Columbia Financial, Inc.
Annual Meeting of Shareholders

June 6, 2024 | Thomas J. Kemly, President & CEO

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the private securities litigation reform act of 1995 regarding Columbia Financial Inc.'s expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe", "expect", "anticipate", "intend", "target", "estimate", "continue", "positions", "prospects", or "potential", by future conditional verbs such as "will", "would", "should", "could", "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risk and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update any forward-looking statements. Actual results may differ materially from current projections.

In addition, to factors previously disclosed in Columbia Financial's reports filed with the U.S. Securities and Exchange Commission and those identified elsewhere in this presentation, the following factors among others, could cause actual results to differ materially from forward-looking statements or historical performance: adverse conditions in the capital and debt markets and the impact of such conditions on the Company's business activities; changes in interest rates, higher inflation and their impact on national and local economic conditions; changes in monetary and fiscal policies of the U.S. Treasury, the Board of Governors of the Federal Reserve System and other governmental entities; the impact of legal, judicial and regulatory proceedings or investigations; competitive pressures from other financial institutions; the effects of general economic conditions on a national basis or in the local markets in which the Company operates, including changes that adversely affect a borrowers' ability to service and repay the Company's loans; the effect of acts of terrorism, war or pandemics, including on our credit quality and business operations, as well as its impact on general economic and financial market conditions; changes in the value of securities in the Company's portfolio; changes in loan default and charge-off rates; fluctuations in real estate values; the adequacy of loan loss reserves; decreases in deposit levels necessitating increased borrowing to fund loans and securities; legislative changes and changes in government regulation; changes in accounting standards and practices; the risk that goodwill and intangibles recorded in the Company's consolidated financial statements will become impaired; cyber-attacks, computer viruses and other technological risks that may breach the security of our systems and allow unauthorized access to confidential information; the inability of third party service providers to perform; demand for loans in the Company's market area; the Company's ability to attract and maintain deposits and effectively manage liquidity; risks related to the implementation of acquisitions, dispositions, and restructurings; the risk that the Company may not be successful in the implementation of its business strategy, or its integration of acquired financial institutions and businesses, and changes in assumptions used in making such forward-looking statements which are subject to numerous risks and uncertainties, including but not limited to, those set forth in Item 1A of the Company's Annual Report on Form 10-K and those set forth in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all as filed with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation contains financial information presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). This presentation also contains certain non-GAAP information that the Company's management uses in its analysis of the Company's financial results, including core net income, core return on average assets, core return on average tangible stockholders equity, and core efficiency ratio. Specifically, the Company provides measures based on what it believes are its operating earnings on a consistent basis and excludes material non-routine operating items which affect the GAAP reporting of results of operations. The Company's management believes that providing this information to analysts and investors allows them to better understand and evaluate the Company's core financial results for the periods presented. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

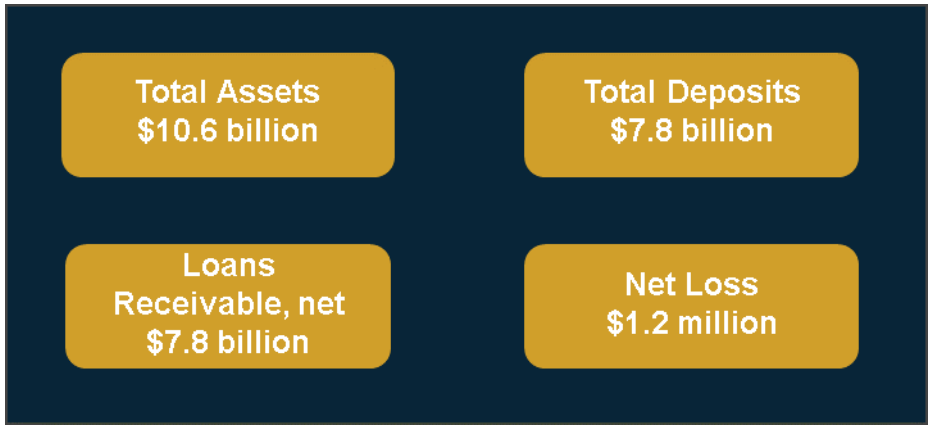
The Company also provides measurements and ratios based on tangible stockholders' equity. These measures are commonly utilized by regulators and market analysts to evaluate the company's financial condition and, therefore, the Company's management believes that such information is useful to investors.

A reconciliation of the non-GAAP financial measures used in this presentation to the most directly comparable GAAP measures is provided in the appendix to this presentation.

2023 Year In Review

- Challenging Operating Environment
  - Rapidly rising interest rates to combat elevated inflation levels resulted in a higher cost of funds and net interest margin compression;
  - Priority focus on customer confidence, the safety of deposits and managing their risk of attrition and flight; and
  - Swift and aggressive actions taken by regulators in response to notable bank failures resulting in scrutiny and elevated compliance costs.
- Strategic shift from growth to risk mitigation and further fortification of our balance sheet:
  - Protected our customers and our Company through strong risk and control environment, and the deployment of new products which created value for our customers;
  - Enhanced access to available liquidity sources; and
  - Sold available for sale securities to reposition our balance sheet and used the proceeds to repay higher cost debt.
- Reported net income of $36.1 million, or $0.35 per basic and diluted share.
- Executed various cost cutting strategies to partially offset margin compression.
- Leveraged technologies to enhance our customer experience.

First Quarter 2024 Update

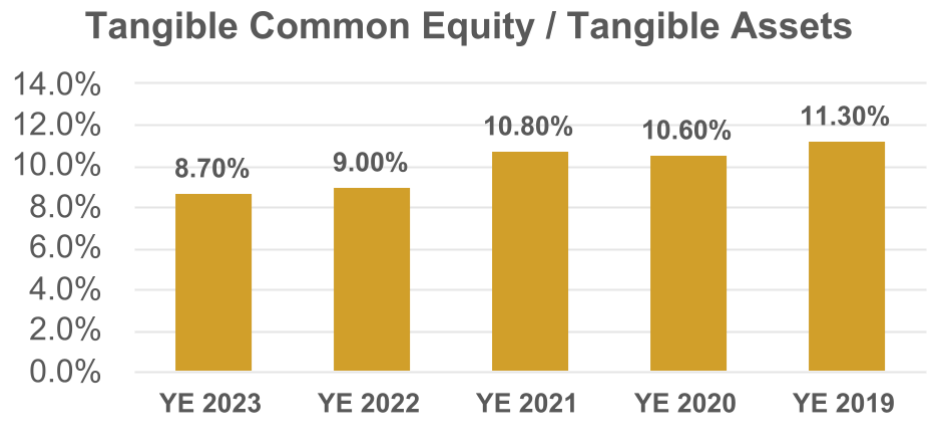


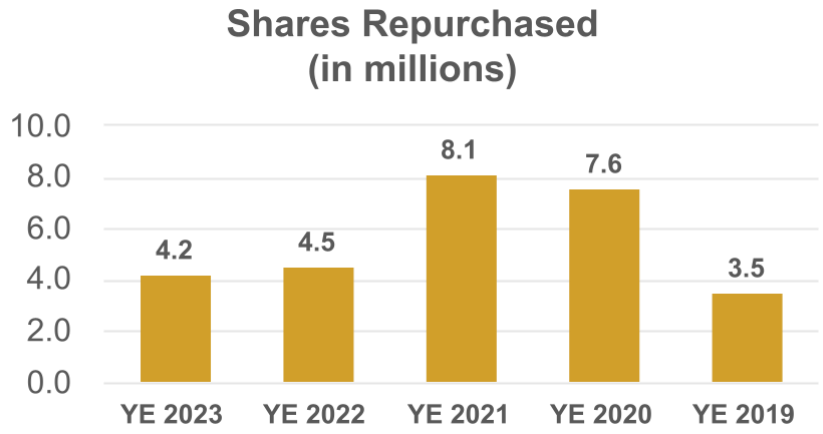
Highlights

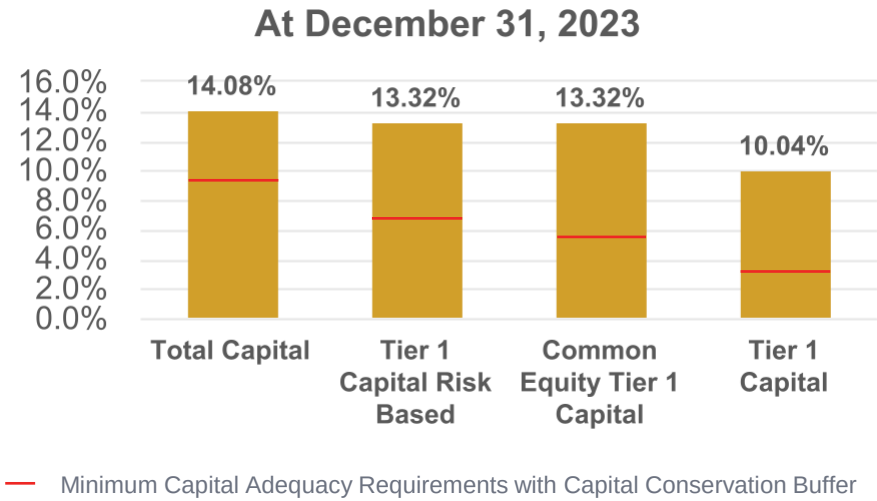
- First quarter financial results were disappointing.
  - Results were impacted by the Federal Deposit Insurance Corporation special assessment of $565,000.
- While the operating environment remains challenging, management is optimistic about future results for the following reasons:
  - During the quarter our net interest margin stabilized.
  - Non-performing assets remain very low relative to total assets at 0.22%.
  - Capital remains strong with a Common Tier 1 risk-based capital ratio of 13.45%.

Capital Management

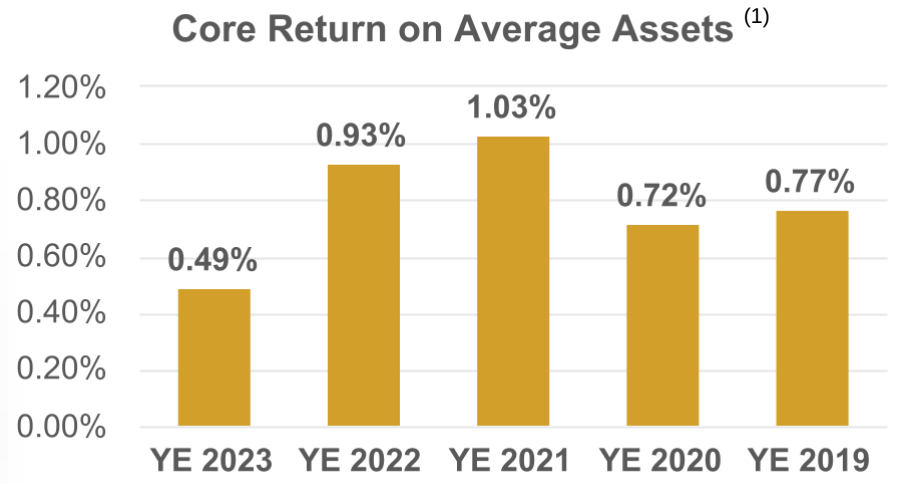
- Management focused on optimizing the capital raised in the IPO through a combination of organic growth, acquisitions, and repurchases. Repurchases have been paused in order to retain capital.
- CLBK does not expect to pay cash dividends to shareholders while in the MHC structure as it is not a "grandfathered" MHC under the Dodd Frank Act and therefore the MHC cannot waive dividends from CLBK.
- Capital ratios exceed the regulatory “well capitalized” levels.

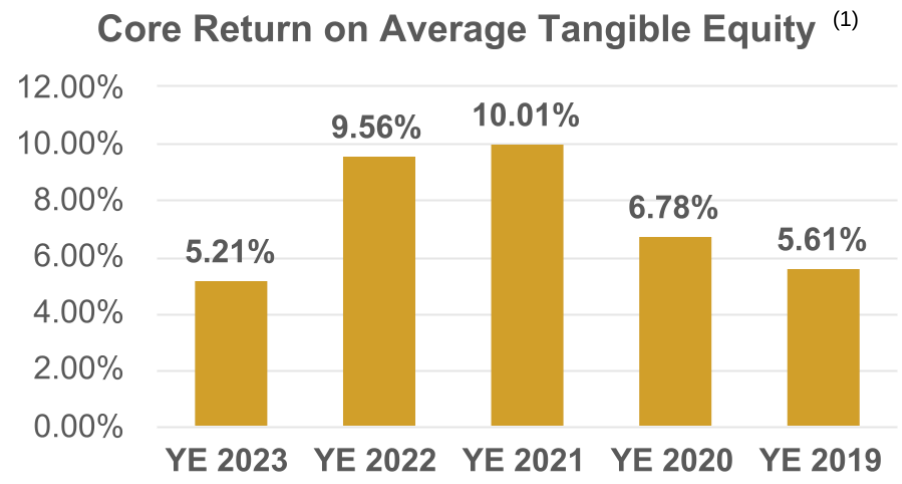


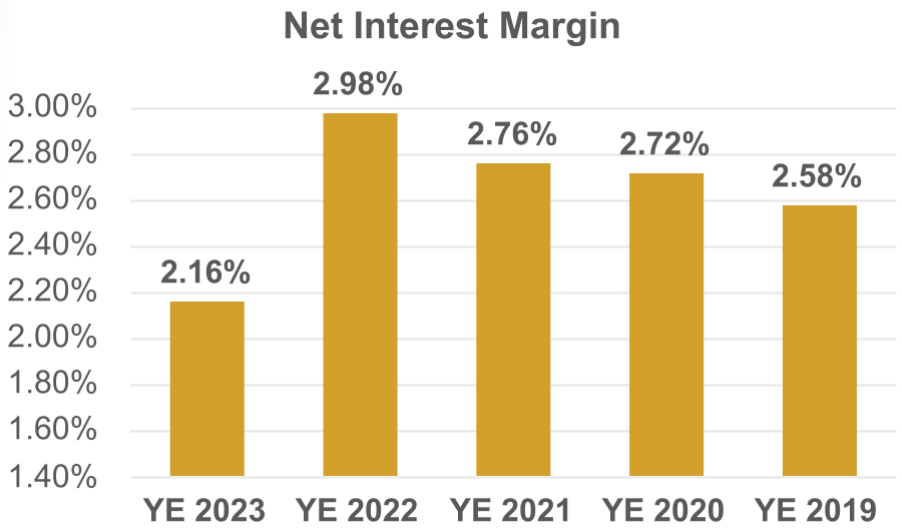


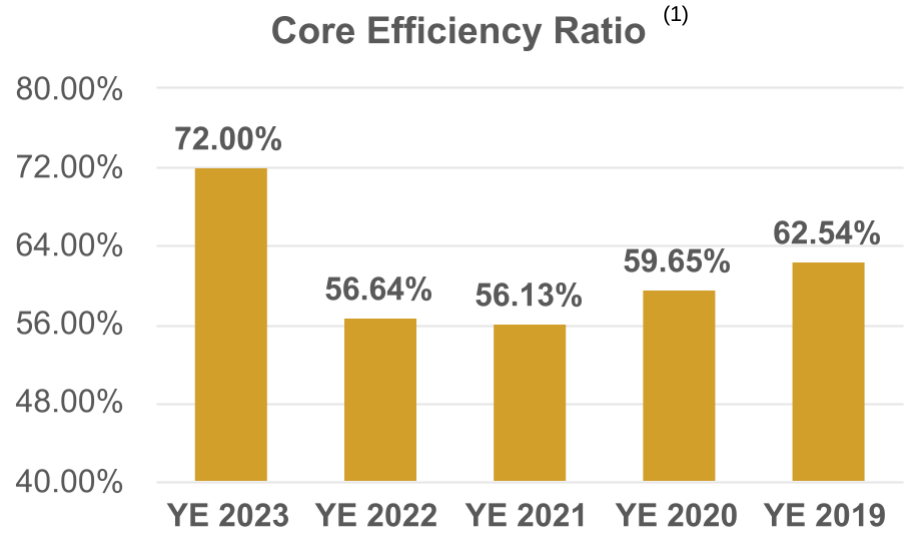


Financial Performance



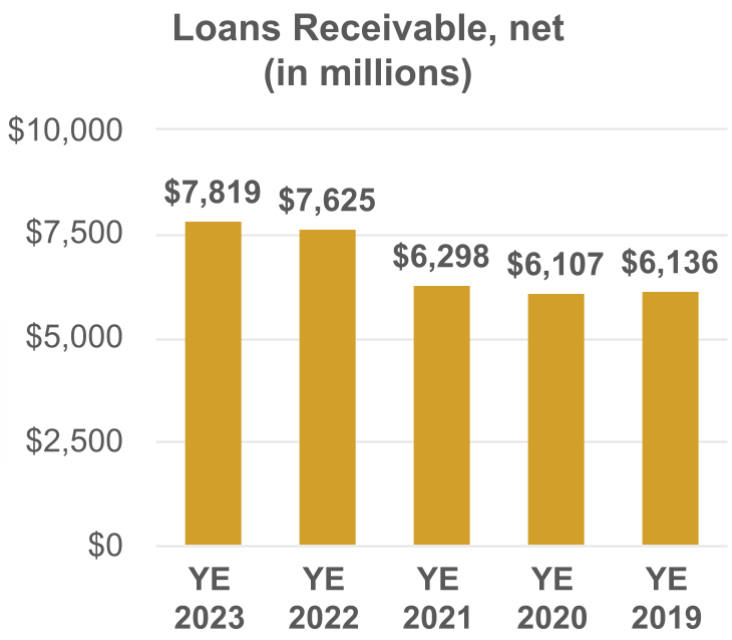






(1) Represents a non-GAAP financial measure.

Lending

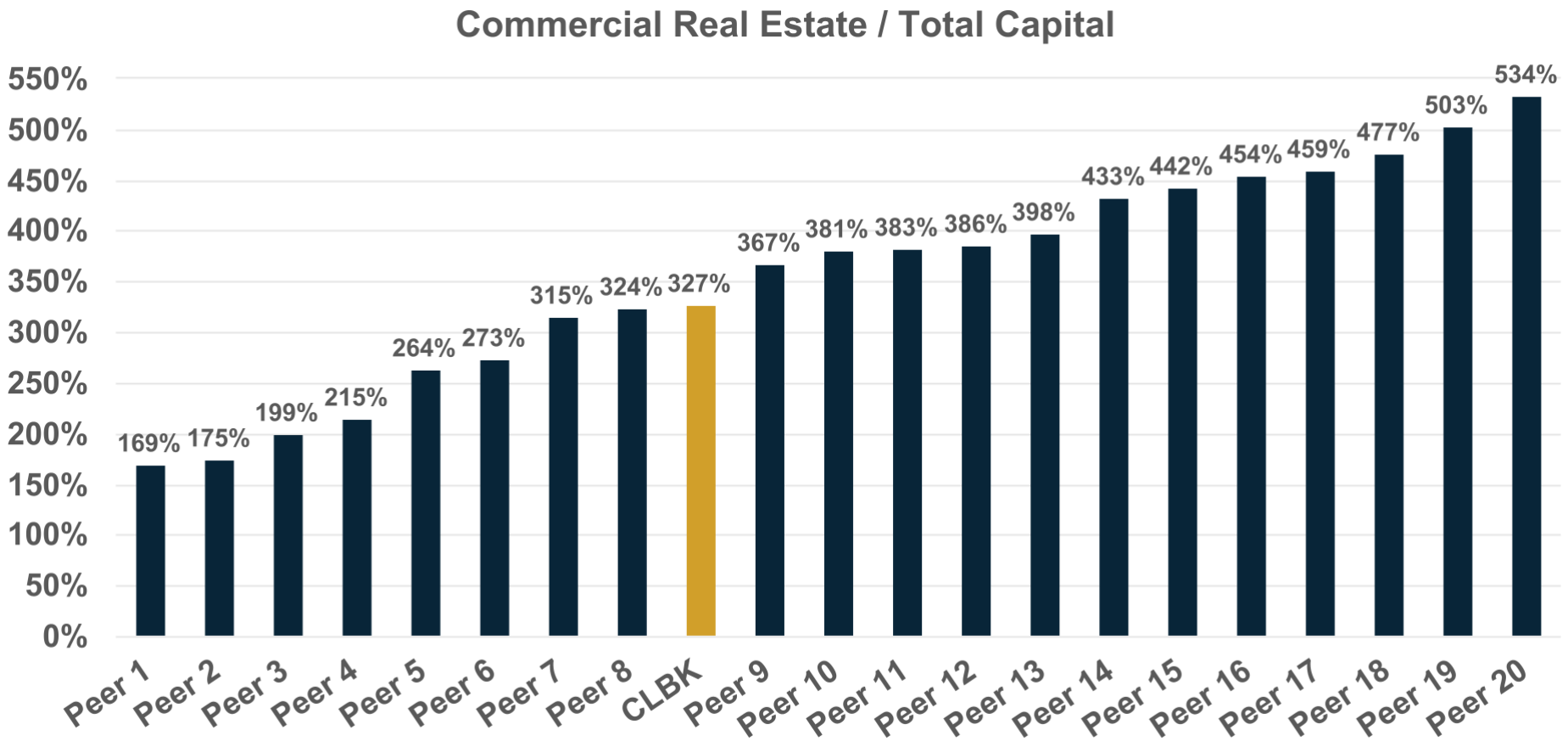


Loan Type (Dollars in thousands)	12/31/2023	12/31/2019	% Change
Residential	$ 2,792,833	$ 2,077,079	34.5 %
Home Equity / Consumer	269,433	390,087	(30.9)%
Multifamily and Commercial Real Estate	3,786,264	2,919,985	29.7 %
Construction	443,094	298,942	48.2 %
Commercial Business	533,041	483,215	10.3 %
Total Loans	**7,824,665**	**6,169,308**	**26.8 %**
PCD Loans	15,089	7,021	
Net Deferred Loan Costs	34,783	21,237	
Allowance for Credit Losses[(1)]	(55,096)	(61,709)	
Loans Receivable, net	**$ 7,819,441**	**$ 6,135,857**	

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

- As a community banking organization, the Company differentiates itself by focusing on relationships and self-sourced originations.
- Residential real estate is expected to become a small component of the loan portfolio mix as management is de-emphasizing that line of business.
- Loans are largely focused in NJ, PA, and the suburbs of NY. Originations in New York City are limited.

Commercial Real Estate

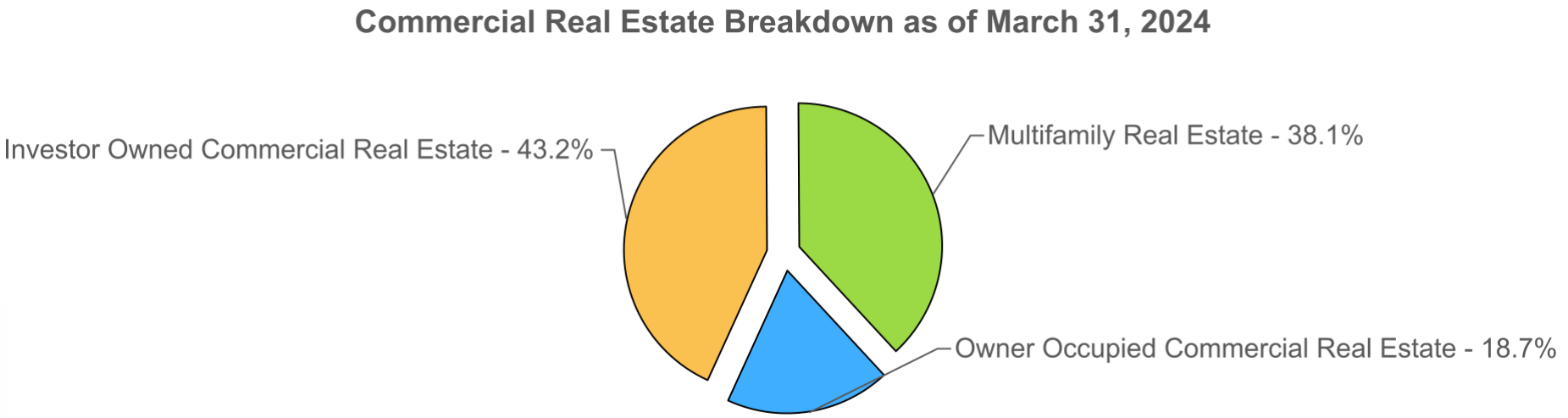


Peers: AUB, BHLB, BRKL, CBU, CNOB, CUBI, DCOM, EGBN, FFIC, INDB, IBTX, KRNY, LBAI, NBTB, NFBK, OCFC, PGC, PFS, SASR, WSFS

Commercial Real Estate is defined as non-owner occupied commercial, construction, and multifamily properties.

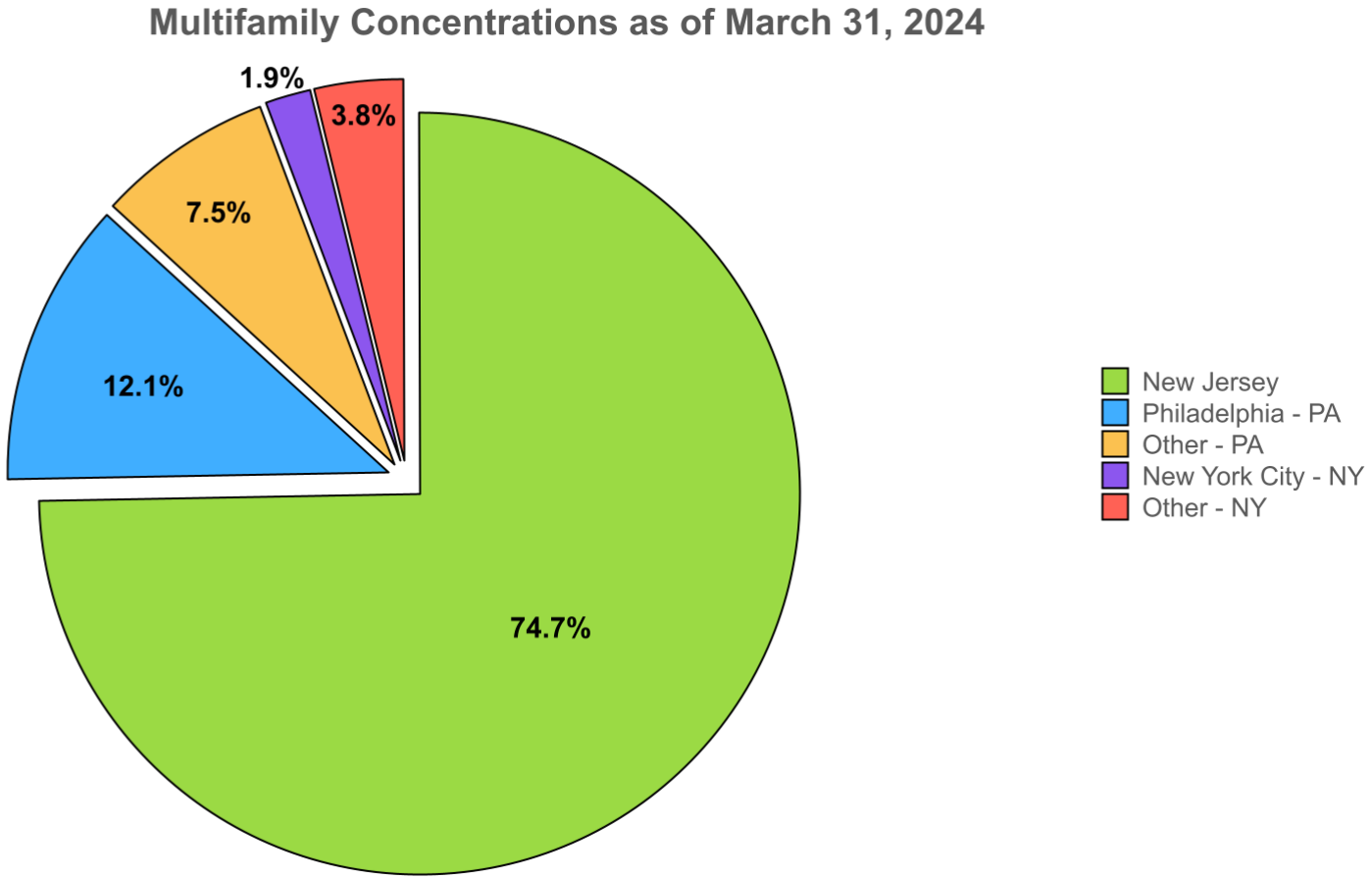
Source: S&P Global 3/31/24

Commercial Real Estate (Continued)



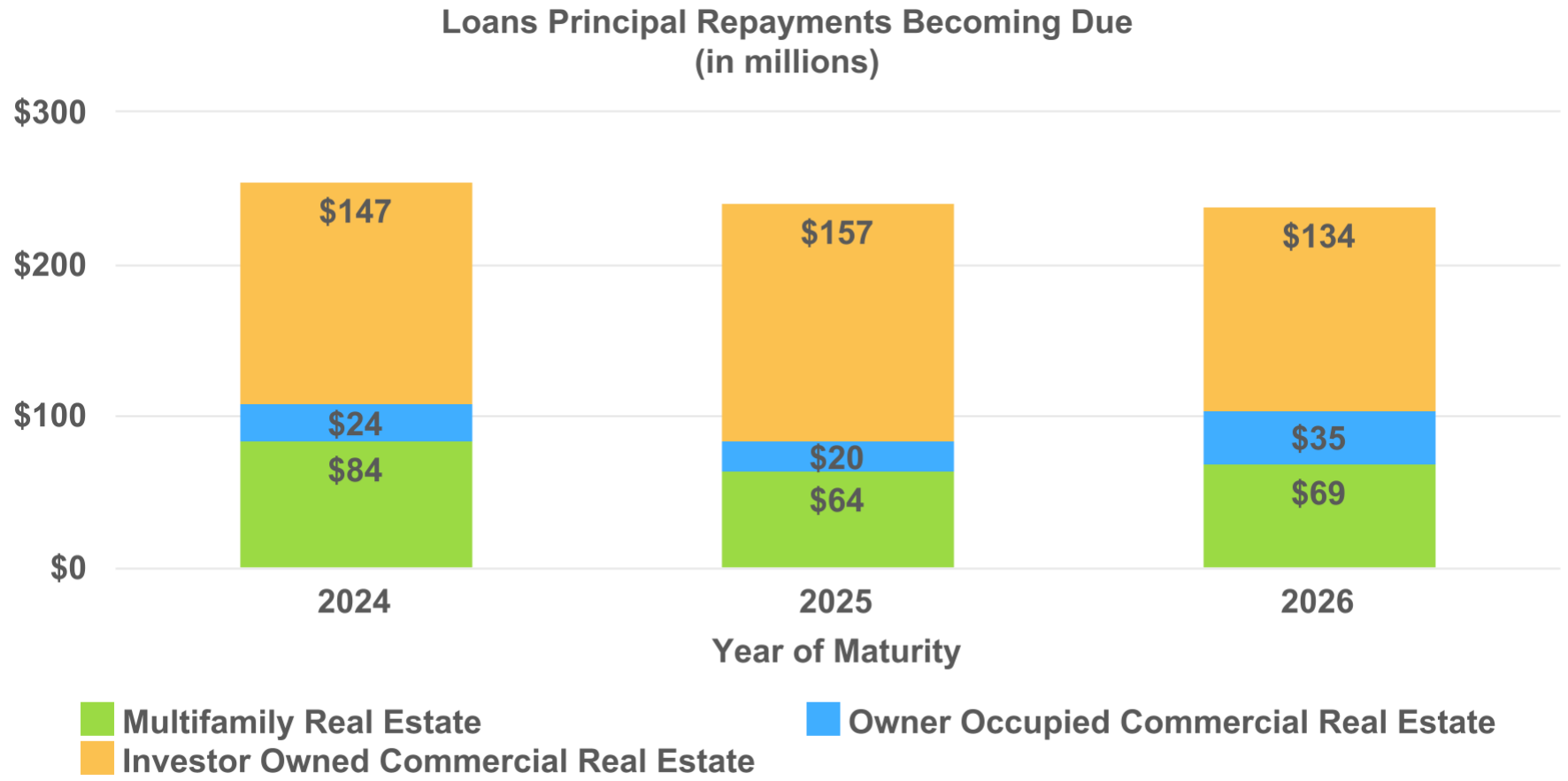
Investor Owned Commercial Real Estate (Dollars in thousands)	Balance	% of Investor Owned Commercial Real Estate	Average Loan Size	Weighted Average Loan to Value Ratio	Weighted Average Debt Service Coverage
Retail / Shopping centers	$ 500,921	13.4 %	$ 2,792	52.3 %	1.58x
Mixed Use	219,724	5.9	1,138	58.6	1.60
Industrial / Warehouse	357,998	9.6	2,934	53.8	1.58
Non-Medical Office	199,753	5.3	1,908	55.3	1.44
Medical Office	132,479	3.5	3,081	58.8	1.49
Single Purpose	68,421	1.8	780	54.1	3.65
Other	138,087	3.7	685	52.2	1.75
Total	**$ 1,617,383**	**43.2 %**	**$ 1,736**	**54.5 %**	**1.66x**

Commercial Real Estate (Continued)



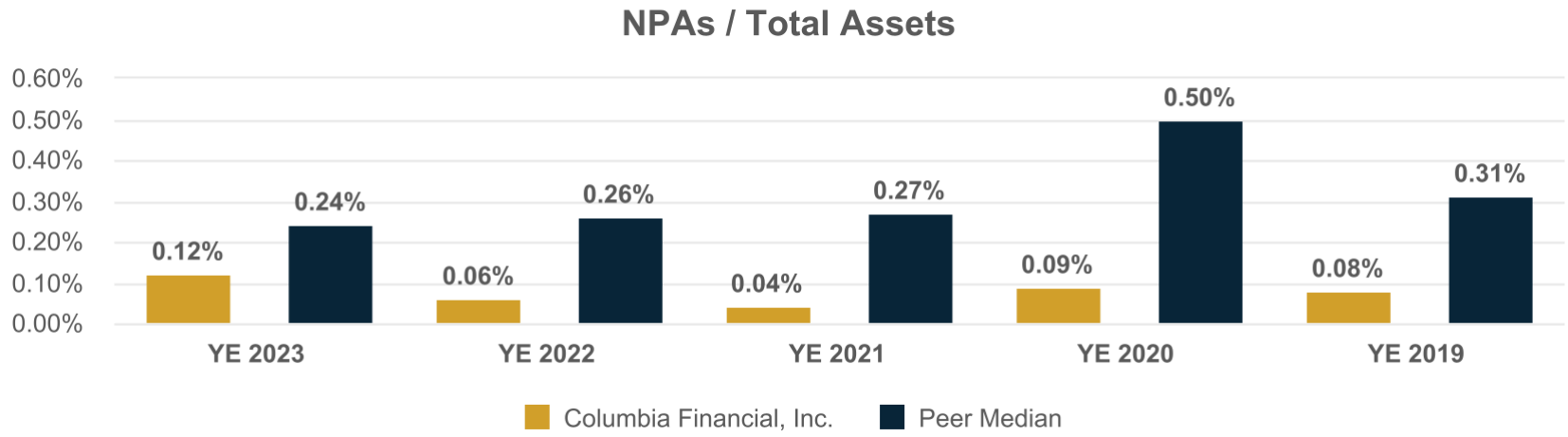
The multi-family portfolio only contains one loan collateralized by one New York City rent stabilized property totaling $871,000.

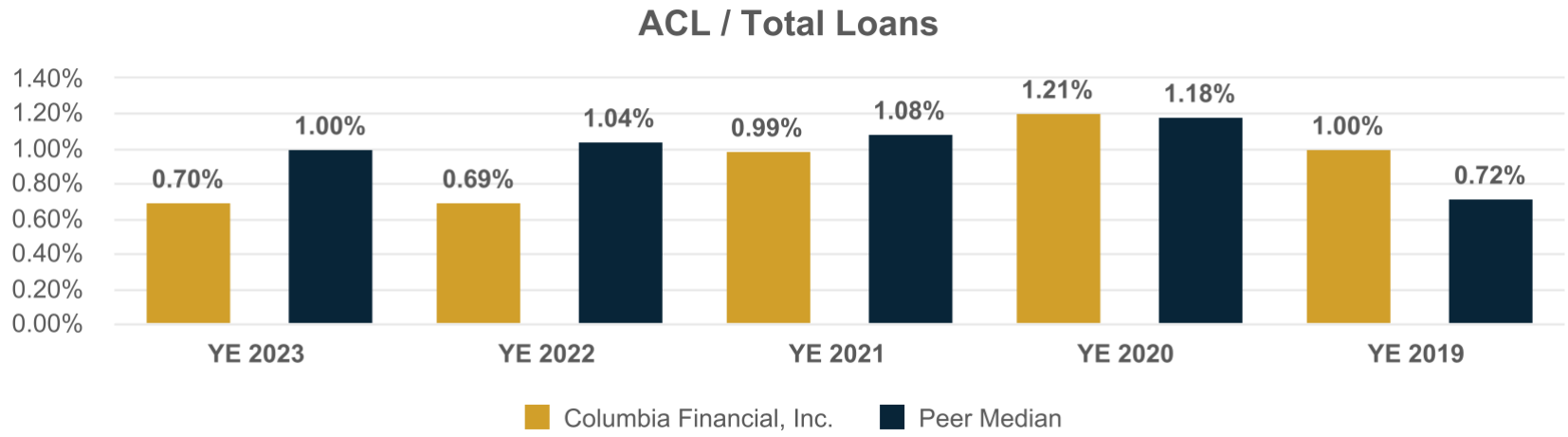
Commercial Real Estate (Continued)



Management has assessed 2024 and 2025 maturities and resetting loans. We believe issues to be very manageable.

Asset Quality

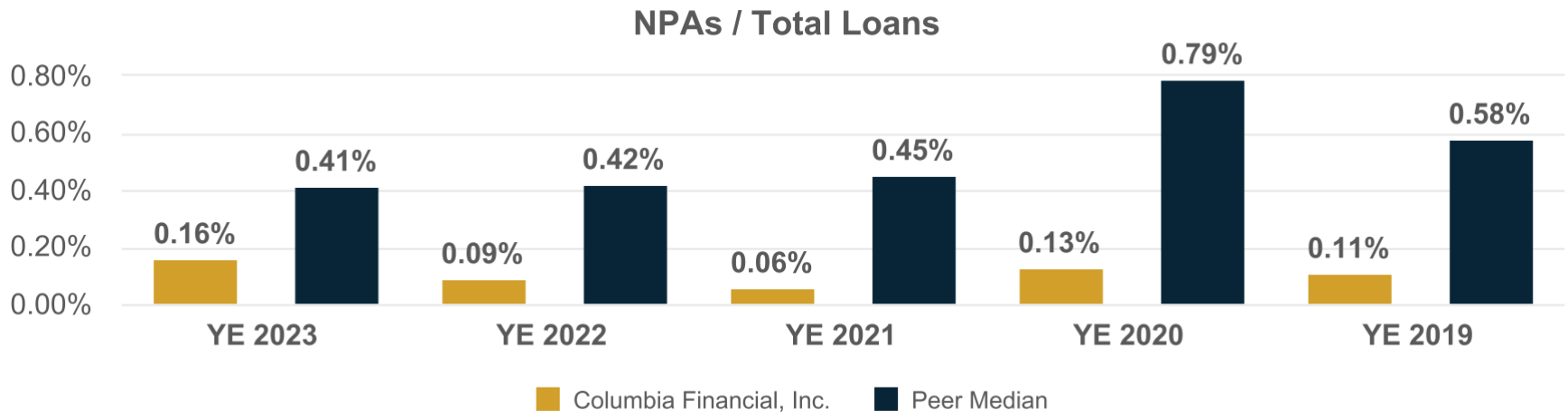


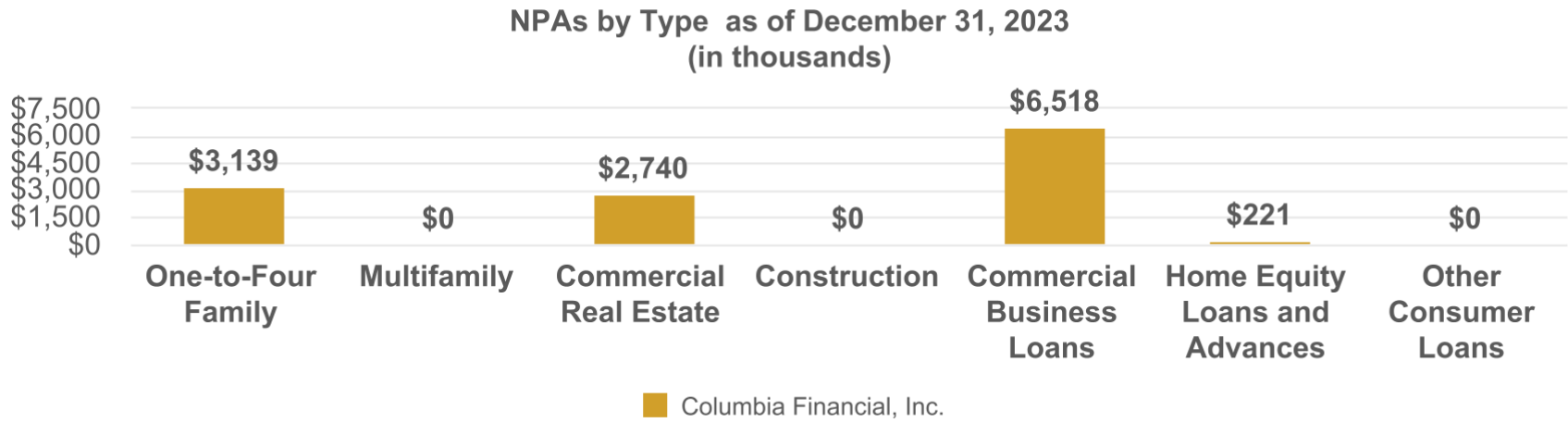


Peers: AUB, BHLB, BRKL, CBU, CNOB, CUBI, DCOM, EGBN, FFIC, INDB, IBTX, KRNY, LBAI, NBTB, NFBK, OCFC, PGC, PFS, SASR, WSFS

Source: S&P Global

Asset Quality (Continued)

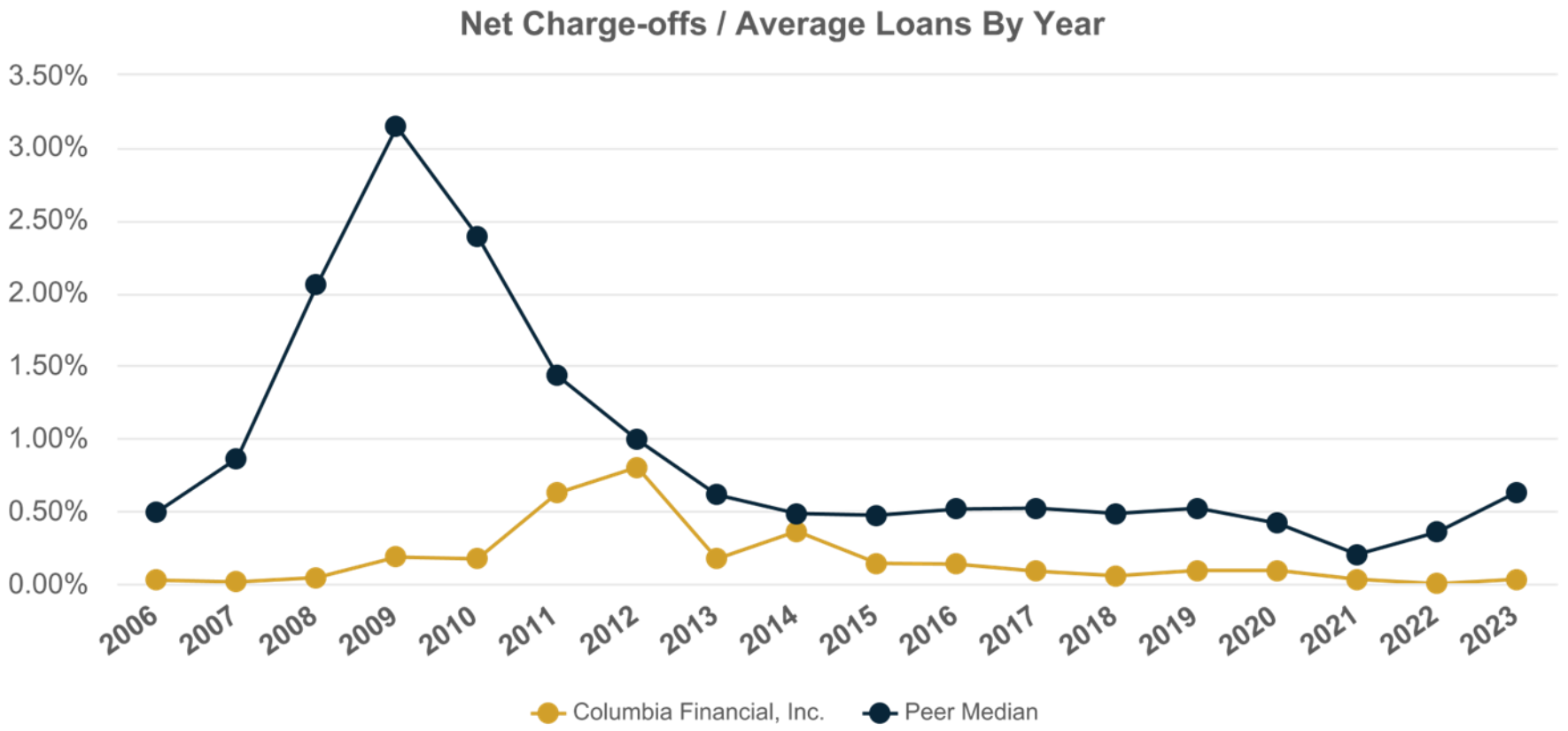




Peers: AUB, BHLB, BRKL, CBU, CNOB, CUBI, DCOM, EGBN, FFIC, INDB, IBTX, KRNY, LBAI, NBTB, NFBK, OCFC, PGC, PFS, SASR, WSFS

Source: S&P Global

Asset Quality (Continued)

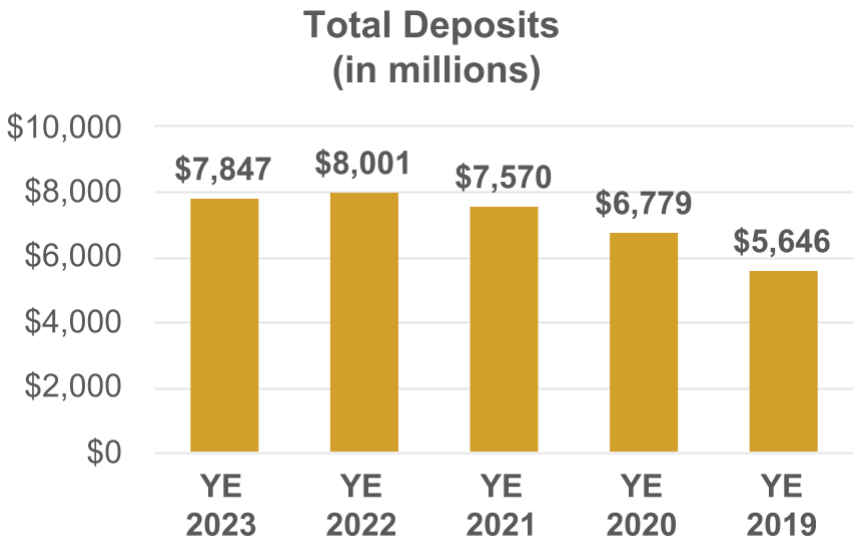


Sources: S&P Global and Federal Reserve Bank. FRED - Gray bars indicate dates of U.S. recessions as inferred by GDP-based recession indicator.

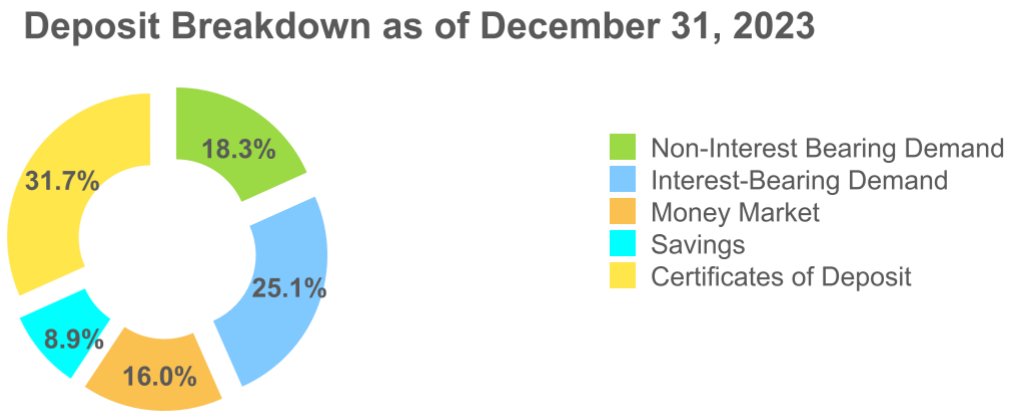
Liquidity

- At March 31, 2024, available sources of liquidity include but are not limited to:
  - Total cash and cash equivalents of $373 million;
  - The Company had immediate access to approximately $2.7 billion of funding through multiple sources;
  - Unpledged loan collateral available to pledge in excess of $1.5 billion; and
  - The Company maintains a liquid, high-quality, securities portfolio.

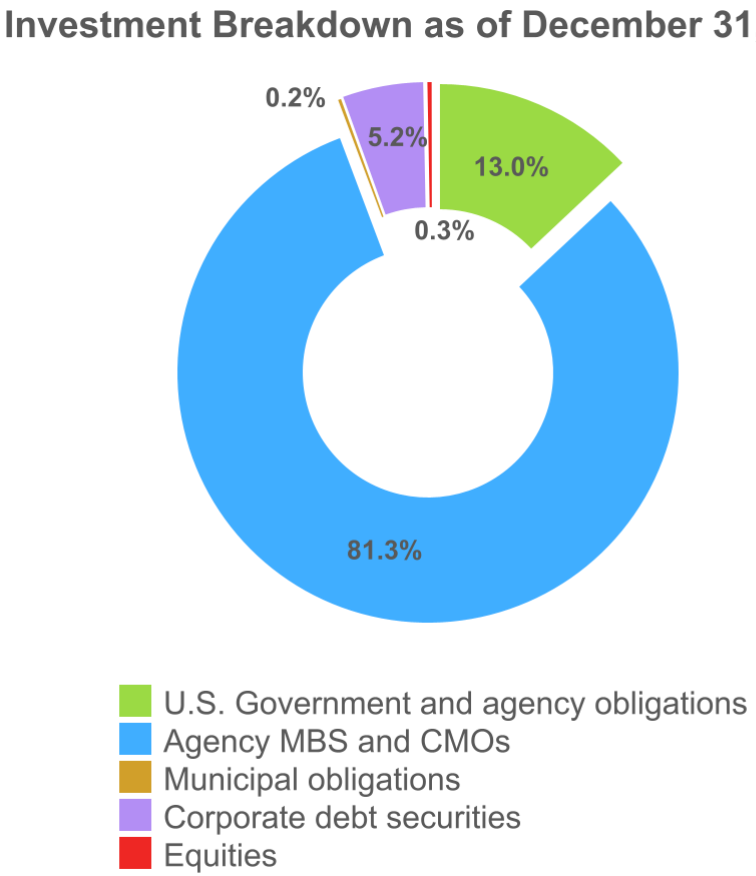
Deposits



- The deposit base is large and diverse with an average deposit balance of $37,000 at December 31, 2023.
- Uninsured deposits of $1.8 billion or 23.4% of total deposits at December 31, 2023 (excluding municipal deposits which are collateralized).
- Intercompany deposits of $3.5 billion at December 31, 2023.

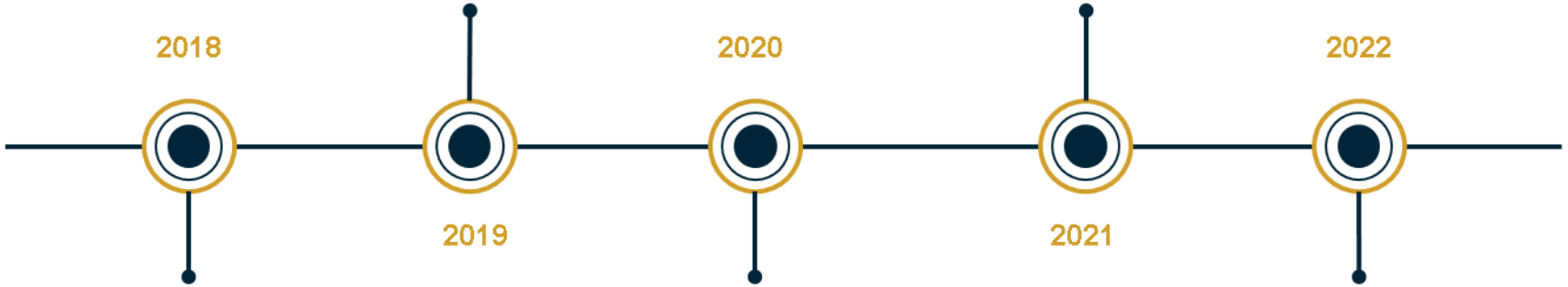


Investment Securities



- Approximately 94.2% of the total portfolio consisted of direct government obligations or government sponsored enterprise obligations.
- Reinvesting maturing cash flows in treasury bonds and mortgage-backed securities.
- Net unrealized gains(losses) on available for sale securities, net of tax, as a percentage of total equity was 10.9%.

Mergers & Acquisitions



2018 — Completed IPO

Sold 43% of Columbia Financial and raised $498 million in gross proceeds.

Granted 3% of the shares to the Columbia Bank Foundation.

Pro Forma TCE was 15.6%.

2019 — Acquired Stewardship

$136 million cash acquisition.

Community bank with $962 million in assets and $783 million in deposits.

In market transaction adding seven branches, net of closures.

2020 — Acquired Roselle

Mutual Merger

$422 million in assets and $333 million in deposits.

In market transaction adding three branches, net of closures.

2021 — Acquired Freehold

Mutual Merger

$316 million in assets and $210 million in deposits at two branches.

Columbia intends to merge Freehold Bank into Columbia Bank at a future date which has not yet been determined.

2022 — Acquired RSI

Mutual Merger

$595 million in assets and $503 million deposits.

In market transaction adding three branches, net of closures.

Organizational Considerations

- Management and the Board of Directors are aware of the opportunities afforded by a second step conversion.
- We believe that being "well positioned" to execute a second step conversion is important.
- Therefore, management is focused on:
  - Building the growth engine so we can leverage the amount of capital raised in a second step;
  - Deploying the remaining excess capital from the initial MHC offering;
  - Continuing to evaluate potential merger opportunities; and
  - Improving profitability and franchise value.

Legal Disclaimer: While we continue to evaluate our organizational structure, we have no current plans to undertake a second step conversion nor is there any assurance that we will undertake such a conversion in the future.

Strategic Focus

- Focus on earnings improvement;
- Continue our controlled organic growth strategy while being mindful of economic conditions and evaluate acquisitions opportunistically;
- Moderate our level of operating expenses to partially offset the earnings impact of margin compression;
- Control funding costs to defend margin;
- Maintain credit discipline and continue to bolster enterprise risk management for regional bank oversight;
- Emphasize our commercial lines of business to continue our migration toward a commercial bank balance sheet;
- De-emphasize residential mortgage lending due to lower profitable margins, long asset durations and interest rate cyclicality;
- Build our core deposit base with an emphasis on commercial treasury services;
- Optimize the returns on BOLI assets through a 1035 exchange;
- Continue ESG programming; and
- Increase our emphasis on digital strategies to address customer preferences and gain operating efficiencies.

Questions

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

Core Net Income

Description (in thousands)	For the Years Ended Decmber 31, 2023	2022	2021	2020
Reconciliation of Core Net Income:				
Net Income:	$ 36,086	$ 86,173	$ 92,049	$ 57,603
Add/Less: Loss(gain) on securities transactions, net of tax	9,249	(156)	(1,481)	(279)
Less: FDIC special assessment, net of tax	3,009	—	—	—
Less: Severance expense from reduction in workforce , net of tax	1,390	—	—	—
Less: Insurance settlement, net of tax	—	(486)	—	—
Add: Merger-related expenses, net of tax	529	2,210	974	1,500
Add: Voluntary early retirement plan expenses, net of tax	—	—	—	2,255
Add: Litigation expenses, net of tax	262	2,913	—	—
Add: Loss on extinguishment of debt, net of tax	265	—	2,079	879
Add: Branch closure expense, net of tax	—	199	410	1,075
Core Net Income	**$ 50,790**	**$ 90,853**	**$ 94,031**	**$ 63,033**

Core ROAA and ROATE

Description (in thousands, except ratio data)	For the Years Ended Decmber 31, 2023	2022	2021	2020
Return on Average Assets	0.35 %	0.88 %	1.01 %	0.66 %
Net Income	$ 36,086	$ 86,173	$ 92,049	$ 57,603
Average Assets	$10,370,557	$ 9,741,822	$ 9,103,003	$ 8,744,973
Core Return on Average Assets	**0.49 %**	**0.93 %**	**1.03 %**	**0.72 %**
Core Net Income	**$ 50,790**	**$ 90,853**	**$ 94,031**	**$ 63,033**
Total Average Stockholders' Equity	$ 1,098,098	$ 1,065,338	$ 1,024,914	$ 1,016,097
Less: Average Goodwill	(110,715)	(103,477)	(79,842)	(79,593)
Less: Average Core Deposit Intangible	(12,398)	(11,352)	(5,717)	(6,769)
Total Average Tangible Stockholders' Equity	**$ 974,985**	**$ 950,509**	**$ 939,355**	**$ 929,735**
Core Return on Average Tangible Equity	**5.21 %**	**9.56 %**	**10.01 %**	**6.78 %**

Core Efficiency Ratio

Description (in thousands, except ratio data)	For the Years Ended Decmber 31, 2023	2022	2021	2020
Efficiency Ratio	78.20 %	58.83 %	57.26 %	62.54 %
Net Interest Income	$ 205,876	$ 266,777	$ 233,134	$ 221,573
Non-Interest Income	27,379	30,400	38,831	31,270
Total Income	$ 233,255	$ 297,177	$ 271,965	$ 252,843
Non-Interest Expense	$ 182,417	$ 174,816	$ 155,737	$ 158,139
Core Efficiency Ratio	72.00 %	56.64 %	56.13 %	59.65 %
Non-Interest Income	$ 27,379	$ 30,400	$ 38,831	$ 31,270
Add/Less: Loss(gain) on securities transactions	10,847	(210)	(2,025)	(370)
Less: Insurance settlement	—	(650)	—	—
Core Non-Interest Income	**$ 38,226**	**$ 29,540**	**$ 36,806**	**$ 30,900**
Non-Interest Expense	$ 182,417	$ 174,816	$ 155,737	$ 158,139
Less: FDIC special asssessment	(3,840)	—	—	—
Less: Severance expense from reduction in workforce	(1,605)	—	—	—
Less: Merger-related expenses	(606)	(2,810)	(822)	(1,931)
Less: Voluntary early retirement plan expenses	—	—	—	(3,018)
Less: Litigation expenses	(317)	(3,916)	—	—
Less: Loss on extinguishment of debt	(300)	—	(2,851)	(1,158)
Less: Branch closure expense	—	(266)	(548)	(1,434)
Core Non-Interest Expense	**$ 175,749**	**$ 167,824**	**$ 151,516**	**$ 150,598**