

Board of Governors of the Federal Reserve System



# Annual Report of Holding Companies—FR Y-6

## Report at the close of business as of the end of fiscal year

This report is required by law: Section 5(c)(1) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)); section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. § 1467a(b)(2)); sections 102 (a)(1), 165, and 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. §§ 5311(a)(1), 5365, and 1850a(c)(1)); and sections 8(a) and 13(a) of the International Banking Act of 1978 (12 U.S.C. §§ 3106(a) and 3108(a)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

**NOTE:** The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Cory Richardson  
 Name of the Holding Company Director and Official  
EVP Chief Financial Officer  
 Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

[Signature]  
 Signature of Holding Company Director and Official  
03/21/2023  
 Date of Signature

**For Federal Reserve Bank Use Only**

RSSD ID \_\_\_\_\_  
 C.I. \_\_\_\_\_

Date of Report (top-tier holding company's fiscal year-end):  
December 31, 2022  
 Month / Day / Year

Reporter's Name, Street, and Mailing Address  
Northfield Mutual Holding Company  
 Legal Title of Holding Company  
PO Box 7180  
 (Mailing Address of the Holding Company) Street / P.O. Box  
Barre VT 05641  
 City State Zip Code  
1021 Paine Turnpike N, Berlin, VT 05602  
 Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:  
Ed Sulva VP Controller  
 Name Title  
802-661-5334  
 Area Code / Phone Number / Extension  
802-223-7638  
 Area Code / FAX Number  
ed.sulva@nsbvt.com  
 E-mail Address  
https://www.nsbvt.com  
 Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission?  0=No  1=Yes 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report

2. a letter justifying this request has been provided separately ...

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

### Report Item 1: Annual Report to Shareholders

For holding companies not registered with the SEC, indicate status of Annual Report to Shareholders:

is included with the FR Y-6 report

will be sent under separate cover

is not prepared

## Checklist

The checklist below is provided to assist the holding company in filing all the necessary responses and verifying changes from the prior year to the various report items. The completed checklist should be submitted with the report. Please see section A of the General Instructions for additional guidance.

---

### Verification of Changes

All Reporters must respond to the following questions by checking the Yes or No box below, as appropriate.

Did the holding company have changes to any reportable FR Y-6 items (2a, 2b, 3, or 4) from the prior year?

Yes  No

If checked Yes, complete the remaining checklist for Report Items 2a, 2b, 3, and 4. For each Report Item, indicate whether there are changes from the prior year by checking Yes or No below. See section A of the General Instructions for additional information.

#### Report Item 2a: Organization Chart

Yes  No

If checked Yes, the Reporter must submit the organization chart as specified in Report Item 2.a instructions.

#### Report Item 2b: Domestic Branch Listing

Yes  No

If checked Yes, the Reporter must submit the domestic branch listing as specified in Report Item 2.b instructions.

#### Report Item 3: Securities Holders

Yes  No

If checked Yes, the Reporter must submit the information as specified in Report Item 3 instructions.

#### Report Item 4: Insiders

Yes  No

If checked Yes, the Reporter must submit the information as specified in Report Item 4 instructions.

## For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Northfield Bancorp, Inc  
 Legal Title of Subsidiary Holding Company

PO Box 7180  
 (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Barre VT 05641  
 City State Zip Code

1021 Paine Turnpike North, Berlin, VT 05602  
 Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Board of Governors of the Federal Reserve System



# Annual Report of Holding Companies—FR Y-6

## Report at the close of business as of the end of fiscal year

This report is required by law: Section 5(c)(1) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)); section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. § 1467a(b)(2)); sections 102 (a)(1), 165, and 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. §§ 5311(a)(1), 5365, and 1850a(c)(1)); and sections 8(a) and 13(a) of the International Banking Act of 1978 (12 U.S.C. §§ 3106(a) and 3108(a)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

**NOTE:** The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Cory Richardson  
 Name of the Holding Company Director and Official  
EVP Chief Financial Officer  
 Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

[Signature]  
 Signature of Holding Company Director and Official  
03/21/2023  
 Date of Signature

**For Federal Reserve Bank Use Only**

RSSD ID \_\_\_\_\_  
 C.I. \_\_\_\_\_

Date of Report (top-tier holding company's fiscal year-end):  
December 31, 2022  
 Month / Day / Year

Reporter's Name, Street, and Mailing Address  
Northfield Mutual Holding Company  
 Legal Title of Holding Company  
PO Box 7180  
 (Mailing Address of the Holding Company) Street / P.O. Box  
Barre VT 05641  
 City State Zip Code  
1021 Paine Turnpike N, Berlin, VT 05602  
 Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:  
Ed Sulva VP Controller  
 Name Title  
802-661-5334  
 Area Code / Phone Number / Extension  
802-223-7638  
 Area Code / FAX Number  
ed.sulva@nsbvt.com  
 E-mail Address  
https://www.nsbvt.com  
 Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission?  0=No  1=Yes 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report

2. a letter justifying this request has been provided separately ...

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

### Report Item 1: Annual Report to Shareholders

For holding companies not registered with the SEC, indicate status of Annual Report to Shareholders:

is included with the FR Y-6 report

will be sent under separate cover

is not prepared

## Checklist

The checklist below is provided to assist the holding company in filing all the necessary responses and verifying changes from the prior year to the various report items. The completed checklist should be submitted with the report. Please see section A of the General Instructions for additional guidance.

---

### Verification of Changes

All Reporters must respond to the following questions by checking the Yes or No box below, as appropriate.

Did the holding company have changes to any reportable FR Y-6 items (2a, 2b, 3, or 4) from the prior year?

Yes  No

If checked Yes, complete the remaining checklist for Report Items 2a, 2b, 3, and 4. For each Report Item, indicate whether there are changes from the prior year by checking Yes or No below. See section A of the General Instructions for additional information.

#### Report Item 2a: Organization Chart

Yes  No

If checked Yes, the Reporter must submit the organization chart as specified in Report Item 2.a instructions.

#### Report Item 2b: Domestic Branch Listing

Yes  No

If checked Yes, the Reporter must submit the domestic branch listing as specified in Report Item 2.b instructions.

#### Report Item 3: Securities Holders

Yes  No

If checked Yes, the Reporter must submit the information as specified in Report Item 3 instructions.

#### Report Item 4: Insiders

Yes  No

If checked Yes, the Reporter must submit the information as specified in Report Item 4 instructions.

## For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Northfield Bancorp, Inc  
 Legal Title of Subsidiary Holding Company

PO Box 7180  
 (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Barre VT 05641  
 City State Zip Code

1021 Paine Turnpike North, Berlin, VT 05602  
 Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

# NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARIES

Fiscal Year Ending December 31, 2022

Report Item

- 1.a. The MHC is not required to prepare form 10K with the SEC.
- 1.b. The MHC does not prepare an annual report for its shareholders.
- 2.a. Organizational Chart

Northfield MHC  
(mutual holding company – parent company)  
  
33 South Main Street, Northfield, VT 05663  
  
Incorporated in Vermont

100% ownership

Northfield Bancorp, Inc.  
(stock holding company)  
  
33 South Main Street, Northfield, VT 05663  
  
Incorporated in Vermont

100% ownership

Northfield Savings Bank  
(stock savings bank)  
  
LEI: 549300D7AV8NGI6N3S98  
  
33 South Main Street, Northfield, VT 05663  
  
Incorporated in Vermont

- 2.b. Domestic Branch Listing. This data was emailed to BOS.Statistics@bos.frb.org March 6<sup>th</sup>, 2022.
- 3. No 5% Holders for both NMHC and Bancorp Inc.
- 4. Insider List Attached

LEI N/A unless otherwise noted

**Results:** A list of branches for your depository institution: **NORTHFIELD SAVINGS BANK (ID\_RSSD: 520003)**.  
 This depository institution is held by **NORTHFIELD MHC (2934305)** of **NORTHFIELD, VT**.  
 The data are as of **12/31/2022**. Data reflects information that was received and processed through **01/10/2023**.

**Reconciliation and Verification Steps**

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

**Actions**

**OK:** If the branch information is correct, enter 'OK' in the **Data Action** column.  
**Change:** If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.  
**Close:** If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.  
**Delete:** If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.  
**Add:** If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

**Submission Procedure**

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.  
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of **Change, Close, Delete, or Add**.  
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
ok		Full Service (Head Office)	520003	NORTHFIELD SAVINGS BANK	33 SOUTH MAIN STREET	NORTHFIELD	VT	05663	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	335300	BARRE BRANCH	289 NORTH MAIN STREET	BARRE	VT	05641	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	519801	WALL STREET COMPLEX BRANCH	137 SOUTH MAIN STREET	BARRE	VT	05641	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	2622901	BETHEL BRANCH	1875 ROUTE 107	BETHEL	VT	05032	WINDSOR	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716629	COLLEGE STREET BRANCH	160 COLLEGE STREET	BURLINGTON	VT	05401	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716638	ESSEX BRANCH	71 PEARL STREET	ESSEX JUNCTION	VT	05452	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	285405	MONTPELIER BRANCH	100 STATE ST	MONTPELIER	VT	05602	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	581705	RANDOLPH BRANCH	2 N MAIN ST	RANDOLPH	VT	05060	ORANGE	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	5617739	RICHMOND BRANCH	53 RAILROAD STREET	RICHMOND	VT	05477	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716647	SHELburne ROAD BRANCH	1120 SHELburne ROAD	SOUTH BURLINGTON	VT	05403	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716656	WILLISTON ROAD BRANCH	1143 WILLISTON ROAD	SOUTH BURLINGTON	VT	05403	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716601	WAITSFIELD BRANCH	200 MAD RIVER GREEN SHOPPING CENTER	WAITSFIELD	VT	05673	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	334808	WATERBURY BRANCH	29 S MAIN ST	WATERBURY	VT	05676	WASHINGTON	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	
ok		Full Service	3716665	WILLISTON BRANCH	60 WRIGHT AVENUE	WILLISTON	VT	05495	CHITTENDEN	UNITED STATES	Not Required	Not Required	NORTHFIELD SAVINGS BANK	520003	



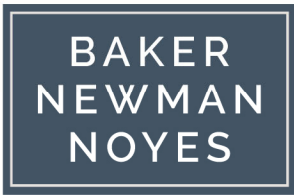
Name	City, ST	Title & Position in Bank Holding Company	Title & Position in Subsidiaries (include names)	Title & Position with Other Businesses	Percentage of Voting Shares in Bank Holding Company	Percentage of Voting Shares in Subsidiaries	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
<b>Directors:</b>							
McKenzie, Mary Alice	Colchester, VT	Board Chair	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Retired	0	0	N/A
Lyon, John W.	Barre, VT	Board Vice Chair	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	General Manager, Wilkins Harley-Davidson, Co-Owner Lyon-Wilkins Enterprises, Inc.	0	0	Wilkins Enterprises, Inc., 38%; Lyon-Wilkins Enterprises, Inc. 33%; East Street Holding Co., 100%; 684 S Barre Rd, LLC 50%
Burke, John Timothy	Shelburne, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Senior Associate and Director of Brokerage Services	0	0	John T. Burke, 100%
Carignan, Nicole	Essex, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Senior Business Advisor & Founder	0	0	ProfitFusion, LLC, 100%; Jericho Mini Storage, LLC, 50%; Artisan Reality of VT, LLC. 50%
Dodson, Kyle	Burlington, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	President & CEO	0	0	N/A
Eagan, Brian C.	Grand Isle, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Retired	0	0	N/A
Jamieson, Jonathan M.	Waitsfield, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Director of Community Engagement	0	0	N/A
Robbins, Thomas	Northfield, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	CFO	0	0	N/A
Saba, Mark W.	Burlington, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	President & Managing Member	0	0	Formula Ford, Inc. 100%; Formula Ford of Rutland County, Inc., 100%; Formula Nissan Inc, 80%; Saba Marina, 100%; Bay Harbor Marina, Inc., 100%; Mark Real Estate, LLC, 100%; Saba Automotive Group, LLC, 100%; KSP Real Estate, LLC, 100%; ACA Real Estate, LL, 100%; S.P. Cove, LLC, 100%; K&M Real Estate, LLC, 100%
Stackpole, Kerin	Shelburne, VT	Director	Director Northfield Mutual Holding Company ; Director Northfield Bancorp, Inc.; Trustee, Northfield Savings Bank	Director, SPHR	0	0	N/A
<b>Officers:</b>							
Leavitt, Thomas S.	Waterbury, VT	Officer, President & CEO	President & CEO; Northfield Mutual Holding Company; Northfield Bancorp, Inc.; President & CEO, Northfield Savings Bank	N/A	0	0	N/A
LaFrance, Cheryl A.	Barre, VT	Officer	EVP & COO Northfield Savings Bank	N/A	0	0	N/A
Richardson, Cory B.	Waterbury, VT	Officer, Treasurer	EVP & CFO Northfield Savings Bank	N/A	0	0	N/A
Austin-Hawley, Donna	Williston, VT	Officer	EVP & CHRO Northfield Savings Bank	N/A	0	0	N/A
Flory, Alfred		Officer	EVP & Chief Lending Officer Northfield Savings Bank	N/A	0	0	N/A
Cicio, Megan		Officer	SVP Enterprise Banking Northfield Savings Bank	N/A	0	0	N/A
Nelson, Rick		Officer	SVP Information Security Northfield Savings Bank	N/A	0	0	Milo Nelson Revocable Trust, 33%
Neun, Melissa A.		Officer	SVP Risk Management Northfield Savings Bank	N/A	0	0	N/A

Name	City, ST	Title & Position in Bank Holding Company	Title & Position in Subsidiaries (include names)	Title & Position with Other Businesses	Percentage of Voting Shares in Bank Holding Company	Percentage of Voting Shares in Subsidiaries	List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Sargent, Tim		Officer	SVP Information Technology Northfield Savings Bank	N/A	0	0	N/A
Turossak, Amy	South Burlington, VT	Officer, Secretary	Corporate Secretary Northfield Savings Bank	N/A	0	0	N/A

# **Northfield Mutual Holding Company and Subsidiary**

Audited Consolidated Financial Statements

*Years Ended December 31, 2022 and 2021  
With Independent Auditors' Report*



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northfield Mutual Holding Company

### Report on the Audit of the Financial Statements

We have audited the consolidated financial statements of Northfield Mutual Holding Company and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive (loss) income, changes in capital and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 21, 2023 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

### Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

To the Board of Directors  
Northfield Mutual Holding Company

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Baker Newman & Hayes LLC*

Portland, Maine  
March 21, 2023

Registration No. 0920000638

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

For the Years Ended December 31, 2022 and 2021

(Amounts in Thousands)

ASSETS

	<u>2022</u>	<u>2021</u>
Cash on hand and noninterest bearing deposits	12,744	9,339
Interest bearing deposits	<u>17,002</u>	<u>18,747</u>
Cash and cash equivalents	29,746	28,086
Investment securities available-for-sale (notes 2 and 15)	328,531	390,515
Loans, net (notes 3, 6 and 12)	963,244	908,185
Federal Home Loan Bank stock (note 6)	872	1,638
Bank premises and equipment, net (note 4)	16,936	17,870
Operating lease right-of-use assets (note 11)	9,356	-
Accrued interest receivable	3,180	3,002
Cash surrender value of bank-owned life insurance	35,439	34,628
Other assets (note 10)	<u>26,216</u>	<u>17,509</u>
	<u>\$ 1,413,520</u>	<u>\$ 1,401,433</u>

LIABILITIES AND CAPITAL ACCOUNTS

Liabilities		
Deposits (note 5)	1,185,444	1,169,052
Federal Home Loan Bank borrowings (note 6)	3,821	3,792
Customer repurchase agreements (notes 2 and 7)	90,270	78,332
Operating lease liabilities (note 11)	9,356	-
Other liabilities (note 8)	<u>10,642</u>	<u>10,247</u>
Total Liabilities	1,299,533	1,261,423
Commitments and contingencies (notes 10, 11 and 14)		
Capital accounts (note 13)		
Undivided profits	151,438	141,405
Accumulated other comprehensive (loss) income	<u>(37,451)</u>	<u>(1,395)</u>
Total capital accounts	113,987	140,010
	<u>\$ 1,413,520</u>	<u>\$ 1,401,433</u>

See accompanying notes.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF INCOME**  
For the Years Ended December 31, 2022 and 2021  
(Amounts in Thousands)

	<u>2022</u>	<u>2021</u>
Interest and dividend income		
Loans	\$ 37,091	\$ 37,922
Interest bearing deposits	745	68
Investments	<u>6,245</u>	<u>4,684</u>
Total interest and dividend income	44,081	42,674
Interest expense		
Interest on deposits	2,438	2,137
Interest on borrowed funds	<u>269</u>	<u>122</u>
Total interest expense	<u>2,707</u>	<u>2,259</u>
Net interest income before benefit for loan losses	41,374	40,415
Benefit for loan losses (note 3)	-	<u>(700)</u>
Net interest income after benefit for loan losses	41,374	41,115
Noninterest income		
Service charges and fees	3,721	3,522
Net gain on sale of available-for-sale securities (note 2)	-	21
Loss on sale of loans	-	(22)
Bank-owned life insurance income and gains	841	907
Other	<u>858</u>	<u>1,157</u>
Total noninterest income	5,420	5,585
Noninterest expense		
Salaries and employee benefits (note 8)	18,533	18,118
Occupancy expense (notes 4 and 11)	3,144	3,004
Furniture and equipment expense	4,686	4,616
Other (note 9)	<u>8,435</u>	<u>7,146</u>
Total noninterest expense	<u>34,798</u>	<u>32,884</u>
Income before provision for income taxes	11,996	13,816
Provision for income taxes (note 10)	<u>1,963</u>	<u>2,475</u>
Net Income	<u>\$10,033</u>	<u>\$11,341</u>

See accompanying notes.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**  
For the Years Ended December 31, 2022 and 2021  
(Amounts in Thousands)

	<u>2022</u>	<u>2021</u>
Net income	\$10,033	\$11,341
Other comprehensive loss, net of income taxes:		
Unrealized losses on securities available-for-sale:		
Unrealized holding losses arising during the period, net of income taxes of \$9,841 and \$1,985 in 2022 and 2021, respectively	(37,018)	(7,466)
Reclassification adjustment for gains/losses and net accretion or amortization of premium or discount on investment securities included in net income, net of income taxes of \$(257) and \$(261) in 2022 and 2021, respectively	962	979
	_____	_____
Other comprehensive loss	<u>(36,056)</u>	<u>(6,487)</u>
Comprehensive (loss) income	<u>\$ (26,023)</u>	<u>\$ 4,854</u>

See accompanying notes.



**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS**  
December 31, 2022 and 2021

	<b>Undivided Profits</b>	<b>Accumulated Other Comprehensive (Loss) Income</b>	<b>Total</b>
Balance, December 31, 2020	130,064	5,092	135,156
Net Income	11,341	-	11,341
Change in net unrealized gain on investment securities available-for-sale, net of income taxes	-	<u>(6,487)</u>	<u>(6,487)</u>
Balance, December 31, 2021	<u>\$ 141,405</u>	<u>\$ (1,395)</u>	<u>\$ 140,010</u>
Net Income	10,033	-	10,033
Change in net unrealized loss on investment securities available-for-sale, net of income taxes	-	<u>(36,056)</u>	<u>(36,056)</u>
Balance, December 31, 2022	<u>\$ 151,438</u>	<u>\$ (37,451)</u>	<u>\$ 113,987</u>

See accompanying notes.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income	\$ 10,033	\$ 11,341
Adjustments to reconcile net income to net cash provided by operating activities		
Benefit for loan losses	-	(700)
Depreciation and amortization of bank premises and equipment	1,857	1,871
Loss on disposal of fixed assets	6	10
Net amortization of premium on investment securities	1,219	1,262
Net gain on sale of investment securities	-	(21)
Net gain on the sale of other real estate owned	(7)	(195)
Amortization of limited partnership investments	719	637
Loans originated for sale	-	(391)
Proceeds from loans sold	-	369
Proceeds from the sale of other real estate owned	130	883
Loss on sale of loans	-	22
Deferred income tax (benefit) expense	(88)	432
Income & gains on cash surrender value of BOLI	(841)	(907)
Change in accrued interest receivable	(178)	(108)
Change in other assets	122	(3,824)
Change in other liabilities	<u>718</u>	<u>1,463</u>
Net cash provided by operating activities	13,690	12,144
Cash flows from investing activities:		
Proceeds from sales, maturities, and repayments of investment securities available-for-sale	46,932	37,734
Purchases of investment securities available-for-sale	(31,807)	(222,330)
Net (increase) decrease in loans	(55,058)	4,624
Purchases of premises and equipment	(929)	(343)
Redemption (purchase) of Federal Home Loan Bank stock	766	(22)
Proceeds from bank-owned life insurance	30	812
Purchase of bank-owned life insurance	-	(6,500)
Purchase of limited partnership investments	<u>(323)</u>	<u>(1,208)</u>
Net cash used by investing activities	(40,389)	(187,233)
Cash flows from financing activities:		
Net increase in deposits	16,392	176,583
Federal Home Loan Bank borrowings	193	-
Payments on Federal Home Loan Bank borrowings	(164)	(54)
Net increase in customer repurchase agreements	<u>11,938</u>	<u>5,535</u>
Net cash provided by financing activities	<u>28,359</u>	<u>182,064</u>

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
December 31, 2022 and 2021

Net increase in cash and cash equivalents	1,660	6,975
Cash and cash equivalents, beginning of year	<u>28,086</u>	<u>21,111</u>
Cash and cash equivalents, end of year	<u>\$ 29,746</u>	<u>\$ 28,086</u>
Non-Cash investing and financing activities		
Initial recognition of operating lease right-of-use assets	\$ 9,675	-
Initial recognition of operating lease liabilities	9,675	-
	<u>2022</u>	<u>2021</u>
Supplemental disclosure of cash flow information:		
Interest paid on deposits and borrowings	\$ 2,666	\$ 2,321
Income taxes paid	1,065	2,225
Supplemental disclosure of noncash transactions		
Decrease in fair value of investments available-for-sale		
Investments available-for-sale	(45,640)	(8,212)
Change in deferred taxes	9,584	1,725
Capital	(36,056)	(6,487)
Purchase of limited partnership investments through other liabilities	-	1,000

See accompanying notes.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies**

The accounting and reporting policies of Northfield Mutual Holding Company and Subsidiary (the Company) conform to accounting principles generally accepted in the United States of America and to general practice within the banking industry. The following is a description of the more significant policies.

*Principles of Consolidation*

Northfield Savings Bank (the Bank) is a stock institution which is wholly-owned by a stock holding company, Northfield Bancorp, Inc., which is in turn wholly-owned by a mutual holding company (Northfield Mutual Holding Company). Northfield Bancorp, Inc. and Northfield Mutual Holding Company are financial holding companies. Material intercompany accounts and transactions have been eliminated in consolidation.

*Business*

The Company and its subsidiary provide banking services to individual and corporate customers in Central and Northwestern Vermont. The Company is subject to regulations of certain Federal and State agencies and undergoes periodic examinations by those agencies.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses. In connection with the determination of the allowances for loan losses, management obtains independent appraisals for significant properties.

A substantial portion of the Company's loans are secured by real estate in Central and Northwestern Vermont. Accordingly, the ultimate collectability of a substantial portion of the Company's loan portfolio and commitments to extend credit, assuming these commitments are fulfilled, and the recovery of the carrying amount of any real estate owned are susceptible to changes in market conditions in Central and Northwestern Vermont.

*Risks and Uncertainties*

On March 11, 2020, the World Health Organization declared the spread of the COVID-19 virus a pandemic. The continued spread of COVID-19 continuing in 2021 caused disruptions in the national and local economies and across a variety of industries due in part to public health measures implemented by state and local governments and the resulting sustained economic uncertainty. These issues affected the financial markets including an initial significant decline in market interest rates and volatility in the securities market. Stimulus programs introduced during the pandemic, a factor in increased market rates and inflation in 2022 could adversely affect the ability of the Company's borrowers to satisfy their obligations, decrease the demand for loans, disrupt banking operations, impact liquidity, or cause a decline in collateral values. While management has taken measures to mitigate the impact of the pandemic and economic factors, the long-term impact to the Company remains uncertain.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

Most of the Company's business activity is with customers located within Vermont. There are no concentrations of credit to borrowers that have similar economic characteristics. A significant amount of the Company's commercial real estate portfolio is collateralized by non-owner-occupied multi-family properties. The majority of the Company's loan portfolio is comprised of loans collateralized by real estate located in Vermont.

*Cash and Cash Equivalents*

Cash and cash equivalents in the accompanying consolidated financial statements include cash, demand deposits due from banks and interest-bearing overnight deposits with the Federal Home Loan Bank of Boston and Federal Reserve Bank of Boston, all with an original maturity date of 90 days or less.

*Investment Securities*

Available for sale securities consist of debt securities that the Company anticipates could be made available for sale in response to changes in market interest rates, liquidity needs, funding sources and other similar factors. These assets are specifically identified and are carried at fair value. Unrealized holding gains and losses for these assets, net of related income taxes, are excluded from earnings and are reported as a net amount as a separate component of capital. Gains and losses on the sale of available for sale securities are computed on the specific identification of the adjusted cost of each security sold, are recognized upon realization and are shown separately in the consolidated statements of income.

Management of the Company, in addition to considering current trends and economic conditions that may affect the quality of individual securities within the Company's investment portfolio, also considers the Company's ability and intent to hold available-for-sale debt securities to maturity or whether it is more likely than not it will be required to sell the debt security before the recovery of its amortized cost basis. When a decline in market value is considered other than temporary and there is intent to hold the security, the credit loss portion is recognized in the consolidated statements of income, resulting in the establishment of a new cost basis for the security. If the Company intends to sell the security, the entire unrealized loss for the securities is recognized in the consolidated statement of income.

Premiums and discounts on investment securities are amortized using methods that approximate the effective yield method.

*Federal Home Loan Bank Stock*

The Company's required investment in Federal Home Loan Bank (FHLB) Stock is carried at its cost and can only be sold back to the FHLB based on current redemption policies.

*Loans and Interest Income on Loans*

Loans are stated at cost, plus net deferred loan origination costs and fees and net of the allowance for loan losses. Interest is recognized on loans using the accrual method, unless it is no longer probable of collection or the loan is 90 days or more past due, at which time interest ceases to accrue and is recognized on the cash basis. Loans are restored to accrual status when there has been a period of sustained positive performance on the loans, the borrower has demonstrated the ability to make future payments of principal and interest, and management believes outstanding principal and interest receivable are collectible.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

Interest received on an impaired loan will generally be recorded as a reduction in the recorded investment in the loan. When the recorded investment in the impaired loan has been reduced to a point at which ultimate collection is probable, then interest income may be recognized.

*The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* established the Paycheck Protection Program (PPP), a stimulus program which grants SBA-guaranteed, forgivable loans to businesses to encourage employee retention by subsidizing payroll and certain other costs during the pandemic. These loans are originated and funded by financial institutions and are an extension of the Small Business Administration's (SBA) 7(a) loan program. The Company funded these loans with local deposits. The Company originated 705 PPP loans totaling \$50.9 million during the year ending December 31, 2021. The company recorded fees of \$555,000 and \$4.0 million, respectively, during the years ended December 31, 2022, and 2021. Origination fees are being amortized into interest income over the contractual life of each loan. Included in the loan portfolio at December 31, 2022 and 2021 were eight and 223 PPP loans amounting to \$416,000 and \$18.4 million, respectively, which are classified within commercial non-real estate loans.

*Allowance for Loan Losses*

The allowance for loan losses (ALL) is based on management's estimate of the amount required to reflect the risks in the loan portfolio, based on circumstances and conditions known or anticipated at each reporting date. There are inherent uncertainties with respect to the final outcome of certain of the Company's loans. Because of these inherent uncertainties, actual losses may differ from the amounts reflected in the accompanying consolidated financial statements. Factors considered in evaluating the adequacy of the allowance include previous loss experience, current economic conditions and their effect on borrowers, the performance of individual loans in relation to contract terms and the estimated fair values of collateral. Losses are charged against the allowance when management believes that the collectability of principal is unlikely.

The allowance consists of general, allocated, and unallocated components, as further described below.

*General Component:*

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative factors stratified by the following loan segments: residential real estate (conventional and home equity loans and lines of credit), commercial real estate, construction, commercial and consumer. Management uses a rolling average of historical losses based on a time frame appropriate to capture relevant loss data for each loan segment. There were no changes in the Company's policies or methodology pertaining to the general component of the allowance for loan losses during 2022.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

*Allocated Component:*

The allocated component relates to loans that are classified as impaired.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan's agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case by-case basis, taking into consideration all the circumstances surrounding the loan and borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring (TDR). All TDRs are classified as impaired and therefore are subject to a specific review for impairment.

Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate at the time of impairment 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. Generally, impairment on TDRs is measured using the discounted cash flow method by discounting expected cash flow by the loan's contractual rate of interest in effect prior to the loan's modification. Loans that have been classified as TDRs and which subsequently default are reviewed to determine if the loans should be deemed collateral dependent. In such an instance, any shortfall between the value of the collateral and the book value of the loan is determined by measuring the recorded investment in the loan against the fair value of the collateral less cost to sell. Generally, all other impaired loans are collateral dependent, and impairment is measured through the collateral method. All loans on non-accrual status are considered impaired. When the measurement of the impaired loan is less than the recorded investment in the loan, the impairment is recorded through the allowance for loan losses. The Company charges off the amount of any confirmed loan loss in the period when the loans, or portion of the loans, are deemed uncollectible.

*Unallocated Component:*

An unallocated component is maintained to cover uncertainties that could affect the management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in underlying assumptions used in the methodologies for estimated allocated and general reserves in the portfolio.

*Reserve for Off-Balance Sheet Commitments*

In the ordinary course of business, the Company entered into commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or become payable. The credit risk associated with the commitments is evaluated in a manner similar to the allowance for loan losses. The reserve for off-balance sheet commitments is included in other liabilities in the balance sheet. The related provision for off-balance sheet credit losses is included in noninterest expense in the consolidated income statement.

**1. Summary of Significant Accounting Policies (Continued)**

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

*Loan Origination and Commitment Fees*

Loan origination and commitment fees and certain direct costs are deferred and amortized over the estimated lives of the underlying loans using methods that approximate the effective interest method.

*Other Real Estate Owned (OREO)*

Collateral acquired through foreclosure or deed-in-lieu of foreclosure is recorded at fair value, less estimated costs to sell, at the time of acquisition. The excess, if any, of the loan balance over the fair value of the property at the time of transfer from loans to OREO, is charged to the allowance for loan losses. Subsequent declines in the fair value of the properties are charged to noninterest expense through a valuation allowance against the asset. Any subsequent increases in the fair value of a property are recorded as reductions to the valuation allowance, but not below zero. Net operating income or expense related to foreclosed property is included in noninterest expense in the accompanying consolidated statements of income. There are inherent uncertainties in the assumptions with respect to the estimated fair value of other real estate owned, and the amounts ultimately realized on other real estate owned may differ from the amounts reflected in the accompanying consolidated financial statements. There was no OREO at December 31, 2022 and 2021.

*Bank Premises and Equipment*

Bank premises and equipment are stated at cost, less accumulated depreciation and amortization computed using the straight-line method at rates based on the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or useful life of the improvement. Repairs and maintenance costs are charged to noninterest expense as incurred, and the costs of major renewals and improvements are capitalized. The cost of assets sold or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts, and the resulting gains or losses are recognized in the consolidated statements of income.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are stated at the lower of the carrying amount or fair value less cost to sell. The Company evaluates the recoverability of its carrying amounts of long-lived assets based on estimated cash flows to be generated by each of such assets as compared to the original estimates used in measuring such assets. To the extent impairment is identified, the Company would reduce the carrying value of such assets.

*Investments in Qualified Affordable Housing Projects*

The Company invests in Qualified Affordable Housing Projects that generate low-income housing and rehabilitation tax credits. The Company accounts for these investments in accordance with Accounting Standards Update (ASU) No. 2014-01, *Investments – Equity Method and Joint Ventures* (Topic 323): *Accounting for Investments in Qualified Affordable Housing Projects*. In accordance with the ASU, the Company has elected to amortize these investments using the proportional amortization method, whereby the Company amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense. Approximately \$719,000 and \$637,000 of amortization related to these investments is included in the provision for income taxes on the 2022 and 2021 consolidated statements of income, respectively. The Company's investment in qualified affordable housing projects, included in other assets on the consolidated balance sheets, was approximately \$4.8 million and \$5.5 million at December 31, 2022 and 2021, respectively. Outstanding commitments to fund these projects were approximately \$677,000 and \$1.0 million at December 31, 2022 and 2021, respectively.



**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Management has determined that the Company has not taken, and does not expect to take, any uncertain tax positions in any income tax return.

Other Comprehensive Loss

Other comprehensive loss consists of the change in net unrealized gains and losses on securities available for sale, less the related tax effects.

The following table presents the changes in components of accumulated other comprehensive loss for the years ended December 31, 2022 and 2021 (amounts in thousands):

	<b>Securities Available for Sale</b>
Balance December 31, 2020	5,092
Other comprehensive (loss)	<u>(6,487)</u>
Balance December 31, 2021	(1,395)
Other comprehensive (loss)	<u>(36,056)</u>
Balance December 31, 2022	<u>\$ (37,451)</u>

A summary of the reclassification adjustments out of accumulated other comprehensive income (loss) for 2022 and 2021 follows (amounts in thousands):

<b>Reclassification Adjustment</b>	<b>2022</b>	<b>2021</b>	<b>Affected Line Item in Consolidated Statements of Income</b>
Net realized gain on investment securities	\$ -	\$ 21	Net gain on sale of available-for-sale securities
Net accretion or amortization of premium or discount on investment securities	(1,219)	(1,261)	Interest and dividend income on investments
	<u>(1,219)</u>	<u>(1,240)</u>	Income before provision for income taxes
Tax effect	<u>257</u>	<u>261</u>	Provision for income taxes
	<u>\$ (962)</u>	<u>\$ (979)</u>	Net loss

Reclassifications

Certain amounts in the 2021 consolidated financial statements and notes thereto have been reclassified to conform to the 2022 presentation.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

*Revenue from Contracts with Customers*

On January 1, 2019, the Company adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequent ASUs that modified Topic 606. The guidance affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides steps to follow to achieve the core principle. An entity should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative information is required about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

Since the standard does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other GAAP, the new standard did not have a material impact on revenue most closely associated with financial instruments, including interest income and expense. The Company completed its overall assessment of revenue streams and review of related contracts potentially affected by the ASUs, including customer service charges and fees, debit card merchant interchange income, wire transfer fees and check order fees. Based on this assessment, the Company concluded that ASU 2014-09 did not materially change the method in which the Company currently recognizes revenue for these revenue streams. The Company also completed its evaluation of certain costs related to these revenue streams to determine whether such costs should be presented as expenses or contra-revenue (i.e., gross vs. net).

The implementation of the new standard had no effect on the measurement or recognition of revenue; as such, a cumulative effect adjustment to opening retained earnings was not necessary. Significant noninterest revenue streams in-scope of Topic 606 are discussed below.

*Customer Service Fees*

Service charges on deposit accounts consist of account analysis fees (i.e., net fees earned on analyzed business checking accounts), monthly service fees, check orders, and other deposit account related fees. The Company's performance obligation for account analysis fees and monthly service fees is generally satisfied, and the related revenue recognized, over the period in which the service is provided. Check orders and other deposit account related fees are largely transactional based and, therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts. Fees, exchange, and other service charges are primarily comprised of debit card income, ATM fees, and other service charges. Debit card income is primarily comprised of interchange fees earned whenever the Bank's debit cards are processed through card payment networks such as Master Card. ATM fees are primarily generated when a Company cardholder uses a non-Company ATM or a non-Company cardholder uses a Company ATM. Other service charges include revenue from processing wire transfers, cashier's checks, and other services. The Company's performance obligation for fees, exchange, and other service charges are largely satisfied, and related revenue recognized, when the services are rendered or upon completion. Payment is typically received immediately or in the following month.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

*Recent Accounting Pronouncements*

*Accounting for Leases*

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Subsequent to the issue of topic 842, additional ASUs were issued to provide additional implementation guidance, practical expedients, targeted improvements, and revised effective dates. Under the new guidance, lessees are required to recognize lease right of assets and related lease liabilities on the balance sheet for all leases with original terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Lessor accounting generally remains unchanged with minor changes. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021 with early adoption permitted. The Company leases nine of its locations from unrelated third parties; consequently, management adopted this guidance resulting in the recognition of right-of-use assets and related lease liabilities in an amount of approximately \$9.4 million.

*Accounting Pronouncements Pending*

*Credit Losses*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* (ASU 2016-13). The amendments in ASU 2016-13 introduce an approach based on current expected credit losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities, provides for a simplified accounting model for purchased financial assets with credit deterioration and expands certain disclosure requirements. The more significant changes applicable to the Company are as follows:

1. The current expected credit loss model, referred to as CECL, will apply to financial assets subject to credit losses and measured at amortized cost and certain off-balance sheet credit exposures. Upon initial recognition of the exposure, the CECL model requires an entity to estimate the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses (ECL) should consider historical information, current information, and reasonable and supportable forecasts, including estimates of prepayments. Financial instruments with similar risk characteristics should be grouped together when estimating ECL. ASU 2016-13 does not prescribe a specific method to make the estimate so its application will require significant judgment. A cumulative-effect adjustment will be recognized on the balance sheet as of the beginning of the first period in which the ASU is adopted. Thereafter, subsequent changes in the estimate will be reported in current earnings. The ECL will be recorded through an allowance for credit losses in the consolidated balance sheet.
2. The current Other-Than-Temporary-Impairment (OTTI) model for debt securities is amended and will require an estimate of ECL only when the fair value is below the amortized cost of the asset. The length of time the fair value of an available-for-sale debt security has been below the amortized cost will no longer impact the determination of whether a credit loss exists. As such, there will no longer be an OTTI model. In addition, credit losses on available-for-sale debt securities will now be limited to the difference between the security's amortized cost basis and its fair value. The available-for-sale debt security model will also require the use of an allowance to record estimated credit losses (and subsequent recoveries).
3. The disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan losses will be expanded.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**1. Summary of Significant Accounting Policies (Continued)**

ASU 2016-13 is effective for the Company January 1, 2023. The Company is currently reviewing the amendments of ASU 2016-13 to determine the impact on its consolidated financial statements.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through March 21, 2023, which is the date the consolidated financial statements were available to be issued.

**2. Investment Securities**

The amortized cost of investment securities and their approximate fair values at December 31, 2022 and 2021 are as follows (amounts in thousands):

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<b>December 31, 2022</b>				
Available-for-sale securities				
U.S. Treasury Securities	\$24,975	\$ -	\$2,560	\$22,415
U.S. Government-sponsored enterprises debt securities	180,562	-	19,177	161,385
U.S. Government-sponsored mortgage-backed securities	98,554	-	12,538	86,016
Taxable Municipal debt securities	15,775	-	1,824	13,951
Tax Exempt Municipal debt securities	39,309	-	9,299	30,010
Corporate Bond debt securities	16,763	-	2,009	14,754
	<u>\$ 375,938</u>	<u>\$ -</u>	<u>\$ 47,407</u>	<u>\$ 328,531</u>
<b>December 31, 2021</b>				
Available-for-sale securities				
U.S. Treasury Securities	\$ 24,958	\$ -	\$324	\$ 24,634
U.S. Government-sponsored enterprises debt securities	209,402	1,998	3,514	207,886
U.S. Government-sponsored mortgage-backed securities	91,365	944	757	91,552
Taxable Municipal debt securities	15,991	1	327	15,665
Tax Exempt Municipal debt securities	33,782	313	39	34,056
Corporate Bond debt securities	<u>16,784</u>	<u>44</u>	<u>106</u>	<u>16,722</u>
	<u>\$ 392,282</u>	<u>\$ 3,300</u>	<u>\$ 5,067</u>	<u>\$ 390,515</u>

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**2. Investment Securities (continued)**

The carrying amounts and fair value of debt securities available-for-sale at December 31, 2022, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties (amounts in thousands).

	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in one year or less	\$20,027	\$19,818
Due after one year through five years	137,974	125,296
Due after five years through ten years	83,060	70,052
Due after ten years	36,323	27,349
U.S. Government-sponsored mortgage-backed securities	<u>98,554</u>	<u>86,016</u>
	<u>\$ 375,938</u>	<u>\$ 328,531</u>

There were no sales of available-for-sale securities for the years ended December 31, 2022 and 2021.

Investments with fair values totaling \$128.5 million and \$125.1 million, respectively, were pledged at December 31, 2022 and 2021 to secure customer repurchase agreements, municipal deposits, and Federal Reserve borrowings.

The following table shows the fair value and gross unrealized losses of securities available for sale and the length of time that individual securities have been in a continuous unrealized loss position at December 31, 2022 (amounts in thousands):

	<u>Less than 12 months</u>		<u>12 months or greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
U.S. Treasury Securities	\$ -	\$ -	\$22,415	\$2,560	\$22,415	\$2,560
U.S. Government-sponsored enterprises debt securities	56,180	1,897	105,205	17,280	161,385	19,177
U.S. Government-sponsored mortgage-backed securities	29,614	1,969	56,402	10,569	86,016	12,538
Taxable Municipal debt securities	-	-	13,951	1,824	13,951	1,824
Tax Exempt Municipal debt securities	1,530	418	28,480	8,881	30,010	9,299
Corporate Bond debt securities	<u>3,170</u>	<u>330</u>	<u>11,084</u>	<u>1,679</u>	<u>14,254</u>	<u>2,009</u>
	<u>\$ 90,494</u>	<u>\$ 4,614</u>	<u>\$ 237,537</u>	<u>\$ 42,793</u>	<u>\$ 328,031</u>	<u>\$ 47,407</u>

There are ten U.S. Government-sponsored enterprises debt securities, fourteen U.S. Government-sponsored mortgage-backed securities, four Tax Exempt Municipal debt securities and three Corporate Bond debt securities with an unrealized loss less than twelve months at December 31, 2022. There are five U.S. Treasury securities, sixteen U.S. Government-sponsored enterprises debt securities, fifteen U.S. Government-sponsored mortgage-backed securities, six taxable municipal debt securities, forty-six Tax Exempt Municipal debt securities and nine Corporate Bond debt securities with an unrealized loss greater than twelve months at December 31, 2022. The primary cause for the unrealized loss for these securities is the impact movements in market interest rates have had in comparison to the underlying yield on these securities. Management has performed an analysis of various market factors and has considered the difference between cost and fair value and other available data and has determined that no securities have an other than temporary decline in fair value as of December 31, 2022.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**2. Investment Securities (continued)**

The following table shows the fair value and gross unrealized losses of securities available for sale and the length of time that individual securities have been in a continuous unrealized loss position at December 31, 2021 (amounts in thousands):

	<u>Less than 12 months</u>		<u>12 months or greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
U.S. Treasury Securities	\$ 24,634	\$ 324	\$ -	\$ -	\$ 24,634	\$ 324
U.S. Government-sponsored enterprises debt securities	75,595	1,631	43,889	1,883	119,484	3,514
U.S. Government-sponsored mortgage-backed securities	63,796	757	-	-	63,796	757
Taxable Municipal debt securities	7,114	122	7,854	205	14,968	327
Tax Exempt Municipal debt securities	6,367	39	-	-	6,367	39
Corporate Bond debt securities	<u>13,178</u>	<u>106</u>	<u>-</u>	<u>-</u>	<u>13,178</u>	<u>106</u>
	<u>\$ 190,684</u>	<u>\$ 2,979</u>	<u>\$ 51,743</u>	<u>\$ 2,088</u>	<u>\$ 242,427</u>	<u>\$ 5,067</u>

**3. Loans**

The composition of the Company's loan portfolio as of December 31, 2022 and 2021 is as follows (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Real estate loans:		
Residential	\$569,363	\$552,312
Commercial	292,821	254,566
Construction	<u>15,975</u>	<u>21,466</u>
	878,159	828,344
Non-real estate loans:		
Consumer	1,203	1,369
Commercial	94,286	88,952
Overdrafts	<u>140</u>	<u>140</u>
	973,788	918,805
Allowance for loan losses	<u>(10,544)</u>	<u>(10,620)</u>
Total loans, net	<u>\$ 963,244</u>	<u>\$ 908,185</u>

There is no significant industry concentration in the Company's loan portfolio.

At December 31, 2022 and 2021, the net deferred loan costs (fees), which have been classified within loans in the accompanying consolidated balance sheets, amounted to \$145,000 and \$(886,000), respectively.

At December 31, 2022 and 2021, the Company had pledged \$52.4 million and \$49.8 million, respectively, of mortgages to secure public deposits. Additionally, at December 31, 2022 and 2021, the Company had pledged \$355.3 million and \$352.1 million, respectively, of mortgages to secure FHLB advances.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

The Company follows the provisions of ASU No. 2010-20, *Receivables (Topic 310): Disclosure About Credit Quality of Financing Receivables and Allowance For Credit Losses*. This guidance requires an entity to provide disclosures that facilitate the evaluation of the nature of credit risk inherent in its portfolio of financing receivables; how that risk is analyzed and assessed in determining the allowance for loan losses; and the changes and reasons for those changes in the allowance for loan losses. To achieve those objectives, disclosure on a disaggregated basis must be provided on two defined levels: (1) portfolio segment; and (2) class of financing receivable.

For purposes of evaluating the adequacy of the allowance for loan losses, the Company considers a number of significant factors that affect the collectability of the portfolio. For individually evaluated loans, the estimate of a specific reserve is determined based on an estimate of loss exposure, which reflects the facts and circumstances that affect the likelihood of repayment of such loans as of the evaluation date. General reserves for loan losses are estimated for homogeneous pools of loans to account for the Company's exposure to credit losses on loans which have not been individually reviewed for impairment. General reserve loss factors are estimated based upon historic charge-off rates adjusted for the effect of current qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the historical loss experience. The qualitative factors considered include: changes in lending management, loan review and lending policies; the nature, volume and terms of loans; changes in the volume and severity of past due, nonaccrual, classified or graded loans; changes in the value of underlying collateral; and changes in the level and effect of any portfolio concentrations.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

*Residential real estate and home equity loans and lines of credit:* The Company generally does not originate loans with a loan-to-value ratio greater than 80 percent, with the exception of some home equity products. The Company does not originate subprime loans. All loans in this segment are collateralized by residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

*Commercial real estate:* Loans in this segment are primarily income-producing properties located in Central and Northwestern Vermont. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn will have an effect on the credit quality in this segment. Management periodically obtains rent rolls and continually monitors the cash flows of these loans.

*Construction loans:* Loans in this segment include residential and commercial construction loans as well as speculative real estate development loans for which payment is derived from sale of the property. Credit risk is affected by cost overruns, time to sell at an adequate price, and market conditions.

*Commercial loans:* Loans in this segment are made to businesses and are generally secured by non-real estate assets of the business. Repayment is expected from the cash flows of the business. A weakened economy, and resultant decreased consumer spending, will have an effect on the credit quality in this segment.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

*Consumer loans:* Loans in this segment are generally cash secured or unsecured personal loans and repayment is dependent on the credit quality of the individual borrower.

After a thorough consideration of the factors discussed above, any required additions to the allowance for loan losses are made periodically by charges to the provision for loan losses. These charges are necessary to maintain the allowance for loan losses at a level which management believes is reasonably reflective of overall inherent risk of probable loss in the portfolio. While management uses available information to recognize losses on loans, additions may fluctuate from one reporting period to another. These fluctuations are reflective of changes in risk associated with portfolio content and/or changes in management's assessment of any or all of the determining factors discussed above.

The following table presents the activity in the allowance and select loan information by portfolio segment for the years ended December 31, 2022 and 2021, respectively (amounts in thousands):

2022	Real Estate Loans			Non-Real Estate Loans				Total
	Residential	Commercial	Construction	Consumer	Commercial	Overdrafts	Unallocated	
<b><u>ALL by class</u></b>								
Balance, 12/31/21	4,822	3,739	199	24	870	27	939	10,620
(Benefit) provision for losses	94	239	(56)	19	164	107	(567)	-
Charge-offs	-	-	-	(26)	-	(174)	-	(200)
Recoveries	<u>21</u>	<u>12</u>	<u>5</u>	<u>9</u>	<u>3</u>	<u>74</u>	-	<u>124</u>
<b>Balance, 12/31/22</b>	<b><u>\$ 4,937</u></b>	<b><u>\$ 3,990</u></b>	<b><u>\$ 148</u></b>	<b><u>\$ 26</u></b>	<b><u>\$ 1,037</u></b>	<b><u>\$ 34</u></b>	<b><u>\$ 372</u></b>	<b><u>\$ 10,544</u></b>
<b><u>ALL balance, end of year</u></b>								
Individually evaluated impairment	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>
Collectively evaluated for impairment	<u>\$ 4,895</u>	<u>\$ 3,990</u>	<u>\$ 148</u>	<u>\$ 26</u>	<u>\$ 1,037</u>	<u>\$ 34</u>	<u>\$ 372</u>	<u>\$ 10,502</u>
<b><u>Loan balance, end of year</u></b>								
Individually evaluated for impairment	\$ 1,548	\$ 3,803	\$ -	\$ -	\$ 90	\$ -	\$ -	\$ 5,441
Collectively evaluated for impairment	<u>567,815</u>	<u>289,018</u>	<u>15,975</u>	<u>1,203</u>	<u>94,196</u>	<u>140</u>	-	<u>968,347</u>
<b>Loans ending balance</b>	<b><u>\$ 569,363</u></b>	<b><u>\$ 292,821</u></b>	<b><u>\$ 15,975</u></b>	<b><u>\$ 1,203</u></b>	<b><u>\$ 94,286</u></b>	<b><u>\$ 140</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 973,788</u></b>



**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

2021	Real Estate Loans			Non-Real Estate Loans			Unallocated	Total
	Residential	Commercial	Construction	Consumer	Commercial	Overdrafts		
<b>ALL by class</b>								
Balance, 12/31/20	\$ 4,981	\$ 4,463	\$ 76	\$ 39	\$ 1,165	\$ 8	\$ 538	\$ 11,270
(Benefit) provision for losses	(210)	(764)	123	(11)	(293)	54	401	(700)
Charge-offs	(1)	-	-	(13)	(4)	(62)	-	(80)
Recoveries	52	40	-	9	2	27	-	130
<b>Balance, 12/31/21</b>	<b><u>\$ 4,822</u></b>	<b><u>\$ 3,739</u></b>	<b><u>\$ 199</u></b>	<b><u>\$ 24</u></b>	<b><u>\$ 870</u></b>	<b><u>\$ 27</u></b>	<b><u>\$ 939</u></b>	<b><u>\$ 10,620</u></b>
<b>ALL balance, end of year</b>								
Individually evaluated impairment	60	-	-	-	-	-	-	60
Collectively evaluated for impairment	<u>\$ 4,762</u>	<u>\$ 3,739</u>	<u>\$ 199</u>	<u>\$ 24</u>	<u>\$ 870</u>	<u>\$ 27</u>	<u>\$ 939</u>	<u>\$ 10,560</u>
<b>Loan balance, end of year</b>								
Individually evaluated for impairment	\$ 1,579	\$ 7,063	\$ -	\$ -	\$ 121	\$ -	\$ -	\$ 8,763
Collectively evaluated for impairment	<u>550,733</u>	<u>247,503</u>	<u>21,466</u>	<u>1,369</u>	<u>88,831</u>	<u>140</u>	-	<u>910,042</u>
<b>Loans ending balance</b>	<b><u>\$ 552,312</u></b>	<b><u>\$ 254,566</u></b>	<b><u>\$ 21,466</u></b>	<b><u>\$ 1,369</u></b>	<b><u>\$ 88,952</u></b>	<b><u>\$ 140</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 918,805</u></b>

Despite the above allocations, the allowance for loan losses is general in nature and therefore available to absorb losses from any loan type.

The following table presents an aged analysis of current, past due and nonaccrual loans by class of loans as of December 31, 2022 and 2021, respectively (amounts in thousands), based on contractual terms:

2022	30-89 Days Past Due	90+ Days Past Due	Total Delinquent	Current	Total Loans	Non-Accrual Loans
Real estate loans:						
Residential	1,114	129	1,243	568,120	569,363	1,191
Commercial	-	-	-	292,821	292,821	1,271
Construction	-	-	-	15,975	15,975	-
Non-real estate loans:						
Consumer	2	-	2	1,201	1,203	-
Commercial	-	-	-	94,286	94,286	-
Overdrafts	29	-	29	111	140	-
	<u>\$ 1,145</u>	<u>\$ 129</u>	<u>\$ 1,274</u>	<u>\$ 972,514</u>	<u>\$ 973,788</u>	<u>\$ 2,462</u>
<b>2021</b>						
Real estate loans:						
Residential	1,218	206	1,424	550,888	552,312	1,286
Commercial	67	-	67	254,499	254,566	4,034
Construction	-	-	-	21,466	21,466	-
Non-real estate loans:						
Consumer	12	-	12	1,357	1,369	-
Commercial	36	-	36	88,916	88,952	-
Overdrafts	<u>19</u>	-	<u>19</u>	<u>121</u>	<u>140</u>	-
<b>Total Loans</b>	<b><u>\$ 1,352</u></b>	<b><u>\$ 206</u></b>	<b><u>\$ 1,558</u></b>	<b><u>\$ 917,247</u></b>	<b><u>\$ 918,805</u></b>	<b><u>\$ 5,320</u></b>

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

As of December 31, 2022 and 2021, there were no loans greater than 90 days past due and accruing interest.

Generally, the Company's policy is to discontinue the accrual of interest and reverse previously accrued interest on loans when scheduled payments become contractually past due in excess of 90 days.

The amount of interest that was not recognized, but which would have been recognized had nonaccrual loans outstanding at December 31, 2022 and 2021 performed in accordance with their original terms and conditions, was approximately \$134,000 in 2022 and \$172,000 in 2021.

The following table provides information with respect to impaired loans with no related allowance and with an allowance recorded for the years ended December 31, 2022 and 2021, respectively (amounts in thousands):

<b>2022</b>	<b><u>Recorded Investment</u></b>	<b><u>Unpaid Principal Balance</u></b>	<b><u>Related Allowance</u></b>	<b><u>Average Recorded Investment</u></b>	<b><u>Interest Income Recognized</u></b>
With no related allowance recorded					
Real estate loans					
Residential	\$ 947	\$ 986	\$ -	\$ 968	\$ 9
Commercial	3,803	3,985	-	5,086	100
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	90	90	-	106	5
Overdrafts	-	-	-	-	-
<b>Total</b>	<b><u>4,840</u></b>	<b><u>5,061</u></b>	<b><u>-</u></b>	<b><u>6,160</u></b>	<b><u>114</u></b>
With a related allowance recorded					
Real estate loans					
Residential	601	618	42	617	15
Commercial	-	-	-	-	-
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	-	-	-	-	-
Overdrafts	-	-	-	-	-
<b>Total</b>	<b><u>601</u></b>	<b><u>618</u></b>	<b><u>42</u></b>	<b><u>617</u></b>	<b><u>15</u></b>
Total real estate loans					
Real estate loans					
Residential	1,548	1,604	42	1,585	24
Commercial	3,803	3,985	-	5,086	100
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	90	90	-	106	5
Overdrafts	-	-	-	-	-
<b>Total impaired loans</b>	<b><u>\$ 5,441</u></b>	<b><u>\$ 5,679</u></b>	<b><u>\$ 42</u></b>	<b><u>\$ 6,777</u></b>	<b><u>\$ 129</u></b>

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

<b>2021</b>	<u>Recorded</u> <u>Investment</u>	<u>Unpaid</u> <u>Principal</u> <u>Balance</u>	<u>Related</u> <u>Allowance</u>	<u>Average</u> <u>Recorded</u> <u>Investment</u>	<u>Interest</u> <u>Income</u> <u>Recognized</u>
With no related allowance recorded					
Real estate loans					
Residential	\$ 943	\$ 969	\$ -	\$ 1,079	\$ 4
Commercial	7,063	7,195	-	4,970	391
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	121	121	-	136	13
Overdrafts	-	-	-	-	-
<b>Total</b>	<b>8,127</b>	<b>8,285</b>	<b>-</b>	<b>6,185</b>	<b>408</b>
With a related allowance recorded					
Real estate loans					
Residential	636	642	60	725	25
Commercial	-	-	-	603	-
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	-	-	-	-	-
Overdrafts	-	-	-	-	-
<b>Total</b>	<b>636</b>	<b>642</b>	<b>60</b>	<b>1,328</b>	<b>25</b>
Total real estate loans					
Real estate loans					
Residential	1,579	1,611	60	1,804	29
Commercial	7,063	7,195	-	5,573	391
Construction	-	-	-	-	-
Non-real estate loans					
Consumer	-	-	-	-	-
Commercial	121	121	-	136	13
Overdrafts	-	-	-	-	-
<b>Total impaired loans</b>	<b><u>\$ 8,763</u></b>	<b><u>\$ 8,927</u></b>	<b><u>\$ 60</u></b>	<b><u>\$ 7,513</u></b>	<b><u>\$ 433</u></b>

Loan principal and interest payments on non-accrual loans are recorded as principal reductions if the remaining loan balance is not expected to be repaid in full.

The Company uses risk rating definitions for its commercial and commercial real estate loan portfolios which are generally consistent with regulatory and banking industry norms. Loans are assigned a credit quality grade which is based upon management's on-going assessment of risk based upon an evaluation of the quantitative and qualitative aspects of each credit. This assessment is a dynamic process and risk ratings are adjusted as each borrower's financial situation changes. This process is designed to provide timely recognition of a borrower's financial condition and appropriately focus management resources. Risk ratings on loans within the consumer, residential and residential construction loan portfolios are based upon payment performance or other knowledge of information or events that call into question the borrower's repayment ability.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

Pass rated loans exhibit acceptable risk to the Company in terms of financial capacity to repay their loans as well as possessing acceptable fallback repayment sources, typically collateral and personal guarantees. These loans are subject to a formal annual review process according to the scope and parameters established by management. Additionally, management reviews the risk rating at the time of any late payments, overdrafts or other sign of deterioration in the interim.

Loans rated Special Mention possess potential weakness that may expose the Company to some risk of loss in the future. These loans have a history of generally paying as agreed, but require more frequent monitoring and formal reporting to management. These loans do not demonstrate sufficient risk to warrant adverse classification.

Substandard loans reflect well-defined weaknesses in the current repayment capacity, collateral or net worth of the borrower with the possibility of some loss to the Company if these weaknesses are not corrected. Action plans are required for these loans to address the inherent weakness in the credit and are formally reviewed.

The following table summarizes loan portfolios by risk rating as of December 31, 2022 and 2021, respectively (amounts in thousands):

<b>2022</b>	<b><u>Real Estate Loans</u></b>			<b><u>Non-Real Estate Loans</u></b>			<b>Total</b>
	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Construction</u></b>	<b><u>Consumer</u></b>	<b><u>Commercial</u></b>	<b><u>Overdrafts</u></b>	
Pass	\$ 567,608	\$ 287,398	\$ 15,975	\$ 1,203	\$ 91,128	\$ 140	\$ 963,452
Special Mention	609	3,970	-	-	1,889	-	6,468
Substandard	<u>1,146</u>	<u>1,453</u>	-	-	<u>1,269</u>	-	<u>3,868</u>
<b>Total</b>	<b><u>\$ 569,363</u></b>	<b><u>\$ 292,821</u></b>	<b><u>\$ 15,975</u></b>	<b><u>\$ 1,203</u></b>	<b><u>\$ 94,286</u></b>	<b><u>\$ 140</u></b>	<b><u>\$ 973,788</u></b>
<b>2021</b>							
Pass	\$ 550,003	\$ 244,002	\$ 21,466	\$ 1,369	\$ 83,613	\$ 140	\$ 900,593
Special Mention	328	5,671	-	-	2,502	-	8,501
Substandard	<u>1,981</u>	<u>4,893</u>	-	-	<u>2,837</u>	-	<u>9,711</u>
<b>Total</b>	<b><u>\$ 552,312</u></b>	<b><u>\$ 254,566</u></b>	<b><u>\$ 21,466</u></b>	<b><u>\$ 1,369</u></b>	<b><u>\$ 88,952</u></b>	<b><u>\$ 140</u></b>	<b><u>\$ 918,805</u></b>

The Company may modify certain loans to retain customers or to maximize collection of the loan balance. All loan modifications are made on a case-by-case basis. When a modification is made on an impaired loan, the Company will evaluate the modified terms to current market terms. When a concession is granted that is not at market terms, these loans would be classified as a troubled debt restructuring (TDR). All TDRs are performing in accordance with the modified terms and there have been no defaults on TDRs or any losses of significance during 2022 and 2021.

As of December 31, 2022, and 2021, the Company had a recorded investment in troubled debt restructurings of \$3.8 million and \$7.2 million, respectively. The Company has allocated \$42,000 and \$60,000 of specific allowance for those loans at December 31, 2022 and 2021, respectively.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**3. Loans (Continued)**

The following tables present loans modified as troubled debt restructuring that occurred during the years ended December 31, 2022 and 2021 (dollar amounts in thousands).

	<u>Number of Contracts</u>	<u>Pre-Modification Outstanding Recorded Investment</u>	<u>Post-Modification Outstanding Recorded Investment</u>
<b>2022</b>			
Real estate loans			
Residential	1	30	30
Commercial	-	-	-
Construction	-	-	-
Non-real estate loans			
Consumer	-	-	-
Commercial	-	-	-
	<u>1</u>	<u>\$ 30</u>	<u>\$ 30</u>
<b>2021</b>			
Real estate loans			
Residential	-	-	-
Commercial	2	2,932	2,932
Construction	-	-	-
Non-real estate loans			
Consumer	-	-	-
Commercial	-	-	-
	<u>2</u>	<u>\$ 2,932</u>	<u>\$ 2,932</u>

The modification of terms of the residential real estate loan modified during the year ended December 31, 2022 was an extension of the loan maturity date.

In 2020, in response to the economic disruption caused by the COVID-19 pandemic, the Company provided payment relief to approximately 420 borrowers with loan balances totaling \$114 million. The relief provided payment modifications in the form of interest only, escrow only, or full payment deferral for a period of three to six months. All borrowers granted a payment modification in 2020 returned to their regular payment schedule as of December 31, 2021.

There were no residential real estate loans as of December 31, 2022 in the process of foreclosure.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**4. Bank Premises and Equipment**

Bank premises and equipment consist of the following at December 31, 2022 and 2021 (amounts in thousands):

	<b>2022</b>	<b>2021</b>
Land and land improvements	\$ 4,135	\$ 4,135
Buildings and improvements	17,934	17,893
Leasehold improvements	2,631	2,527
Furniture and equipment	<u>10,259</u>	<u>9,685</u>
	34,959	34,240
Less accumulated depreciation and amortization	<u>(18,023)</u>	<u>(16,370)</u>
	<u>\$ 16,936</u>	<u>\$ 17,870</u>

Depreciation and amortization of approximately \$1.9 million is included in noninterest expense for the year ended December 31, 2022 and 2021.

**5. Deposits**

Deposits consist of the following at December 31, 2022 and 2021 (amounts in thousands):

	<b>2022</b>	<b>2021</b>
Interest-bearing transaction accounts	\$ 269,217	\$ 246,896
Other demand deposits	298,629	289,759
Savings	416,597	378,845
Certificates of deposit	<u>201,001</u>	<u>253,552</u>
	<u>\$ 1,185,444</u>	<u>\$ 1,169,052</u>

The following is the remaining maturity of certificates of deposit at December 31, 2022 (amounts in thousands):

2023	\$146,679
2024	35,426
2025	8,282
2026	6,909
2027	<u>3,705</u>
	<u>\$201,001</u>

Certificates of deposit more than \$250,000 amounted to approximately \$37.5 million and \$60.6 million as of December 31, 2022 and 2021, respectively. Total deposits under the Certificate of Deposit Account Registry Service (CDARS) program totaled approximately \$1.3 million and \$605,000 at December 31, 2022 and 2021, respectively.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**6. Federal Home Loan Bank Borrowings**

The Company, as a member of the FHLB, has an available line of credit of \$5.0 million at December 31, 2022 and 2021. At December 31, 2022 and 2021, there were no amounts outstanding under this line of credit. Pursuant to the blanket collateral agreement, advances with the FHLB are secured by all stock in the FHLB and qualifying first mortgage loans.

Advances at December 31, 2022 carried interest rates of 0% to 1.5%. At December 31, 2022 and 2021, the weighted average interest rate paid was 0.25% and 0.26% respectively.

The following is the remaining maturity of FHLB advances at December 31, 2022 (amounts in thousands):

2023	\$ 1,966
2024	210
2025	715
Thereafter	<u>930</u>
	<u>\$3,821</u>

FHLB advances at December 31, 2021 totaled \$3.8 million with interest rates from 0% to 1.5%.

**7. Repurchase Agreements**

Securities sold under agreements to repurchase as of December 31, 2022 and 2021 are securities sold on a short-term basis that have been accounted for as borrowings, not as sales. Repurchase agreements are overnight agreements with certain customers. At December 31, 2022, the weighted average interest rate paid was 0.31% (0.14% at December 31, 2021).

The average daily balance of these repurchase agreements approximated \$79.8 million and \$78.4 million during 2022 and 2021, respectively. The maximum borrowings outstanding on these agreements at any month-end period were \$90.3 million and \$81.7 million during 2022 and 2021, respectively.

**8. Employee Benefits**

Pension Plan

The Company participates in the Pentegra Defined Benefit Plan for Financial Institutions (The Pentegra DB Plan), a tax-qualified defined-benefit pension plan. Effective January 1, 2007, the defined benefit pension plan was frozen. Freezing the plan eliminates all future benefit accruals and no new employees can participate in the plan, although future employer contributions into the plan may be required.

The Pentegra DB Plan's Employer Identification Number is 13-5645888 and the Plan Number is 333. The Pentegra DB Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under the *Employee Retirement Income Security Act of 1974* and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan.

The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413 (c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, contributions made by a participating employer may be used to provide benefits to participants of other participating employers.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**8. Employee Benefits (Continued)**

The funded status (fair value of plan assets divided by funding target) as of July 1 is as follows:

2022 Valuation Report	110.15% <sup>(1)</sup>
2021 Valuation Report	119.82% <sup>(1)</sup>

<sup>(1)</sup> Fair value of plan assets reflects any contributions applied to plan years ending June 30, 2022 and 2021.

Total contributions made to the Pentegra DB Plan, as reported on the Plan's latest available Form 5500, equal \$248,563,000 and \$253,199,000 for the plan years ending June 30, 2021 and June 30, 2020, respectively. The Company's contributions to the Pentegra DB Plan were not more than 5% of the total contributions to the Pentegra DB Plan for the plan year ending June 30, 2021 or 2020.

The Company made contributions to the Pentegra DB Plan of approximately \$0 and \$426,000 in 2022 and 2021, respectively. Pension expense recorded by the Company was \$275,000 and \$463,000 for the years ended December 31, 2022 and 2021, respectively. These amounts are included in salaries and employee benefits in the accompanying consolidated statements of income.

401(k) Plan

The Company sponsors a 401(k) defined contribution plan for substantially all employees. The Company matches 100% of employee contributions up to 6% of salary. Employees can contribute up to 50% of salary, subject to Internal Revenue Service limits. The Company's expense for this plan was \$702,000 in 2022 and \$665,000 in 2021.

Profit Sharing Plan

The Company maintains a profit-sharing plan. Substantially all employees are eligible to participate in the plan. Awards are based on the Company's performance and the participant's salary. The 2022 and 2021 expenses related to the profit-sharing plan were \$660,000 and \$700,000, respectively.

Supplemental Executive Retirement Program

The Company has a Supplemental Executive Retirement Program, which is a nonqualified plan that provides certain current and former officers benefits in excess of those provided under the Company's multi-employer pension plan. Under this arrangement, the individuals are entitled to receive benefits in an amount specified in each individual's contract. Benefits commence upon retirement. The related liabilities at December 31, 2022 and 2021 were approximately \$668,000 and \$745,000 respectively. In addition, the 2022 and 2021 expenses related to the Supplemental Executive Retirement Program were \$90,000 and \$92,000, respectively.

Director and Officer Retirement Plans

The Company has deferred compensation arrangements with certain directors and officers. These arrangements supplement the retirement benefits available to those participants. Under the arrangement, participants may defer portions of their compensation and the Company may elect to make discretionary contributions to the plan on behalf of the participants. The related assets and liabilities for 2022 and 2021 were approximately \$4.0 million and \$4.5 million, respectively. In addition, the 2022 and 2021 expenses related to these plans were approximately \$655,000 and \$517,000, respectively.



**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**9. Other Noninterest Expense**

Other noninterest expense in 2022 and 2021 consists of the following (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Loan and other real estate expense	\$ 372	\$ 436
Advertising	1,358	1,094
Postage and delivery	418	326
Telephone	483	499
Office	302	285
ATM	837	432
Contributions	500	803
Professional feeds	1,213	879
State franchise tax	1,236	1,089
Insurance	498	439
Other	<u>1,218</u>	<u>864</u>
	<u>\$ 8,435</u>	<u>\$ 7,146</u>

**10. Income Taxes**

The provision for income taxes for the years ended December 31, 2022 and 2021 is as follows (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Current	\$ 2,051	\$ 2,043
Deferred	<u>(88)</u>	<u>432</u>
	<u>\$ 1,963</u>	<u>\$ 2,475</u>

The reasons for the difference between the tax provision and the amounts computed by applying the statutory federal tax rate to income before income taxes (less amortization of limited partnership investments of \$719,000 and \$637,000 in 2022 and 2021, respectively) are as follows (dollar amounts in thousands):

	<u>2022</u>		<u>2021</u>	
Income tax at statutory rate	\$ 2,519	21.00%	\$ 2,901	21.00%
Tax credits from low-income housing partnerships	(812)	(6.77)	(731)	(5.29)
Amortization of limited partnership investments	719	5.99	637	4.61
Cash surrender value – bank-owned life insurance	(157)	(1.31)	(179)	(1.30)
Tax-exempt income	(214)	(1.79)	(76)	(0.55)
Other items	<u>(92)</u>	<u>(0.77)</u>	<u>(77)</u>	<u>(0.56)</u>
	<u>\$ 1,963</u>	<u>16.35%</u>	<u>\$ 2,475</u>	<u>17.91%</u>

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**10. Income Taxes (continued)**

At December 31, 2022 and 2021, the Company's net deferred tax asset consists of the following components (amounts in thousands):

	<b>2022</b>	<b>2021</b>
Deferred tax assets		
Allowance for loan losses	\$ 2,214	\$ 2,230
Employee benefit plans	979	875
Investments	9,955	371
PPP Fees	-	117
Other	<u>149</u>	<u>151</u>
	13,297	3,744
Deferred tax liabilities		
Deferred loan costs	(391)	(323)
Bank premises and equipment	(765)	(928)
Other	<u>(97)</u>	<u>(122)</u>
	(1,253)	(1,373)
Net deferred tax asset, included in other assets	<u>\$ 12,044</u>	<u>\$ 2,371</u>

Management of the Company believes it is more likely than not that the deferred tax asset can be realized through its ability to generate taxable income in the future. Therefore, no valuation allowance is necessary at December 31, 2022 and 2021.

The Company had previously used the percentage of income bad debt deduction (for which no deferred taxes have been provided) to calculate its bad debt expense for tax purposes. The cumulative effect of this deduction, approximately \$4.9 million at December 31, 2022, is subject to recapture, if used for purposes other than to absorb loan losses.

**11. Leases**

A lease is defined as a contract, or a part of a contract that conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. On January 1, 2022, the Company adopted ASU No. 2016-02, *Leases (Topic 842)* and all subsequent ASU's that modified Topic 842. For the Company, Topic 842 primarily affected the accounting treatment for the operating lease agreements in which the Company is the lessee.

Lessee Accounting

Substantially all of the leases in which the Company is the lessee are comprised of real estate property for branches, ATM locations, and office space with terms extending through 2044. All of the Company's leases are classified as operating leases, and therefore, were previously not recognized in the Company's consolidated balance sheets. With the adoption of Topic 842, operating lease agreements are required to be recognized on the consolidated balance sheets as right-of-use (ROU) assets and corresponding lease liabilities.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**11. Leases (continued)**

The following table represents the balance sheet classification of the Company's ROU assets and lease liabilities. The Company elected not to include short-term leases (i.e., leases with initial terms of twelve months or less), or equipment leases (deemed immaterial) on the consolidated balance sheets.

	<u>Classification</u>	<u>December 31,</u> <u>2022</u> <u>2021</u> <u>(In Thousands)</u>	
<u>Lease right-of-use assets</u>			
Operating lease right-of-use assets	Operating lease right-of-use assets	\$9,356	-
 <u>Lease liabilities</u>			
Operating lease liabilities	Operating lease liabilities	\$9,356	-

The calculated amount of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and discount rate used to present value the minimum lease payments. The Company's lease agreements often include one or more options to renew at the Company's discretion. If at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company will include the extended term in the calculation of the ROU asset and lease liability. Regarding the discount rate, Topic 842 requires the use of the rate implicit in the lease whenever this rate is readily determinable. As this rate is rarely determinable, the Company utilizes its incremental borrowing rate at lease inception, on a collateralized basis, over a similar term. For operating leases existing prior to January 1, 2022, the rate for the remaining lease terms is as of January 1, 2022.

As of December 31, 2022 the weighted average remaining lease term is 14.1 years with a weighted average discount rate of 2.82%

Future minimum payments for operating leases with initial terms of one year or more as of December 31, 2022 were as follows in thousands:

2023	\$ 761
2024	784
2025	805
2026	813
2027	831
Thereafter	<u>7,586</u>
Total future minimum payments	11,580
Less amounts representing interest	2,224
Present value of net future minimal lease payments	\$ <u>9,356</u>

Rental expense was approximately \$703,000 and \$687,000 in 2022 and 2021, respectively.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**12. Related Party Transactions**

In the ordinary course of business, the Company has granted loans to principal officers and directors and their affiliates. Related party loans are made on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with unrelated persons, and do not involve more than the normal risk of collectability. The aggregate dollar amount of these loans was approximately \$8.6 million and \$8.2 million at December 31, 2022 and 2021, respectively.

**13. Minimum Regulatory Capital Requirements**

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. The risk-based capital guidelines include both a definition of capital and a framework for calculating risk-weighted assets by assigning balance sheet assets and off-balance sheet items to broad risk categories. Their capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. At December 31, 2022 the Bank exceeded all of their respective regulatory capital requirements. The Bank is considered “well capitalized” under regulatory guidelines.

As a result of the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, the federal banking agencies were required to develop a “Community Bank Leverage Ratio” (“CBLR”) (the ratio of a bank’s tangible equity capital to average total consolidated assets) for financial institutions with assets of less than \$10 billion. A “qualifying community bank” that exceeds this ratio will be deemed to be in compliance with all other capital and leverage requirements, including the capital requirements to be considered “well capitalized” under Prompt Corrective Action statutes. The Federal banking agencies may consider a financial institution’s risk profile when evaluating whether it qualifies as a community bank for purposes of the capital ratio requirement. The federal banking agencies have set 9.0% as the minimum capital for the CBLR, effective March 31, 2020. On April 6, 2020, pursuant to Section 4012 of the CARES Act, the regulatory agencies temporarily lowered the CBLR requirement to 8.0%, with a transition from greater than 8.0% from the second quarter through the fourth quarter of 2020, to greater than 8.5% during calendar year 2021, to a requirement of greater than 9.0% in 2022. The Bank qualified for the CBLR and elected to be subject to the CBLR.

The following table of Northfield Savings Bank’s capital as of December 31, 2022 and 2021 is as follows (amounts in thousands):

	<u>As Reported</u>		<u>To Be Well Capitalized Under CBLR Framework</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
December 31, 2022				
Tier 1 Capital to Average				
Total Assets	\$ 151,390	10.34%	\$ 131,782	9.00%
December 31, 2021				
Tier 1 Capital to Average				
Total Assets	\$ 141,345	10.06%	\$ 119,444	8.50%

**14. Financial Instruments with Off-Balance-Sheet Risk**

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the accompanying consolidated balance sheets.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**14. Financial Instruments with Off-Balance-Sheet Risk (continued)**

The Company's exposure to credit loss, in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit written, is represented by the contractual amount of those instruments. The Company generally requires collateral to support such financial instruments in excess of the contractual amount of those instruments and, therefore, is in a fully secured position. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates customer creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include certificates of deposit, accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. Letters of credit expire within one year of issuance. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds collateral supporting those commitments for which collateral is deemed necessary.

As of December 31, 2022, and 2021, unfunded commitments and outstanding letters of credit are approximately as follows (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Financial instruments whose contract amounts represent credit risk:		
Commitments to originate loans	\$ 23,919	\$ 60,066
Standby letters of credit and commercial letters of credit	4,015	2,255
Unadvanced equity lines of credit	81,909	70,432
Unadvanced lines of credit	91,055	73,817
Unadvanced portion of construction loans	36,735	23,607

The Company accrues credit losses related to off-balance sheet financial instruments. Potential losses on off-balance sheet loan commitments are estimated using the same risk factors used to determine the allowance for loan losses. The allowance for off-balance sheet loan losses is recorded within other liabilities on the consolidated balance sheet. The balance as of December 31, 2022 and 2021 was \$410,000.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**15. Fair Value Measurements**

The Company adopted a framework for measuring fair value under generally accepted accounting principles for all financial instruments that are being measured and reported on a fair value basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company uses various methods including market, income, and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal years ended December 31, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

**Investment Securities Available-for-Sale**

Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

**Director and Officer Retirement Plans**

Fair values for investments included with the Company's deferred compensation arrangements are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

**15. Fair Value Measurements (Continued)**

*Fair Value on a Recurring Basis*

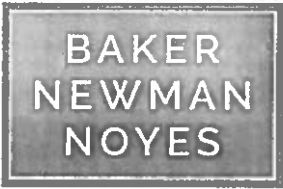
The table below presents the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021 (in thousands):

<b>2022</b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Available-for sale securities				
U.S. Treasury Securities	\$ 22,415	\$ 22,415	\$ -	\$ -
U.S. Government-sponsored enterprises debt securities	161,385	-	161,385	-
U.S. Government-sponsored mortgage-backed securities	86,016	-	86,016	-
Taxable Municipal debt securities	13,951	-	13,951	-
Tax Exempt Municipal debt securities	30,009	-	30,009	-
Corporate Bond debt securities	14,755	-	14,255	500
Director and officer retirement plans	<u>4,001</u>	<u>4,001</u>	-	-
	<u>\$ 332,532</u>	<u>\$ 26,416</u>	<u>\$ 305,616</u>	<u>\$ 500</u>

<b>2021</b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Available-for sale securities				
U.S. Treasury Securities	\$ 24,634	\$ 24,634	\$ -	\$ -
U.S. Government-sponsored enterprises debt securities	207,886	-	207,886	-
U.S. Government-sponsored mortgage-backed securities	91,552	-	91,552	-
Taxable Municipal debt securities	15,665	-	15,665	-
Tax Exempt Municipal debt securities	34,056	-	34,056	-
Corporate Bond debt securities	16,722	-	16,722	-
Director and officer retirement plans	<u>4,501</u>	<u>4,501</u>	-	-
	<u>\$ 395,016</u>	<u>\$ 29,135</u>	<u>\$ 365,881</u>	<u>\$ -</u>

There are no material assets measured at fair value on a non-recurring basis as of December 31, 2022 or 2021.

There are no liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2022 or 2021.



To the Board of Directors  
Northfield Mutual Holding Company

We are pleased to present this report related to our audit of Northfield Mutual Holding Company and Subsidiary's (the Company) internal control over financial reporting as of December 31, 2022 that is integrated with our audit of the Company's consolidated financial statements as of and for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Company's financial reporting process.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Company.

*Baker Newman & Noyes LLC*

Portland, Maine  
March 21, 2023



## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibility with Regard to the Consolidated Financial Statement Audit</b>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated October 12, 2022. Our audit of the consolidated financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<b>Overview of the Planned Scope and Timing of the Consolidated Financial Statement Audit</b>	<p>We have issued a separate communication, dated October 12, 2022, regarding the planned scope and timing of our audit and have discussed with you our identification of and planned response to significant risks of material misstatement.</p>
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practices.</p> <p><b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Company. The Company did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period, other than the adoption of Accounting Standards Update (ASU) 2016-02, <i>Leases</i>, effective January 1, 2022, to recognize an initial right-of-use asset and related lease liability of approximately \$9.7 million.</p> <p><b>Significant Accounting Policies</b> We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Significant accounting policies of the Company are described in note 1 of the consolidated financial statements.</p> <p><b>Significant Unusual Transactions</b> We did not identify any significant unusual transactions.</p> <p><b>Management's Judgments and Accounting Estimates</b> Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>

## Required Communications (Continued)

Area	Comments													
<b>Audit Adjustments</b>	<p>Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Company are summarized below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left; vertical-align: bottom;"><u>Description</u></th> <th colspan="3" style="text-align: center; border-bottom: 1px solid black;">Effect – Debit (Credit)</th> <th rowspan="2" style="text-align: center; vertical-align: bottom;"><u>(Income)/ Expense</u></th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;"><u>Assets</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Liabilities</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Equity</u></th> </tr> </thead> <tbody> <tr> <td style="padding-left: 20px;">Lease rate adjustment</td> <td style="text-align: right; padding-right: 10px;">\$(828,551)</td> <td style="text-align: right; padding-right: 10px;">\$828,551</td> <td style="text-align: right; padding-right: 10px;">\$ —</td> <td style="text-align: right; padding-right: 10px;">\$ —</td> </tr> </tbody> </table>	<u>Description</u>	Effect – Debit (Credit)			<u>(Income)/ Expense</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	Lease rate adjustment	\$(828,551)	\$828,551	\$ —	\$ —
<u>Description</u>	Effect – Debit (Credit)			<u>(Income)/ Expense</u>										
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>											
Lease rate adjustment	\$(828,551)	\$828,551	\$ —	\$ —										
<b>Uncorrected Misstatements</b>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>													
<b>Observations About the Audit Process</b>	<p><b>Disagreements with Management</b> We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit or significant disclosures to be included in the consolidated financial statements.</p> <p><b>Consultations with Other Accountants</b> We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p><b>Significant Issues Discussed with Management</b> No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p><b>Significant Difficulties Encountered in Performing the Audit</b> We did not encounter any significant difficulties in dealing with management during the audit.</p> <p><b>Difficult or Contentious Matters That Require Consultation</b> We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.</p>													
<b>Independence</b>	<p><b>Shared Responsibilities: SEC Independence</b></p> <p>The SEC regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with the SEC’s independence rules. For Baker Newman &amp; Noyes LLC (BNN) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BNN each play an important role.</p> <p><b>Our Responsibilities</b></p> <ul style="list-style-type: none"> <li>• SEC rules require that all services not related to the financial statement audit for which independence is being maintained be pre-approved by the audit committee of the financial statement audit client.</li> <li>• Maintain a system of quality control over compliance with independence rules and firm policies.</li> </ul>													

## Required Communications (Continued)

Area	Comments
<b>Independence (Continued)</b>	<b>The Company's Responsibilities</b> <ul style="list-style-type: none"><li>• Timely inform BNN, before the effective date of transactions or other business changes, of the following:<ul style="list-style-type: none"><li>- New affiliates, directors, officers, or person in financial reporting oversight roles.</li><li>- New beneficial owners of the Company's equity securities that have significant influence.</li><li>- Change in corporate structure impacting affiliates such as add-on acquisitions or exits.</li></ul></li><li>• Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.</li><li>• Ensure the Company and its affiliates, officers, directors, or persons in a decision-making capacity, are not engaging in business relationships with BNN.</li><li>• Inform BNN of any relationships involving officers, directors, or others in an accounting or financial reporting oversight role and BNN, BNN covered persons, and their close family members.</li><li>• The audit committee must pre-approve all audit and permitted non-audit services to be provided by the auditor.</li></ul>
<b>Significant Written Communications Between Management and Our Firm</b>	Copies of significant written communications between our firm and the management of the Company, including the representation letter provided to us by management, are attached.

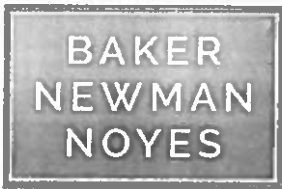
**NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY**

**SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES**

Year Ended December 31, 2022

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You should continue to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Company's December 31, 2022 consolidated financial statements.

<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusions on Reasonableness of Estimate</b>
Allowance for loan losses	Refer to Note 1 of the financial statements	Allowance for loan losses model incorporating both quantitative and qualitative assumptions	Audit of the allowance for loan losses calculation and inputs.



October 12, 2022

Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
P.O. Box 7180  
Barre, Vermont 05641-7180

Attention: Audit Committee Members

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that Baker Newman & Noyes LLC (BNN, we, us, or our) audit the consolidated financial statements of Northfield Mutual Holding Company (the Bank), which comprise the consolidated balance sheet as of December 31, 2022, the related consolidated statements of income, comprehensive income, changes in capital accounts and cash flows for the year then ended, and the related notes to the consolidated financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We will also perform an audit of the Bank's internal control over financial reporting (ICFR) as of December 31, 2022. The objective of an audit of ICFR is to express an opinion on the effectiveness of ICFR. The audit of ICFR will be integrated with the audit of the consolidated financial statements.

### **The Responsibilities of the Auditor**

We will conduct our audit of the consolidated financial statements in accordance with GAAS. Those standards require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;

Page 2  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bank's ability to continue as a going concern for a reasonable period of time.

We will conduct our audit of ICFR in accordance with auditing and related professional standards established by the American Institute of Certified Public Accountants (AICPA) and the requirements established by the *Federal Deposit Insurance Corporation Improvement Act of 1991* (FDICIA). Those standards require that we obtain reasonable, rather than absolute, assurance about whether any material weaknesses in internal control exist. Accordingly, material weaknesses may exist and not be detected. Also, an audit of ICFR is not designed to detect deficiencies in ICFR that, individually or in combination, are less severe than a material weakness.

Our audit of ICFR will be conducted to meet the reporting requirements of Section 112 of the FDICIA. Accordingly, our audit of Northfield Mutual Holding Company's ICFR will include controls over the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and with the instructions to the Parent Company Only Financial Statements for Small Bank Holding Companies (Form FR Y-9SP).

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the integrated audit is properly planned and performed in accordance with GAAS.

We will communicate all material weaknesses and significant deficiencies in ICFR identified during the audit to both management and those charged with governance in writing prior to issuing our report on ICFR. We will communicate all internal control deficiencies identified during the audit in writing and inform those charged with governance when we have done so. However, we will not communicate internal control deficiencies in internal control that have been previously communicated in writing by us or others within the Bank.

We will also communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We will maintain our independence in accordance with the standards of the AICPA, the Public Company Accounting Oversight Board (PCAOB) and the rules and regulations of the Securities and Exchange Commission (SEC).

## **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Management is responsible for:

1. Identifying and ensuring that the Bank complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the consolidated financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

The Audit Committee is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the consolidated financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the consolidated financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. With regards to ICFR, for:
  - a. Designing, implementing, and maintaining effective ICFR;
  - b. Evaluating the effectiveness of the entity's ICFR using suitable and available criteria;
  - c. Providing management's assessment about ICFR in a report that accompanies the auditors' report;
  - d. Supporting its assessment about the effectiveness of the entity's ICFR with sufficient evaluations and documentation;
  - e. Determining that the as of date corresponds to the balance sheet date (or period ending date) of the period covered by the consolidated financial statements; and
5. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the consolidated financial statements and to management's assessment of ICFR, including information relevant to disclosures;
  - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
  - c. Additional information that we may request from management for the purpose of the integrated audit; and

- d. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including, among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter;
2. That management did not use the auditors' procedures performed during the integrated audit as part of the basis for management's assessment about ICFR;
3. Whether the significant deficiencies and material weaknesses identified and communicated to management and those charged with governance during previous engagements pursuant to have been resolved and specifically identifying any that have not; and
4. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

Management is responsible for establishing and maintaining effective ICFR, for evaluating the effectiveness of the Bank's ICFR using suitable control criteria, presenting a written assessment of the effectiveness of internal control, supporting its assessment with sufficient evidence, and informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is also responsible for providing us with a written management representation letter that confirms certain representations made during our integrated audits of the consolidated financial statements and of internal control over financial reporting, and for disclosing whether, subsequent to the date of management's assessment, there were any changes in internal control or other factors that might significantly affect internal control, including any corrective actions taken by management with regard to identified significant deficiencies and material weaknesses.

#### **Shared Responsibilities for Independence**

The SEC's longstanding view that auditors and their audit clients have a shared responsibility for compliance with auditor independence rules has been reinforced in its final rule release, amending certain auditor independence requirements under Rule 2-01 of Regulation S-X (Rule 2-01). To enable BNN and the Bank to each comply with Rule 2-01, you agree to:

1. Implement and maintain policies and procedures to identify and monitor current and potential affiliates of the Bank, as defined in Rule 2-01, including the nature, extent and other relevant aspects of relationships and services between BNN and any such potential affiliates;
2. Provide information with respect to current and potential affiliates, including ownership percentage to us upon request; and
3. Notify us of all planned transactions involving (i) changes in control of the Bank or an investor obtaining a 20% or greater ownership in the Bank or representation on the Bank's Board of Directors, or (ii) investments of 20% or greater in, or acquisitions of other entities by, the Bank, sufficiently in advance of their effective dates to enable the Bank and BNN to identify and eliminate potential impermissible services and relationships between BNN and those potential subsidiaries or equity-method investees, prior to the effective dates.



Page 5  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

Additionally, because we would not be independent of the Bank if we were to provide certain non-audit services to the Bank or its affiliates, and because we must obtain your approval before being engaged to provide audit or non-audit services to the Bank and its subsidiaries, you agree that the Bank and its affiliates may not engage BNN to provide audit or non-audit services to the Bank or any of its affiliates without first obtaining our written permission and, where required, your preapproval.

If the Bank hires in a financial reporting oversight role a current or former principal or professional employee of BNN who serves or served as a member of the audit engagement team, our independence could be impaired. You agree to inform us prior to soliciting for employment or a position on your Board of Directors a current or former principal or professional employee of BNN so we may jointly assess the impact of the potential employment on our independence.

You also agree to inform all persons in a financial reporting oversight role (other than outside directors) that they and their immediate family members are not permitted to obtain tax services from BNN.

### **Reporting**

We will issue a written report upon completion of our audit of the Bank's consolidated financial statements. Our report will be addressed to the Audit Committee of the Bank. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditors' report.

If circumstances arise relating to the condition of the Bank's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the consolidated financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

### **Records and Assistance**

During the course of our engagement, we may accumulate records containing data that should be reflected in the Bank's books and records. The Bank will determine that all such data, if necessary, will be so reflected. Accordingly, the Bank will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Bank personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Cory Richardson, SVP and Chief Financial Officer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

### **Tax Services**

Our services under this Arrangement Letter do not include services for tax return preparation, tax advice or representation in any tax matter. Nevertheless, we may discuss with you certain tax considerations or provide you with tax information that may be relevant to our services. Any such discussions or information would be based upon limited tax research, limited due diligence and limited analysis regarding the underlying facts. Because additional research or a more complete review of the facts could affect our analysis and conclusions, the information provided during these discussions should not be used as the basis for proceeding with any transaction or any tax return reporting.

Separate arrangements need to be made for any tax services to be provided in connection with this audit engagement.

### **Fees and Costs**

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus directly billed expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Bank personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. We estimate our fees will be \$92,000, plus direct expenses.

All matters related to the Bank's adoption of the new leases standard pursuant to Accounting Standards Codification (ASC) 842 and the new credit losses standard pursuant to ASC 326 will be accounted for and billed separately.

### **Use of Subcontractors and Third-Party Products**

From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information or Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees, provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our use of third-party service provider may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

Page 7  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, Third-Party Products). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues, nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

#### **Use and Ownership: Access to Audit Documentation**

The Audit Documentation for this engagement is the property of BNN. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of BNN's audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by BNN for the Bank under this Arrangement Letter, or any documents belonging to the Bank or furnished to BNN by the Bank.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable BNN policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in BNN's form. BNN reserves the right to decline a successor auditor's request to review our workpapers.

Access to the requested audit documentation will be provided to the banking regulators under the supervision of BNN audit personnel and at a location designated by BNN.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Bank, the Bank will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Page 8  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

### **Confidentiality**

BNN and the Bank may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, BNN and the Bank agree as the recipient of such Confidential Information (the Receiving Party) to keep strictly confidential all Confidential Information provided to it by the disclosing party (the Disclosing Party) and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, BNN is permitted to disclose the Bank's Confidential Information to BNN's personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means information in any form, oral, graphic, written, electronic, machine-readable or hard copy, consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

### **Preexisting Nondisclosure Agreements**

In the event that the parties have executed a separate nondisclosure agreement and such agreement does not automatically terminate or expire upon execution of this Arrangement Letter, such agreement shall be terminated as of the effective date of this Arrangement Letter.

Page 9  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

### **Data Protection Compliance**

We take reasonable steps to comply with all applicable privacy, cybersecurity, and data protection laws that may apply to Personal Information and Confidential Information we process on behalf of our clients. Upon written request, we will provide summaries of our IT security and disaster recovery policies and make our senior IT personnel reasonably available for discussion upon request. Any information we disclose to you concerning our IT control environment shall constitute Confidential Information of BNN and shall be subject to the confidentiality obligations set forth in this Arrangement Letter.

Prior to disclosing to us or our subcontractors or granting us or our subcontractors with access to your data, you will identify in writing any personal, technical, or other data provided or made accessible to us or our subcontractors pursuant to this Arrangement Letter that may be subject to heightened protections under applicable privacy, cybersecurity, export control, and/or data protection laws, including, but not limited to, protected health information pursuant to the *Health Information Portability and Accountability Act of 1996* (HIPAA), classified or controlled unclassified information subject to the National Industrial Security Program, the National Industrial Security Program Operating Manual, or the Defense Federal Acquisition Regulation Supplement (DFARS), data subject to Export Administration Regulations (EAR), or International Traffic in Arms Regulations (ITAR) controlled data. Unless otherwise expressly agreed upon and specified in writing by BNN and the Bank, you shall not provide us or any of our subcontractors with access to such data and you shall be responsible for the handling of all such data in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

BNN and the Bank acknowledge and agree that they may correspond or convey information and documentation, including Confidential Information and Personal Information, via various forms of electronic transmission, including, but not limited to, Third-Party Products, such as email, FTP and cloud-based sharing and hosting applications (e.g., portals, data analytics tools, and helpdesk and support ticketing applications), and that neither party has control over the performance, operation, reliability, availability, or security of these electronic transmission methods. Therefore, neither party will be liable for any loss, damage, expense, harm, disclosure or inconvenience resulting from the loss, delay, interception, corruption, unauthorized disclosure, or alteration of any electronic transmission where the party has used commercially reasonable efforts to protect such information. We offer our clients various platforms for the exchange of information. You hereby agree that you shall be bound by and comply with any and all user terms and conditions made available (whether by link, click-through, or otherwise) with respect to such platforms.

### **Personal Information**

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, Social Insurance numbers, driver's license numbers or state- or province-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the Bank or the Bank's customers or other third parties.

Page 10  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

Each party agrees that it will not transmit to the other, in any manner, (i) Personal Information that is not needed to render the services hereunder and (ii) Personal Information that has not been encrypted. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We will use all such Bank-provided Personal Information, if at all, only for the purposes described in this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties, we may, at our election, use the Personal Information to improve the services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of Bank-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

#### **Retention of Records**

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

#### **Termination**

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.

In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

Page 11  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if: (i) we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards; or (ii) you are placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, you or any of your affiliates is placed on a verified sanctioned person list, in each case, including, but not limited to, lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union, or any other relevant sanctioning authority.

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement, or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties.

If mediation fails to resolve the dispute or claim, the parties hereby agree to submit any action, claim or counterclaim, whether based in contract, tort, statutory rights or otherwise, to the Courts of the State of Maine.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

#### **Miscellaneous**

We may mention your name and provide a general description of the engagement in our client lists and marketing materials. We also may utilize Confidential Information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by our professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Page 12  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

The Bank agrees that it will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our written permission. Any such request is also a matter for which separate arrangements may be necessary. After obtaining our permission, the Bank also agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a principal or professional employee leaves BNN and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our principals or employees.

### **Governing Law**

This Arrangement Letter, including, without limitation, its validity, interpretation, construction, and enforceability, and any dispute, litigation, suit, action, claim, or other legal proceeding arising out of, from, or relating in any way to this Arrangement Letter, any provisions herein, a report issued or the services provided hereunder, will be governed and construed in accordance with the laws of the State of Maine, without regard to its conflict of law principles, and applicable U.S. federal law.

### **Entire Agreement**

This Arrangement Letter constitutes the complete and exclusive statement of agreement between BNN and the Bank and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

### **Electronic Signatures and Counterparts**

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts" of such documents, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.



Page 13  
Audit Committee  
c/o Mr. Cory Richardson, SVP and  
Chief Financial Officer  
Northfield Mutual Holding Company  
October 12, 2022

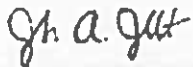
Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the consolidated financial statements, including our respective responsibilities.

**Acknowledgement and Acceptance**

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

**Agreed to and acknowledged by:**

BAKER NEWMAN & NOYES LLC



Joseph A. Jalbert  
Audit Principal

**Accepted by: Northfield Mutual Holding Company**

Thomas Robbins  
Tom Robbins, Audit Committee Chair

10/26/22  
Date

Thomas S. Leavitt  
Thomas S. Leavitt, President and  
Chief Executive Officer

11-7-2022  
Date

Cory Richardson  
Cory Richardson, Senior Vice President and  
Chief Financial Officer

11/7/2022  
Date



March 21, 2023

Baker Newman & Noyes LLC  
280 Fore Street  
Portland, Maine 04101-4177

This representation letter is provided in connection with your audit of Northfield Mutual Holding Company and Subsidiary's (the Company) internal control over financial reporting as of December 31, 2022 that is integrated with the audits of the consolidated financial statements of the Company which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of income and comprehensive (loss) income, consolidated statements of changes in capital accounts, cash flows, and the related notes to the consolidated financial statements for the purpose of expressing an opinion on both the effectiveness of internal control over financial reporting and whether the consolidated financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

***Financial Statements and Internal Control Over Financial Reporting***

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 12, 2022, for the preparation and fair presentation of the consolidated financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control over financial reporting.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
5. We have performed an evaluation and made our assessment of the effectiveness of the Company's internal control over financial reporting based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.
6. We did not use your procedures performed during the audits of internal control over financial reporting or the financial statements as part of the basis for our assessment of the effectiveness of internal control over financial reporting.

7. The Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.
8. The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge of and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
9. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All material events subsequent to the date of the consolidated financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
11. There were, subsequent to December 31, 2022, no changes in internal control over financial reporting or other factors that might significantly affect internal control over financial reporting.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. The methods and significant assumptions used to determine fair values of financial instruments are described in Note 15 to the consolidated financial statements. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
14. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit or similar arrangements have been properly disclosed.
15. The following information about financial instruments with off-balance-sheet risk and financial instruments with concentrations of credit risk has been properly disclosed in the consolidated financial statements:
  - a. The extent, nature and terms of financial instruments with off-balance-sheet risk;
  - b. The amount of credit risk of financial instruments with off-balance-sheet risk and information about the collateral supporting such financial instruments; and
  - c. Significant concentrations of credit risk arising from all financial instruments and information about the collateral supporting such financial instruments.
16. We have evaluated all of our debt securities for which there has been a decline in fair value below the amortized cost. In that regard:
  - a. We do not have the intent to sell any of the securities that are in an unrealized loss position;
  - b. We have forecasted recovery of these debt securities and our liquidity and have concluded that it is not more likely than not that we will have to sell the securities prior to forecasted recovery;
  - c. We have evaluated these debt securities to determine whether we expect to recover the amortized cost basis of the securities. We have concluded in all cases that we will recover the amortized cost basis of the securities and have recorded the entire unrealized loss in other comprehensive income; and

- d. Any sales of securities in a loss position are immaterial to the consolidated financial statements and the sale resulted from an overall portfolio evaluation and not as a result of the loss on the security.
17. All debt securities have been classified as available-for-sale.
18. We have not yet completed the process of evaluating the effect of adopting the guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, as discussed in Note 1 to the consolidated financial statements. The Company is therefore unable to disclose the effect that adopting the guidance in FASB ASU's No. 2016-13 will have on its financial position and results of operations when such guidance is adopted.
19. The following have been properly recorded and/or disclosed in the financial statements:
- a. Guarantees, whether written or oral, under which the Company is contingently liable;
  - b. Agreements to repurchase assets previously sold;
  - c. Security agreements in effect under the Uniform Commercial Code;
  - d. All other liens or encumbrances on assets and all other pledges of assets;
  - e. Amounts of contractual obligations for plant construction and/or purchase of real property, equipment, other assets and intangibles, with the exception of those noted below;
  - f. Investments in debt and equity securities, including their classification as trading, available for sale and held to maturity;
  - g. All liabilities that are subordinated to any other actual or possible liabilities of the Company;
  - h. All leases and material amounts of rental obligations under long-term leases;
  - i. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the *Risks and Uncertainties Topic* of the FASB Accounting Standards Codification (ASC). Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year;
  - j. Derivative financial instruments;
  - k. Assets and liabilities measured at fair value in accordance with the *Fair Value Measurements and Disclosures Topic* of the FASB ASC; and
  - l. All current and deferred assets and liabilities related to the accounting for income taxes.
20. We have no knowledge of any material uncorrected misstatements in the consolidated financial statements. In addition, the consolidated financial statements do not contain the following disclosures as they were determined to be insignificant to the overall financial statements:
- a. Assets in the deferred compensation plan are not broken out by type in the fair value hierarchy; and
  - b. A rollforward of level 3 assets is not provided.
  - c. Commitments related to construction contracts totaling approximately \$2.7 million were not disclosed.

#### ***Information Provided***

21. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the consolidated financial statements such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence;

- d. Minutes of the meetings of directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared; and
  - e. Reports and correspondence between the Company and regulatory examiners during the period under audit and all supervisory memoranda or agreements, if any, with any federal or state regulatory authority.
22. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
23. We have disclosed to you the results of our assessment of risk that the consolidated financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of allegations of fraud or suspected fraud affecting the Company's consolidated financial statements involving:
- a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the consolidated financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's consolidated financial statements received in communications from employees, former employees, regulators, or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We have disclosed to you all known, actual or possible pending or threatened litigation and claims whose effects should be considered when preparing financial statements.
28. We have disclosed to you the identity of the Company's related parties and all the related-party relationships and transactions of which we are aware.
29. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting.
30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. We believe that the past due, watch, impaired, troubled debt restructuring, nonaccrual and loans held for sale listings are complete and accurate as of December 31, 2022.
32. In accordance with the terms and conditions set forth in the audit engagement letter, we confirm that we:
- a. Implemented and maintained policies and procedures to identify and monitor current and potential affiliates of the Company, as defined in Rule 2-01, including the nature, extent and other relevant aspects of relationships and services with Baker Newman & Noyes LLC (BNN);
  - b. Provided you with all information we are aware of with respect to current and potential affiliates, including ownership percentage and materiality assessments, on a quarterly basis, or more frequently upon request; and

- c. Notified you of all planned transactions involving (i) changes in control of the Company or an investor obtaining a 20% or greater ownership in the Company or representation on the Company's Board of Directors, or (ii) investments of 20% or greater in or acquisitions of other entities by the Company, sufficiently in advance of their effective dates to enable the Company and BNN to identify and eliminate potential impermissible services and relationships between BNN and those potential subsidiaries or equity-method investees, prior to the effective dates.
33. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
    - a. The Company has no significant amounts of idle property and equipment;
    - b. The Company has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant product lines;
    - c. All debt securities have been classified as available for sale;
    - d. We consider the decline in value of debt securities to be temporary;
    - e. Provision has been made to reduce all assets that have permanently declined in value to their realizable values; and
    - f. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
  34. We are responsible for making the accounting estimates included in the consolidated financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
    - a. To reduce receivables to their estimated net collectible amounts;
    - b. To reduce deferred tax assets to amounts that are more likely than not to be realized;
    - c. For uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2022 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2022;
    - d. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2022;
    - e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any commitments; and
    - f. For environmental clean-up obligations.
  35. We have reviewed all of the Bank's tax positions and have informed you of any potentially material uncertain tax positions, as defined in ASC 740-10 (formerly FIN 48). In that regard, we confirm that the consolidated financial statements include all material liabilities for uncertain tax positions (including positions related to returns that should have been, but were not, filed) and disclosures required by ASC 740-10.
  36. There are no:
    - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the consolidated financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination;
    - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the *Contingencies Topic* of the FASB ASC.


37. The Company has satisfactory title to all owned assets.
38. No action has been taken, nor is any action contemplated, that would cause any portion of the accumulated bad debt deduction to be subjected to income tax.
39. We have complied with all aspects of contractual agreements that would have a material effect on the consolidated financial statements in the event of noncompliance.
40. We agree with the findings of specialists in evaluating the Company's multi-employer defined benefit pension plan and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the consolidated financial statements and underlying accounting records. We did not give or cause any instruction to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
41. In considering the disclosures that should be made about risks and uncertainties, we have concluded that the disclosures contained in the consolidated financial statements are proper and include all material risks and uncertainties.
42. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through the date of this letter have been recognized or disclosed in the consolidated financial statements. No events or transactions have occurred subsequent to the balance sheet date and through the date of this letter that would require recognition or disclosure in the consolidated financial statements. We further represent that as of the date of this letter, the consolidated financial statements were complete in a form and format that complied with U.S. GAAP and all approvals necessary for issuance of the consolidated financial statements had been obtained.
43. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Very truly yours,

**Northfield Mutual Holding Company and Subsidiary**

  
Thomas S. Leavitt, President and Chief Executive Officer

  
Cory Richardson, EVP & Chief Financial Officer

  
Ed Sulva, VP Controller