, 2023 are summarized as follows:

September 30, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(In thousands)			
U.S. government and agency obligations	\$ 272,913	\$ 3,690	\$ (1,133)	\$ 275,470
Mortgage-backed securities and collateralized mortgage obligations	1,022,232	809	(113,471)	909,570
Municipal obligations	2,845	—	(27)	2,818
Corporate debt securities	97,512	27	(12,933)	84,606
	<u>\$ 1,395,502</u>	<u>\$ 4,526</u>	<u>\$ (127,564)</u>	<u>\$ 1,272,464</u>

December 31, 2023				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
	(In thousands)			
U.S. government and agency obligations	\$ 146,387	\$ 924	\$ (1,810)	\$ 145,501
Mortgage-backed securities and collateralized mortgage obligations	1,009,508	20	(141,943)	867,585
Municipal obligations	2,770	—	(68)	2,702
Corporate debt securities	92,565	2	(14,798)	77,769
	<u>\$ 1,251,230</u>	<u>\$ 946</u>	<u>\$ (158,619)</u>	<u>\$ 1,093,557</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

6. Debt Securities Available for Sale (continued)

The amortized cost and fair value of debt securities available for sale at September 30, 2024, 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.

	September 30, 2024	
	Amortized Cost	Fair Value
	(In thousands)	
One year or less	\$ 99,641	\$ 99,662
More than one year to five years	195,370	196,775
More than five years to ten years	78,259	66,457
	\$ 373,270	\$ 362,894
Mortgage-backed securities and collateralized mortgage obligations	1,022,232	909,570
	\$ 1,395,502	\$ 1,272,464

Mortgage-backed securities and collateralized mortgage obligations totaling \$1.0 billion at amortized cost, and \$909.6 million 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 months ended September 30, 2024, there were no sales, calls or maturities of debt securities available for sale. During the nine months ended September 30, 2024, proceeds from the sale of a debt security available for sale totaled \$3.5 million, resulting in no gross gains and \$1.3 million of gross losses. There was one matured debt security available for sale totaling \$10.0 million during the nine months ended September 30, 2024. There were no calls of debt securities available for sale during the nine months ended September 30, 2024.

During the three months ended September 30, 2023, there were no proceeds from the sale of debt securities available for sale. During the nine months ended September 30, 2023, proceeds from the sale of debt securities available for sale totaled \$277.0 million, resulting in no gross gains and \$10.8 million of gross losses. There were no calls or matured debt securities available for sale during the three and nine months ended September 30, 2023.

Debt securities available for sale having a carrying value of \$225.9 million and \$211.5 million, at September 30, 2024 and December 31, 2023, 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 \$74.9 million and \$75.1 million, at September 30, 2024 and December 31, 2023, 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 September 30, 2024 and December 31, 2023 and if the unrealized loss position was continuous for the twelve months prior to those respective dates:

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

6. Debt Securities Available for Sale (continued)

	September 30, 2024					
	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	\$ —	\$ —	\$ 21,080	\$ (1,133)	\$ 21,080	\$ (1,133)
Mortgage-backed securities and collateralized mortgage obligations	9,993	(4)	813,803	(113,467)	823,796	(113,471)
Municipal obligations	1,010	(1)	1,809	(26)	2,819	(27)
Corporate debt securities	—	—	79,578	(12,933)	79,578	(12,933)
	\$ 11,003	\$ (5)	\$ 916,270	\$ (127,559)	\$ 927,273	\$ (127,564)

		December 31, 2023						
		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	\$	—	\$	—	\$	21,344	\$	(1,810)
Mortgage-backed securities and collateralized mortgage obligations		54		(4)		863,026		(141,939)
Municipal obligations		—		—		2,702		(68)
Corporate debt securities		—		—		75,765		(14,798)
	\$	54	\$	(4)	\$	962,837	\$	(158,615)
							\$	962,891
								(158,619)

The number of securities in an unrealized loss position at September 30, 2024 totaled 303, compared with 329 at December 31, 2023. All temporarily impaired securities were investment grade as of September 30, 2024 and December 31, 2023, except two corporate debt securities which were rated BB+, totaling approximately \$8.4 million and \$8.1 million at September 30, 2024 and December 31, 2023, respectively.

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.

There was no activity in the allowance for credit losses on debt securities available for sale for the three and nine months ended September 30, 2024 and 2023.

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 \$5.0 million and \$3.7 million at September 30, 2024 and December 31, 2023, respectively, and is excluded from the estimate of credit losses.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

7. Debt Securities Held to Maturity

Debt securities held to maturity at September 30, 2024 and December 31, 2023 are summarized as follows:

September 30, 2024					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Allowance for Credit Losses	Fair Value
U.S. government and agency obligations	\$ 44,872	\$ —	\$ (4,379)	\$ —	\$ 40,493
Mortgage-backed securities and collateralized mortgage obligations	356,459	—	(29,393)	—	327,066
	<u>\$ 401,331</u>	<u>\$ —</u>	<u>\$ (33,772)</u>	<u>\$ —</u>	<u>\$ 367,559</u>

December 31, 2023					
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Allowance for Credit Losses	Fair Value
(In thousands)					
U.S. government and agency obligations	\$ 49,871	\$ —	\$ (5,902)	\$ —	\$ 43,969
Mortgage-backed securities and collateralized mortgage obligations	351,283	—	(38,075)	—	313,208
	<u>\$ 401,154</u>	<u>\$ —</u>	<u>\$ (43,977)</u>	<u>\$ —</u>	<u>\$ 357,177</u>

The amortized cost and fair value of debt securities held to maturity at September 30, 2024, 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.

	September 30, 2024	
	Amortized Cost	Fair Value
	(In thousands)	
More than one year to five years	\$ 24,875	\$ 23,438
More than five years to ten years	9,997	8,975
More than ten years	10,000	8,080
	44,872	40,493
Mortgage-backed securities and collateralized mortgage obligations	356,459	327,066
	\$ 401,331	\$ 367,559

Mortgage-backed securities and collateralized mortgage obligations totaling \$356.5 million at amortized cost, and \$327.1 million at fair value at September 30, 2024, 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 nine months ended September 30, 2024 there were no sales or maturities of debt securities held to maturity. There was one called debt security held to maturity totaling \$5.0 million during the three and nine months ended September 30, 2024. During the three and nine months ended September 30, 2023 there were no sales, calls, or maturities of debt securities held to maturity.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

7. Debt Securities Held to Maturity (continued)

Debt securities held to maturity having a carrying value of \$280.4 million and \$202.9 million, at September 30, 2024 and December 31, 2023, 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.

The following tables summarize the fair value and gross unrealized losses of those securities that reported an unrealized loss at September 30, 2024 and December 31, 2023 and if the unrealized loss position was continuous for the twelve months prior to those respective dates:

September 30, 2024							
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	\$ —	\$ —	\$ 40,492	\$ (4,379)	\$ 40,492	\$ (4,379)	
Mortgage-backed securities and collateralized mortgage obligations	16,685	(85)	310,308	(29,308)	326,993	(29,393)	
	<u>\$ 16,685</u>	<u>\$ (85)</u>	<u>\$ 350,800</u>	<u>\$ (33,687)</u>	<u>\$ 367,485</u>	<u>\$ (33,772)</u>	

December 31, 2023							
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	\$ —	\$ —	\$ 43,969	\$ (5,902)	\$ 43,969	\$ (5,902)	
Mortgage-backed securities and collateralized mortgage obligations	—	—	313,208	(38,075)	313,208	(38,075)	
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 357,177</u>	<u>\$ (43,977)</u>	<u>\$ 357,177</u>	<u>\$ (43,977)</u>	

The number of securities in an unrealized loss position at September 30, 2024 totaled 103, compared with 108 at December 31, 2023. All temporarily impaired securities were investment grade as of September 30, 2024 and December 31, 2023.

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 securities 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 \$778,000 and \$997,000 at September 30, 2024 and December 31, 2023, respectively, and is excluded from the estimate of credit losses.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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 September 30, 2024 and December 31, 2023 was \$4.5 million and \$4.1 million, respectively.

The Company recorded a net (decrease) increase in the fair value of equity securities of \$(27,000) and \$(81,000), and \$425,000 and \$249,000 during the three and nine months ended September 30, 2024 and 2023, respectively, as a component of non-interest income.

During the three and nine months ended September 30, 2024 and 2023, there were no sales of equity securities.

9. Loans Receivable and Allowance for Credit Losses

Loans receivable at September 30, 2024 and December 31, 2023 are summarized as follows:

	September 30, 2024	December 31, 2023
	(In thousands)	
Real estate loans:		
One-to-four family	\$ 2,737,190	\$ 2,792,833
Multifamily	1,399,000	1,409,187
Commercial real estate	2,312,759	2,377,077
Construction	510,439	443,094
Commercial business loans	586,447	533,041
Consumer loans:		
Home equity loans and advances	261,041	266,632
Other consumer loans	2,877	2,801
Total gross loans	7,809,753	7,824,665
Purchased credit-deteriorated ("PCD") loans	11,795	15,089
Net deferred loan costs, fees and purchased premiums and discounts	35,642	34,783
Loans receivable	<u>\$ 7,857,190</u>	<u>\$ 7,874,537</u>

The Company had no loans held-for-sale at September 30, 2024 and December 31, 2023. During the three months ended September 30, 2024, the Company sold \$6.2 million and \$2.8 million of one-to-four family real estate loans and Small Business Administration ("SBA") loans included in commercial business loans held-for-sale, respectively, resulting in gross gains of \$459,000 and no gross losses. During the nine months ended September 30, 2024, the Company sold \$6.4 million, \$6.8 million, and \$2.7 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 \$825,000 and no gross losses.

During the three months ended September 30, 2023, the Company sold \$6.8 million, \$7.1 million, and \$1.9 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 \$455,000 and gross losses of \$58,000. During the nine months ended September 30, 2023, the Company sold \$64.6 million, \$21.4 million, \$18.4 million, and \$5.7 million, of one-to-four family real estate loans and home equity loans and advances, commercial real estate loans, SBA loans included in commercial business loans, and construction loans held-for-sale, respectively, resulting in gross gains of \$1.4 million and gross losses of \$383,000.

During the three and nine months ended September 30, 2024, no loans were purchased by the Company. During the three months ended September 30, 2023 no loans were purchased by the Company. During the nine months ended September 30, 2023, the Company purchased a \$14.7 million commercial real estate participation loan from a third party financial institution.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

At September 30, 2024 and December 31, 2023, commercial business loans included \$530,000 and \$809,000, respectively, in SBA Payroll Protection Program ("PPP") loans.

At September 30, 2024 and December 31, 2023, the carrying value of loans serviced by the Company for investors was \$513.0 million and \$551.0 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 September 30, 2024 and December 31, 2023:

September 30, 2024						
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	\$ 14,915	\$ 6,989	\$ 2,982	\$ 24,886	\$ 7,368	\$ 2,712,304	\$ 2,737,190
Multifamily	—	—	—	—	—	1,399,000	1,399,000
Commercial real estate	15,492	450	—	15,942	9,413	2,296,817	2,312,759
Construction	—	—	—	—	—	510,439	510,439
Commercial business loans	3,686	1,253	1,404	6,343	11,061	580,104	586,447

Consumer loans:

Home equity loans and advances	560	139	13	712	172	260,329	261,041
Other consumer loans	2	—	—	2	—	2,875	2,877
Total loans	\$ 34,655	\$ 8,831	\$ 4,399	\$ 47,885	\$ 28,014	\$ 7,761,868	\$ 7,809,753

December 31, 2023						
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	\$ 11,079	\$ 4,254	\$ 1,558	\$ 16,891	\$ 3,139	\$ 2,775,942	\$ 2,792,833
Multifamily	—	—	—	—	—	1,409,187	1,409,187
Commercial real estate	1,711	2,472	2,740	6,923	2,740	2,370,154	2,377,077
Construction	—	—	—	—	—	443,094	443,094
Commercial business loans	1,727	4,917	6,518	13,162	6,518	519,879	533,041

Consumer loans:

Home equity loans and advances	779	14	170	963	221	265,669	266,632
Other consumer loans	1	—	—	1	—	2,800	2,801
Total loans	\$ 15,297	\$ 11,657	\$ 10,986	\$ 37,940	\$ 12,618	\$ 7,786,725	\$ 7,824,665

The Company considers a loan to be delinquent when we have not received a payment within 30 days of its contractual due date, or when the Company does not expect to receive all principal and interest payments owed substantially in accordance with the terms of the loan agreement, regardless of the past due status. Non-accruing loans are returned to accrual status after there has been a sustained period of repayment performance 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 for which management may have concerns about collectability.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

At September 30, 2024 and December 31, 2023, non-accrual loans totaled \$28.0 million and \$12.6 million, respectively. Included in non-accrual loans at September 30, 2024 and December 31, 2023, are 32 and 10 loans totaling \$23.6 million and \$1.6 million, respectively, which are less than 90 days in arrears.

At September 30, 2024 and December 31, 2023, there were no loans past due 90 days or more still accruing interest.

Purchased credit-deteriorated ("PCD") loans 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. Loans acquired in a business combination 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 September 30, 2024 and December 31, 2023, PCD loans acquired in the Stewardship Financial Corporation ("Stewardship") acquisition totaled \$1.2 million and \$1.7 million, respectively, PCD loans acquired in the Freehold Bank acquisition totaled \$247,000 and \$2.8 million, respectively, and PCD loans acquired in the RSI Bank acquisition totaled \$10.4 million and \$10.6 million, respectively.

We may obtain physical possession of real estate collateralizing a residential mortgage loan via foreclosure or through an in-substance repossession. At September 30, 2024, the Company held one commercial property with a carrying value of \$2.0 million in other real estate owned that was acquired through foreclosure on a nonresidential mortgage loan. At December 31, 2023, the Company had no real estate owned. At September 30, 2024 we had four residential mortgage loans with a carrying value of \$1.2 million collateralized by residential real estate, which were in the process of foreclosure. At December 31, 2023, we had one residential mortgage loan and one home equity loan with carrying values of \$576,000 and \$93,000, respectively, collateralized by residential real estate which were in the process of foreclosure.

The Company has 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 in the Consolidated Statement of Financial Condition, which totaled \$33.6 million and \$32.9 million at September 30, 2024 and December 31, 2023, respectively, and is excluded from the estimate of credit losses.

The determination of the allowance for credit losses ("ACL") on loans is considered a critical accounting estimate by management because of the high degree of judgment involved in determining qualitative loss factors, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment. The ACL is maintained at a level management considers adequate to provide for estimated losses and impairment based upon an evaluation of known and inherent risk in the loan portfolio. The ACL consists of two elements: (1) identification of loans that must be individually analyzed for impairment and (2) establishment of an ACL for loans collectively analyzed.

Portfolio segments are 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 losses based on the type of borrower and collateral which is generally based upon federal call report segmentation. The segments have been combined or sub-segments have been added as needed to ensure loans of similar risk profiles are appropriately pooled.

We maintain a loan review system that provides a periodic review of the loan portfolio and the identification of individually analyzed loans. The ACL for individually analyzed loans is based on the fair value of collateral or cash flows. While management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluations.

The ACL quantitative allowance for each segment is measured using a discounted cash flow methodology incorporating an econometric, probability of default ("PD") and loss given default ("LGD") with distinct segment-specific multi-variate regression models applied. Expected credit losses are estimated over the 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 the modeled cash flows, adjusted for model defaults and expected prepayments and discounted at the loan-level effective interest rate. The contractual term excludes expected extensions, renewals, and modifications.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

Management estimates the ACL using relevant and reliable 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 its segment-specific peers provides the basis for the estimate of expected credit losses. Credit losses over a defined period are converted to PD rate curves through the use of segment-specific LGD risk factors that convert default rates to loss severity based on industry-level, observed relationships between the two variables for each segment, primarily due to the nature of the underlying collateral. These risk factors were assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical default and loss severity deviate from that of the wider industry. The historical 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 a single economic forecast of macroeconomic variables (i.e., unemployment, gross domestic product, vacancy, and home price index). 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 reverts to long-term average historical loss rates using a straight-line, time-based methodology. The Company's current forecast period is six quarters, with a four-quarter reversion period to long-term average historical loss rates.

After quantitative considerations, management applies additional qualitative adjustments that consider the expected impact of certain factors not fully captured in the quantitative reserve. Qualitative adjustments include but are not limited to concentrations of large loan balances, delinquency trends, change in collateral values within segments, and other considerations.

The ACL is established through the provision for credit losses that are charged to income, which is based upon an evaluation of estimated losses in the current loan portfolio, including the evaluation of individually analyzed loans. Charge-offs against the ACL 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 ACL. Although we believe we have established and maintained the ACL on loans at appropriate levels, changes in reserves may be necessary if actual economic and other conditions differ substantially from the forecast used in estimating the ACL.

Our financial results are affected by the changes in and the level of the ACL. This process involves our analysis of internal and external variables, and it requires that we exercise judgment to estimate an appropriate ACL. As a result of the uncertainty associated with this subjectivity, we cannot assure the precision of the amount reserved, should we experience sizable loan losses in any particular period and/or significant changes in assumptions or economic condition. We believe the primary risks inherent in the portfolio are a general decline in the economy, a decline in real estate market values, rising unemployment, increasing vacancy rates, and increases in interest rates in the absence of economic improvement or any other such factors. 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, we have recorded loan credit losses at a level which is estimated to represent the current risk in its loan portfolio.

For our non-performing loans, the allowance is determined on an individual basis using the present value of expected cash flows, or for collateral dependent loans, the fair value of the collateral less estimated costs to sell. We continue to assess the collateral of loans and update our appraisals on these loans on an annual basis. To the extent the property values decline, there could be additional losses on these non-performing assets, which may be material. Management considered these market conditions in deriving the estimated ACL. Should economic difficulties occur, the ultimate amount of loss could vary from our current estimate.

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 September 30, 2024 and December 31, 2023:

September 30, 2024								
	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 analyzed loans	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively analyzed loans	12,837	8,515	15,527	7,076	13,115	1,384	8	58,462
Loans acquired with deteriorated credit quality	4	—	29	—	—	—	—	33
Total	<u>\$ 12,841</u>	<u>\$ 8,515</u>	<u>\$ 15,556</u>	<u>\$ 7,076</u>	<u>\$ 13,115</u>	<u>\$ 1,384</u>	<u>\$ 8</u>	<u>\$ 58,495</u>
Total loans:								
Individually analyzed loans	\$ 7,238	\$ 5,743	\$ 7,578	\$ —	\$ 12,062	\$ 171	\$ —	\$ 32,792
Collectively analyzed loans	2,729,952	1,393,257	2,305,181	510,439	574,385	260,870	2,877	7,776,961
Loans acquired with deteriorated credit quality	1,834	—	9,503	—	311	147	—	11,795
Total loans	<u>\$ 2,739,024</u>	<u>\$ 1,399,000</u>	<u>\$ 2,322,262</u>	<u>\$ 510,439</u>	<u>\$ 586,758</u>	<u>\$ 261,188</u>	<u>\$ 2,877</u>	<u>\$ 7,821,548</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

December 31, 2023

	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 analyzed loans	\$ 186	\$ 7	\$ 237	\$ —	\$ 154	\$ 30	\$ —	\$ 614
Collectively analyzed loans	12,827	8,735	15,378	7,758	7,742	1,862	7	54,309
Loans acquired with deteriorated credit quality	4	—	142	—	27	—	—	173
Total	<u>\$ 13,017</u>	<u>\$ 8,742</u>	<u>\$ 15,757</u>	<u>\$ 7,758</u>	<u>\$ 7,923</u>	<u>\$ 1,892</u>	<u>\$ 7</u>	<u>\$ 55,096</u>
Total loans:								
Individually analyzed loans	\$ 4,063	\$ 382	\$ 15,360	\$ —	\$ 11,550	\$ 601	\$ —	\$ 31,956
Collectively analyzed loans	2,788,770	1,408,805	2,361,717	443,094	521,491	266,031	2,801	7,792,709
Loans acquired with deteriorated credit quality	1,893	—	12,689	—	369	138	—	15,089
Total loans	<u>\$ 2,794,726</u>	<u>\$ 1,409,187</u>	<u>\$ 2,389,766</u>	<u>\$ 443,094</u>	<u>\$ 533,410</u>	<u>\$ 266,770</u>	<u>\$ 2,801</u>	<u>\$ 7,839,754</u>

On January 1, 2023, the Company adopted ASU 2022-02, *Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures*, which eliminated the accounting guidance for troubled debt restructurings (“TDRs”) while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This guidance was applied on a prospective basis. Modifications made to borrowers experiencing financial difficulty may include principal or interest forgiveness, forbearance, interest rate reductions, term extensions, or a combination of these events intended to minimize economic loss and to avoid foreclosure or repossession of collateral.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

The following table presents the modifications of loans to borrowers experiencing financial difficulty that were modified during the three and nine months ended September 30, 2024 and 2023:

For the Three Months Ended September 30, 2024			
	Amortized Cost	Interest Rate Reduction	% of Total Class of Loans Receivable
	(In thousands)		
Commercial real estate	\$ 1,536	\$ 1,536	0.07 %
Total loans	\$ 1,536	\$ 1,536	0.02 %

For the Three Months Ended September 30, 2023				
	Amortized Cost	Term Extension	Combination of Term Extension, Interest Rate Reduction, and Principal Forgiveness	% of Total Class of Loans Receivable
	(In thousands)			
Commercial real estate	\$ 1,038	\$ 1,038	\$ —	— %
Commercial business	5,000	—	5,000	0.09
Total loans	\$ 6,038	\$ 1,038	\$ 5,000	0.01 %

For the Nine Months Ended September 30, 2024					
	Amortized Cost	Interest Rate Reduction	Term Extension	Combination of Term Extension, Interest Rate Reduction, and Principal Forgiveness	% of Total Class of Loans Receivable
	(In thousands)				
Commercial real estate	\$ 1,536	\$ 1,536	\$ —	\$ —	0.07 %
Commercial business	3,700	—	3,700	—	0.63 %
Total loans	\$ 5,236	\$ 1,536	\$ 3,700	\$ —	0.07 %

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

	For the Nine Months Ended September 30, 2023			
	Amortized Cost	Term Extension	Combination of Term Extension, Interest Rate Reduction, and Principal Forgiveness	% of Total Class of Loans Receivable
	(In thousands)			
Commercial real estate	\$ 1,038	\$ 1,038	\$ —	— %
Construction	2,317	2,317	—	0.60 %
Commercial business	5,240	240	5,000	1.00 %
Total loans	<u>\$ 8,595</u>	<u>\$ 3,595</u>	<u>\$ 5,000</u>	<u>0.10 %</u>

The following table describes the types of modifications of loans to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2024 and 2023:

For the Three Months Ended September 30, 2024	
	Type of Modifications
Commercial real estate	Interest rate reduction
For the Three Months Ended September 30, 2023	
	Type of Modifications
Construction	12 month term extension
Commercial business	12 month term extension, interest rate reduction, and/or principal forgiveness
For the Nine Months Ended September 30, 2024	
	Type of Modifications
Commercial real estate	Interest rate reduction
Commercial business	15 month term extension
For the Nine Months Ended September 30, 2023	
	Type of Modifications
Commercial real estate	12 month term extension
Construction	12 month term extension
Commercial business	12 month term extension, interest rate reduction, and/or principal forgiveness

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

The Company closely monitors the performance of modifications of loans to borrowers experiencing financial difficulty to understand the effectiveness of these modification efforts. The Company did not extend any commitments to lend additional funds to borrowers experiencing financial difficulty whose loans had been modified during the three and nine months ended September 30, 2024.

The following tables present the aging analysis of modifications of loans to borrowers experiencing financial difficulty at September 30, 2024 and December 31, 2023:

September 30, 2024						
	Current	30-59 Days	60-89 Days	90 Days or More	Non-accrual	Total
(In thousands)						
Commercial real estate	\$ 1,530	\$ —	\$ —	\$ —	\$ 1,029	\$ 2,559
Commercial business	—	—	—	—	3,686	3,686
Total loans	<u>\$ 1,530</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,715</u>	<u>\$ 6,245</u>
December 31, 2023						
	Current	30-59 Days	60-89 Days	90 Days or More	Non-accrual	Total
(In thousands)						
Commercial real estate	\$ 1,035	\$ —	\$ —	\$ —	\$ —	\$ 1,035
Construction	2,317	—	—	—	—	2,317
Commercial business	—	—	4,917	—	237	5,154
Total loans	<u>\$ 3,352</u>	<u>\$ —</u>	<u>\$ 4,917</u>	<u>\$ —</u>	<u>\$ 237</u>	<u>\$ 8,506</u>

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 nine months ended September 30, 2024 and 2023 are as follows:

	For the Three Months Ended September 30,								
	One-to-Four Family	Multifamily	Commercial Real Estate	Construction	Commercial Business	Home Equity Loans and Advances	Other Consumer Loans	Totals	
	(In thousands)								
2024									
Balance at beginning of period	\$ 14,888	\$ 8,391	\$ 15,080	\$ 8,549	\$ 7,494	\$ 2,654	\$ 6	\$	57,062
Provision for (reversal of) credit losses	(2,055)	124	440	(1,474)	8,267	(1,275)	76		4,103
Recoveries	8	—	36	1	50	5	2		102
Charge-offs	—	—	—	—	(2,696)	—	(76)		(2,772)
Balance at end of period	\$ 12,841	\$ 8,515	\$ 15,556	\$ 7,076	\$ 13,115	\$ 1,384	\$ 8	\$	58,495
2023									
Balance at beginning of period	\$ 11,026	\$ 9,392	\$ 16,212	\$ 6,935	\$ 7,690	\$ 2,193	\$ 8	\$	53,456
Provision for (reversal of) credit losses	1,063	117	(454)	10	1,688	(53)	8		2,379
Recoveries	—	—	—	—	624	49	1		674
Charge-offs	(218)	—	—	—	(2,168)	—	(10)		(2,396)
Balance at end of period	\$ 11,871	\$ 9,509	\$ 15,758	\$ 6,945	\$ 7,834	\$ 2,189	\$ 7	\$	54,113

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

For the Nine Months Ended September 30,									
	One-to-Four Family	Multifamily	Commercial Real Estate	Construction	Commercial Business	Home Equity Loans and Advances	Other Consumer Loans	Totals	
	(In thousands)								
2024									
Balance at beginning of period	\$ 13,017	\$ 8,742	\$ 15,757	\$ 7,758	\$ 7,923	\$ 1,892	\$ 7	\$	55,096
Provision for (reversal of) credit losses	(184)	(227)	(117)	(685)	13,076	(522)	234		11,575
Recoveries	10	—	36	3	455	14	3		521
Charge-offs	(2)	—	(120)	—	(8,339)	—	(236)		(8,697)
Balance at end of period	\$ 12,841	\$ 8,515	\$ 15,556	\$ 7,076	\$ 13,115	\$ 1,384	\$ 8	\$	58,495
2023									
Balance at beginning of period	\$ 11,802	\$ 7,877	\$ 18,111	\$ 6,425	\$ 6,897	\$ 1,681	\$ 10	\$	52,803
Provision for (reversal of) credit losses	421	1,632	(2,203)	520	2,725	460	77		3,632
Recoveries	—	—	—	—	830	73	6		909
Charge-offs	(352)	—	(150)	—	(2,618)	(25)	(86)		(3,231)
Balance at end of period	\$ 11,871	\$ 9,509	\$ 15,758	\$ 6,945	\$ 7,834	\$ 2,189	\$ 7	\$	54,113

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

The following tables present individually analyzed loans by segment, excluding PCD loans, at September 30, 2024 and December 31, 2023:

At September 30, 2024			
	Recorded Investment	Unpaid Principal Balance	Specific Allowance
	(In thousands)		
With no allowance recorded:			
Real estate loans:			
One-to-four family	\$ 7,238	\$ 7,287	\$ —
Multifamily	5,743	5,743	—
Commercial real estate	7,578	8,238	—
Commercial business loans	12,062	15,031	—
Consumer loans:			
Home equity loans and advances	171	171	—
	32,792	36,470	—
With a specific allowance recorded:			
	—	—	—
Total:			
Real estate loans:			
One-to-four family	7,238	7,287	—
Multifamily	5,743	5,743	—
Commercial real estate	7,578	8,238	—
Commercial business loans	12,062	15,031	—
Consumer loans:			
Home equity loans and advances	171	171	—
Total loans	\$ 32,792	\$ 36,470	\$ —

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

	At December 31, 2023		
	Recorded Investment	Unpaid Principal Balance	Specific Allowance
	(In thousands)		
With no allowance recorded:			
Real estate loans:			
One-to-four family	\$ 1,170	\$ 1,519	\$ —
Multifamily	49	52	—
Commercial real estate	12,741	14,364	—
Commercial business loans	5,814	6,764	—
Consumer loans:			
Home equity loans and advances	145	163	—
	19,919	22,862	—
With a specific allowance recorded:			
Real estate loans:			
One-to-four family	2,893	2,911	186
Multifamily	333	333	7
Commercial real estate	2,619	2,622	237
Commercial business loans	5,736	5,736	154
Consumer loans:			
Home equity loans and advances	456	456	30
	12,037	12,058	614
Total:			
Real estate loans:			
One-to-four family	4,063	4,430	186
Multifamily	382	385	7
Commercial real estate	15,360	16,986	237
Commercial business loans	11,550	12,500	154
Consumer loans:			
Home equity loans and advances	601	619	30
	\$ 31,956	\$ 34,920	\$ 614

Specific allocations of the allowance for credit losses attributable to individually analyzed loans totaled \$0 and \$614,000 at September 30, 2024 and December 31, 2023, respectively. At September 30, 2024 and December 31, 2023, impaired loans for which there was no related allowance for credit losses totaled \$32.8 million and \$19.9 million, respectively.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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

The following table presents interest income recognized for individually analyzed loans by loan segment, excluding PCD loans and non-accrual loans, for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,			
	2024		2023	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(In thousands)			
Real estate loans:				
One-to-four family	\$ 3,808	\$ —	\$ 4,329	\$ 54
Multifamily	2,872	—	411	5
Commercial real estate	8,258	48	16,653	214
Commercial business loans	11,477	—	7,657	78
Consumer loans:				
Home equity loans and advances	93	—	626	15
Total loans	<u>\$ 26,508</u>	<u>\$ 48</u>	<u>\$ 29,676</u>	<u>\$ 366</u>

	For the Nine Months Ended September 30,			
	2024		2023	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(In thousands)			
Real estate loans:				
One-to-four family	\$ 3,352	\$ 13	\$ 4,394	\$ 154
Multifamily	1,543	1	429	15
Commercial real estate	10,393	88	16,452	516
Commercial business loans	10,905	—	4,780	148
Consumer loans:				
Home equity loans and advances	224	1	657	32
Total loans	<u>\$ 26,417</u>	<u>\$ 103</u>	<u>\$ 26,712</u>	<u>\$ 865</u>

Management prepares an analysis each quarter that categorizes the entire loan portfolio by certain risk characteristics such as loan type (residential mortgage, commercial mortgage, construction, commercial business, etc.) and loan risk rating. The categorization of loans into risk categories is based upon relevant information about the borrower's ability to service their debt.

The Company utilizes a 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, with a rating established for loans with minimal risk. Loans rated 4w are watch loans, which may have a potential concern that warrants increased oversight and tracking by management. We enhanced our level of scrutiny and focus regarding documentation related to credit risk rating benchmark guidelines that pertain to debt-service coverage ratios, LTV ratios, borrower strength, asset quality, and funded cash reserves. Other factors such as guarantees, market strength, and remaining loan term and borrower equity are also reviewed and are factored into determining the credit risk rating assigned to each loan. 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 September 30, 2024 and December 31, 2023:

Loans by Year of Origination at September 30, 2024									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
One-to-Four Family									
Pass	\$ 87,553	\$ 156,055	\$ 765,664	\$ 758,498	\$ 255,413	\$ 705,269	\$ —	\$ —	\$ 2,728,452
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	747	2,116	1,494	600	3,781	—	—	8,738
Total One-to-Four Family	87,553	156,802	767,780	759,992	256,013	709,050	—	—	2,737,190
Gross charge-offs	—	—	—	—	—	2	—	—	2
Multifamily									
Pass	16,708	123,376	307,033	336,837	166,583	440,868	—	—	1,391,405
Special mention	—	—	—	750	—	—	—	—	750
Substandard	—	—	5,743	—	—	1,102	—	—	6,845
Total Multifamily	16,708	123,376	312,776	337,587	166,583	441,970	—	—	1,399,000
Gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial Real Estate									
Pass	88,218	178,271	428,615	373,770	154,958	958,565	—	—	2,182,397
Special mention	—	—	1,035	1	2,798	43,947	—	—	47,781
Substandard	—	—	9,838	1,000	3,717	68,026	—	—	82,581
Total Commercial Real Estate	88,218	178,271	439,488	374,771	161,473	1,070,538	—	—	2,312,759
Gross charge-offs	—	—	—	—	—	120	—	—	120
Construction									
Pass	35,915	157,306	258,931	47,725	—	—	—	—	499,877
Special mention	—	—	5,554	—	—	—	—	—	5,554
Substandard	—	—	5,008	—	—	—	—	—	5,008
Total Construction	35,915	157,306	269,493	47,725	—	—	—	—	510,439
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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 September 30, 2024									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
Commercial Business									
Pass	\$ 71,735	\$ 58,408	\$ 54,552	\$ 26,194	\$ 23,293	\$ 42,311	\$ 258,085	\$ —	\$ 534,578
Special mention	—	—	236	—	66	767	8,891	—	9,960
Substandard	1,465	326	273	523	235	7,428	31,261	—	41,511
Doubtful	—	—	—	—	—	398	—	—	398
Total Commercial Business	73,200	58,734	55,061	26,717	23,594	50,904	298,237	—	586,447
Gross charge-offs	—	—	364	3,033	—	4,942	—	—	8,339
Home Equity Loans and Advances									
Pass	11,015	17,596	19,144	16,708	10,145	81,599	36,902	67,761	260,870
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	171	—	—	171
Total Home Equity Loans and Advances	11,015	17,596	19,144	16,708	10,145	81,770	36,902	67,761	261,041
Gross charge-offs	—	—	—	—	—	—	—	—	—
Other Consumer Loans									
Pass	2,283	105	101	10	1	66	311	—	2,877
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Other Consumer Loans	2,283	105	101	10	1	66	311	—	2,877
Gross charge-offs	—	62	118	54	—	2	—	—	236
Total Loans	314,892	692,190	1,863,843	1,563,510	617,809	2,354,298	335,450	67,761	7,809,753
Total gross charge-offs	\$ —	\$ 62	\$ 482	\$ 3,087	\$ —	\$ 5,066	\$ —	\$ —	\$ 8,697

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, 2023									
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
One-to-Four Family									
Pass	\$ 156,279	\$ 786,735	\$ 793,074	\$ 272,215	\$ 165,337	\$ 614,351	\$ —	\$ —	\$ 2,787,991
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	1,176	769	283	629	1,985	—	—	4,842
Total One-to-Four family	156,279	787,911	793,843	272,498	165,966	616,336	—	—	2,792,833
Gross charge-offs	—	208	197	—	29	151	—	—	585
Multifamily									
Pass	111,612	317,277	359,983	157,294	202,923	255,578	—	—	1,404,667
Special mention	—	—	—	—	—	4,520	—	—	4,520
Substandard	—	—	—	—	—	—	—	—	—
Total Multifamily	111,612	317,277	359,983	157,294	202,923	260,098	—	—	1,409,187
Gross charge-offs	—	—	—	—	—	—	—	—	—
Commercial Real Estate									
Pass	191,030	422,058	371,578	174,705	236,263	930,740	—	—	2,326,374
Special mention	—	—	465	—	871	24,405	—	—	25,741
Substandard	—	5,743	905	1,799	—	16,515	—	—	24,962
Total Commercial Real Estate	191,030	427,801	372,948	176,504	237,134	971,660	—	—	2,377,077
Gross charge-offs	—	—	—	—	64	86	—	—	150
Construction									
Pass	99,634	270,397	65,374	4,933	439	2,317	—	—	443,094
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Construction	99,634	270,397	65,374	4,933	439	2,317	—	—	443,094
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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, 2023									
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans to Term Loans	Total
(In thousands)									
Commercial Business									
Pass	\$ 67,529	\$ 58,118	\$ 28,989	\$ 27,194	\$ 15,499	\$ 38,954	\$ 272,698	\$ —	\$ 508,981
Special mention	127	303	—	97	14	1,389	4,587	—	6,517
Substandard	—	76	88	6	1,081	6,150	10,142	—	17,543
Total Commercial Business	67,656	58,497	29,077	27,297	16,594	46,493	287,427	—	533,041
Gross charge-offs	—	—	31	34	2,249	304	—	—	2,618
Home Equity Loans and Advances									
Pass	20,198	20,713	18,139	11,368	9,877	84,261	37,261	64,558	266,375
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	257	—	—	257
Total Home Equity Loans and Advances	20,198	20,713	18,139	11,368	9,877	84,518	37,261	64,558	266,632
Gross charge-offs	—	—	—	—	—	26	—	—	26
Other Consumer Loans									
Pass	2,199	151	38	6	18	68	321	—	2,801
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Total Other Consumer Loans	2,199	151	38	6	18	68	321	—	2,801
Gross charge-offs	—	61	52	—	—	2	—	—	115
Total Loans	648,608	1,882,747	1,639,402	649,900	632,951	1,981,490	325,009	64,558	7,824,665
Total gross charge-offs	\$ —	\$ 269	\$ 280	\$ 34	\$ 2,342	\$ 569	\$ —	\$ —	\$ 3,494

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 for 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 September 30, 2024 and December 31, 2023, the balance of the allowance for credit losses on unfunded commitments, included in other liabilities, totaled \$3.4 million and \$5.5 million, respectively. 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 \$548,000 and \$520,000 and \$2.0 million and \$1.2 million during the three and nine months ended September 30, 2024 and 2023, respectively.

The following table presents the activity in the allowance for credit losses on off-balance-sheet exposures for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands)				
Allowance for Credit Losses:				
Beginning balance	\$ 3,988	\$ 6,330	\$ 5,484	\$ 6,970
(Reversal of) provision for credit losses	(548)	(520)	(2,044)	(1,160)
Balance at end of period	<u>\$ 3,440</u>	<u>\$ 5,810</u>	<u>\$ 3,440</u>	<u>\$ 5,810</u>

10. Leases

The Company leases real estate property for branches and office space. At September 30, 2024 and December 31, 2023, 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 September 30, 2024 and December 31, 2023, the weighted average remaining lease term for operating leases was 5.8 years and 5.9 years, respectively, and the weighted average discount rate used in the measurement of operating lease liabilities was 3.28% and 2.70%, respectively.

The Company accounts 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 and nine months ended September 30, 2024 and 2023, operating and variable lease expenses totaled approximately \$672,000 and \$754,000, and \$2.1 million and \$2.1 million, respectively.

There were no sale and leaseback transactions, leveraged leases or lease transactions with related parties during the three and nine months ended September 30, 2024 and 2023. At September 30, 2024, the Company had no 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	
	September 30,	December 31,
	2024	2023
	(In thousands)	
One year or less	\$ 1,144	\$ 4,204
After one year to two years	4,666	3,536
After two years to three years	4,232	3,154
After three years to four years	3,272	2,271
After four years to five years	2,809	1,807
Thereafter	4,641	2,974
Total undiscounted cash flows	20,764	17,946
Discount on cash flows	(1,944)	(1,411)
Total lease liability	\$ 18,820	\$ 16,535

11. Deposits

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

	September 30,	December 31,
	2024	2023
	(In thousands)	
Non-interest-bearing demand	\$ 1,406,152	\$ 1,437,361
Interest-bearing demand	1,980,298	1,966,463
Money market accounts	1,239,204	1,255,528
Savings and club deposits	649,858	700,348
Certificates of deposit	2,682,547	2,486,856
Total deposits	\$ 7,958,059	\$ 7,846,556

The aggregate amount of certificates of deposit that meet or exceed \$100,000 totaled approximately \$1.6 billion and \$1.5 billion at September 30, 2024 and December 31, 2023, respectively. Interest expense on deposits for the three months ended September 30, 2024 and 2023 totaled \$52.2 million and \$35.9 million, respectively. Interest expense on deposits for the nine months ended September 30, 2024 and 2023 totaled \$150.4 million and \$81.7 million, respectively.

Within total deposits, brokered deposits totaled \$50.0 million at September 30, 2024. There were no brokered deposits as of December 31, 2023. The Company also offers its customers reciprocal deposit arrangements, which provide FDIC deposit insurance for accounts that would otherwise exceed deposit insurance limits, which totaled \$28.4 million and \$19.5 million as of September 30, 2024 and December 31, 2023, respectively.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES**Notes to Unaudited Consolidated Financial Statements****11. Deposits (continued)**

Scheduled maturities of certificates of deposit accounts at September 30, 2024 and December 31, 2023 are summarized as follows:

	<u>September 30,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
	(In thousands)	
One year or less	\$ 2,386,068	\$ 2,077,863
After one year to two years	238,843	321,271
After two years to three years	36,022	57,836
After three years to four years	9,654	13,427
After four years	11,960	16,459
	<u>\$ 2,682,547</u>	<u>\$ 2,486,856</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.

On March 7, 2024, 27,162 shares of restricted stock were awarded, with a grant date fair value of \$16.57 per share. To fund the grant of restricted common stock, the Company issued shares from authorized but unissued shares.

On March 6, 2024, 185,279 shares of restricted stock were awarded, with a grant date fair value of \$16.49 per share. To fund the grant of restricted common stock, the Company issued shares from authorized but unissued shares.

On May 1, 2023, 201,887 shares of restricted stock were awarded, with a grant date fair value of \$15.94 per share. To fund the grant of restricted common stock, the Company issued shares from authorized but unissued shares.

On June 20, 2023, 24,687 shares of restricted stock were awarded, with a grant date fair value of \$18.23 per share. To fund the grant of restricted common stock, the Company issued shares from authorized but unissued shares.

At September 30, 2024, there were 370,379 shares remaining available for future restricted stock awards and 1,441,185 shares remaining available for future stock option grants under the 2019 Plan.

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 awards, which vest upon the satisfactory 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 September 30, 2024 and 2023, approximately \$960,000 and \$1.3 million, respectively, in expense was recognized in regard to these awards. During the nine months ended September 30, 2024 and 2023, approximately \$3.7 million and \$5.9 million, respectively, in expense was recognized in regard to these awards. The expected future compensation expense related to the 435,160 non-vested restricted shares outstanding at September 30, 2024 is approximately \$2.6 million over a weighted average period of 1.7 years.

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 restricted stock activity during the three and nine months ended September 30, 2024 and 2023:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2024	435,541	\$ 16.77
Grants	212,441	16.50
Vested	(25,890)	20.14
Forfeited	(1,545)	16.54
Non-vested at March 31, 2024	620,547	\$ 16.54
Vested	(44,988)	17.20
Forfeited	(150)	20.54
Non-vested at June 30, 2024	575,409	\$ 16.49
Vested	(137,587)	17.70
Forfeited	(2,662)	17.89
Non-vested at September 30, 2024	435,160	\$ 16.75

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Non-vested at January 1, 2023	430,954	\$ 17.31
Vested	(26,424)	21.16
Forfeited	(1,929)	21.12
Non-vested at March 31, 2023	402,601	\$ 17.10
Grants	226,574	16.19
Forfeited	(10,425)	18.51
Non-vested at June 30, 2023	618,750	\$ 16.74
Vested	(138,550)	18.27
Forfeited	(15,509)	17.47
Non-vested at September 30, 2023	464,691	\$ 17.06

On March 6, 2024, options to purchase 286,265 shares of Company common stock were awarded with a grant date fair value of \$6.13 per option. Stock options granted under the 2019 Plan generally vest in equal installments over the service period of 3 years beginning 1 year from the date of grant. These stock options were granted at an exercise price of \$16.49, 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 years, risk-free rate of return of 4.12%, volatility of 29.13%, and a dividend yield of 0.00%.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

12. Stock Based Compensation (continued)

On May 1, 2023, options to purchase 286,016 shares of Company common stock were awarded with a grant date fair value of \$5.48 per option. Stock options granted under the 2019 Plan generally vest in equal installments over the service period of 3 years beginning 1 year from the date of grant. These stock options were granted at an exercise price of \$15.94, 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 years, risk-free rate of return of 3.60%, volatility of 27.07%, 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. The expected volatility is based on the historical daily stock prices of the Company stock. 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 September 30, 2024 and 2023, approximately \$556,000 and \$954,000 in expense was recognized in regard to these awards. During the nine months ended September 30, 2024 and 2023, approximately \$2.5 million and \$2.9 million in expense was recognized in regard to these awards. The expected future compensation expense related to the 599,617 non-vested options outstanding at September 30, 2024 is \$2.7 million over a weighted average period of 2.0 years.

The following is a summary of the Company's option activity during the three and nine months ended September 30, 2024 and 2023:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, January 1, 2024	3,584,069	\$ 16.20	6.1	\$ 11,602,267
Granted	286,265	16.49	—	—
Exercised	(28,051)	15.60	—	—
Expired	(1,412)	15.60	—	—
Forfeited	(5,832)	17.29	—	—
Outstanding, March 31, 2024	3,835,039	\$ 16.22	6.2	\$ 5,050,150
Expired	(1,924)	17.82	—	—
Forfeited	(1,274)	20.54	—	—
Outstanding, June 30, 2024	3,831,841	\$ 16.22	6.0	\$ —
Exercised	(18,133)	16.90	0	—
Expired	(2,683)	18.50	0	—
Forfeited	(8,167)	16.75	0	—
Outstanding, September 30, 2024	3,802,858	\$ 16.22	5.7	\$ 4,564,088
Options exercisable at September 30, 2024	3,203,241	\$ 16.02	5.1	\$ 4,196,193

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

12. Stock Based Compensation (continued)

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding, January 1, 2023	3,436,869	\$ 16.26	6.9	\$ 18,435,239
Exercised	(3,618)	15.60	—	—
Expired	(2,117)	15.60	—	—
Forfeited	(8,055)	20.03	—	—
Outstanding, March 31, 2023	3,423,079	\$ 16.25	6.7	\$ 7,893,117
Granted	286,016	15.94	—	—
Exercised	(37,234)	15.60	—	—
Expired	(1,853)	15.60	—	—
Forfeited	(42,598)	17.72	—	—
Outstanding, June 30, 2023	3,627,410	\$ 16.22	6.7	\$ 5,186,690
Exercised	(3,265)	15.60	—	—
Expired	(4,311)	18.52	—	—
Forfeited	(23,966)	19.10	—	—
Outstanding, September 30, 2023	3,595,868	\$ 17.04	6.4	\$ 310,461
Options exercisable at September 30, 2023	2,412,607	\$ 15.79	5.9	\$ 247,665

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 nine months ended September 30, 2024, the aggregate intrinsic value of options exercised was approximately \$23,000 and \$129,000 respectively. During the three and nine months ended September 30, 2023, the aggregate intrinsic value of options exercised was approximately \$7,000 and, \$507,000, respectively.

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, newly hired employees are not eligible to participate in the Pension Plan as the Pension Plan has been closed to new employees as of that date.

The Company also maintains 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 Sections 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 employee's period of active service. Effective January 1, 2019, the Post-retirement Plan has been closed to new hires.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

13. Components of Net Periodic Benefit Cost (continued)

The Company also provides life insurance benefits to eligible employees under an endorsement split-dollar life insurance program. The Company recognizes a liability for future benefits applicable to endorsement split-dollar life insurance arrangements that provide death benefits post-retirement. Through its mergers, the Company recognized additional liability for future benefits applicable to endorsement split-dollar life insurance arrangements that provide death benefits post-retirement under the programs of certain other previously acquired banks.

Net periodic (income) benefit cost for the Pension Plan, RIM Plan, Post-retirement Plan and Split-Dollar Life Insurance plan benefits for the three and nine months ended September 30, 2024 and 2023, includes the following components:

For the Three Months Ended September 30,										Affected Line Item in the Consolidated Statements of Income
Pension Plan ⁽¹⁾		RIM Plan		Post-retirement Plan		Split-Dollar Life Insurance				
2024	2023	2024	2023	2024	2023	2024	2023			
(In thousands)										
Service cost	\$ 1,039	\$ 1,146	\$ 61	\$ 69	\$ 54	\$ 54	\$ 57	\$ 69	Compensation and employee benefits	
Interest cost	3,292	3,028	162	158	248	242	208	204	Other non-interest expense	
Expected return on plan assets	(8,231)	(7,905)	—	—	—	—	—	—	Other non-interest expense	
Amortization:										
Prior service cost	—	—	—	—	—	—	14	14	Other non-interest expense	
Net loss	130	398	28	14	—	—	—	—	Other non-interest expense	
Net periodic (income) benefit cost	\$ (3,770)	\$ (3,333)	\$ 251	\$ 241	\$ 302	\$ 296	\$ 279	\$ 287		

(1) Effective September 30, 2023, the RSI Pension Plan was merged into the Columbia Bank Pension Plan.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

13. Components of Net Periodic Benefit Cost (continued)

For the Nine Months Ended September 30,										Affected Line Item in the Consolidated Statements of Income
Pension Plan ⁽¹⁾		RIM Plan		Post-retirement Plan		Split-Dollar Life Insurance				
2024	2023	2024	2023	2024	2023	2024	2023			
(In thousands)										
Service cost	\$ 3,464	\$ 3,544	\$ 183	\$ 207	\$ 162	\$ 161	\$ 171	\$ 208	Compensation and employee benefits	
Interest cost	9,492	8,609	486	474	744	727	624	613	Other non-interest expense	
Expected return on plan assets	(24,470)	(22,865)	—	—	—	—	—	—	Other non-interest expense	
Amortization:										
Prior service cost	—	—	—	—	—	—	42	42	Other non-interest expense	
Net loss	1,153	397	84	42	—	—	—	—	Other non-interest expense	
Net periodic (income) benefit cost	\$ (10,361)	\$ (10,315)	\$ 753	\$ 723	\$ 906	\$ 888	\$ 837	\$ 863		

(1) Effective September 30, 2023, the RSI Pension Plan was merged into the Columbia Bank Pension Plan.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

13. Components of Net Periodic Benefit Cost (continued)

Through the acquisition of RSI Bank on May 1, 2022, the Company acquired a funded pension plan and a non-funded post-retirement plan (the "RSI Pension Plan"). The benefits are based on years of plan service and the employee's compensation, as defined in the RSI Pension Plan. The RSI Pension Plan was amended effective March 31, 2011, to freeze the plan so that no employee shall commence or recommence participation in the plan, to cease further benefit accruals under the plan, and to provide that compensation received after the effective date shall not be recognized for any purpose under the plan. Effective September 30, 2023, the RSI Pension Plan was merged, and all assets were transferred into the Columbia Bank Pension Plan. The defined benefit post-retirement healthcare plan covers substantially all retirees and employees.

Net periodic (income) benefit cost for the Pension Plan and Post-retirement Plan for the three and nine months ended September 30, 2024 and 2023, includes the following components:

For the Three Months Ended September 30,						Affected Line Item in the Consolidated Statements of Income
Pension Plan ⁽¹⁾			Post-retirement Plan			
2024	2023	2024	2023			
(In thousands)						
Service cost	\$ —	\$ —	\$ 13	\$ 17	Compensation and employee benefits	
Interest cost	—	76	31	26	Other non-interest expense	
Expected return on plan assets	—	(121)	—	—	Other non-interest expense	
Amortization:						
Net (gain)	—	—	(5)	(15)	Other non-interest expense	
Net periodic (income) benefit cost	<u>\$ —</u>	<u>\$ (45)</u>	<u>\$ 39</u>	<u>\$ 28</u>		

(1) Effective September 30, 2023, the RSI Pension Plan was merged into the Columbia Bank Pension Plan.

For the Nine Months Ended September 30,					Affected Line Item in the Consolidated Statements of Income
Pension Plan ⁽¹⁾		Post-retirement Plan			
2024	2023	2024	2023		
(In thousands)					
Service cost	\$ —	\$ —	\$ 39	\$ 51	Compensation and employee benefits
Interest cost	—	229	93	80	Other non-interest expense
Expected return on plan assets	—	(365)	—	—	Other non-interest expense
Amortization:					
Net (gain)	—	—	(16)	(46)	Other non-interest expense
Net periodic (income) benefit cost	<u>\$ —</u>	<u>\$ (136)</u>	<u>\$ 116</u>	<u>\$ 85</u>	

(1) Effective September 30, 2023, the RSI Pension Plan was merged into the Columbia Bank Pension Plan.

For the three and nine months ended September 30, 2024 and 2023, no contributions were made to either Pension Plan. The net periodic (income) cost for pension benefits, other post-retirement and split-dollar life insurance benefits for the three and nine months ended September 30, 2024 was calculated using the most recent available benefit valuations.

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

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.

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 September 30, 2024 and December 31, 2023.

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.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

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.

The following tables present the assets and liabilities reported on the Consolidated Statements of Financial Condition at their fair values at September 30, 2024 and December 31, 2023, by level within the fair value hierarchy:

September 30, 2024				
Fair Value Measurements				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)				
Debt securities available for sale:				
U.S. government and agency obligations	\$ 275,470	\$ 268,495	\$ 6,975	\$ —
Mortgage-backed securities and collateralized mortgage obligations	909,570	—	909,570	—
Municipal obligations	2,818	—	892	1,926
Corporate debt securities	84,606	—	76,646	7,960
Total debt securities available for sale	1,272,464	268,495	994,083	9,886
Equity securities	4,504	4,181	323	—
Derivative assets	14,038	—	14,038	—
	<u>\$ 1,291,006</u>	<u>\$ 272,676</u>	<u>\$ 1,008,444</u>	<u>\$ 9,886</u>
Derivative liabilities	<u>\$ 29,328</u>	<u>\$ —</u>	<u>\$ 29,328</u>	<u>\$ —</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

	December 31, 2023			
	Fair Value Measurements			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
Debt securities available for sale:				
U.S. government and agency obligations	\$ 145,501	\$ 137,800	\$ 7,701	\$ —
Mortgage-backed securities and collateralized mortgage obligations	867,585	—	867,585	—
Municipal obligations	2,702	—	892	1,810
Corporate debt securities	77,769	—	69,842	7,927
Total debt securities available for sale	1,093,557	137,800	946,020	9,737
Equity securities	4,079	3,758	321	—
Derivative assets	18,898	—	18,898	—
	<u>\$ 1,116,534</u>	<u>\$ 141,558</u>	<u>\$ 965,239</u>	<u>\$ 9,737</u>
Derivative liabilities	<u>\$ 25,025</u>	<u>\$ —</u>	<u>\$ 25,025</u>	<u>\$ —</u>

The table below provides activity of assets reported as Level 3 during the three and nine months ended September 30, 2024 and 2023:

	Significant Unobservable Inputs (Level 3)
	(In thousands)
Debt securities available for sale:	
Balance of recurring Level 3 assets -December 31, 2023	\$ 9,737
Change in fair value of Level 3 assets	174
Balance of recurring Level 3 assets - March 31, 2024	\$ 9,911
Change in fair value of Level 3 assets	(170)
Balance of recurring Level 3 assets - June 30, 2024	\$ 9,741
Transfer into Level 3 asset	1,010
Maturity of Level 3 asset	(927)
Change in fair value of Level 3 assets	62
Balance of recurring Level 3 assets - September 30, 2024	<u>\$ 9,886</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

	Significant Unobservable Inputs (Level 3)
	(In thousands)
Debt securities available for sale:	
Balance of recurring Level 3 assets -December 31, 2022	\$ 12,123
Change in fair value of Level 3 assets	(1,523)
Balance of recurring Level 3 assets - March 31, 2023	\$ 10,600
Change in fair value of Level 3 assets	481
Balance of recurring Level 3 assets - June 30, 2023	\$ 11,081
Maturity of Level 3 asset	(918)
Change in fair value of Level 3 assets	125
Balance of recurring Level 3 assets - September 30, 2023	<u>\$ 10,288</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. At both September 30, 2024 and December 31, 2023, two private placement corporate debt securities classified as available for sale, and two private placement municipal obligations classified as available for sale were included in Level 3 assets.

There were no transfers to Level 3 assets during the three and nine months ended September 30, 2023.

At September 30, 2024, private placement corporate debt security cash flows were discounted to a market yield ranging from 12.00% to 12.50% (weighted average is 12.17%), and the cash flows for private placement municipal obligations were discounted to a market yield ranging from 3.07% to 3.69% (weighted average is 3.39%).

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

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 September 30, 2024 and December 31, 2023.

Individually Analyzed Collateral Dependent Loans/Impaired Loans

The fair value of collateral dependent loans that are individually analyzed or were previously deemed impaired 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 individually analyzed 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% and 8%. For non-collateral dependent loans, management estimates fair value using discounted cash flows based on inputs that are largely unobservable. The Company classifies these loans as Level 3 within the fair value hierarchy.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

Other Real Estate Owned

Other real estate owned is initially recorded at the lower of the recorded investment in the loan at the time of foreclosure or at fair value, less estimated costs to sell, when acquired. Fair value is generally based on an independent appraisal which includes adjustments to comparable assets based on the appraisers' market knowledge and experience. Subsequent write-downs in the value of other real estate owned is recorded through expense as incurred. Other real estate owned is considered 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.

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 September 30, 2024 and December 31, 2023, by level within the fair value hierarchy:

		September 30, 2024			
		Fair Value Measurements			
	Fair Value	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	\$ 4,892	—	—	—	\$ 4,892
Other real estate owned	1,974	—	—	—	1,974
Mortgage servicing rights	2,528	—	—	—	2,528
	\$ 9,394	\$ —	\$ —	\$ —	\$ 9,394

	December 31, 2023			
	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fair Value				
	(In thousands)			
Impaired loans	\$ 5,000	\$ —	\$ —	\$ 5,000
Mortgage servicing rights	2,908	—	—	2,908
	\$ 7,908	\$ —	\$ —	\$ 7,908

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

The following table presents information for Level 3 assets measured at fair value on a non-recurring basis at September 30, 2024 and December 31, 2023:

September 30, 2024					
	Fair Value	Valuation Methodology	Unobservable Inputs	Range of Inputs	Weighted Average Rate
(Dollars in thousands)					
Impaired loans	\$ 4,892	Other	A/R aging schedule	—	—
Other real estate owned	\$ 1,974	Appraised value ⁽¹⁾	Discount for costs to sell ⁽²⁾	6.0 %	6.0 %
Mortgage servicing rights	\$ 2,528	Discounted cash flow	Prepayment speeds and discount rates ⁽³⁾	4.7% - 27.2%	11.0 %

December 31, 2023					
	Fair Value	Valuation Methodology	Unobservable Inputs	Range of Inputs	Weighted Average Rate
(Dollars in thousands)					
Impaired loans	\$ 5,000	Other	Contracted modification agreement.	— %	— %
Mortgage servicing rights	\$ 2,908	Discounted cash flow	Prepayment speeds and discount rates ⁽⁴⁾	4.3% - 27.2%	8.1 %

(1) Value based on an independent appraisal of the property's fair value.

(2) Value based on management's estimate of selling costs including real estate brokerage commissions and title transfer fees.

(3) Value of SBA servicing rights based on a discount rate of 15.00%.

(4) Value of SBA servicing rights based on a discount rate of 15.50%.

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.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

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.

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, 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.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

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.

The following tables present the assets and liabilities reported on the Consolidated Statements of Financial Condition at their fair values at September 30, 2024 and December 31, 2023:

September 30, 2024						
		Fair Value Measurements				
Carrying Value	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)						
Financial assets:						
Cash and cash equivalents	\$ 283,501	\$ 283,501	\$ 283,501	\$ —	\$ —	
Debt securities available for sale	1,272,464	1,272,464	268,495	994,083	9,886	
Debt securities held to maturity	401,331	367,559	—	367,559	—	
Equity securities	4,504	4,504	4,181	323	—	
Federal Home Loan Bank stock	75,847	75,847	—	75,847	—	
Loans receivable, net	7,798,695	7,509,282	—	—	7,509,282	
Derivative assets	14,038	14,038	—	14,038	—	
Financial liabilities:						
Deposits	\$ 7,958,059	\$ 7,827,440	\$ —	\$ 7,827,440	\$ —	
Borrowings	1,420,640	1,684,054	—	1,684,054	—	
Derivative liabilities	29,328	29,328	—	29,328	—	

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

14. Fair Value Measurements (continued)

		December 31, 2023			
		Fair Value Measurements			
Carrying Value	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)					
Financial assets:					
Cash and cash equivalents	\$ 423,249	\$ 423,249	\$ 423,249	\$ —	\$ —
Debt securities available for sale	1,093,557	1,093,557	137,800	946,020	9,737
Debt securities held to maturity	401,154	357,177	—	357,177	—
Equity securities	4,079	4,079	3,758	321	—
Federal Home Loan Bank stock	81,022	81,022	—	81,022	—
Loans receivable, net	7,819,441	7,366,184	—	—	7,366,184
Derivative assets	18,898	18,898	—	18,898	—
Financial liabilities:					
Deposits	\$ 7,846,556	\$ 7,828,259	\$ —	\$ 7,828,259	\$ —
Borrowings	1,528,695	1,531,179	—	1,531,179	—
Derivative liabilities	25,025	25,025	—	25,025	—

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 intangible assets, deferred tax assets and liabilities, 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 nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,					
	2024			2023		
	Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax
(In thousands)						
Components of other comprehensive income (loss):						
Unrealized gain (loss) on debt securities available for sale:	\$ 43,145	\$ (12,143)	\$ 31,002	\$ (28,188)	\$ 7,971	\$ (20,217)
Accretion of unrealized (loss) on debt securities reclassified as held to maturity	(2)	1	(1)	(1)	—	(1)
	<u>43,143</u>	<u>(12,142)</u>	<u>31,001</u>	<u>(28,189)</u>	<u>7,971</u>	<u>(20,218)</u>
Derivatives:						
Unrealized (loss) gain on swap contracts accounted for as cash flow hedges	(9,094)	2,560	(6,534)	2,573	(728)	1,845
	<u>(9,094)</u>	<u>2,560</u>	<u>(6,534)</u>	<u>2,573</u>	<u>(728)</u>	<u>1,845</u>
Employee benefit plans:						
Amortization of prior service cost included in net income	(14)	4	(10)	(14)	4	(10)
Reclassification adjustment of actuarial net (loss) gain included in net income	(548)	154	(394)	1	—	1
Change in funded status of retirement obligations	603	(170)	433	21	(6)	15
	<u>41</u>	<u>(12)</u>	<u>29</u>	<u>8</u>	<u>(2)</u>	<u>6</u>
Total other comprehensive income (loss)	<u>\$ 34,090</u>	<u>\$ (9,594)</u>	<u>\$ 24,496</u>	<u>\$ (25,608)</u>	<u>\$ 7,241</u>	<u>\$ (18,367)</u>

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

15. Other Comprehensive Income (Loss) (continued)

For the Nine Months Ended September 30,						
2024			2023			
Before Tax	Tax Effect	After Tax	Before Tax	Tax Effect	After Tax	
(In thousands)						
Components of other comprehensive income (loss):						
Unrealized gain (loss) on debt securities available for sale:	\$ 35,570	\$ (10,009)	\$ 25,561	\$ (6,235)	\$ 2,251	\$ (3,984)
Accretion of unrealized gain (loss) on debt securities reclassified as held to maturity	6	(2)	4	(14)	5	(9)
Reclassification adjustment for (loss) included in net income	(1,256)	353	(903)	(10,847)	3,068	(7,779)
	34,320	(9,658)	24,662	(17,096)	5,324	(11,772)
Derivatives:						
Unrealized (loss) gain on swap contracts accounted for as cash flow hedges	(3,447)	971	(2,476)	5,390	(1,527)	3,863
	(3,447)	971	(2,476)	5,390	(1,527)	3,863
Employee benefit plans:						
Amortization of prior service cost included in net income	(42)	12	(30)	(42)	12	(30)
Reclassification adjustment of actuarial net (loss) gain included in net income	(1,629)	459	(1,170)	3	(1)	2
Change in funded status of retirement obligations	9,416	(2,653)	6,763	3,534	(839)	2,695
	7,745	(2,182)	5,563	3,495	(828)	2,667
Total other comprehensive income (loss)	\$ 38,618	\$ (10,869)	\$ 27,749	\$ (8,211)	\$ 2,969	\$ (5,242)

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 nine months ended September 30, 2024 and 2023:

For the Three Months Ended September 30,								
2024				2023				
Unrealized (Losses) on Debt Securities Available for Sale	Unrealized Gains (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	Unrealized (Losses) on Debt Securities Available for Sale	Unrealized Gains (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	
(In thousands)								
Balance at beginning of period	\$ (119,988)	\$ 3,644	\$ (39,138)	\$ (155,482)	\$ (127,036)	\$ 2,522	\$ (41,657)	\$ (166,171)
Current period changes in other comprehensive income (loss)	31,001	(6,534)	29	24,496	(20,218)	1,845	6	(18,367)
Total other comprehensive income (loss)	<u>\$ (88,987)</u>	<u>\$ (2,890)</u>	<u>\$ (39,109)</u>	<u>\$ (130,986)</u>	<u>\$ (147,254)</u>	<u>\$ 4,367</u>	<u>\$ (41,651)</u>	<u>\$ (184,538)</u>

For the Nine Months Ended September 30,								
2024				2023				
Unrealized (Losses) on Debt Securities Available for Sale	Unrealized Gains (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	Unrealized (Losses) on Debt Securities Available for Sale	Unrealized Gains (Losses) on Swaps	Employee Benefit Plans	Accumulated Other Comprehensive (Loss)	
(In thousands)								
Balance at beginning of period	\$ (113,649)	\$ (414)	\$ (44,672)	\$ (158,735)	\$ (135,482)	\$ 504	\$ (44,318)	\$ (179,296)
Current period changes in other comprehensive income (loss)	24,662	(2,476)	5,563	27,749	(11,772)	3,863	2,667	(5,242)
Total other comprehensive income (loss)	<u>\$ (88,987)</u>	<u>\$ (2,890)</u>	<u>\$ (39,109)</u>	<u>\$ (130,986)</u>	<u>\$ (147,254)</u>	<u>\$ 4,367</u>	<u>\$ (41,651)</u>	<u>\$ (184,538)</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 nine months ended September 30, 2024 and 2023:

	Accumulated Other Comprehensive Income (Loss) Components		
	For the Three Months Ended September 30,		Affected Line Items in the Consolidated Statements of Income
	2024	2023	
	(In thousands)		
Reclassification adjustment of actuarial net (loss) gain included in net income	\$ (548)	\$ 1	Other non-interest expense
Total before tax	(548)	1	
Income tax benefit	154	—	
Net of tax	<u>\$ (394)</u>	<u>\$ 1</u>	
	Accumulated Other Comprehensive Income (Loss) Components		
	For the Nine Months Ended September 30,		Affected Line Items in the Consolidated Statements of Income
	2024	2023	
	(In thousands)		
Reclassification adjustment for loss included in net income	\$ (1,256)	\$ (10,847)	Loss on securities transactions
Reclassification adjustment of actuarial net (loss) gain included in net income	(1,629)	3	Other non-interest expense
Total before tax	(2,885)	(10,844)	
Income tax benefit	812	3,067	
Net of tax	<u>\$ (2,073)</u>	<u>\$ (7,777)</u>	

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

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.

Interest Rate Swaps. At September 30, 2024 and December 31, 2023, the Company had 86 and 80 interest rate swaps in place with commercial banking customers executed by offsetting interest rate swaps with third parties, with aggregated notional amounts of \$303.7 million and \$277.8 million, respectively. These derivatives are not designated as hedges and are not speculative. These interest rate swaps do not meet hedge accounting requirements.

At September 30, 2024 and December 31, 2023, the Company had 31 and 30 interest rate swaps with notional amounts of \$378.7 million and \$380.0 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 December 31, 2023, 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 September 30, 2024, the Company did not have any interest rate swaps hedged against pools of floating rate commercial loans.

At September 30, 2024 and December 31, 2023, the Company had ten and eight interest rate fair value swaps with notional amounts totaling \$850.0 million and \$700.0 million, respectively. The Company is exposed to changes in the fair value of certain of its fixed-rate pools of assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate, the Secured Overnight Financing Rate ("SOFR").

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

16. Derivatives and Hedging Activities (continued)

Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount.

For the three and nine months ended September 30, 2024 and 2023, the Company recorded hedge ineffectiveness associated with these contracts totaling \$(41,000) and \$37,000, \$6,000 and \$64,000, respectively.

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 September 30, 2024 and December 31, 2023:

September 30, 2024			
Asset Derivative		Liability Derivative	
Consolidated Statements of Financial Condition	Fair Value	Consolidated Statements of Financial Condition	Fair Value
(In thousands)			

Derivatives:

Interest rate products - designated hedges	Other Assets	\$ 1,831	Other Liabilities	\$ 16,939
Interest rate products - non-designated hedges	Other Assets	12,207	Other Liabilities	12,389
Total derivative instruments		<u>\$ 14,038</u>		<u>\$ 29,328</u>

December 31, 2023			
Asset Derivative		Liability Derivative	
Consolidated Statements of Financial Condition	Fair Value	Consolidated Statements of Financial Condition	Fair Value
(In thousands)			

Derivatives:

Interest rate products - designated hedges	Other Assets	\$ 5,394	Other Liabilities	\$ 11,530
Interest rate products - non-designated hedges	Other Assets	13,504	Other Liabilities	13,495
Total derivative instruments		<u>\$ 18,898</u>		<u>\$ 25,025</u>

For the three months ended September 30, 2024 and 2023, (losses) gains of \$(241,000) and \$332,000, respectively, were recorded for changes in fair value of interest rate swaps with third parties. For the nine months ended September 30, 2024 and 2023, (losses) gains of \$(191,000) and \$130,000, respectively, were recorded for changes in fair value of interest rate swaps with third parties.

At September 30, 2024 and December 31, 2023, accrued interest was \$1.4 million and \$1.2 million.

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 September 30, 2024, the termination value of derivatives in a net liability position, which includes accrued interest, was \$15.3 million. The Company has collateral posting thresholds with certain of its derivative counterparties, and as of September 30, 2024 has posted collateral of \$14.2 million against its obligations under these agreements.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

16. Derivatives and Hedging Activities (continued)

Fair Value Hedges of Interest Rate Risk. The Company is exposed to changes in the fair value of certain of its fixed-rate pools of assets due to changes in benchmark interest rates. The Company uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in the designated benchmark interest rate, SOFR. Interest rate swaps designated as fair value hedges involve the payment of fixed-rate amounts to a counterparty in exchange for the Company receiving variable-rate payments over the life of the agreements without the exchange of the underlying notional amount.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in interest income.

At September 30, 2024, the following amounts were recorded on the Consolidated Statements of Financial Condition related to cumulative basis adjustment for fair value hedges:

	Carrying Amount of Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment included in the Carrying Amount of Hedged Assets/(Liabilities)	Carrying Amount of Hedged Assets/(Liabilities)	Cumulative Amount of Fair Value Hedging Adjustment included in the Carrying Amount of Hedged Assets/(Liabilities)
	At September 30, 2024		At December 31, 2023	
	(In thousands)			
Fair value interest rate products	\$ 862,176	\$ 12,176	\$ 706,412	\$ 6,412

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.

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606, for the three and nine months ended September 30, 2024 and 2023.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Non-interest income				
In-scope of Topic 606:				
Demand deposit account fees	\$ 1,695	\$ 1,348	\$ 4,698	\$ 3,815
Title insurance fees	688	629	1,935	1,840
Insurance agency income	84	63	192	141
Other non-interest income	1,559	1,518	4,468	6,480
Total in-scope non-interest income	4,026	3,558	11,293	12,276
Total out-of-scope non-interest income	4,952	5,044	14,317	3,854
Total non-interest income	\$ 8,978	\$ 8,602	\$ 25,610	\$ 16,130

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

17. Revenue Recognition (continued)

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.

Columbia Insurance Services Inc. (formerly known as 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 on 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 September 30, 2024 and through the financial statement issuance date of November 8, 2024, and concluded that no material events occurred that would require disclosure.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

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, asset-liability management, the financial and securities markets, the impact of failures or disruptions in or breaches of the Company's operational or security systems, data or infrastructure, or those of third parties, including as a result of cyber attacks or campaigns, 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 September 30, 2024 and December 31, 2023

Total assets increased \$40.9 million, or 0.4%, to \$10.7 billion at September 30, 2024 as compared to \$10.6 billion at December 31, 2023. The increase in total assets was primarily attributable to an increase in debt securities available for sale of \$178.9 million, and an increase in other assets of \$21.3 million, partially offset by a decrease in cash and cash equivalents of \$139.7 million, and a decrease in loans receivable, net, of \$20.7 million.

Cash and cash equivalents decreased \$139.7 million, or 33.0%, to \$283.5 million at September 30, 2024 from \$423.2 million at December 31, 2023. The decrease was primarily attributable to purchases of securities of \$283.5 million and repurchases of common stock under our stock repurchase program of \$5.9 million, partially offset by proceeds from principal repayments on securities of \$119.3 million, and repayments on loans receivable.

Debt securities available for sale increased \$178.9 million, or 16.4%, to \$1.3 billion at September 30, 2024 from \$1.1 billion at December 31, 2023. The increase was attributable to the purchases of debt securities available for sale of \$266.9 million, consisting primarily of U.S. government obligations and mortgage-backed securities, and a decrease in gross unrealized losses on securities of \$34.3 million, partially offset by repayments on securities of \$107.8 million, maturities of securities of \$10.0 million, and the sale of one corporate debt security with a carrying value of \$4.8 million, resulting in a loss of \$1.3 million.

Loans receivable, net, decreased \$20.7 million, or 0.3%, with a balance of \$7.8 billion at both September 30, 2024 and December 31, 2023. One-to-four family real estate loans, multifamily loans, commercial real estate loans, and home equity loans and advances decreased \$55.6 million, \$10.2 million, \$64.3 million, and \$5.6 million, respectively, partially offset by increases in construction loans of \$67.3 million and commercial business loans of \$53.4 million. The allowance for credit losses for loans increased \$3.4 million to \$58.5 million at September 30, 2024 from \$55.1 million at December 31, 2023.

Other assets increased \$21.3 million or 6.9%, to \$329.7 million at September 30, 2024 compared to \$308.4 million at December 31, 2023, primarily due to a \$10.4 million increase in the Company's pension plan balance, as the return on plan assets outpaced the growth in the plan's obligations and a \$12.6 million increase in the Company's collateral posting with certain of its derivative counterparties.

Total liabilities increased \$2.1 million, or 0.02%, totaling \$9.6 billion at both September 30, 2024 and December 31, 2023. The increase was primarily attributable to an increase in total deposits of \$111.5 million, or 1.4%, partially offset by a decrease in borrowings of \$108.1 million, or 7.1%. The increase in total deposits primarily consisted of an increase in certificates of deposit and interest-bearing demand deposits of \$195.7 million, and \$13.8 million, respectively, partially offset by decreases in non-interest-bearing demand deposits, money market accounts, and savings and club accounts of \$31.2 million, \$16.3 million, and \$50.5 million, respectively. The Bank has priced select certificates of deposit accounts very competitively to the market to attract new customers.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

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

The \$108.1 million decrease in borrowings was primarily driven by a net decrease in short-term borrowings of \$167.8 million and repayments of \$175.5 million in maturing long-term borrowings, partially offset by an increase in long-term borrowings of \$235.2 million.

Total stockholders' equity increased \$38.8 million, or 3.7%, to \$1.1 billion at September 30, 2024 as compared to \$1.0 billion at December 31, 2023. The increase in total stockholders' equity was primarily attributable to net income of \$9.6 million, a \$5.5 million increase in stock based compensation and an increase of \$27.7 million in other comprehensive income, which includes changes in unrealized losses on debt securities available for sale and unrealized gains on swap contracts, net of taxes, included in other comprehensive income. These increases were partially offset by the repurchase of 365,116 shares of common stock at a cost of approximately \$5.9 million, or \$16.14 per share, under our stock repurchase program. Repurchases have been paused in order to retain capital.

Comparison of Results of Operations for the Three Months Ended September 30, 2024 and September 30, 2023

Net income of \$6.2 million was recorded for the quarter ended September 30, 2024, a decrease of \$2.9 million, or 32.3%, compared to \$9.1 million for the quarter ended September 30, 2023. The decrease in net income was primarily attributable to a \$3.2 million decrease in net interest income, and a \$1.7 million increase in provision for credit losses, partially offset by a \$376,000 increase in non-interest income, and a \$1.6 million decrease in income tax expense.

Net interest income was \$45.3 million for the quarter ended September 30, 2024, a decrease of \$3.2 million, or 6.7%, from \$48.5 million for the quarter ended September 30, 2023. The decrease in net interest income was primarily attributable to a \$20.7 million increase in interest expense on deposits and borrowings, partially offset by a \$17.5 million increase in interest income. The increase in interest income was primarily due to an increase in the average balance of total interest-earning assets coupled with an increase in average yields due to market interest rate increases that occurred throughout 2023, and adjustable rate securities and loans tied to various indexes that repriced higher in the 2024 period. The 50 basis point decrease in market rates in September 2024 did not significantly impact the 2024 period results. The increase in interest expense on deposits was driven by the 2023 rate increases and an increase in the average balance of interest-bearing deposits, coupled with the continued intense competition for deposits in the market and the repricing of existing deposits into higher cost products. The increase in interest expense on borrowings was also impacted by an increase in the average balance of borrowings and the increase in interest rates for new borrowings. Prepayment penalties, which are included in interest income on loans, totaled \$171,000 for the quarter ended September 30, 2024, compared to \$83,000 for the quarter ended September 30, 2023.

The average yield on loans for the quarter ended September 30, 2024 increased 53 basis points to 5.00%, as compared to 4.47% for the quarter ended September 30, 2023, as interest income was influenced by rising interest rates and the average balance of loans. The average yield on securities for the quarter ended September 30, 2024 increased 53 basis points to 2.90%, as compared to 2.37% for the quarter ended September 30, 2023, as new securities purchased during the 2024 period were at higher rates. The average yield on other interest-earning assets for the quarter ended September 30, 2024 increased 81 basis points to 6.72%, as compared to 5.91% for the quarter ended September 30, 2023, due to the rise in average balances and interest rates paid on cash balances and an increase in the dividend rate paid on Federal Home Loan Bank stock.

Total interest expense was \$70.6 million for the quarter ended September 30, 2024, an increase of \$20.7 million, or 41.6%, from \$49.9 million for the quarter ended September 30, 2023. The increase in interest expense was primarily attributable to a 90 basis point increase in the average cost of interest-bearing deposits, coupled with an increase in the average balance of interest-bearing deposits, along with a 17 basis point increase in the average cost of borrowings, coupled with an increase in the average balance of borrowings. Interest expense on deposits increased \$16.3 million, or 45.3%, and interest expense on borrowings increased \$4.5 million, or 31.9%.

The Company's net interest margin for the quarter ended September 30, 2024 decreased 22 basis points to 1.84%, when compared to 2.06% for the quarter ended September 30, 2023. The weighted average yield on interest-earning assets increased 53 basis points to 4.70% for the quarter ended September 30, 2024, as compared to 4.17% for the quarter ended September 30, 2023. The average cost of interest-bearing liabilities increased 82 basis points to 3.52% for the quarter ended September 30, 2024, as compared to 2.70% for the quarter ended September 30, 2023. The increase in yields for the quarter ended September 30, 2024 was due to the impact of market interest rate increases in 2023. The net interest margin decreased for the quarter ended September 30, 2024, as the increase in the average cost of interest-bearing liabilities outweighed the increase in the average yield on interest-earning assets. The Company's net interest margin for the quarter ended September 30, 2024 when compared to the quarter ended March 31, 2024 increased 9 basis points from 1.75% to 1.84%.

COLUMBIA FINANCIAL, INC. AND SUBSIDIARIES

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

The provision for credit losses for the quarter ended September 30, 2024 was \$4.1 million, an increase of \$1.7 million, from \$2.4 million for the quarter ended September 30, 2023. The increase in provision for credit losses during the quarter was primarily attributable to net charge-offs totaling \$2.7 million and an increase in the loan performance qualitative factors.

Non-interest income was \$9.0 million for the quarter ended September 30, 2024, an increase of \$376,000, from \$8.6 million for the quarter ended September 30, 2023. The increase was primarily attributable to an increase of \$347,000 in demand deposit account fees, mainly related to commercial account treasury services.

Non-interest expense was \$42.8 million for the quarter ended September 30, 2024, a decrease of \$76,000, from \$42.9 million for the quarter ended September 30, 2023. The decrease was primarily attributable to a decrease in compensation and employee benefits expense of \$1.0 million, partially offset by an increase in data processing fees of \$666,000, and federal deposit insurance premiums of \$317,000. The decrease in compensation and employee benefits expense was the result of workforce reduction and lower incentive compensation related to employee cost cutting strategies implemented during 2023 and 2024. Data processing and software expenses increased due to costs related to cybersecurity and technology enhancements, and federal deposit insurance premiums increased due to the 2024 quarter including an increase in a one-time special assessment charge.

Income tax expense was \$1.1 million for the quarter ended September 30, 2024, a decrease of \$1.6 million, as compared to income tax expense of \$2.7 million for the quarter ended September 30, 2023, mainly due to a decrease in pre-tax income. The Company's effective tax rate was 15.5% and 22.9% for the quarters ended September 30, 2024 and 2023, respectively. The effective tax rate for the 2024 quarter was primarily impacted by permanent income tax differences.

Comparison of Results of Operations for the Nine Months Ended September 30, 2024 and September 30, 2023

Net income of \$9.6 million was recorded for the nine months ended September 30, 2024, a decrease of \$19.9 million, or 67.6%, compared to \$29.5 million for the nine months ended September 30, 2023. The decrease in net income was primarily attributable to a \$29.0 million decrease in net interest income and a \$7.9 million increase in provision for credit losses, partially offset by a \$9.5 million increase in non-interest income and a \$7.8 million decrease in income tax expense.

Net interest income was \$131.6 million for the nine months ended September 30, 2024, a decrease of \$29.0 million, or 18.1%, from \$160.5 million for the nine months ended September 30, 2023. The decrease in net interest income was primarily attributable to a \$79.4 million increase in interest expense on deposits and borrowings, partially offset by a \$50.4 million increase in interest income. The increase in interest income was primarily due to an increase in the average balance of total interest-earning assets coupled with an increase in average yields due to market interest rate increases that occurred throughout 2023, and adjustable rate securities and loans tied to various indexes that repriced higher in the 2024 period. The 50 basis point decrease in market rates in September 2024 did not significantly impact the 2024 period results. The increase in interest expense on deposits was driven by the 2023 rate increases and an increase in the average balance of interest-bearing deposits, coupled with the continued intense competition for deposits in the market and the repricing of existing deposits into higher cost products. The increase in interest expense on borrowings was also impacted by an increase in the average balance of borrowings and the increase in interest rates for new borrowings. Prepayment penalties, which are included in interest income on loans, totaled \$875,000 for the nine months ended September 30, 2024, compared to \$339,000 for the nine months ended September 30, 2023.

The average yield on loans for the nine months ended September 30, 2024 increased 55 basis points to 4.91%, as compared to 4.36% for the nine months ended September 30, 2023, as interest income was influenced by higher interest rates and loan growth. The average yield on securities for the nine months ended September 30, 2024 increased 40 basis points to 2.82%, as compared to 2.42% for the nine months ended September 30, 2023, as a number of adjustable rate securities tied to various indexes repriced higher during the nine months, and new securities purchased during the 2024 period were at higher yields. The average yield on other interest-earning assets for the nine months ended September 30, 2024 increased 90 basis points to 6.35%, as compared to 5.45% for the nine months ended September 30, 2023, due to the rise in average balances and interest rates paid on cash balances and an increase in the dividend rate paid on Federal Home Loan Bank stock.

Total interest expense was \$206.2 million for the nine months ended September 30, 2024, an increase of \$79.4 million, 62.5%, from \$126.9 million for the nine months ended September 30, 2023. The increase in interest expense was primarily attributable to a 134 basis point increase in the average cost of interest-bearing deposits, coupled with an increase in the average balance of interest-bearing deposits, along with a 25 basis point increase in the average cost of borrowings, and an increase in the average balance of borrowings. Interest expense on deposits increased \$68.7 million, or 84.1%, and interest expense on borrowings increased \$10.6 million, or 23.6%.

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The Company's net interest margin for the nine months ended September 30, 2024 decreased 47 basis points to 1.80%, when compared to 2.27% for the nine months ended September 30, 2023. The weighted average yield on interest-earning assets increased 55 basis points to 4.61% for the nine months ended September 30, 2024, as compared to 4.06% for the nine months ended September 30, 2023. The average cost of interest-bearing liabilities increased 118 basis points to 3.47% for the nine months ended September 30, 2024, as compared to 2.29% for the nine months ended September 30, 2023. The increase in yields for the nine months ended September 30, 2024 was due to the impact of market interest rate increases between periods. The net interest margin decreased for the nine months ended September 30, 2024, as the increase in the average cost of interest-bearing liabilities outweighed the increase in the average yield on interest-earning assets.

The provision for credit losses for the nine months ended September 30, 2024 was \$11.6 million, an increase of \$7.9 million, from \$3.6 million for the nine months ended September 30, 2023. The increase in provision for credit losses was primarily attributable to net charge-offs totaling \$8.2 million and an increase in the loan performance qualitative factors.

Non-interest income was \$25.6 million for the nine months ended September 30, 2024, an increase of \$9.5 million, from \$16.1 million for the nine months ended September 30, 2023. The increase was primarily attributable to a decrease in the loss on securities transactions of \$9.6 million.

Non-interest expense was \$134.7 million for the nine months ended September 30, 2024, an increase of \$321,000, from \$134.4 million for the nine months ended September 30, 2023. The increase was primarily attributable to an increase in federal deposit insurance premiums of \$2.1 million, due to the 2024 period including an increase in a one-time special assessment charge. In addition, there was an increase in professional fees of \$4.9 million, an increase in data processing and software expenses of \$1.1 million, an increase in merger-related expense of \$457,000, and an increase in other non-interest expense of \$1.2 million, partially offset by a decrease in compensation and employee benefits expense of \$9.5 million. Professional fees included an increase in legal, regulatory and compliance-related costs while data processing and software expenses increased due to costs related to cybersecurity and technology enhancements. The decrease in compensation and employee benefits expense was the result of workforce reduction and lower incentive compensation related to employee cost cutting strategies implemented during 2023 and 2024.

Income tax expense was \$1.3 million for the nine months ended September 30, 2024, a decrease of \$7.8 million, as compared to income tax expense of \$9.1 million for the nine months ended September 30, 2023, mainly due to a decrease in pre-tax income. The Company's effective tax rate was 11.8% and 23.6% for the nine months ended September 30, 2024 and 2023, respectively. The effective tax rate for the 2024 period was also impacted by permanent income tax differences.

Asset Quality

The Company's non-performing loans at September 30, 2024 totaled \$28.0 million, or 0.36% of total gross loans, as compared to \$12.6 million, or 0.16% of total gross loans, at December 31, 2023. The \$15.4 million increase in non-performing loans was primarily attributable to an increase in non-performing one-to-four family real estate loans of \$4.2 million, an increase in non-performing commercial real estate loans of \$6.7 million, and an increase in non-performing commercial business loans of \$4.5 million. One borrower with an outstanding \$5.7 million commercial real estate loan and a related \$3.5 million commercial business loan was placed on non-accrual status, representing approximately 60% of the increase in non-performing loans during the 2024 period. This borrower is a healthcare facility that was acquired by another healthcare provider in 2024. The acquiring entity has strong cash flow, has guaranteed the commercial business loan and has provided cash collateral. The Company has the first lien on the healthcare facility which has a 2024 appraised value of approximately \$18.5 million along with additional collateral. One commercial real estate loan for \$2.0 million secured by a medical condominium was transferred to other real estate owned in May 2024, and a related commercial business loan to the same borrower for \$54,000 was charged-off during the nine months ended September 30, 2024.

The increase in non-performing one-to-four family real estate loans was due to an increase in the number of loans from 17 non-performing loans at December 31, 2023 to 27 loans at September 30, 2024. Non-performing assets as a percentage of total assets totaled 0.28% and 0.12% at September 30, 2024 and December 31, 2023, respectively.

For the quarter ended September 30, 2024, net charge-offs totaled \$2.7 million, as compared to \$1.7 million in net charge-offs recorded for the quarter ended September 30, 2023. For the nine months ended September 30, 2024, net charge-offs totaled \$8.2 million, as compared to \$2.3 million in net charge-offs recorded for the nine months ended September 30, 2023. Net charge-offs recorded for the nine months ended September 30, 2024 included charge-offs related to 15 commercial business loans totaling \$7.7 million. The majority of these loans have continued making monthly payments, and management expects additional recoveries from these borrowers on a go forward basis.

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The Company's allowance for credit losses on loans was \$58.5 million, or 0.75% of total gross loans, at September 30, 2024, compared to \$55.1 million, or 0.70% of total gross loans, at December 31, 2023.

Additional Liquidity, Loan, Deposit and Capital Information

The Company services a diverse retail and commercial deposit base through its 68 branches. With approximately 215,000 accounts, the average deposit account balance was approximately \$37,000 at September 30, 2024.

Deposit balances are summarized as follows:

	At September 30, 2024		At June 30, 2024	
	Balance	Weighted Average Rate	Balance	Weighted Average Rate
(Dollars in thousands)				
Non-interest-bearing demand	\$ 1,406,152	— %	\$ 1,405,441	— %
Interest-bearing demand	1,980,298	2.41	1,904,483	2.37
Money market accounts	1,239,204	2.92	1,246,663	3.17
Savings and club deposits	649,858	0.79	673,031	0.83
Certificates of deposit	2,682,547	4.45	2,551,929	4.34
Total deposits	<u>\$ 7,958,059</u>	2.62 %	<u>\$ 7,781,547</u>	2.56 %

The Company continues to maintain strong liquidity and capital positions. The Company had no outstanding borrowings from the Federal Reserve Discount Window at September 30, 2024. As of September 30, 2024, the Company had immediate access to approximately \$2.6 billion of funding, with additional unpledged loan collateral in excess of \$1.8 billion.

At September 30, 2024, the Company's non-performing commercial real estate loans totaled \$9.4 million, or 0.12%, of the total loans receivable loan portfolio balance.

The following table presents multifamily real estate, owner occupied commercial real estate, and the components of investor owned commercial real estate loans included in the real estate loan portfolio.

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At September 30, 2024				
(Dollars in thousands)				
	Balance	% of Gross Loans	Weighted Average Loan to Value Ratio	Weighted Average Debt Service Coverage
Multifamily Real Estate	\$ 1,399,000	17.8 %	61.0 %	1.62x
Owner Occupied Commercial Real Estate	\$ 683,523	8.7 %	53.6 %	2.10x
Investor Owned Commercial Real Estate:				
Retail / Shopping centers	\$ 484,121	6.2 %	51.7 %	1.59x
Mixed Use	211,853	2.7	58.1	1.61
Industrial / Warehouse	389,470	5.0	54.9	1.70
Non-Medical Office	197,768	2.5	54.2	1.64
Medical Office	126,947	1.6	57.9	1.50
Single Purpose	94,497	1.2	54.5	3.23
Other	124,580	1.6	52.0	1.67
Total	<u>\$ 1,629,236</u>	20.7 %	54.3 %	1.72x
Total Multifamily and Commercial Real Estate Loans	<u><u>\$ 3,711,759</u></u>	47.2 %	56.7 %	1.75x

As of September 30, 2024, the Company had less than \$1.0 million in loan exposure to office or rent stabilized multifamily loans in New York City.

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 and assumptions 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, estimates and judgements applied, could have a material 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 determination of the allowance for credit losses ("ACL") on loans is considered a critical accounting estimate by management because of the high degree of judgment involved in determining qualitative loss factors, the subjectivity of the assumptions used, and the potential for changes in the forecasted economic environment. The ACL is maintained at a level management considers adequate to provide for estimated losses and impairment based upon an evaluation of known and inherent risk in the loan portfolio. The ACL consists of two elements: (1) identification of loans that must be individually analyzed for impairment and (2) establishment of an ACL for loans collectively analyzed.

Management estimates the ACL using relevant and reliable 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 its segment-specific peers provides the basis for the estimate of expected credit losses. Credit losses over a defined period are converted to PD rate curves through the use of segment-specific LGD risk factors that convert default rates to loss severity based on industry-level, observed relationships between the two variables for each segment, primarily due to the nature of the underlying collateral. These risk factors were assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical default and loss severity deviate from that of the wider industry. The historical PD

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curves, together with corresponding economic conditions, establish a quantitative relationship between economic conditions and loan performance through an economic cycle.

Portfolio segments are 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 losses based on the type of borrower and collateral which is generally based upon federal call report segmentation. The segments have been combined or sub-segments have been added as needed to ensure loans of similar risk profiles are appropriately pooled.

We maintain a loan review system that provides a periodic review of the loan portfolio and the identification of individually analyzed loans. The ACL for individually analyzed loans is based on the fair value of collateral or cash flows. While management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary if economic conditions differ substantially from the assumptions used in making the evaluations.

The ACL quantitative allowance for each segment is measured using a discounted cash flow methodology incorporating an econometric, probability of default ("PD") and loss given default ("LGD") with distinct segment-specific multi-variate regression models applied. Expected credit losses are estimated over the 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 the modeled cash flows, adjusted for model defaults and expected prepayments and discounted at the loan-level effective interest rate. The contractual term excludes expected extensions, renewals, and modifications.

Management estimates the ACL using relevant and reliable 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 its segment-specific peers provides the basis for the estimate of expected credit losses. Credit losses over a defined period are converted to PD rate curves through the use of segment-specific LGD risk factors that convert default rates to loss severity based on industry-level, observed relationships between the two variables for each segment, primarily due to the nature of the underlying collateral. These risk factors were assessed for reasonableness against the Company's own loss experience and adjusted in certain cases when the relationship between the Company's historical default and loss severity deviate from that of the wider industry. The historical 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 a single economic forecast of macroeconomic variables (i.e., unemployment, gross domestic product, vacancy, and home price index). 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 reverts to long-term average historical loss rates using a straight-line, time-based methodology. The Company's current forecast period is six quarters, with a four-quarter reversion period to long-term average historical loss rates.

After quantitative considerations, management applies additional qualitative adjustments that consider the expected impact of certain factors not fully captured in the quantitative reserve. Qualitative adjustments include but are not limited to concentrations of large loan balances, delinquency trends, change in collateral values within segments, and other considerations.

The ACL is established through the provision for credit losses that are charged to income, which is based upon an evaluation of estimated losses in the current loan portfolio, including the evaluation of individually analyzed loans. Charge-offs against the ACL 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 ACL. Although we believe we have established and maintained the ACL on loans at appropriate levels, changes in reserves may be necessary if actual economic and other conditions differ substantially from the forecast used in estimating the ACL.

Our financial results are affected by the changes in and the level of the ACL. This process involves our analysis of internal and external variables, and it requires that we exercise judgment to estimate an appropriate ACL. As a result of the uncertainty associated with this subjectivity, we cannot assure the precision of the amount reserved, should we experience sizable loan losses in any particular period and/or significant changes in assumptions or economic condition. We believe the primary risks inherent in the portfolio are a general decline in the economy, a decline in real estate market values, rising unemployment, increasing vacancy rates, and increases in interest rates in the absence of economic improvement or any other such factors. 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, we have recorded loan credit losses at a level which is estimated to represent the current risk in its loan portfolio.

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Most of our non-performing assets are collateral dependent loans which are written down to the fair value of the collateral less estimated costs to sell. We continue to assess the collateral of these loans and update our appraisals on these loans on at least an annual basis. To the extent the property values decline, there could be additional losses on these non-performing assets, which may be material. Management considered these market conditions in deriving the estimated ACL. Should economic difficulties occur, the ultimate amount of loss could vary from our current estimate.

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 September 30, 2024 and December 31, 2023, the Company's net deferred tax assets totaled \$16.3 million and \$25.5 million, respectively, which included a valuation allowance totaling \$26,000 at both period end dates. Based upon projections of future taxable income and the ability to carryforward 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) recognize as 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 September 30, 2024, 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 Change	Estimated NPV	Present Value Ratio	Percent Change
	(Dollars in thousands)					
+400	\$ 205,581	\$ 2,797	1.38 %	\$ 727,059	7.95 %	(34.99)%
+300	205,591	2,807	1.38	833,756	8.88	(25.45)
+200	205,230	2,446	1.21	936,225	9.71	(16.29)
+100	204,684	1,900	0.94	1,035,728	10.46	(7.39)
Base	202,784	—	—	1,118,374	11.00	—
-100	200,727	(2,057)	(1.01)	1,193,965	11.43	6.76
-200	199,000	(3,784)	(1.87)	1,250,620	11.66	11.82
-300	197,249	(5,535)	(2.73)	1,276,883	11.60	14.17
-400	185,181	(17,603)	(8.68)	1,214,191	10.76	8.57

As of September 30, 2024, based on the scenarios above, net interest income would increase by approximately 1.21% if rates were to rise 200 basis points, and would decrease by 1.87% if rates were to decrease 200 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 September 30, 2024, 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 16.29%. If rates were to decrease 200 basis points, the model forecasts a 11.82% increase in the NPV.

Overall, our September 30, 2024 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.

We mitigate liquidity risk by attempting to structure our balance sheet prudently and by maintaining diverse borrowing resources to fund potential cash needs. For example, we structure our balance sheet so that we fund less liquid assets, such as loans, with stable funding sources, such as retail deposits, long-term debt, wholesale borrowings, and capital. We assess liquidity needs arising from asset growth, maturing obligations, and deposit withdrawals, taking into account operations in both the normal course of business and times of unusual events. In addition, we consider our off-balance sheet arrangements and commitments that may impact liquidity in certain business environments.

Our Asset/Liability Committee measures liquidity risks, sets policies to manage these risks, and reviews adherence to those policies at its quarterly meetings. For example, we manage the use of short-term unsecured borrowings as well as total wholesale funding through policies established and reviewed by our Asset/Liability Committee. In addition, the Risk Committee of our Board of Directors reviews liquidity limits and reviews current and forecasted liquidity positions at each of its regularly scheduled meetings.

We have contingency funding plans that assess liquidity needs that may arise from certain stress events such as rapid asset growth or financial market disruptions. Our contingency plans also provide for continuous monitoring of net borrowed funds and dependence and available sources of contingent liquidity. These sources of contingent liquidity include cash and cash equivalents, capacity to borrow at the Federal Reserve discount window and through the FHLB system, fed funds purchased from other banks

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and the ability to sell, pledge or borrow against unencumbered securities in our securities portfolio. As of September 30, 2024, the potential liquidity from these sources is an amount we believe currently exceeds any contingent liquidity need.

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 September 30, 2024 and December 31, 2023, each of the Company and Columbia Bank and Freehold Bank exceeded all capital adequacy requirements to which it was subject.

The following tables presents the Company's, Columbia Bank's and Freehold Bank's actual capital amounts and ratios at September 30, 2024 and December 31, 2023 compared to the Federal Reserve Bank minimum capital adequacy requirements and the Federal Reserve Bank requirements for classification as a well-capitalized institution:

	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)								
Company								
At September 30, 2024:								
Total capital (to risk-weighted assets)	\$ 1,144,340	14.37 %	\$ 637,208	8.00 %	\$ 836,336	10.50 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	1,082,443	13.59	477,906	6.00	677,034	8.50	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	1,075,226	13.50	358,430	4.50	557,557	7.00	N/A	N/A
Tier 1 capital (to adjusted total assets)	1,082,443	10.16	426,293	4.00	426,293	4.00	N/A	N/A
At December 31, 2023:								
Total capital (to risk-weighted assets)	\$ 1,120,849	14.08 %	\$ 636,767	8.00 %	\$ 835,757	10.50 %	N/A	N/A
Tier 1 capital (to risk-weighted assets)	1,060,490	13.32	477,575	6.00	676,565	8.50	N/A	N/A
Common equity tier 1 capital (to risk-weighted assets)	1,053,273	13.23	358,182	4.50	557,171	7.00	N/A	N/A
Tier 1 capital (to adjusted total assets)	1,060,490	10.04	422,441	4.00	422,441	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 September 30, 2024:								
Total capital (to risk-weighted assets)	\$ 1,059,944	14.44 %	\$ 587,184	8.00 %	\$ 770,679	10.50 %	\$ 733,980	10.00 %
Tier 1 capital (to risk-weighted assets)	999,057	13.61	440,388	6.00	623,883	8.50	587,184	8.00
Common equity tier 1 capital (to risk-weighted assets)	999,057	13.61	330,291	4.50	513,786	7.00	477,087	6.50
Tier 1 capital (to adjusted total assets)	999,057	9.62	415,312	4.00	415,312	4.00	519,140	5.00
At December 31, 2023:								
Total capital (to risk-weighted assets)	\$ 1,033,138	14.02 %	\$ 589,622	8.00 %	\$ 773,879	10.50 %	\$ 737,028	10.00 %
Tier 1 capital (to risk-weighted assets)	974,127	13.22	442,217	6.00	626,474	8.50	589,622	8.00
Common equity tier 1 capital (to risk-weighted assets)	974,127	13.22	331,663	4.50	515,920	7.00	479,068	6.50
Tier 1 capital (to adjusted total assets)	974,127	9.48	411,126	4.00	411,126	4.00	513,908	5.00
	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)								
Freehold Bank								
At September 30, 2024:								
Total capital (to risk-weighted assets)	\$ 46,167	25.98 %	\$ 14,218	8.00 %	\$ 18,662	10.50 %	\$ 17,773	10.00 %
Tier 1 capital (to risk-weighted assets)	45,156	25.41	10,664	6.00	15,107	8.50	14,218	8.00
Common equity tier 1 capital (to risk-weighted assets)	45,156	25.41	7,998	4.50	12,441	7.00	11,552	6.50
Tier 1 capital (to adjusted total assets)	45,156	16.63	10,864	4.00	10,864	4.00	13,580	5.00
At December 31, 2023:								
Total capital (to risk-weighted assets)	\$ 45,417	22.50 %	\$ 16,152	8.00 %	\$ 21,199	10.50 %	\$ 20,189	10.00 %
Tier 1 capital (to risk-weighted assets)	44,045	21.82	12,114	6.00	17,161	8.50	16,152	8.00
Common equity tier 1 capital (to risk-weighted assets)	44,045	21.82	9,085	4.50	14,133	7.00	13,123	6.50
Tier 1 capital (to adjusted total assets)	44,045	15.27	11,539	4.00	11,539	4.00	14,424	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 September 30, 2024. 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 September 30, 2024, 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, 2023 filed with the Securities and Exchange Commission on February 29, 2024. As of September 30, 2024, 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, 2023.

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

The following table reports information regarding repurchases of the Company's common stock, excluding excise tax during the quarter ended September 30, 2024:

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
July 1 - 31, 2024	28,824	\$ 17.62	—	741,725
August 1 - 31, 2024	1,807	16.80	—	741,725
September 1 - 30, 2024	—	—	—	741,725
Total	30,631	\$ 17.57	—	

(1) On May 25, 2023, the Company announced that its Board of Directors authorized the Company's sixth stock repurchase program to acquire up to 2,000,000 shares, or approximately 1.9% of the Company's then issued and outstanding common stock. Repurchases have been paused in order to retain capital.

(2) During the three months ended September 30, 2024, 27,969 shares were repurchased for taxes related to the 2019 Equity Incentive Plan and 2,662 shares were repurchased pursuant to forfeitures 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

During the fiscal quarter ended September 30, 2024, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

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

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 September 30, 2024, 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.

Date: November 8, 2024

Columbia Financial, Inc.

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

Date: November 8, 2024

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

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: November 8, 2024

/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: November 8, 2024

/s/Dennis E. Gibney
Dennis E. Gibney
Senior 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, Senior 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 September 30, 2024 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: November 8, 2024 _____

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

Date: November 8, 2024 _____

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