Northfield
SAVINGS BANK

March 15th, 2022

Attn: Ellen Lovett, SSI Unit, Floor T-12
Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, MA 02210-2204

Dear Ms. Lovett:

Please find enclosed one original and one copy of Form Y-6 for the Northfield Mutual Holding as of December 31, 2021. In addition, enclosed are the Audited Financial Statements of the Northfield Mutual Holding Company and appropriate correspondence with our auditors. Our LEI number is 549300D7AV8NGI6N3S98.

Should you have any questions, please do not hesitate to contact me at 802-661-5334 or ed.sulva@nsbvt.com.

Sincerely,

Ed Sulva

Edward Sulva
VP Controller

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)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). 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 of Holding Company Director and Official

03/15/2022
Date of Signature

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

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2021
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

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 North ,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."

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

City	State	Zip Code
Barre	VT	05641

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

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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)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

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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 of Holding Company Director and Official

03/15/2022
Date of Signature

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

For Federal Reserve Bank Use Only

RSSD ID ________
C.I. ________

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2021
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

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Legal Title of Holding Company

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

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Person to whom questions about this report should be directed:

Name	Title
Ed Sulva	VP Controller

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."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

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NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARIES

Fiscal Year Ending December 31, 2021

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 1st, 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 BANCORP, INC. (2934314) of NORTHFIELD, VT.
The data are as of 12/31/2021. Data reflects information that was received and processed through 01/12/2022.

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	

NORTHFIELD MUTUAL HOLDING COMPANY
NORTHFIELD BANCOP, INC.
FR Y-6 INFORMATION

2021

Name & Address (City, State, Country)	Principal Occupation if other than with Bank Holding Company	Title & Position with Bank Holding Company	Title & Position with Subsidiaries (include names of subsidiaries)	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)
Directors:							
John Timothy Burke Shelburne, VT	White + Burke Real Estate Advisors	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Real Estate Advisor	0	0	N/A
Laura Carlsmith Hinesburg, VT	Sole Proprietor	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Sole Proprietor	0	0	Green Street LLC 50% 10802 Rt. 116 LLC 50% 10792 Rt. 116 LLC 50%
Nicole M. Carignan Essex, VT	Senior Business Advisor and Founder of ProfitFusion, LLC	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Owner - ProfitFusion, LLC	0	0	50% Owner, Jericho Mini Storage, LLC
Kyle Dodson Burlington, VT	Greater Burlington YMCA	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	President & CEO	0	0	N/A
Brian C. Eagan Grand Isle, VT	Retired	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Retired	0	0	N/A

Jonathan M. Jamieson Waitsfield, VT	Self-employed	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Contractor / Consultant	0	0	Jamieson Family Partnership 90%
John W. Lyon Barre, VT	Wilkins Harley-Davidson Lyon-Wilkins Enterprises, Inc.	Vice Chair	Vice Chair - Northfield Bancorp, Inc.; Vice Chair - Northfield Savings Bank	General Manager Wilkins H-D Co-Owner Lyon-Wilkins Enterprises, Inc.	0	0	Wilkins Enterprises, Inc. 38% Lyon-Wilkins Enterprises, Inc. 33% East Street Holding Co., Inc. 100% 684 South Barre Road, LLC 50%
Mary Alice McKenzie Colchester, VT	Consultant	Board Chair	Board Chair - Northfield Bancorp, Inc.; Board Chair - Northfield Savings Bank	Consultant	0	0	N/A
Thomas Robbins Northfield, VT	MACTAW, Inc.	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	Chief Financial Officer – MACTAW, Inc.	0	0	N/A
Mark W. Saba Burlington, VT	Car and Boat Dealer	Director	Director - Northfield Bancorp, Inc.; Trustee - Northfield Savings Bank	President, Managing Partner	0	0	Formula Ford Lincoln, Inc. 100% Formula Nissan 80% Saba Marina LLC 100%

							Bay Harbor Marina, Inc. 100%

Officers:							
Thomas S. Leavitt	Northfield Savings Bank	President and Chief Executive Officer	President and Chief Executive Officer - Northfield Bancorp, Inc.; President and Chief Executive Officer - Northfield Savings Bank	N/A	0	0	N/A
Cheryl A. LaFrance	Northfield Savings Bank	Corporate Secretary	SVP and Chief Operating Officer Northfield Savings Bank	N/A	0	0	N/A
Cory B. Richardson Waterbury, VT	Northfield Savings Bank	Treasurer	SVP, Chief Financial Officer and Chief Credit Officer Northfield Savings Bank	N/A	0	0	N/A
Donna Austin-Hawley	Northfield Savings Bank		SVP and Chief Human Resources Officer Northfield Saving Bank	N/A	0	0	N/A
Alfred Flory	Northfield Savings Bank	N/A	SVP and Chief Lending Officer Northfield Saving Bank	N/A	0	0	N/A
Melissa A. Neun	Northfield Savings Bank		VP Risk Management Northfield Savings Bank	N/A	0	0	N/A

Northfield Mutual Holding Company and Subsidiary

Audited Consolidated Financial Statements

Years Ended December 31, 2021 and 2020
With Independent Auditors' Report

BAKER
NEWMAN
NOYES

Baker Newman & Noyes LLC
MAINE | MASSACHUSETTS | NEW HAMPSHIRE
800.244.7444 | www.bnncpa.com

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, 2021 and 2020, the related consolidated statements of income, comprehensive 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, 2021 and 2020, 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, 2021, 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 15, 2022 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 for a period of within one year after the date the financial statements are 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 + Noyes LLC

Portland, Maine
March 15, 2022 Registration No. 0920000638

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(Amounts in Thousands)

	2021	2020
ASSETS		
Cash on hand and noninterest bearing deposits	$ 9,339	$ 10,566
Interest bearing deposits	18,747	10,545
Cash and cash equivalents	28,086	21,111
Investment securities available-for-sale (notes 2 and 15)	390,515	215,372
Loans, net (notes 3, 6 and 12)	908,185	912,110
Federal Home Loan Bank stock (note 6)	1,638	1,616
Bank premises and equipment, net (note 4)	17,870	19,408
Accrued interest receivable	3,002	2,894
Cash surrender value of bank-owned life insurance	34,628	28,033
Other assets (note 10)	17,509	13,716
	$1,401,433	$1,214,260
LIABILITIES AND CAPITAL ACCOUNTS		
Liabilities:		
Deposits (note 5)	$1,169,052	$ 992,469
Federal Home Loan Bank borrowings (note 6)	3,792	3,846
Customer repurchase agreements (notes 2 and 7)	78,332	72,797
Other liabilities (note 8)	10,247	9,992
Total liabilities	1,261,423	1,079,104
Commitments and contingencies (notes 10, 11 and 14)		
Capital accounts (note 13):		
Undivided profits	141,405	130,064
Accumulated other comprehensive (loss) income	(1,395)	5,092
Total capital accounts	140,010	135,156
	$1,401,433	$1,214,260

See accompanying notes.

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands)

	2021	2020
Interest and dividend income:		
Loans	$37,922	$37,163
Interest bearing deposits	68	22
Investments	4,684	3,437
Total interest and dividend income	42,674	40,622
Interest expense:		
Interest on deposits	2,137	4,964
Interest on borrowed funds	122	952
Total interest expense	2,259	5,916
Net interest income before (benefit) provision for loan losses	40,415	34,706
(Benefit) provision for loan losses (note 3)	(700)	2,578
Net interest income after (benefit) provision for loan losses	41,115	32,128
Noninterest income:		
Service charges and fees	3,522	3,115
Net gain on sale of available-for-sale securities (note 2)	21	–
(Loss)/gain on sale of loans	(22)	105
Bank-owned life insurance income and gains	907	676
Other	1,157	773
Total noninterest income	5,585	4,669
Noninterest expense:		
Salaries and employee benefits (note 8)	18,118	16,129
Occupancy expense (notes 4 and 11)	3,004	2,926
Furniture and equipment expense	4,616	4,065
Other (note 9)	7,146	6,733
Total noninterest expense	32,884	29,853
Income before provision for income taxes	13,816	6,944
Provision for income taxes (note 10)	2,475	1,121
Net income	$11,341	$ 5,823

See accompanying notes.

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands)

	2021	2020
Net income	$ 11,341	$ 5,823
Other comprehensive (loss) income, net of income taxes:		
Unrealized (losses) gains on securities available-for-sale:		
Unrealized holding (losses)/gains arising during the period, net of income taxes of $1,985 and $(747) in 2021 and 2020, respectively	(7,466)	2,812
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 $(261) and $(150) in 2021 and 2020, respectively	979	563
Unrealized losses on derivatives arising during the period, net of income taxes of $3 in 2020	–	(13)
Other comprehensive (loss) income	(6,487)	3,362
Comprehensive income	$ 4,854	$ 9,185

See accompanying notes.

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL ACCOUNTS
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands)

	Undivided Profits	Accumulated Other Comprehensive (Loss) Income	Total
Balance, December 31, 2019	$124,241	$ 1,730	$125,971
Net income	5,823	–	5,823
Change in net unrealized gain on investment securities available-for-sale, net of income taxes	–	3,375	3,375
Change in net unrealized gain on derivatives, net of income taxes	–	(13)	(13)
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	–	(6,487)	(6,487)
Balance, December 31, 2021	$141,405	$ (1,395)	$140,010

See accompanying notes.

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands)

	2021	2020
Cash flows from operating activities:		
Net income	$ 11,341	$ 5,823
Adjustments to reconcile net income to net cash provided by operating activities:		
(Benefit) provision for loan losses	(700)	2,578
Depreciation and amortization of bank premises and equipment	1,871	1,974
Loss on disposal of fixed assets	10	2
Net amortization of premium on investment securities	1,262	713
Net (gain) on sale of investment securities	(21)	–
Net (gain) on the sale of other real estate owned	(195)	–
Amortization of limited partnership investments	637	683
Loans originated for sale	(391)	(3,969)
Proceeds from loans sold	369	4,074
Proceeds from the sale of other real estate owned	883	–
Loss (gain) on sale of loans	22	(105)
Deferred income tax expense (benefit)	432	(871)
Income & gains on cash surrender value of BOLI	(907)	(676)
Change in accrued interest receivable	(108)	(561)
Change in other assets	(3,824)	(1,796)
Change in other liabilities	1,463	2,934
Net cash provided by operating activities	12,144	10,803
Cash flows from investing activities:		
Proceeds from sales, maturities and repayments of investment securities available-for-sale	37,734	10,222
Purchases of investment securities available-for-sale	(222,330)	(75,759)
Net decrease (increase) in loans	4,624	(77,782)
Purchases of premises and equipment	(343)	(2,954)
(Purchase) redemption of Federal Home Loan Bank stock	(22)	1,939
Proceeds from bank-owned life insurance	812	177
Purchase of bank-owned life insurance	(6,500)	–
Purchase of limited partnership investments	(1,208)	(813)
Net cash used by investing activities	(187,233)	(144,970)
Cash flows from financing activities:		
Net increase in deposits	176,583	167,737
Federal Home Loan Bank borrowings	–	5,839
Payments on Federal Home Loan Bank borrowings	(54)	(55,018)
Net (decrease) in short-term FHLB borrowings	–	(7,400)
Net increase in customer repurchase agreements	5,535	33,579
Net cash provided by financing activities	182,064	144,737
Net increase in cash and cash equivalents	6,975	10,570
Cash and cash equivalents, beginning of year	21,111	10,541
Cash and cash equivalents, end of year	$ 28,086	$ 21,111

NORTHFIELD MUTUAL HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2021 and 2020
(Amounts in Thousands)

	2021	2020
Supplemental disclosure of cash flow information:		
Interest paid on deposits and borrowings	$ 2,321	$ 6,156
Income taxes paid	2,225	150
Supplemental disclosure of noncash transactions:		
(Decrease) increase in fair value of investments available-for-sale:		
Investments available-for-sale	(8,212)	4,271
Change in deferred taxes	1,725	(896)
Capital	(6,487)	3,375
Decrease in fair value of interest rate swap:		
Other assets	–	(20)
Change in deferred taxes	–	7
Capital	–	(13)
Purchase of limited partnership investments through other liabilities	1,000	1,000
Loans receivable transferred to other real estate owned	–	688

See accompanying notes.

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 has 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 have affected the financial markets including a significant decline in market interest rates and volatility in the securities market. Despite the many government stimulus programs introduced during the pandemic, the extent of any prolonged impact to the economy 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, such as temporary branch closures, transitioning to a largely remote work environment, and participation in government stimulus programs, the long-term impact to the Company remains uncertain.

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.

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 and 1,003 PPP loans totaling $50.9 million and $89.2 million, respectively, and recorded fees of $4.0 million and $1.9 million, respectively, during the years ended December 31, 2021 and 2020. Origination fees are being amortized into interest income over the contractual life of each loan. Included in the loan portfolio at December 31, 2021 and 2020 were 223 and 812 PPP loans amounting to $18.4 million and $72.1 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. In 2020, to capture the elevated risks brought on by the pandemic, the portfolio was further stratified with higher general reserve factors applied to loans that were granted a payment modification and to loans to borrowers operating in designated higher risk industries. In 2021, the analysis reverted to pre-pandemic practices.

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 short falls 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)

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, 2021 and $688,000 at December 31, 2020.

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 $637,000 and $683,000 of amortization related to these investments is included in the provision for income taxes on the 2021 and 2020 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 $5.5 million and $5.3 million at December 31, 2021 and 2020, respectively. Outstanding commitments to fund these projects were approximately $1.0 million and $1.3 million at December 31, 2021 and 2020, respectively.

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 Income (Loss)

Other comprehensive income (loss) consists of the change in net unrealized gains and losses on securities available for sale, and the change in fair value of the effective portion of the interest rate swap derivative, less the related tax effects.

The following table presents the changes in components of accumulated other comprehensive income (loss) for the years ended December 31, 2021 and 2020 (amounts in thousands):

	Securities Available for Sale	Derivatives	Total
Balance December 31, 2019	$ 1,717	$ 13	$ 1,730
Other comprehensive income (loss)	3,375	(13)	3,362
Balance December 31, 2020	5,092	–	5,092
Other comprehensive (loss)	(6,487)	–	(6,487)
Balance December 31, 2021	$ (1,395)	$ –	$ (1,395)

A summary of the reclassification adjustments out of accumulated other comprehensive income (loss) for 2021 and 2020 follows (amounts in thousands):

Reclassification Adjustment	2021	2020	Affected Line Item in Consolidated Statements of Income
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	(1,261)	(713)	Interest and dividend income on investments
	(1,240)	(713)	Income before provision for income taxes
Tax effect	261	150	Provision for income taxes
	$ (979)	$ (563)	Net income

1. Summary of Significant Accounting Policies (Continued)

Derivative Financial Instruments

During 2016 the Company entered into an interest rate swap agreement to manage its interest rate risk on certain FHLB borrowings. The swap had been determined to be highly effective and was considered to be a cash flow hedge. The agreement was scheduled to mature in 2021; however, in 2020, it was terminated by management. The Company recorded the swap at estimated fair value with the effective portion of the swap, net of taxes, recorded as a component of accumulated other comprehensive income. The ineffective portion of the swap was recorded in the consolidated statements of income. The Company was exposed to credit loss on the fair value, not the notional amount of the swap, in the event of nonperformance by the other party to the interest rate swap agreement. Net payments received on the swap of $5,000 during 2020 have been recorded against interest expense on the consolidated statements of income.

Reclassifications

Certain amounts in the 2020 consolidated financial statements and notes thereto have been reclassified to conform to the 2021 presentation.

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).

1. Summary of Significant Accounting Policies (Continued)

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.

Accounting Pronouncements Pending

Accounting for Leases

In February 2016, the FASB issued 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 eight (8) of its locations from unrelated third parties; consequently, management expects the adoption of this guidance will result in the recognition of right-of-use assets and related lease liabilities in an amount of approximately $9.0 million.

1. Summary of Significant Accounting Policies (Continued)

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.

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 15, 2022, 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, 2021 and 2020 are as follows (amounts in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2021				
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	16,784	44	106	16,722
	$392,282	$ 3,300	$ 5,067	$390,515
December 31, 2020				
Available-for-sale securities:				
U.S. Government-sponsored enterprises debt securities	$155,425	$ 4,879	$ 173	$160,131
U.S. Government-sponsored mortgage-backed securities	33,939	1,751	–	35,690
Taxable Municipal debt securities	19,562	36	47	19,551
	$208,926	$ 6,666	$ 220	$215,372

The carrying amounts and fair value of debt securities available-for-sale at December 31, 2021, 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).

	Amortized Cost	Fair Value
Due in one year or less	$ 38,407	$ 38,781
Due after one year through five years	122,398	122,560
Due after five years through ten years	108,760	106,052
Due after ten years	31,352	31,570
U.S. Government-sponsored mortgage-backed securities	91,365	91,552
	$392,282	$390,515

2. Investment Securities (Continued)

There were no sales of available-for-sale securities for the years ended December 31, 2021 and 2020.

Investments with fair values totaling $125.1 million and $111.2 million, respectively, were pledged at December 31, 2021 and 2020 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, 2021 (amounts in thousands):

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
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	13,178	106	–	–	13,178	106
	$190,684	$ 2,979	$ 51,743	$ 2,088	$242,427	$ 5,067

There are five U.S. Treasury securities, nine U.S. Government-sponsored enterprises debt securities, twelve U.S. Government-sponsored mortgage-backed securities, three taxable municipal debt securities, eight Tax Exempt Municipal debt securities and ten Corporate Bond debt securities with an unrealized loss less than twelve months at December 31, 2021. There are seven U.S. Government-sponsored enterprises debt securities and two taxable municipal debt securities with an unrealized loss greater than twelve months at December 31, 2021. 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, 2021.

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, 2020 (amounts in thousands):

	Less than 12 months		12 months or greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Government-sponsored enterprises debt securities	$21,059	$ 173	$ –	$ –	$21,059	$ 173
Taxable Municipal debt securities	13,635	47	–	–	13,635	47
	$ 34,694	$ 220	$ –	$ –	$ 34,694	$ 220

3. Loans

The composition of the Company's loan portfolio as of December 31, 2021 and 2020 is as follows (amounts in thousands):

	2021	2020
Real estate:		
Residential	$552,312	$533,070
Commercial	254,566	243,376
Construction	21,466	7,434
	828,344	783,880
Consumer	1,369	1,775
Commercial	88,952	137,677
Overdrafts	140	48
	918,805	923,380
Allowance for loan losses	(10,620)	(11,270)
Total loans, net	$908,185	$912,110

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

At December 31, 2021 and 2020, the net deferred loan (fees) costs, which have been classified within loans in the accompanying consolidated balance sheets, amounted to $(886 thousand) and $(1.9 million), respectively.

At December 31, 2021 and 2020, the Company had pledged $49.8 million and $54.7 million, respectively, of mortgages to secure public deposits. Additionally, at December 31, 2021 and 2020, the Company had pledged $352.1 million and $321.2 million, respectively, of mortgages to secure FHLB advances.

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.

3. Loans (Continued)

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.

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.

3. Loans (Continued)

The following table presents the activity in the allowance and select loan information by portfolio segment for the years ended December 31, 2021 and 2020, respectively (amounts in thousands):

	Real Estate Loans			Non-Real Estate Loans			Un-	
	Residential	Commercial	Construction	Consumer	Commercial	Overdrafts	allocated	Total
2021								
ALL by class								
Balance, December 31, 2020	$ 4,981	$ 4,463	$ 76	$ 39	$ 1,165	$ 8	$ 538	$ 11,270
(Benefit) provision for loan losses	(210)	(764)	123	(11)	(293)	54	401	(700)
Charge-offs	(1)	–	–	(13)	(4)	(62)	–	(80)
Recoveries	52	40	–	9	2	27	–	130
Balance, December 31, 2021	$ 4,822	$ 3,739	$ 199	$ 24	$ 870	$ 27	$ 939	$ 10,620
ALL balance, end of year								
Individually evaluated impairment	$ 60	$ –	$ –	$ –	$ –	$ –	$ –	$ 60
Collectively evaluated for impairment	$ 4,762	$ 3,739	$ 199	$ 24	$ 870	$ 27	$ 939	$ 10,560
Loan balance, end of year								
Individually evaluated for impairment	$ 1,579	$ 7,063	$ –	$ –	$ 121	$ –	$ –	$ 8,763
Collectively evaluated for impairment	550,733	247,503	21,466	1,369	88,831	140	–	910,042
Loans ending balance	$ 552,312	$ 254,566	$ 21,466	$ 1,369	$ 88,952	$ 140	$ –	$ 918,805
2020								
ALL by class								
Balance, December 31, 2019	$ 4,133	$ 3,018	$ 106	$ 60	$ 1,031	$ 23	$ 360	$ 8,731
Provision (benefit) for loan losses	865	1,437	(30)	(20)	134	14	178	2,578
Charge-offs	(31)	(4)	–	(11)	–	(87)	–	(133)
Recoveries	14	12	–	10	–	58	–	94
Balance, December 31, 2020	$ 4,981	$ 4,463	$ 76	$ 39	$ 1,165	$ 8	$ 538	$ 11,270
ALL balance, end of year								
Individually evaluated impairment	$ 116	$ –	$ –	$ –	$ –	$ –	$ –	$ 116
Collectively evaluated for impairment	$ 4,865	$ 4,463	$ 76	$ 39	$ 1,165	$ 8	$ 538	$ 11,154
Loan balance, end of year								
Individually evaluated for impairment	$ 2,306	$ 4,764	$ –	$ –	$ 150	$ –	$ –	$ 7,220
Collectively evaluated for impairment	530,764	238,612	7,434	1,775	137,527	48	–	916,160
Loans ending balance	$ 533,070	$ 243,376	$ 7,434	$ 1,775	$ 137,677	$ 48	$ –	$ 923,380

3. Loans (Continued)

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, 2021 and 2020, respectively (amounts in thousands), based on contractual terms:

	30-89 Days Past Due	90 + Days Past Due	Total Delinquent	Current	Total Loans	Non-Accrual Loans
2021						
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	19	–	19	121	140	–
Total loans	$ 1,352	$ 206	$ 1,558	$917,247	$918,805	$ 5,320
2020						
Real estate loans:						
Residential	$ 1,345	$ 208	$ 1,553	$531,517	$533,070	$ 1,828
Commercial	–	–	–	243,376	243,376	1,647
Construction	–	–	–	7,434	7,434	–
Non-real estate loans:						
Consumer	–	–	–	1,775	1,775	–
Commercial	–	5	5	137,672	137,677	5
Overdrafts	5	–	5	43	48	–
Total loans	$ 1,350	$ 213	$ 1,563	$921,817	$923,380	$ 3,480

As of December 31, 2021 and 2020, 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, 2021 and 2020 performed in accordance with their original terms and conditions, was approximately $172,000 in 2021 and $68,000 in 2020.

3. Loans (Continued)

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, 2021 and 2020, respectively (amounts in thousands):

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2021					
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	–	–	–	–	–
Total	8,127	8,285	–	6,185	408
With a related allowance recorded:					
Real estate loans:					
Residential	636	642	60	725	25
Commercial	–	–	–	603	–
Construction	–	–	–	–	–
Non-real estate loans:					
Consumer	–	–	–	–	–
Commercial	–	–	–	–	–
Overdrafts	–	–	–	–	–
Total	636	642	60	1,328	25
Total:					
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	–	–	–	–	–
Total impaired loans	$ 8,763	$ 8,927	$ 60	$ 7,513	$ 433

3. Loans (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2020					
With no related allowance recorded:					
Real estate loans:					
Residential	$ 1,274	$ 1,432	$ –	$ 1,706	$ 6
Commercial	4,764	5,031	–	3,252	409
Construction	–	–	–	–	–
Non-real estate loans:					
Consumer	–	–	–	–	–
Commercial	150	150	–	120	17
Overdrafts	–	–	–	–	–
Total	6,188	6,613	–	5,078	432
With a related allowance recorded:					
Real estate loans:					
Residential	1,032	1,032	116	1,023	23
Commercial	–	–	–	–	–
Construction	–	–	–	–	–
Non-real estate loans:					
Consumer	–	–	–	–	–
Commercial	–	–	–	–	–
Overdrafts	–	–	–	–	–
Total	1,032	1,032	116	1,023	23
Total:					
Real estate loans:					
Residential	2,306	2,464	116	2,729	29
Commercial	4,764	5,031	–	3,252	409
Construction	–	–	–	–	–
Non-real estate loans:					
Consumer	–	–	–	–	–
Commercial	150	150	–	120	17
Overdrafts	–	–	–	–	–
Total impaired loans	$ 7,220	$ 7,645	$ 116	$ 6,101	$ 455

3. Loans (Continued)

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.

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, 2021 and 2020, respectively (amounts in thousands):

	Real Estate Loans			Non-Real Estate Loans			
	Residential	Commercial	Construction	Consumer	Commercial	Overdrafts	Total
2021							
Pass	$ 550,003	$ 244,002	$ 21,466	$ 1,369	$ 83,613	$ 140	$ 900,593
Special Mention	328	5,671	–	–	2,502	–	8,501
Substandard	1,981	4,893	–	–	2,837	–	9,711
	$ 552,312	$ 254,566	$ 21,466	$ 1,369	$ 88,952	$ 140	$ 918,805
2020							
Pass	$ 529,436	$ 233,291	$ 7,434	$ 1,775	$ 129,747	$ 48	$ 901,731
Special Mention	485	5,268	–	–	5,626	–	11,379
Substandard	3,149	4,817	–	–	2,304	–	10,270
	$ 533,070	$ 243,376	$ 7,434	$ 1,775	$ 137,677	$ 48	$ 923,380

3. Loans (Continued)

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 2021 and 2020.

As of December 31 2021, and 2020, the Company had a recorded investment in troubled debt restructurings of $7.2 million and $4.7 million, respectively. The Company has allocated $60,000 and $116,000 of specific allowance for those loans at December 31, 2021 and 2020.

The following tables present loans modified as troubled debt restructuring that occurred during the years ended December 31, 2021 and 2020 (dollar amounts in thousands).

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
2021			
Real estate loans:			
Residential	–	$ –	$ –
Commercial	2	2,932	2,932
Construction	–	–	–
Non-Real Estate Loans:			
Consumer	–	–	–
Commercial	–	–	–
	2	$ 2,932	$ 2,932
2020			
Real estate loans:			
Residential	2	$ 240	$ 240
Commercial	1	145	113
Construction	–	–	–
Non-Real Estate Loans:			
Consumer	–	–	–
Commercial	1	150	150
	4	$ 535	$ 503

The modification of terms of the two commercial real estate loans modified during the year ended December 31, 2021 was a change in payment terms to interest only for 15 months.

3. Loans (Continued)

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 three residential real estate loans totaling $178,000 as of December 31, 2021 in the process of foreclosure.

4. Bank Premises and Equipment

Bank premises and equipment consist of the following at December 31, 2021 and 2020 (amounts in thousands):

	2021	2020
Land and land improvements	$ 4,135	$ 4,135
Buildings and improvements	17,893	17,853
Leasehold improvements	2,527	2,434
Furniture and equipment	9,685	10,162
	34,240	34,584
Less accumulated depreciation and amortization	(16,370)	(15,176)
	$ 17,870	$ 19,408

Depreciation and amortization of approximately $1.9 million is included in noninterest expense for the year ended December 31, 2021 and $2.0 million for the year ended December 31, 2020.

5. Deposits

Deposits consist of the following at December 31, 2021 and 2020 (amounts in thousands):

	2021	2020
Interest-bearing transaction accounts	$ 246,896	$173,954
Other demand deposits	289,759	241,248
Savings	378,845	275,354
Certificates of deposit	253,552	301,913
	$1,169,052	$992,469

5. Deposits (Continued)

The following is the remaining maturity of certificates of deposit at December 31, 2021 (amounts in thousands):

2022	$211,524
2023	17,171
2024	6,118
2025	7,478
2026	11,261
	$253,552

Certificates of deposit more than $250,000 amounted to approximately $60.6 million and $76.0 million as of December 31, 2021 and 2020, respectively. Total deposits under the Certificate of Deposit Account Registry Service (CDARS) program totaled approximately $605,000 and $922,000 at December 31, 2021 and 2020, respectively.

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, 2021 and 2020. At December 31, 2021 and 2020, 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, 2021 carried interest rates of 0% to 1.5%. At December 31, 2021 and 2020, the weighted average interest rate paid was 0.26%.

The following is the remaining maturity of FHLB advances at December 31, 2021 (amounts in thousands):

	Amount
2023	$ 2,109
2024	210
2025	731
Thereafter	742
	$ 3,792

FHLB advances at December 31, 2020 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, 2021 and 2020 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, 2021, the weighted average interest rate paid was 0.14% (0.18% at December 31, 2020).

7. Repurchase Agreements (Continued)

The average daily balance of these repurchase agreements approximated $78.4 million and $62.3 million during 2021 and 2020, respectively. The maximum borrowings outstanding on these agreements at any month-end period were $81.7 million and $72.8 million during 2021 and 2020, 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.

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

2021 Valuation Report	119.82%[1]
2020 Valuation Report	104.72%[1]

[1] Fair value of plan assets reflects any contributions applied to plan years ending June 30, 2021 and 2020.

Total contributions made to the Pentegra DB Plan, as reported on the Plan's latest available Form 5500, equal $253,199,000 and $138,321,000 for the plan years ending June 30, 2020 and June 30, 2019, 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, 2020 or 2019.

The Company made contributions to the Pentegra DB Plan of approximately $426,000 and $504,000 in 2021 and 2020, respectively. Pension expense recorded by the Company was $463,000 and $485,000 for the years ended December 31, 2021 and 2020, 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 $665,000 in 2021 and $607,000 in 2020.

8. Employee Benefits (Continued)

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 2021 and 2020 expenses related to the profit-sharing plan were $700,000 and $462,000, 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, 2021 and 2020 were approximately $745,000 and $819,000 respectively. In addition, the 2021 and 2020 expenses related to the Supplemental Executive Retirement Program were $92,000 and $119,000, 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 2021 and 2020 were approximately $4.5 million and $3.9 million, respectively. In addition, the 2021 and 2020 expenses related to these plans were approximately $517,000 and $408,000, respectively.

9. Other Noninterest Expense

Other noninterest expense in 2021 and 2020 consists of the following (amounts in thousands):

	2021	2020
Loan and other real estate expense	$ 436	$ 446
Advertising	1,094	1,108
Postage and delivery	326	314
Telephone	499	468
Office	285	262
ATM	432	362
Contributions	803	587
Professional fees	879	873
State franchise tax	1,089	899
Insurance	439	369
Other	864	1,045
	$ 7,146	$ 6,733

10. Income Taxes

The provision for income taxes for the years ended December 31, 2021 and 2020 is as follows (amounts in thousands):

	2021	2020
Current	$ 2,043	$ 1,992
Deferred	432	(871)
	$ 2,475	$ 1,121

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 $637,000 and $683,000 in 2021 and 2020, respectively) are as follows (dollar amounts in thousands):

	2021		2020	
Income tax at statutory rate	$ 2,901	21.00%	$ 1,315	21.00%
Tax credits from low-income housing partnerships	(731)	(5.29)	(782)	(12.50)
Amortization of limited partnership investments	637	4.61	683	10.91
Cash surrender value – bank-owned life insurance	(179)	(1.30)	(131)	(2.09)
Tax-exempt income	(76)	(0.55)	(50)	(0.80)
Other items	(77)	(0.56)	86	1.38
	$ 2,475	17.91%	$ 1,121	17.90%

At December 31, 2021 and 2020, the Company's net deferred tax asset consists of the following components (amounts in thousands):

	2021	2020
Deferred tax assets:		
Allowance for loan losses	$ 2,230	$ 2,367
Employee benefit plans	875	809
Investments	371	–
PPP Fees	117	349
Other	151	161
	3,744	3,686
Deferred tax liabilities:		
Deferred loan costs	(323)	(295)
Investments	–	(1,353)
Bank premises and equipment	(928)	(793)
Other	(122)	(166)
	(1,373)	(2,607)
Net deferred tax asset, included in other assets	$ 2,371	$ 1,079

10. Income Taxes (Continued)

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, 2021 and 2020.

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, 2021, is subject to recapture, if used for purposes other than to absorb loan losses.

11. Leases

The Company leases certain branch offices and equipment under noncancelable operating leases expiring in various years through 2028. Future minimum payments under noncancelable operating leases with initial or remaining terms of one year or more are approximately as follows at December 31, 2021 (amounts in thousands):

2022	$ 723
2023	560
2024	247
2025	173
2026	70
Thereafter	59

Rental expense was approximately $687,000 and $610,000 in 2021 and 2020, respectively.

12. Related Party Transactions

The Company has granted loans to certain officers, employees and directors and their associates. 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 $8.2 million and $6.3 million at December 31, 2021 and 2020, 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, 2021 the Bank exceeded all of their respective regulatory capital requirements. The Bank is considered "well capitalized" under regulatory guidelines.

13. Minimum Regulatory Capital Requirements (Continued)

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% 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%, with a transition from greater than 8% 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% in 2022. The Bank qualified for the CBLR and elected to be subject to the CBLR.

The following table of the Company's capital as of December 31, 2021 and 2020 is as follows (amounts in thousands):

	As Reported		To Be Well Capitalized Under CBLR Framework	
December 31, 2021	Amount	Ratio	Amount	Ratio
Tier 1 Capital to Average Total Assets	$141,345	10.06%	$119,444	8.50%
December 31, 2020				
Tier 1 Capital to Average Total Assets	$130,002	10.65%	$97,770	8.00%

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.

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.

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

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, 2021, and 2020, unfunded commitments and outstanding letters of credit are approximately as follows (amounts in thousands):

	2021	2020
Financial instruments whose contract amounts represent credit risk:		
Commitments to originate loans	$ 60,066	$ 32,060
Standby letters of credit and commercial letters of credit	2,255	2,317
Unadvanced equity lines of credit	70,432	67,418
Unadvanced lines of credit	73,817	79,566
Unadvanced portion of construction loans	23,607	3,264

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, 2021 and 2020 was $410,000.

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.

15. Fair Value Measurements (Continued)

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, 2021 and 2020, 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.

Interest Rate Swap

The fair value of this financial instrument is based upon published bid prices and bid quantities at or near year end for similar instruments.

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, 2021 and 2020 (in thousands):

	Total	Level 1	Level 2	Level 3
2021				
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 Municipal securities	16,722	–	16,722	–
Director and officer retirement plans	4,501	4,501	–	–
	$395,016	$29,135	$365,881	$ –
2020				
Available for sale securities:				
U.S. Government-sponsored enterprises debt securities	$160,131	$ –	$160,131	$ –
U.S. Government-sponsored mortgage-backed securities	35,690	–	35,690	–
Taxable Municipal debt securities	19,551	–	19,551	–
Director and officer retirement plans	3,914	3,914	–	–
	$219,286	$ 3,914	$215,372	$ –

There are no material assets measured at fair value on a non-recurring basis as of December 31, 2021 or 2020.

There are no liabilities measured at fair value on a recurring or non-recurring basis as of December 31, 2021 or 2020.

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Audit Committee of 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, 2021 that is integrated with our audit of the Company's consolidated financial statements as of and for the year ended December 31, 2021. 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 15, 2022

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.

Area	Comments
Our Responsibility with Regard to the Consolidated Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated September 23, 2021. 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.
Overview of the Planned Scope and Timing of the Consolidated Financial Statement Audit	We have issued a separate communication, dated September 23, 2021, 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.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** 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. **Adoption of, or Change in, Accounting Policies** 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 accounting policies during the current period. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Significant accounting policies of the Company are described in note 1 of the consolidated financial statements. **Significant Unusual Transactions** The Company converted its core system during 2021. We reviewed the Company's accounting for conversion-related costs and found management's process to be appropriate. **Management's Judgments and Accounting Estimates** 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.

Required Communications (Continued)

Area	Comments
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Observations About the Audit Process	**Disagreements with Management** 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. **Consultations with Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed with Management** No significant issues arising from the audit were discussed or were the subject of correspondence with management. **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. **Difficult or Contentious Matters That Require Consultation** We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Significant Written Communications Between Management and Our Firm	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, 2021

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, 2021 consolidated financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
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.

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September 23, 2021

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, 2021, 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated 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, 2021. 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;

- 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.

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. In addition, BNN will perform testwork over core conversion procedures, including validating data integrity and reviewing new core system security. We estimate our fees related to these procedures will be $3,300 – $3,500. Billings are due upon submission.

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.

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.

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.

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.

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.

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.

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.

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:

Very truly yours,

BAKER NEWMAN & NOYES LLC

Joseph A. Jalbert
Audit Principal

Accepted by: Northfield Mutual Holding Company

Tom Robbins, Audit Committee Chair	10/25/21 Date
Thomas S. Leavitt, President and Chief Executive Officer	10-21-2021 Date
Cory Richardson, Senior Vice President and Chief Financial Officer	10/21/2021 Date

Northfield
SAVINGS BANK

March 15, 2022

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, 2021 that is integrated with the audits of the consolidated financial statements of the Company which comprise the consolidated balance sheets as of December 31, 2021 and 2021, the related consolidated statements of income and comprehensive 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

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 23, 2021, 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, 2021, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable 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, 2021, 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 Notes 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. 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.

18. 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;
    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.

19. We have no knowledge of any 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.

Information Provided

20. 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.

21. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.

22. 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.

23. 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.

24. 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.

25. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

26. 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.

27. 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.

28. 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.

29. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

30. 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, 2021.

31. 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.

32. 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, 2021 and/or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2021;
    d. For pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2021;
    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.

33. 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.

34. 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; or
    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.

35. The Company has satisfactory title to all owned assets.

36. 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.

37. 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.

38. 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.

39. 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.

40. 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.

41. 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, Chief Financial Officer

Ed Sulva, Controller