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

FORM 10-Q

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

For the quarterly period ended **June 30, 2024**

Commission file number **001-33013**

FLUSHING FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

11-3209278
(I.R.S. Employer Identification No.)

220 RXR Plaza, Uniondale, New York 11556
(Address of principal executive offices)

(718) 961-5400
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares of the registrant's Common Stock outstanding as of July 31, 2024 was 29,068,880.

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PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statements of Financial Condition
(Unaudited)

Item 1. Financial Statements

	June 30, 2024	December 31, 2023
<i>(Dollars in thousands, except per share data)</i>		
Assets		
Cash and due from banks (restricted cash of \$57,355, and \$47,945, respectively)	\$ 156,913	\$ 172,157
Securities held-to-maturity, net of allowance of \$1,089 and \$1,087, respectively (assets pledged of \$4,503 and \$4,595, respectively; fair value of \$61,070 and \$65,755, respectively)	72,012	72,923
Securities available for sale, at fair value (amortized cost of \$1,631,164 and \$954,164, respectively; assets pledged of \$232,029 and \$195,444, respectively; \$13,358 and \$13,359 at fair value pursuant to the fair value option, respectively)	1,548,611	874,753
Loans, net of fees and costs	6,777,026	6,906,950
Less: Allowance for credit losses	(41,648)	(40,161)
Net loans	6,735,378	6,866,789
Interest and dividends receivable	62,752	59,018
Bank premises and equipment, net	19,426	21,273
Federal Home Loan Bank of New York stock, at cost	46,331	31,066
Bank owned life insurance	215,940	213,518
Goodwill	17,636	17,636
Core deposit intangibles	1,322	1,537
Right of use asset	46,636	39,557
Other assets	174,283	167,009
Total assets	<u>\$ 9,097,240</u>	<u>\$ 8,537,236</u>
Liabilities		
Due to depositors:		
Non-interest bearing	\$ 825,327	\$ 847,416
Interest-bearing	6,023,834	5,917,463
Total Due to depositors	6,849,161	6,764,879
Mortgagors' escrow deposits	57,702	50,382
Borrowed funds:		
Federal Home Loan Bank advances and other borrowings	1,080,050	605,801
Subordinated debentures	187,974	187,630
Junior subordinated debentures, at fair value	48,541	47,850
Total borrowed funds	1,316,565	841,281
Operating lease liability	47,485	40,822
Other liabilities	161,005	170,035
Total liabilities	<u>8,431,918</u>	<u>7,867,399</u>
Stockholders' Equity		
Preferred stock (\$0.01 par value; 5,000,000 shares authorized; none issued)	—	—
Common stock (\$0.01 par value; 100,000,000 shares authorized; 34,087,623 shares issued; 29,068,880 shares and 28,865,810 shares outstanding, respectively)	341	341
Additional paid-in capital	260,585	264,534
Treasury stock, at average cost (5,018,743 shares and 5,221,813 shares, respectively)	(101,633)	(106,070)
Retained earnings	545,345	549,683
Accumulated other comprehensive loss, net of taxes	(39,316)	(38,651)
Total stockholders' equity	<u>665,322</u>	<u>669,837</u>
Total liabilities and stockholders' equity	<u>\$ 9,097,240</u>	<u>\$ 8,537,236</u>

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>(In thousands, except per share data)</i>			
Interest and dividend income				
Interest and fees on loans	\$ 92,728	\$ 85,377	\$ 185,687	\$ 168,266
Interest and dividends on securities:				
Interest	18,209	9,172	30,750	16,412
Dividends	33	30	66	59
Other interest income	2,260	1,982	6,226	3,941
Total interest and dividend income	<u>113,230</u>	<u>96,561</u>	<u>222,729</u>	<u>188,678</u>
Interest expense				
Deposits	60,893	46,249	118,758	85,305
Other interest expense	9,561	6,934	18,798	14,733
Total interest expense	<u>70,454</u>	<u>53,183</u>	<u>137,556</u>	<u>100,038</u>
Net interest income	42,776	43,378	85,173	88,640
Provision (benefit) for credit losses	809	1,416	1,401	8,924
Net interest income after provision (benefit) for credit losses	<u>41,967</u>	<u>41,962</u>	<u>83,772</u>	<u>79,716</u>
Non-interest income				
Banking services fee income	1,583	1,780	2,977	3,191
Net gain (loss) on sale of loans	26	54	136	108
Net gain (loss) from fair value adjustments	57	294	(777)	2,913
Federal Home Loan Bank of New York stock dividends	669	534	1,412	1,231
Life insurance proceeds	—	561	—	561
Bank owned life insurance	1,223	1,134	2,423	2,243
Other income	658	663	1,129	1,630
Total non-interest income (loss)	<u>4,216</u>	<u>5,020</u>	<u>7,300</u>	<u>11,877</u>
Non-interest expense				
Salaries and employee benefits	21,723	19,690	43,836	42,252
Occupancy and equipment	3,713	3,534	7,492	7,327
Professional services	2,786	2,291	5,578	4,552
FDIC deposit insurance	1,322	943	2,974	1,920
Data processing	1,785	1,473	3,512	2,908
Depreciation and amortization of bank premises and equipment	1,425	1,482	2,882	2,992
Other real estate owned / foreclosure expense	125	150	270	315
Other operating expenses	6,168	5,547	12,395	12,000
Total non-interest expense	<u>39,047</u>	<u>35,110</u>	<u>78,939</u>	<u>74,266</u>
Income before income taxes	<u>7,136</u>	<u>11,872</u>	<u>12,133</u>	<u>17,327</u>
Provision for income taxes				
Federal	1,198	2,218	2,099	3,289
State and local	616	968	1,028	1,308
Total provision for income taxes	<u>1,814</u>	<u>3,186</u>	<u>3,127</u>	<u>4,597</u>
Net income	<u>\$ 5,322</u>	<u>\$ 8,686</u>	<u>\$ 9,006</u>	<u>\$ 12,730</u>
Basic earnings per common share	\$ 0.18	\$ 0.29	\$ 0.30	\$ 0.42
Diluted earnings per common share	\$ 0.18	\$ 0.29	\$ 0.30	\$ 0.42

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Net income	\$ 5,322	\$ 8,686	\$ 9,006	\$ 12,730
Other comprehensive income (loss), net of tax:				
Amortization of actuarial (gains) losses, net of taxes of \$29 and \$31, respectively, and of \$58 and \$62, respectively.	(63)	(69)	(126)	(138)
Change in net unrealized gains (losses) on securities available for sale, net of taxes of \$898 and \$1,977, respectively, and of \$975 and \$93, respectively.	(1,994)	(4,404)	(2,166)	(417)
Net unrealized gains (losses) on cashflow hedges, net of taxes of \$634 and (\$2,836), respectively, and of (\$763) and (\$492), respectively.	(1,408)	6,319	1,693	1,179
Change in fair value of liabilities related to instrument-specific credit risk, net of taxes of \$15 and \$36, respectively and of \$29 and \$69, respectively.	(35)	(81)	(66)	(155)
Other comprehensive income (loss), net of tax:	<u>(3,500)</u>	<u>1,765</u>	<u>(665)</u>	<u>469</u>
Comprehensive net income	<u>\$ 1,822</u>	<u>\$ 10,451</u>	<u>\$ 8,341</u>	<u>\$ 13,199</u>

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statement of Changes in Stockholders' Equity
(Unaudited)

<i>(Dollars in thousands, except per share data)</i>	Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2023	28,865,810	\$ 341	\$ 264,534	\$ (106,070)	\$ 549,683	\$ (38,651)	\$ 669,837
Net income	—	—	—	—	3,684	—	3,684
Vesting of restricted stock unit awards	301,319	—	(5,811)	6,111	(300)	—	—
Stock-based compensation expense	—	—	1,690	—	—	—	1,690
Repurchase of shares to satisfy tax obligation	(98,573)	—	—	(1,682)	—	—	(1,682)
Dividends on common stock (\$0.22 per share)	—	—	—	—	(6,537)	—	(6,537)
Other comprehensive income (loss)	—	—	—	—	—	2,835	2,835
Balance at March 31, 2024	29,068,556	\$ 341	\$ 260,413	\$ (101,641)	\$ 546,530	\$ (35,816)	\$ 669,827
Net income	—	—	—	—	5,322	—	5,322
Vesting of restricted stock unit awards	500	—	(5)	10	(5)	—	—
Stock-based compensation expense	—	—	177	—	—	—	177
Repurchase of shares to satisfy tax obligation	(176)	—	—	(2)	—	—	(2)
Dividends on common stock (\$0.22 per share)	—	—	—	—	(6,502)	—	(6,502)
Other comprehensive income (loss)	—	—	—	—	—	(3,500)	(3,500)
Balance at June 30, 2024	29,068,880	\$ 341	\$ 260,585	\$ (101,633)	\$ 545,345	\$ (39,316)	\$ 665,322

<i>(Dollars in thousands, except per share data)</i>	Shares Outstanding	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2022	29,476,391	\$ 341	\$ 264,332	\$ (98,535)	\$ 547,507	\$ (36,488)	\$ 677,157
Net income	—	—	—	—	4,044	—	4,044
Vesting of restricted stock unit awards	256,798	—	(5,264)	5,484	(220)	—	—
Purchase of treasury shares	(159,516)	—	—	(3,053)	—	—	(3,053)
Stock-based compensation expense	—	—	3,808	—	—	—	3,808
Repurchase of shares to satisfy tax obligation	(85,217)	—	—	(1,656)	—	—	(1,656)
Dividends on common stock (\$0.22 per share)	—	—	—	—	(6,659)	—	(6,659)
Other comprehensive income (loss)	—	—	—	—	—	(1,296)	(1,296)
Balance at March 31, 2023	29,488,456	\$ 341	\$ 262,876	\$ (97,760)	\$ 544,672	\$ (37,784)	\$ 672,345
Net income	—	—	—	—	8,686	—	8,686
Vesting of restricted stock unit awards	1,690	—	(30)	35	(5)	—	—
Purchase of treasury shares	(528,815)	—	—	(6,841)	—	—	(6,841)
Stock-based compensation expense	—	—	898	—	—	—	898
Repurchase of shares to satisfy tax obligation	(612)	—	—	(8)	—	—	(8)
Dividends on common stock (\$0.22 per share)	—	—	—	—	(6,598)	—	(6,598)
Other comprehensive income (loss)	—	—	—	—	—	1,765	1,765
Balance at June 30, 2023	28,960,719	\$ 341	\$ 263,744	\$ (104,574)	\$ 546,755	\$ (36,019)	\$ 670,247

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended June 30,	
	2024	2023
	<i>(In thousands)</i>	
Operating Activities		
Net income	\$ 9,006	\$ 12,730
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision (benefit) for credit losses	1,401	8,924
Depreciation and amortization of premises and equipment	2,882	2,992
Net (loss) gain on sales of loans	(136)	(108)
Net amortization (accretion) of premiums and discounts	2,072	1,876
Deferred income tax provision (benefit)	(176)	3,139
Net (gain) loss from fair value adjustments	777	(2,913)
Net (gain) loss from fair value adjustments of hedges	726	105
Gain from life insurance proceeds	—	(561)
Bank owned life insurance	(2,423)	(2,243)
Stock-based compensation expense	1,867	4,706
Deferred compensation	(1,357)	(2,309)
Amortization of core deposit intangibles	215	248
(Increase) decrease in other assets	(8,067)	(16,940)
Increase (decrease) in other liabilities	(3,446)	(8,705)
Net cash provided by (used in) operating activities	<u>3,341</u>	<u>941</u>
Investing Activities		
Purchases of premises and equipment	(1,066)	(3,424)
Purchases of Federal Home Loan Bank New York stock	(22,627)	(79,799)
Redemptions of Federal Home Loan Bank New York stock	7,362	89,473
Proceeds from prepayments of securities held-to-maturity	906	395
Purchases of securities available for sale	(826,964)	(151,860)
Proceeds from sales and calls of securities available for sale	53,528	-
Proceeds from maturities and prepayments of securities available for sale	93,108	31,292
Change in cash collateral	9,410	6,910
Net repayments (originations) of loans	209,229	171,297
Purchases of loans	(96,691)	(84,040)
Proceeds from sale of loans originally classified as held to investment	4,500	7,042
Net cash provided by (used in) investing activities	<u>(569,305)</u>	<u>(12,714)</u>

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Consolidated Statements of Cash Flows (Contd.)
(Unaudited)

	For the six months ended June 30,	
	2024	2023
	<i>(In thousands)</i>	
Financing Activities		
Net increase (decrease) in noninterest-bearing deposits	\$ (22,089)	\$ (93,418)
Net increase (decrease) in interest-bearing deposits	105,962	321,819
Net increase (decrease) in mortgagors' escrow deposits	7,320	9,658
Net (repayments) proceeds from short-term borrowed funds	474,250	(316,200)
Proceeds from long-term borrowing	200,000	162,029
Repayment of long-term borrowings	(200,000)	(39,001)
Purchase of treasury shares	—	(9,894)
Repurchase of shares to satisfy tax obligations	(1,684)	(1,664)
Cash dividends paid	(13,039)	(13,257)
Net cash provided by (used in) financing activities	<u>550,720</u>	<u>20,072</u>
Net increase (decrease) in cash and cash equivalents, and restricted cash	(15,244)	8,299
Cash, cash equivalents, and restricted cash, beginning of period	172,157	151,754
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 156,913</u>	<u>\$ 160,053</u>
Supplemental Cash Flow Disclosure		
Interest paid	\$ 133,714	\$ 96,476
Income taxes paid	4,536	6,082
Transfer of loans held for investment to other real estate owned	665	—
Transfer of loans held for investment to held for sale	4,174	6,560
Securities purchased not yet settled	—	20,000

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The primary business of Flushing Financial Corporation (the “Company”), a Delaware corporation, is the operation of its wholly owned subsidiary, Flushing Bank (the “Bank”).

The unaudited consolidated financial statements presented in this Quarterly Report on Form 10-Q (“Quarterly Report”) include the collective results of the Company and its direct and indirect wholly owned subsidiaries, including the Bank, Flushing Service Corporation and FSB Properties Inc., which are collectively herein referred to as “we,” “us,” “our” and the “Company.”

The Company also owns Flushing Financial Capital Trust II, Flushing Financial Capital Trust III, and Flushing Financial Capital Trust IV (the “Trusts”), which are special purpose business trusts. The Trusts are not included in the Company’s consolidated financial statements, as the Company would not absorb the losses of the Trusts if any losses were to occur.

The accompanying unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and general practices within the banking industry. The information furnished in these interim statements reflects all adjustments that are, in the opinion of management, necessary for a fair statement of the results for such presented periods of the Company. Such adjustments are of a normal recurring nature, unless otherwise disclosed in this Quarterly Report. All inter-company balances and transactions have been eliminated in consolidation. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for the full year.

The accompanying unaudited consolidated financial statements have been prepared in conformity with the instructions to Quarterly Report on Form 10-Q and Article 10, Rule 10-01 of Regulation S-X for interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited consolidated interim financial information should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

When necessary, certain reclassifications were made to prior-year amounts to conform to the current-year presentation. Such reclassifications had no effect on the prior period net income or shareholders’ equity and were insignificant amounts.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates that are particularly susceptible to change in the near term are used in connection with the determination of the allowance for credit losses, the evaluation of goodwill for impairment, the review of the need for a valuation allowance of the Company’s deferred tax assets, and the fair value of financial instruments. Management performed a qualitative review of goodwill at June 30, 2024, concluding no impairment was indicated.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

3. Earnings Per Share

Earnings per common share have been computed based on the following:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	<i>(In thousands, except per share data)</i>			
Net income, as reported	\$ 5,322	\$ 8,686	\$ 9,006	\$ 12,730
Divided by:				
Total weighted average common shares outstanding and common stock equivalents	29,789	30,090	29,766	30,177
Basic earnings per common share	\$ 0.18	\$ 0.29	\$ 0.30	\$ 0.42
Diluted earnings per common share	\$ 0.18	\$ 0.29	\$ 0.30	\$ 0.42
Dividend Payout ratio	122.2 %	75.9 %	146.7 %	104.8 %

4. Securities

The following table summarizes the Company's portfolio of securities held-to-maturity on June 30, 2024:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
	<i>(In thousands)</i>			
Municipals	\$ 65,255	\$ 54,153	\$ —	\$ (11,102)
Total municipals	65,255	54,153	—	(11,102)
FNMA	7,846	6,917	—	(929)
Total mortgage-backed securities	7,846	6,917	—	(929)
Total before allowance for credit losses	73,101	\$ 61,070	\$ —	\$ (12,031)
Allowance for credit losses	(1,089)			
Total	\$ 72,012			

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following table summarizes the Company’s portfolio of securities held-to-maturity on December 31, 2023:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
	<i>(In thousands)</i>			
Municipals	\$ 66,155	\$ 58,697	\$ —	\$ (7,458)
Total municipals	<u>66,155</u>	<u>58,697</u>	<u>—</u>	<u>(7,458)</u>
FNMA	7,855	7,058	—	(797)
Total mortgage-backed securities	<u>7,855</u>	<u>7,058</u>	<u>—</u>	<u>(797)</u>
Total before allowance for credit losses	<u>74,010</u>	<u>\$ 65,755</u>	<u>\$ —</u>	<u>\$ (8,255)</u>
Allowance for credit losses	(1,087)			
Total	<u>\$ 72,923</u>			

The following table summarizes the Company’s portfolio of securities available for sale on June 30, 2024:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
	<i>(In thousands)</i>			
U.S. government agencies	\$ 31,073	\$ 30,678	\$ 122	\$ (517)
Corporate	177,234	158,759	24	(18,499)
Mutual funds	11,655	11,655	—	—
Collateralized loan obligations	475,134	476,568	1,883	(449)
Other	1,457	1,457	—	—
Total other securities	<u>696,553</u>	<u>679,117</u>	<u>2,029</u>	<u>(19,465)</u>
REMIC and CMO	678,425	649,262	280	(29,443)
GNMA	26,250	24,248	1	(2,003)
FNMA	148,928	125,740	4	(23,192)
FHLMC	86,203	70,244	—	(15,959)
Total mortgage-backed securities	<u>939,806</u>	<u>869,494</u>	<u>285</u>	<u>(70,597)</u>
Total Securities excluding portfolio layer adjustments	<u>1,636,359</u>	<u>1,548,611</u>	<u>2,314</u>	<u>(90,062)</u>
Unallocated portfolio layer basis adjustments ⁽¹⁾	(5,195)	n/a	—	5,195
Total securities available for sale	<u>\$ 1,631,164</u>	<u>\$ 1,548,611</u>	<u>\$ 2,314</u>	<u>\$ (84,867)</u>

(1) Represents the amount of portfolio layer method basis adjustments related to available for sale (“AFS”) securities hedged in a closed portfolio. Under GAAP portfolio layer method basis adjustments are not allocated to individual securities, however, the amounts impact the unrealized gains or losses for the individual securities being hedged. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

The following table summarizes the Company’s portfolio of securities available for sale on December 31, 2023:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
<i>(In thousands)</i>				
U.S. government agencies	\$ 82,548	\$ 81,734	\$ 123	\$ (937)
Corporate	173,184	155,449	—	(17,735)
Mutual funds	11,660	11,660	—	—
Collateralized loan obligations	269,600	270,129	1,215	(686)
Other	1,437	1,437	—	—
Total other securities	538,429	520,409	1,338	(19,358)
REMIC and CMO	160,165	133,574	—	(26,591)
GNMA	12,402	10,665	3	(1,740)
FNMA	155,995	135,074	14	(20,935)
FHLMC	89,427	75,031	—	(14,396)
Total mortgage-backed securities	417,989	354,344	17	(63,662)
Total Securities excluding portfolio layer adjustments	956,418	874,753	1,355	(83,020)
Unallocated portfolio layer basis adjustments ⁽¹⁾	(2,254)	n/a	—	2,254
Total securities available for sale	\$ 954,164	\$ 874,753	\$ 1,355	\$ (80,766)

(1) Represents the amount of portfolio layer method basis adjustments related to AFS securities hedged in a closed portfolio. Under GAAP portfolio layer method basis adjustments are not allocated to individual securities, however, the amounts impact the unrealized gains or losses for the individual securities being hedged. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

The corporate securities held by the Company at June 30, 2024 and December 31, 2023, are issued by U.S. banking institutions. The CMOs held by the Company at June 30, 2024 and December 31, 2023, are either fully guaranteed or issued by a government sponsored enterprise.

The following tables detail the amortized cost and fair value of the Company’s securities classified as held-to-maturity and available for sale at June 30, 2024, by contractual maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities held-to-maturity:	Amortized Cost	Fair Value
<i>(In thousands)</i>		
Due after ten years	\$ 65,255	\$ 54,153
Total other securities	65,255	54,153
Mortgage-backed securities	7,846	6,917
Total before allowance for credit losses	73,101	\$ 61,070
Allowance for credit losses	(1,089)	
Total	\$ 72,012	

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Securities available for sale:	Amortized Cost	Fair Value
	<i>(In thousands)</i>	
Due in one year or less	\$ 29,927	\$ 29,291
Due after one year through five years	75,188	70,119
Due after five years through ten years	192,898	180,115
Due after ten years	386,885	387,937
Total other securities	684,898	667,462
Mutual funds	11,655	11,655
Mortgage-backed securities	939,806	869,494
Total securities available for sale ⁽¹⁾	\$ 1,636,359	\$ 1,548,611

(1) The table above excludes the unallocated portfolio layer basis adjustments totaling \$5.2 million related to AFS securities hedged in a closed portfolio at June 30, 2024. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

The following tables show the Company’s securities with gross unrealized losses and their fair value, aggregated by category and length of time that individual securities have been in a continuous unrealized loss position, at the dates indicated:

	At June 30, 2024						
	Count	Total		Less than 12 months		12 months or more	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<i>(Dollars in thousands)</i>							
<u>Held-to-maturity securities</u>							
Municipals	3	\$ 54,153	\$ (11,102)	\$ —	\$ —	\$ 54,153	\$ (11,102)
Total other securities	3	54,153	(11,102)	—	—	54,153	(11,102)
FNMA	1	6,917	(929)	—	—	6,917	(929)
Total mortgage-backed securities	1	6,917	(929)	—	—	6,917	(929)
Total	4	\$ 61,070	\$ (12,031)	\$ —	\$ —	\$ 61,070	\$ (12,031)
<u>Available for sale securities ⁽¹⁾</u>							
U.S. Government Agencies	5	\$ 24,221	\$ (517)	\$ —	\$ —	\$ 24,221	\$ (517)
Corporate	26	149,736	(18,499)	6,372	(43)	143,364	(18,456)
Collateralized loan obligations	18	184,599	(449)	174,602	(446)	9,997	(3)
Total other securities	49	358,556	(19,465)	180,974	(489)	177,582	(18,976)
REMIC and CMO	65	400,702	(29,443)	275,314	(1,663)	125,388	(27,780)
GNMA	8	24,069	(2,003)	17,903	(147)	6,166	(1,856)
FNMA	43	124,739	(23,192)	—	—	124,739	(23,192)
FHLMC	18	70,244	(15,959)	—	—	70,244	(15,959)
Total mortgage-backed securities	134	619,754	(70,597)	293,217	(1,810)	326,537	(68,787)
Total	183	\$ 978,310	\$ (90,062)	\$ 474,191	\$ (2,299)	\$ 504,119	\$ (87,763)

(1) The table above excludes the unallocated portfolio layer basis adjustments totaling \$5.2 million related to AFS securities hedged in a closed portfolio at June 30, 2024. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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	At December 31, 2023						
	Count	Total		Less than 12 months		12 months or more	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<i>(Dollars in thousands)</i>							
Held-to-maturity securities							
Municipals	3	\$ 58,697	\$ (7,458)	\$ —	\$ —	\$ 58,697	\$ (7,458)
Total other securities	3	58,697	(7,458)	—	—	58,697	(7,458)
FNMA	1	7,058	(797)	—	—	7,058	(797)
Total mortgage-backed securities	1	7,058	(797)	—	—	7,058	(797)
Total	4	\$ 65,755	\$ (8,255)	\$ —	\$ —	\$ 65,755	\$ (8,255)
Available for sale securities ⁽¹⁾							
U.S. government agencies	8	\$ 74,517	\$ (937)	\$ 2,517	\$ (7)	\$ 72,000	\$ (930)
Corporate	26	155,449	(17,735)	25,428	(1,318)	130,021	(16,417)
Collateralized loan obligations	17	120,609	(686)	—	—	120,609	(686)
Total other securities	51	350,575	(19,358)	27,945	(1,325)	322,630	(18,033)
REMIC and CMO	46	133,312	(26,591)	—	—	133,312	(26,591)
GNMA	7	10,466	(1,740)	3,867	(34)	6,599	(1,706)
FNMA	44	133,394	(20,935)	2,044	(1)	131,350	(20,934)
FHLMC	18	75,031	(14,396)	—	—	75,031	(14,396)
Total mortgage-backed securities	115	352,203	(63,662)	5,911	(35)	346,292	(63,627)
Total	166	\$ 702,778	\$ (83,020)	\$ 33,856	\$ (1,360)	\$ 668,922	\$ (81,660)

(1) The table above excludes the unallocated portfolio layer basis adjustments totaling \$2.3 million related to AFS securities hedged in a closed portfolio at December 31, 2023. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

The Company reviewed each available for sale security that had an unrealized loss at June 30, 2024 and December 31, 2023. The Company does not have the intent to sell these securities, and it is more likely than not the Company will not be required to sell the securities before recovery of the securities’ amortized cost basis. This conclusion is based upon considering the Company’s cash and working capital requirements and contractual and regulatory obligations, none of which the Company believes would cause the sale of the securities. If the Company identifies any decline in the fair value due to credit loss factors and an evaluation indicates that a credit loss exists, then the present value of cash flows that is expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. All but one of these securities are rated investment grade or better, and all these securities have a long history of no credit losses. The Bank holds approximately \$10 million of corporate debt from a New York based bank holding company that on February 6, 2024 was downgraded two levels to Ba2 (Moody’s non-investment grade). On March 1, 2024 the bond was downgraded four levels to B3 and then on March 15, 2024 the bond was upgraded one level to B2. At this time, we do not consider the decline in fair value to be credit related given the underlying bond has not missed any payments and financial performance has not deteriorated to a level where the institution is not well capitalized. The Bank has placed the security on the watch list and will continue to monitor this risk position closely to determine if any action steps and valuation adjustments are required in the future. It is not anticipated that this security or any other available for sale security held at June 30, 2024 would be settled at a price that is less than the amortized cost of the Company’s investment.

In determining the risk of loss for available for sale securities, the Company considered that mortgage-backed securities are either fully guaranteed or issued by a government sponsored enterprise, which has a credit rating and perceived credit risk comparable to the U.S. government, and that issuers of the collateralized loan obligations (“CLO”) and the issuer of corporate securities are global systematically important banks. Each of these securities is performing according to its terms

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and, in the opinion of management, will continue to perform according to its terms. Based on this review, management believes that the unrealized losses have resulted from other factors not deemed credit-related and no allowance for credit loss was recorded.

The Company reviewed each held-to-maturity security at June 30, 2024 and December 31, 2023 as part of its quarterly Current Expected Credit Loss (“CECL”) process, resulting in an allowance for credit losses of \$1.1 million at both June 30, 2024 and December 31, 2023.

It is the Company’s policy to exclude accrued interest receivable from the calculation of the allowance for credit losses on held-to-maturity and the valuation of available for sale securities. Accrued interest receivable on held-to-maturity securities totaled \$0.1 million at both June 30, 2024 and December 31, 2023 and accrued interest receivable on available for sale debt securities totaled \$11.3 million and \$7.1 million at June 30, 2024 and December 31, 2023, respectively.

The following table presents the activity in the allowance for credit losses for debt securities held-to-maturity.

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
	<i>(In thousands)</i>			
Beginning balance	\$ 1,084	\$ 1,087	\$ 1,087	\$ 1,100
Provision (benefit)	5	(8)	2	(21)
Allowance for credit losses	<u>\$ 1,089</u>	<u>\$ 1,079</u>	<u>\$ 1,089</u>	<u>\$ 1,079</u>

Realized gains and losses on the sales of securities are determined using the specific identification method. The Company did not sell any securities during the three and six months ended June 30, 2024 and 2023.

5. Loans

The following represents the composition of loans as of the dates indicated:

	June 30, 2024	December 31, 2023
<i>(In thousands)</i>		
Multi-family residential	\$ 2,631,751	\$ 2,658,205
Commercial real estate	1,894,509	1,958,252
One-to-four family — mixed-use property	518,510	530,243
One-to-four family — residential	261,716	220,213
Construction	65,161	58,673
Small Business Administration	13,957	20,205
Commercial business and other	1,389,711	1,452,518
Net unamortized premiums and unearned loan fees	8,367	9,590
Total loans, net of fees and costs excluding portfolio layer basis adjustments	<u>6,783,682</u>	<u>6,907,899</u>
Unallocated portfolio layer basis adjustments ⁽¹⁾	(6,656)	(949)
Total loans, net of fees and costs	<u>\$ 6,777,026</u>	<u>\$ 6,906,950</u>

(1) This amount represents portfolio layer method basis adjustments related to loans hedged in a closed portfolio. Under GAAP portfolio layer method basis adjustments are not allocated to individual loans, however, the amounts impact the net loan balance. These basis adjustments would be allocated to the amortized cost of specific loans within the pool if the hedge was de-designated. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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Loans are reported at their outstanding principal balance net of any unearned income, charge-offs, deferred loan fees and costs on originated loans, certain market value adjustments related to hedging and unamortized premiums or discounts on purchased loans. Loan fees and certain loan origination costs are deferred. Net loan origination costs and premiums or discounts on loans purchased are amortized into interest income over the contractual life of the loans using the level-yield method. Prepayment penalties received on loans which pay in full prior to their scheduled maturity are included in interest income in the period they are collected.

Interest on loans is recognized on an accrual basis. Accrued interest receivable totaled \$44.7 million and \$45.0 million at June 30, 2024 and December 31, 2023, respectively, and was reported in “Interest and dividends receivable” on the Consolidated Statements of Financial Condition. The accrual of income on loans is generally discontinued when certain factors, such as contractual delinquency of 90 days or more, indicate reasonable doubt as to the timely collectability of such income. Uncollected interest previously recognized on non-accrual loans is reversed from interest income at the time the loan is placed on non-accrual status. A non-accrual loan can be returned to accrual status when contractual delinquency returns to less than 90 days delinquent. Payments received on non-accrual loans that do not bring the loan to less than 90 days delinquent are recorded on a cash basis. Payments can also be applied first as a reduction of principal until all principal is recovered and then subsequently to interest, if in management’s opinion, it is evident that recovery of all principal due is likely to occur.

Allowance for credit losses

The allowance for credit losses (“ACL”) is an estimate that is deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial assets. Loans are charged off against that ACL when management believes that a loan balance is uncollectable based on quarterly analysis of credit risk.

The amount of the ACL is based upon a loss rate model that considers multiple factors which reflects management’s assessment of the credit quality of the loan portfolio. Management estimates the allowance balance using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The factors are both quantitative and qualitative in nature including, but not limited to, historical losses, economic conditions, trends in delinquencies, value and adequacy of underlying collateral, volume and portfolio mix, and internal loan processes. The Company has made a policy election to exclude accrued interest from the amortized cost basis of loans.

The Company recorded a provision for credit losses on loans totaling \$0.8 million and \$1.4 million for the three months ended June 30, 2024 and 2023, respectively. The Company recorded a provision for credit losses on loans totaling \$1.4 million and \$8.9 million for the six months ended June 30, 2024 and 2023, respectively. The provision recorded during the six months ended June 30, 2024, was driven by increased reserves on one commercial business relationship and by an increase in the qualitative reserve to capture additional risk related to credit concentrations. The ACL - loans totaled \$41.6 million on June 30, 2024 compared to \$40.2 million on December 31, 2023. On June 30, 2024, the ACL - loans represented 0.61% of gross loans and 120.6% of non-performing loans. On December 31, 2023, the ACL - loans represented 0.58% of gross loans and 159.6% of non-performing loans.

The Company may modify loans to enable a borrower experiencing financial difficulties to continue making payments when it is deemed to be in the Company’s best long-term interest. When modifying a loan, an assessment of whether a borrower is experiencing financial difficulty is made on the date of modification. This modification may include reducing the loan interest rate, extending the loan term, any other-than-insignificant payment delay, principal forgiveness or any combination of these types of modifications. When such modifications are performed, a change to the allowance for credit losses is generally not required as the methodologies used to estimate the allowance already capture the effect of borrowers experiencing financial difficulty. On June 30, 2024, there were no commitments to lend additional funds to borrowers who have received a loan modification as a result of financial difficulty.

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The following tables show loan modifications made to borrowers experiencing financial difficulty during the periods indicated (There were no loans modified during the three months ended June 30, 2024):

<i>(Dollars in thousands)</i>		For the three months ended June 30, 2023		
		Term Extension and Reduced Interest Rate		
Loan Modifications Made to Borrowers Experiencing Financial Difficulty	Number	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
Small Business Administration	1	\$ 1,490	6.7 %	Provided twelve months payment deferral to be collected at maturity.
Total	<u>1</u>	<u>\$ 1,490</u>		

<i>(Dollars in thousands)</i>		For the six months ended June 30, 2024		
		Term Extension and Reduced Interest Rate		
Loan Modifications Made to Borrowers Experiencing Financial Difficulty	Number	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
Commercial business and other	1	\$ 378	— %	Extended maturity to August 2026 (3 months) and reduced interest rate to zero percent.
Total	<u>1</u>	<u>\$ 378</u>		

<i>(Dollars in thousands)</i>		For the six months ended June 30, 2023		
		Term Extension and Reduced Interest Rate		
Loan Modifications Made to Borrowers Experiencing Financial Difficulty	Number	Amortized Cost Basis	% of Total Class of Financing Receivable	Financial Effect
Small Business Administration	1	\$ 1,490	6.7 %	Provided twelve months payment deferral to be collected at maturity.
Total	<u>1</u>	<u>\$ 1,490</u>		

The following table shows the payment status at June 30, 2024 of borrowers experiencing financial difficulty and for which a modification has occurred:

Payment Status of Borrowers Experiencing Financial Difficulty (Amortized Cost Basis)				
<i>(In thousands)</i>	Current	30-89 Days Past Due	90+ Days Past Due	Total Modified
	Commercial business and other	\$ 1,678	\$ —	\$ 341
Total	<u>\$ 1,678</u>	<u>\$ —</u>	<u>\$ 341</u>	<u>\$ 2,019</u>

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The following tables show our non-accrual loans at amortized cost with no related allowance and interest income recognized for loans ninety days or more past due and still accruing for the periods shown below:

	At or for the six months June 30, 2024				
	Non-accrual amortized cost beginning of the reporting period	Non-accrual amortized cost end of the reporting period	Non- accrual with no related allowance	Interest income (loss) recognized	Loans ninety days or more past due and still accruing
<i>(In thousands)</i>					
Multi-family residential	\$ 3,640	\$ 15,188	\$ 15,188	\$ —	\$ —
One-to-four family - mixed-use property	1,005	931	931	1	—
One-to-four family - residential	4,670	3,292	3,292	2	—
Small Business Administration	2,576	2,640	2,640	—	—
Commercial business and other	11,768	13,720	4,886	2	—
Total	<u>\$ 23,659</u>	<u>\$ 35,771</u>	<u>\$ 26,937</u>	<u>\$ 5</u>	<u>\$ —</u>

	At or for the year ended December 31, 2023				
	Non-accrual amortized cost beginning of the reporting period	Non-accrual amortized cost end of the reporting period	Non- accrual with no related allowance	Interest income (loss) recognized	Loans ninety days or more past due and still accruing
<i>(In thousands)</i>					
Multi-family residential	\$ 3,547	\$ 3,640	\$ 3,640	\$ 2	\$ 1,463
Commercial real estate	254	—	—	—	—
One-to-four family - mixed-use property	1,045	1,005	1,005	3	—
One-to-four family - residential	3,953	4,670	4,670	3	—
Small Business Administration	950	2,576	2,576	—	—
Commercial business and other	20,193	11,768	3,242	17	—
Total	<u>\$ 29,942</u>	<u>\$ 23,659</u>	<u>\$ 15,133</u>	<u>\$ 25</u>	<u>\$ 1,463</u>

The following is a summary of interest foregone on non-accrual loans for the periods indicated.

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
<i>(In thousands)</i>				
Interest income that would have been recognized had the loans performed in accordance with their original terms	\$ 742	\$ 474	\$ 1,346	\$ 980
Less: Interest income included in the results of operations	(2)	(14)	(5)	(18)
Total foregone interest	<u>\$ 740</u>	<u>\$ 460</u>	<u>\$ 1,341</u>	<u>\$ 962</u>

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The following tables show the aging analysis of the amortized cost basis of loans at the period indicated by class of loans:

<i>(In thousands)</i>	At June 30, 2024					
	30 - 59	60 - 89	Greater	Total Past	Current	Total Loans
	Days Past Due	Days Past Due	than 90 Days	Due		(1)
Multi-family residential	\$ 4,811	\$ 718	\$ 15,188	\$ 20,717	\$ 2,615,887	\$ 2,636,604
Commercial real estate	320	6,722	—	7,042	1,888,844	1,895,886
One-to-four family - mixed-use property	2,328	264	931	3,523	517,624	521,147
One-to-four family - residential	1,323	41	3,292	4,656	257,003	261,659
Construction	5,793	—	—	5,793	58,995	64,788
Small Business Administration	—	—	2,640	2,640	11,483	14,123
Commercial business and other	1,094	26	9,203	10,323	1,379,152	1,389,475
Total	<u>\$ 15,669</u>	<u>\$ 7,771</u>	<u>\$ 31,254</u>	<u>\$ 54,694</u>	<u>\$ 6,728,988</u>	<u>\$ 6,783,682</u>

(1) The table above excludes the unallocated portfolio layer basis adjustments totaling \$6.7 million related to loans hedged in a closed pool at June 30, 2024. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

<i>(In thousands)</i>	At December 31, 2023					
	30 - 59	60 - 89	Greater	Total Past	Current	Total Loans
	Days Past Due	Days Past Due	than 90 Days	Due		(1)
Multi-family residential	\$ 2,722	\$ 539	\$ 5,103	\$ 8,364	\$ 2,653,862	\$ 2,662,226
Commercial real estate	8,090	1,099	—	9,189	1,950,435	1,959,624
One-to-four family - mixed-use property	1,708	124	1,005	2,837	530,247	533,084
One-to-four family - residential	1,715	—	4,670	6,385	215,134	221,519
Construction	—	—	—	—	58,261	58,261
Small Business Administration	—	—	2,576	2,576	17,769	20,345
Commercial business and other	420	1,061	7,585	9,066	1,443,774	1,452,840
Total	<u>\$ 14,655</u>	<u>\$ 2,823</u>	<u>\$ 20,939</u>	<u>\$ 38,417</u>	<u>\$ 6,869,482</u>	<u>\$ 6,907,899</u>

(1) The table above excludes the unallocated portfolio layer basis adjustments totaling \$0.9 million related to loans hedged in a closed pool at December 31, 2023. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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The following tables show the activity in the ACL on loans for the three-month periods ended:

<i>(In thousands)</i>	June 30, 2024							
	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Commercial business and other	Total
Beginning balance	\$ 10,590	\$ 8,802	\$ 1,583	\$ 849	\$ 156	\$ 1,406	\$ 17,366	\$ 40,752
Charge-offs	—	—	—	—	—	—	(11)	(11)
Recoveries	1	—	2	2	—	91	7	103
Provision (benefit)	238	241	(8)	(55)	610	(371)	149	804
Ending balance	<u>\$ 10,829</u>	<u>\$ 9,043</u>	<u>\$ 1,577</u>	<u>\$ 796</u>	<u>\$ 766</u>	<u>\$ 1,126</u>	<u>\$ 17,511</u>	<u>\$ 41,648</u>

<i>(In thousands)</i>	June 30, 2023							
	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Commercial business and other	Total
Beginning balance	\$ 9,041	\$ 7,671	\$ 1,710	\$ 727	\$ 152	\$ 2,169	\$ 17,259	\$ 38,729
Charge-offs	—	(8)	—	(6)	—	(1)	(1,716)	(1,731)
Recoveries	—	—	—	2	—	159	10	171
Provision (benefit)	677	543	(95)	(69)	(20)	(165)	553	1,424
Ending balance	<u>\$ 9,718</u>	<u>\$ 8,206</u>	<u>\$ 1,615</u>	<u>\$ 654</u>	<u>\$ 132</u>	<u>\$ 2,162</u>	<u>\$ 16,106</u>	<u>\$ 38,593</u>

The following tables show the activity in the ACL on loans for the six-month periods ended:

<i>(In thousands)</i>	June 30, 2024							
	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Commercial business and other	Total
Beginning balance	\$ 10,373	\$ 8,665	\$ 1,610	\$ 668	\$ 158	\$ 1,626	\$ 17,061	\$ 40,161
Charge-offs	—	—	—	(14)	—	—	(55)	(69)
Recoveries	1	—	2	3	—	96	55	157
Provision (benefit)	455	378	(35)	139	608	(596)	450	1,399
Ending balance	<u>\$ 10,829</u>	<u>\$ 9,043</u>	<u>\$ 1,577</u>	<u>\$ 796</u>	<u>\$ 766</u>	<u>\$ 1,126</u>	<u>\$ 17,511</u>	<u>\$ 41,648</u>

<i>(In thousands)</i>	June 30, 2023							
	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Commercial business and other	Total
Beginning balance	\$ 9,552	\$ 8,184	\$ 1,875	\$ 901	\$ 261	\$ 2,198	\$ 17,471	\$ 40,442
Charge-offs	—	(8)	—	(12)	—	(7)	(11,002)	(11,029)
Recoveries	1	—	—	44	—	171	19	235
Provision (benefit)	165	30	(260)	(279)	(129)	(200)	9,618	8,945
Ending balance	<u>\$ 9,718</u>	<u>\$ 8,206</u>	<u>\$ 1,615</u>	<u>\$ 654</u>	<u>\$ 132</u>	<u>\$ 2,162</u>	<u>\$ 16,106</u>	<u>\$ 38,593</u>

In accordance with our policy and the current regulatory guidelines, we designate loans as “Special Mention,” which are considered “Criticized Loans,” and “Substandard,” “Doubtful,” or “Loss,” which are considered “Classified Loans.” If a loan does not fall within one of the previously mentioned categories and management believes weakness is evident then we designate the loan as “Watch;” all other loans would be considered “Pass.” Loans that are non-accrual are designated as Substandard, Doubtful or Loss. These loan designations are updated quarterly. We designate a loan as Substandard when a well-defined weakness is identified that may jeopardize the orderly liquidation of the debt. We designate a loan as Doubtful when it displays the inherent weakness of a Substandard loan with the added provision that collection of the debt in full, on the basis of existing facts, is highly improbable. We designate a loan as Loss if it is deemed the debtor is incapable of repayment. The Company does not hold any loans designated as Loss, as loans that are designated as Loss are charged to the Allowance for Credit Losses. We designate a loan as Special Mention if the asset does not warrant classification within one of the other classifications but does contain a potential weakness that deserves closer attention.

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The following tables summarize the various risk categories of mortgage and non-mortgage loans by loan portfolio segments and by class of loans by year of origination at the periods indicated below:

<i>(In thousands)</i>	June 30, 2024						Revolving Loans Amortized Cost Basis	Revolving Loans converted to term loans	Total
	2024	2023	2022	2021	2020	Prior			
Multi-family Residential									
Pass	\$ 42,431	\$ 251,710	\$ 451,084	\$ 286,837	\$ 203,102	\$ 1,351,283	\$ 4,933	\$ —	\$ 2,591,380
Watch	—	—	4,426	—	1,902	21,168	—	—	27,496
Special Mention	—	—	—	718	—	1,085	—	—	1,803
Substandard	—	—	5,912	—	2,720	6,847	446	—	15,925
Total Multi-family Residential	\$ 42,431	\$ 251,710	\$ 461,422	\$ 287,555	\$ 207,724	\$ 1,380,383	\$ 5,379	\$ —	\$ 2,636,604
Commercial Real Estate									
Pass	\$ 59,242	\$ 197,691	\$ 313,826	\$ 153,430	\$ 130,574	\$ 963,588	\$ —	\$ —	\$ 1,818,351
Watch	—	—	435	1,331	6,807	62,093	—	—	70,666
Special Mention	—	—	—	—	—	6,869	—	—	6,869
Substandard	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate	\$ 59,242	\$ 197,691	\$ 314,261	\$ 154,761	\$ 137,381	\$ 1,032,550	\$ —	\$ —	\$ 1,895,886
1-4 Family Mixed-Use Property									
Pass	\$ 4,764	\$ 23,835	\$ 45,428	\$ 41,335	\$ 28,192	\$ 369,587	\$ —	\$ —	\$ 513,141
Watch	—	—	—	—	—	5,879	—	—	5,879
Special Mention	—	—	—	—	—	1,267	—	—	1,267
Substandard	—	—	—	—	—	860	—	—	860
Total 1-4 Family Mixed-Use Property	\$ 4,764	\$ 23,835	\$ 45,428	\$ 41,335	\$ 28,192	\$ 377,593	\$ —	\$ —	\$ 521,147
1-4 Family Residential									
Pass	\$ 506	\$ 55,978	\$ 23,237	\$ 8,344	\$ 16,254	\$ 132,883	\$ 6,674	\$ 8,767	\$ 252,643
Watch	—	—	501	262	—	1,801	—	1,449	4,013
Special Mention	—	—	—	—	—	987	—	207	1,194
Substandard	—	—	—	—	—	3,366	—	443	3,809
Total 1-4 Family Residential	\$ 506	\$ 55,978	\$ 23,738	\$ 8,606	\$ 16,254	\$ 139,037	\$ 6,674	\$ 10,866	\$ 261,659
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14	\$ —	\$ —	\$ 14
Construction									
Pass	\$ —	\$ 604	\$ 2	\$ 18,210	\$ —	\$ —	\$ 34,049	\$ —	\$ 52,865
Watchlist	—	—	—	5,793	—	—	—	—	5,793
Special Mention	—	6,130	—	—	—	—	—	—	6,130
Total Construction	\$ —	\$ 6,734	\$ 2	\$ 24,003	\$ —	\$ —	\$ 34,049	\$ —	\$ 64,788
Small Business Administration									
Pass	\$ —	\$ 1,947	\$ 3,248	\$ 1,286	\$ 1,913	\$ 1,682	\$ —	\$ —	\$ 10,076
Watch	—	—	—	—	—	862	—	—	862
Special Mention	—	—	—	—	—	339	—	—	339
Substandard	—	—	—	1,692	—	1,154	—	—	2,846
Total Small Business Administration	\$ —	\$ 1,947	\$ 3,248	\$ 2,978	\$ 1,913	\$ 4,037	\$ —	\$ —	\$ 14,123
Commercial Business									
Pass	\$ 22,458	\$ 109,948	\$ 87,553	\$ 45,950	\$ 25,435	\$ 78,406	\$ 241,013	\$ —	\$ 610,763
Watch	—	62	3,883	3,297	4,448	32,334	2,596	—	46,620
Special Mention	—	—	—	—	—	20	500	—	520
Substandard	—	504	2,461	4,492	—	3,439	3,356	—	14,252
Doubtful	—	462	—	—	—	—	3,658	—	4,120
Total Commercial Business	\$ 22,458	\$ 110,976	\$ 93,897	\$ 53,739	\$ 29,883	\$ 114,199	\$ 251,123	\$ —	\$ 676,275
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 33	\$ —	\$ —	\$ 33
Commercial Business - Secured by RE									
Pass	\$ 20,874	\$ 36,720	\$ 174,453	\$ 127,890	\$ 101,031	\$ 204,749	\$ —	\$ —	\$ 665,717
Watch	8,700	9,660	296	—	3,782	6,718	—	—	29,156
Special Mention	—	—	—	—	—	16,398	—	—	16,398
Substandard	—	—	—	—	—	1,703	—	—	1,703
Total Commercial Business - Secured by RE	\$ 29,574	\$ 46,380	\$ 174,749	\$ 127,890	\$ 104,813	\$ 229,568	\$ —	\$ —	\$ 712,974
Other									
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 134	\$ 92	\$ —	\$ 226
Total Other	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 134	\$ 92	\$ —	\$ 226
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22	\$ —	\$ —	\$ 22
Total by Loan Type									
Total Pass	\$ 150,275	\$ 678,433	\$ 1,098,831	\$ 683,282	\$ 506,501	\$ 3,102,312	\$ 286,761	\$ 8,767	\$ 6,515,162
Total Watch	8,700	9,722	9,541	10,683	16,939	130,855	2,596	1,449	190,485
Total Special Mention	—	6,130	—	718	—	26,965	500	207	34,520
Total Substandard	—	504	8,373	6,184	2,720	17,369	3,802	443	39,395
Total Doubtful	—	462	—	—	—	—	3,658	—	4,120
Total Loans ⁽¹⁾	\$ 158,975	\$ 695,251	\$ 1,116,745	\$ 700,867	\$ 526,160	\$ 3,277,501	\$ 297,317	\$ 10,866	\$ 6,783,682
Total Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 69	\$ —	\$ —	\$ 69

⁽¹⁾ The table above excludes the unallocated portfolio layer basis adjustments totaling \$6.7 million related to loans hedged in a closed pool at June 30, 2024. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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	December 31, 2023						Revolving Loans Amortized Cost Basis	Revolving Loans converted to term loans	Total
<i>(In thousands)</i>	2023	2022	2021	2020	2019	Prior			
Multi-family Residential									
Pass	\$ 254,340	\$ 465,069	\$ 276,483	\$ 215,561	\$ 300,822	\$ 1,099,271	\$ 5,209	\$ —	\$ 2,616,755
Watch	—	870	720	1,935	—	34,899	—	—	38,424
Special Mention	—	—	—	—	—	1,193	—	—	1,193
Substandard	—	—	—	—	—	5,854	—	—	5,854
Total Multi-family Residential	\$ 254,340	\$ 465,939	\$ 277,203	\$ 217,496	\$ 300,822	\$ 1,141,217	\$ 5,209	\$ —	\$ 2,662,226
Commercial Real Estate									
Pass	\$ 199,420	\$ 322,446	\$ 175,045	\$ 147,871	\$ 216,964	\$ 862,641	\$ —	\$ —	\$ 1,924,387
Watch	—	—	1,415	—	9,239	23,484	—	—	34,138
Special Mention	—	—	—	—	—	1,099	—	—	1,099
Total Commercial Real Estate	\$ 199,420	\$ 322,446	\$ 176,460	\$ 147,871	\$ 226,203	\$ 887,224	\$ —	\$ —	\$ 1,959,624
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8	\$ —	\$ —	\$ 8
1-4 Family Mixed-Use Property									
Pass	\$ 22,852	\$ 43,579	\$ 41,604	\$ 30,984	\$ 60,308	\$ 326,246	\$ —	\$ —	\$ 525,573
Watch	—	—	—	—	233	4,777	—	—	5,010
Special Mention	—	—	—	—	720	564	—	—	1,284
Substandard	—	—	—	—	—	1,217	—	—	1,217
Total 1-4 Family Mixed-Use Property	\$ 22,852	\$ 43,579	\$ 41,604	\$ 30,984	\$ 61,261	\$ 332,804	\$ —	\$ —	\$ 533,084
1-4 Family Residential									
Pass	\$ 6,289	\$ 23,197	\$ 8,451	\$ 16,482	\$ 36,779	\$ 102,293	\$ 7,424	\$ 10,067	\$ 210,982
Watch	—	507	270	—	1,561	695	—	1,130	4,163
Special Mention	—	—	—	—	—	—	—	169	169
Substandard	—	—	—	—	—	5,737	—	468	6,205
Total 1-4 Family Residential	\$ 6,289	\$ 23,704	\$ 8,721	\$ 16,482	\$ 38,340	\$ 108,725	\$ 7,424	\$ 11,834	\$ 221,519
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ —	\$ —	\$ 23
Construction									
Pass	\$ 5,809	\$ 3	\$ 5,793	\$ —	\$ —	\$ —	\$ 46,656	\$ —	\$ 58,261
Total Construction	\$ 5,809	\$ 3	\$ 5,793	\$ —	\$ —	\$ —	\$ 46,656	\$ —	\$ 58,261
Small Business Administration									
Pass	\$ 1,984	\$ 3,283	\$ 2,883	\$ 3,443	\$ 606	\$ 2,121	\$ —	\$ —	\$ 14,320
Watch	—	—	—	—	47	2,847	—	—	2,894
Special Mention	—	—	—	—	—	348	—	—	348
Substandard	—	—	1,627	—	—	1,156	—	—	2,783
Total Small Business Administration	\$ 1,984	\$ 3,283	\$ 4,510	\$ 3,443	\$ 653	\$ 6,472	\$ —	\$ —	\$ 20,345
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7	\$ —	\$ —	\$ 7
Commercial Business									
Pass	\$ 115,740	\$ 116,452	\$ 53,315	\$ 31,637	\$ 30,913	\$ 53,289	\$ 244,143	\$ —	\$ 645,489
Watch	342	9,792	3,822	2,426	14,483	18,495	8,582	—	57,942
Special Mention	—	—	—	—	25	495	—	—	520
Substandard	14,642	2,399	4,158	—	93	12,906	2,982	—	37,180
Doubtful	462	—	—	—	—	—	3,903	—	4,365
Total Commercial Business	\$ 131,186	\$ 128,643	\$ 61,295	\$ 34,063	\$ 45,514	\$ 84,690	\$ 260,105	\$ —	\$ 745,496
Gross charge-offs	\$ 40	\$ —	\$ 1,675	\$ —	\$ 28	\$ 10	\$ 9,267	\$ —	\$ 11,020
Commercial Business - Secured by RE									
Pass	\$ 36,993	\$ 176,825	\$ 130,608	\$ 106,545	\$ 38,846	\$ 139,025	\$ —	\$ —	\$ 628,842
Watch	9,730	311	—	—	586	51,759	—	—	62,386
Special Mention	—	—	—	—	14,892	1,002	—	—	15,894
Total Commercial Business - Secured by RE	\$ 46,723	\$ 177,136	\$ 130,608	\$ 106,545	\$ 54,324	\$ 191,786	\$ —	\$ —	\$ 707,122
Other									
Pass	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 133	\$ 89	\$ —	\$ 222
Total Other	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 133	\$ 89	\$ —	\$ 222
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 99	\$ —	\$ —	\$ 99
Total by Loan Type									
Total Pass	\$ 643,427	\$ 1,150,854	\$ 694,182	\$ 552,523	\$ 685,238	\$ 2,585,019	\$ 303,521	\$ 10,067	\$ 6,624,831
Total Watch	10,072	11,480	6,227	4,361	26,149	136,956	8,582	1,130	204,957
Total Special Mention	—	—	—	—	15,637	4,206	495	169	20,507
Total Substandard	14,642	2,399	5,785	—	93	26,870	2,982	468	53,239
Total Doubtful	462	—	—	—	—	—	3,903	—	4,365
Total Loans ⁽¹⁾	\$ 668,603	\$ 1,164,733	\$ 706,194	\$ 556,884	\$ 727,117	\$ 2,753,051	\$ 319,483	\$ 11,834	\$ 6,907,899
Total Gross charge-offs	\$ 40	\$ —	\$ 1,675	\$ —	\$ 28	\$ 147	\$ 9,267	\$ —	\$ 11,157

⁽¹⁾ The table above excludes the unallocated portfolio layer basis adjustments totaling \$0.9 million related to loans hedged in a closed pool at December 31, 2023. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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Included within net loans were \$4.2 million and \$4.8 million at June 30, 2024 and December 31, 2023, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process according to local requirements of the applicable jurisdiction.

A loan is considered collateral dependent when the borrower is experiencing financial difficulties and repayment is expected to be substantially provided by the operation or sale of the collateral. The following table presents types of collateral-dependent loans by class of loans as of the periods indicated:

<i>(In thousands)</i>	Collateral Type			
	June 30, 2024		December 31, 2023	
	Real Estate	Business Assets	Real Estate	Business Assets
Multi-family residential	\$ 15,188	\$ —	\$ 3,640	\$ —
One-to-four family - mixed-use property	931	—	1,005	—
One-to-four family - residential	3,292	—	4,670	—
Small Business Administration	—	2,640	—	2,576
Commercial business and other	1,002	12,718	—	11,768
Total	<u>\$ 20,413</u>	<u>\$ 15,358</u>	<u>\$ 9,315</u>	<u>\$ 14,344</u>

Off-Balance Sheet Credit Losses

Also included within scope of the CECL standard are off-balance sheet loan commitments, which includes the unfunded portion of committed lines of credit and commitments “in-process”. Commitments “in-process” reflect loans not in the Company’s books but rather negotiated loan / line of credit terms and rates that the Company has offered to customers and is committed to honoring. In reference to “in-process” credits, the Company defines an unfunded commitment as a credit that has been offered to and accepted by a borrower, which has not closed and by which the obligation is not unconditionally cancellable.

Commitments to extend credit (principally real estate mortgage loans) and lines of credit (principally home equity lines of credit and business lines of credit) totaled \$68.5 million and \$344.0 million, respectively, on June 30, 2024.

The following table presents the activity in the allowance for off-balance sheet credit losses for the three and six months ended:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	<i>(In thousands)</i>			
Balance at beginning of period	\$ 996	\$ 885	\$ 1,102	\$ 970
Provision (benefit) ⁽¹⁾	6	(72)	(100)	(157)
Allowance for Off-Balance Sheet - Credit losses ⁽²⁾	<u>\$ 1,002</u>	<u>\$ 813</u>	<u>\$ 1,002</u>	<u>\$ 813</u>

(1) Included in “Other operating expenses” on the Consolidated Statements of Income.

(2) Included in “Other liabilities” on the Consolidated Statements of Financial Condition.

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6. Loans held for sale

Loans held for sale are carried at the lower of cost or estimated fair value. At June 30, 2024 and December 31, 2023, the Bank did not have any loans held for sale.

The following table shows loans sold during the periods indicated:

<i>(Dollars in thousands)</i>	For the three months ended June 30, 2024			
	Loans sold	Proceeds	Net charge-offs	Net gain
<u>Delinquent and non-performing loans</u>				
Multi-family residential	1	\$ 432	\$ —	\$ —
One-to-four family - mixed-use property	1	258	—	26
Total	<u>2</u>	<u>\$ 690</u>	<u>\$ —</u>	<u>\$ 26</u>

<i>(Dollars in thousands)</i>	For the three months ended June 30, 2023			
	Loans sold	Proceeds	Net charge-offs	Net gain
<u>Delinquent and non-performing loans</u>				
Multi-family residential	2	\$ 2,074	\$ —	\$ 14
Commercial	1	1,026	—	—
One-to-four family - mixed-use property	2	1,366	—	40
Total	<u>5</u>	<u>\$ 4,466</u>	<u>\$ —</u>	<u>\$ 54</u>

<i>(Dollars in thousands)</i>	For the six months ended June 30, 2024			
	Loans sold	Proceeds	Net charge-offs	Net gain
<u>Delinquent and non-performing loans</u>				
Multi-family residential	4	\$ 1,984	\$ —	\$ 55
Commercial	2	970	—	—
One-to-four family - mixed-use property	5	1,546	—	81
Total	<u>11</u>	<u>\$ 4,500</u>	<u>\$ —</u>	<u>\$ 136</u>

<i>(Dollars in thousands)</i>	For the six months ended June 30, 2023			
	Loans sold	Proceeds	Net charge-offs	Net gain
<u>Delinquent and non-performing loans</u>				
Multi-family residential	7	\$ 3,622	\$ —	\$ 69
Commercial	3	1,867	(8)	—
One-to-four family - mixed-use property	3	1,553	—	39
Total	<u>13</u>	<u>\$ 7,042</u>	<u>\$ (8)</u>	<u>\$ 108</u>

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7. Leases

The Company has 30 operating leases for branches (including headquarters) and office spaces, seven operating leases for vehicles, and one operating lease for equipment. Our leases have remaining lease terms ranging from one month to approximately 12 years, none of which has a renewal option reasonably certain of exercise, which has been reflected in the Company's calculation of the lease term. During the three months ended June 30, 2024, the Company entered into agreements to extend the term of five of its operating leases by 10 years each.

The Company has elected the short-term lease recognition exemption such that the Company will not recognize Right of Use ("ROU") assets or lease liabilities for leases with a term of less than 12 months from the commencement date. The Company has two agreements in 2024 and five agreements in 2023 that qualified as short-term leases.

Certain leases have escalation clauses for operating expenses and real estate taxes. The Company's non-cancelable operating lease agreements expire through 2036.

Supplemental balance sheet information related to leases are as follows:

<i>(Dollars in thousands)</i>	June 30, 2024	December 31, 2023
Operating lease ROU asset	\$ 46,636	\$ 39,557
Operating lease liability	\$ 47,485	\$ 40,822
Weighted-average remaining lease term-operating leases	7.4 years	6.1 years
Weighted average discount rate-operating leases	3.9 %	3.2 %

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The components of lease expense and cash flow information related to leases were as follows:

<i>(In thousands)</i>	Line Item Presented	<u>For the three months ended June 30,</u>	
		2024	2023
Lease Cost			
Operating lease cost	Occupancy and equipment	\$ 2,221	\$ 2,143
Operating lease cost	Other operating expenses	17	23
Short-term lease cost	Professional services and other operating expenses	40	82
Variable lease cost	Occupancy and equipment	323	281
Total lease cost		<u>\$ 2,601</u>	<u>\$ 2,529</u>

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 2,457	\$ 2,261
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 10,894	\$ 1,198

<i>(In thousands)</i>	Line Item Presented	<u>For the six months ended June 30,</u>	
		2024	2023
Lease Cost			
Operating lease cost	Occupancy and equipment	\$ 4,457	\$ 4,442
Operating lease cost	Other operating expenses	37	46
Short-term lease cost	Professional Services, Occupancy and equipment and Other operating expenses	82	138
Variable lease cost	Occupancy and equipment	593	523
Total lease cost		<u>\$ 5,169</u>	<u>\$ 5,149</u>

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 4,909	\$ 4,655
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 10,894	\$ 2,044

The Company's minimum annual rental payments for Bank facilities due under non-cancelable leases are as follows as of June 30, 2024:

	<u>Minimum Rental</u>	
	<i>(In thousands)</i>	
Years ended December 31:		
2024	\$	4,116
2025		9,529
2026		9,438
2027		5,776
2028		5,534
Thereafter		21,413
Total minimum payments required		<u>55,806</u>
Less: implied interest		(8,321)
Total lease obligations	<u>\$</u>	<u>47,485</u>

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8. Stock-Based Compensation

On May 29, 2024, stockholders approved the Company’s 2024 Omnibus Incentive Plan (the “2024 Plan”) to replace the 2014 Omnibus Incentive Plan (the “2014 Plan”). The 2024 Plan is an “omnibus” stock plan that provides for a variety of equity award vehicles to maintain flexibility. The 2024 Plan, like the 2014 Plan, permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units (“RSUs”), performance-based restricted stock units (“PRSUs”), and other stock-based awards. Currently, awards to employees primarily consist of RSUs and PRSUs and to Company directors of RSUs. The 2024 Plan authorizes the issuance of up to 974,000 shares. Although, no further awards may be granted under the 2014 Plan, outstanding awards granted prior to February 29, 2024, will continue in accordance with their terms.

The Company has a long-term incentive compensation program for certain Company executive officers that includes grants of PRSUs in addition to time-based RSUs. Under the terms of the PRSU Agreement, the number of PRSUs that may be earned depends on the extent to which performance goals for the award are achieved over a three-year performance period, as determined by the Compensation Committee of the Board. The number of PRSUs that may be earned ranges from 0% to 150% of the target award, with no PRSUs earned for below threshold-level performance, 50% of PRSUs earned for threshold-level performance, 100% of PRSUs earned for target-level performance, and 150% of PRSUs earned for maximum-level performance. As of June 30, 2024, PRSUs granted in 2024 are being accrued at target and PRSUs granted in 2022 and 2023 are being accrued below target. The different levels of accrual are commensurate with the projected performance of the respective grant.

For the three months ended June 30, 2024 and 2023, the Company’s net income, as reported, included \$0.3 million and \$0.5 million, respectively, of stock-based compensation costs, including the benefit of phantom stock awards. In addition, income tax benefit related to stock compensation plans was \$0.1 million each for the three months ended June 30, 2024 and 2023. For the six months ended June 30, 2024 and 2023, the Company’s net income, as reported, included \$1.3 million and \$3.6 million, respectively, of stock-based compensation costs, including the benefit or expense of phantom stock awards, and \$0.3 million and \$0.9 million of income tax benefit, respectively, related to the stock-based compensation plans.

During the three months ended June 30, 2024 and 2023 the Company did not grant any RSU or PRSU awards, respectively. During the six months ended June 30, 2024 and 2023, the Company granted 217,650 and 235,850 RSU awards and 67,350 and 79,050 PRSU awards, respectively. As of June 30, 2024, 974,000 shares were available for future issuance under the 2024 Omnibus Plan.

The Company uses the fair value of the common stock on the date of award to measure compensation cost for restricted stock unit awards and performance restricted stock units. Compensation cost is recognized over the vesting period of the award using the straight-line method. Forfeitures are recorded in the period they occur.

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The following table summarizes the Company’s RSU and PRSU awards under the 2014 Omnibus Plan for the three months ended June 30, 2024:

	RSU Awards		PRSU Awards	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Non-vested awards at December 31, 2023	280,161	\$ 21.14	77,570	\$ 20.08
Granted	217,650	16.92	67,350	16.81
Added (reduced) shares due to performance factor	—	—	(18,310)	19.99
Vested	(153,715)	19.89	(34,890)	18.92
Non-vested awards at June 30, 2024	344,096	\$ 19.03	91,720	\$ 18.14
Vested but unissued at June 30, 2024	198,594	\$ 20.21	46,780	\$ 22.51

As of June 30, 2024, there was \$6.1 million of total unrecognized compensation cost related to RSU and PRSU awards granted. That cost is expected to be recognized over a weighted-average period of 2.5 years. The total fair value of awards vested for the three months ended June 30, 2024 and 2023, was \$0.2 million for each period. The total fair value of awards vested for the six months ended June 30, 2024 and 2023 was \$2.7 million and \$5.2 million, respectively. The vested but unissued RSU and PRSU awards consist of awards made to employees and directors who are eligible for retirement. According to the terms of these awards, which provide for vesting upon retirement, these employees and directors have no risk of forfeiture. These shares will be issued at the original contractual vesting and settlement dates.

Phantom Stock Plan: The Company maintains a non-qualified phantom stock plan as a supplement to its profit-sharing plan for officers who have achieved the designated level and completed one year of service. The Company adjusts its liability under this plan to the fair value of the shares at the end of each period.

The following table summarizes the Phantom Stock Plan at or for the six months ended June 30, 2024:

Phantom Stock Plan	Shares	Fair Value	Weighted-Average Fair Value
Outstanding at December 31, 2023	180,847	\$ 16.48	
Granted	10,724		\$ 13.68
Distributions	(1,408)		\$ 15.96
Outstanding and vested at June 30, 2024	190,163	\$ 13.15	

The Company recorded stock-based compensation expense (benefit) for the Phantom Stock Plan of \$0.1 million and (\$0.4) million for the three months ended June 30, 2024 and 2023, respectively. The total fair value of the distributions from the Phantom Stock Plan was \$1,000 each for the three months ended June 30, 2024 and 2023.

The Company recorded stock-based compensation expense (benefit) for the Phantom Stock Plan of (\$0.5) million and (\$1.1) million for the six months ended June 30, 2024 and 2023, respectively. The total fair value of the distributions from the Phantom Stock Plan was \$22,000 and \$16,000 for the six months ended June 30, 2024, and 2023, respectively.

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9. Pension and Other Postretirement Benefit Plans

The following table sets forth information regarding the components of net expense for the pension and other postretirement benefit plans.

<i>(In thousands)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Employee Pension Plan:				
Interest cost	\$ 194	\$ 203	\$ 388	\$ 406
Expected return on plan assets	(284)	(277)	(568)	(554)
Net employee pension benefit ⁽¹⁾	<u>\$ (90)</u>	<u>\$ (74)</u>	<u>\$ (180)</u>	<u>\$ (148)</u>
Outside Director Pension Plan:				
Service cost	\$ 2	\$ 2	\$ 4	\$ 4
Interest cost	11	14	22	29
Amortization of unrecognized gain	(38)	(40)	(76)	(80)
Net outside director pension (benefit) expense ⁽²⁾	<u>\$ (25)</u>	<u>\$ (24)</u>	<u>\$ (50)</u>	<u>\$ (47)</u>
Other Postretirement Benefit Plans:				
Service cost	\$ 42	\$ 40	\$ 84	\$ 80
Interest cost	96	96	192	191
Amortization of unrecognized gain	(54)	(60)	(108)	(120)
Net other postretirement expense ⁽¹⁾	<u>\$ 84</u>	<u>\$ 76</u>	<u>\$ 168</u>	<u>\$ 151</u>

(1) Reported in the Consolidated Statements of Income as part of salaries and employee benefits.

(2) Reported in the Consolidated Statements of Income as part of other operating expenses.

The Company previously disclosed in its Consolidated Financial Statements for the year ended December 31, 2023 that it expects to contribute \$0.1 million to the outside director pension plan (the “Outside Director Pension Plan”) and \$0.3 million to the other postretirement benefit plans (the “Other Postretirement Benefit Plans”), during the year ending December 31, 2024. The Company does not expect to contribute to the employee pension plan during the year ending December 31, 2024. As of June 30, 2024, the Company had contributed \$24,000 to the Outside Director Pension Plan and \$76,000 to the Other Postretirement Benefit Plans. As of June 30, 2024, the Company has not revised its expected contributions for the year ending December 31, 2024.

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10. Fair Value of Financial Instruments

The Company carries certain financial assets and financial liabilities at fair value in accordance with GAAP which defines fair value as 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. GAAP permits entities to choose to measure many financial instruments and certain other items at fair value. The Company did not purchase or sell any financial assets or liabilities carried under the fair value option during the three and six months ended June 30, 2024 and 2023.

The following table presents the financial assets and financial liabilities reported at fair value under the fair value option, and the changes in fair value included in the Consolidated Statement of Income – Net (loss) gain from fair value adjustments, at or for the periods ended as indicated:

Description <i>(In thousands)</i>	Fair Value Measurements at June 30, 2024	Fair Value Measurements at December 31, 2023	Changes in Fair Values For Items Measured at Fair Value Pursuant to Election of the Fair Value Option			
			For the three months ended June 30,		For the six months ended June 30,	
			2024	2023	2024	2023
Mortgage-backed securities	\$ 246	\$ 262	\$ 1	\$ —	\$ 1	\$ 1
Other securities	13,112	13,097	(51)	(192)	(151)	(83)
Borrowed funds	48,541	47,850	107	486	(627)	2,995
Net gain (loss) from fair value adjustments			\$ 57	\$ 294	\$ (777)	\$ 2,913

Included in the fair value of the financial assets and financial liabilities selected for the fair value option is the accrued interest receivable or payable for the related instrument. The Company reports as interest income or interest expense in the Consolidated Statement of Income, the interest receivable or payable on the financial instruments selected for the fair value option at their respective contractual rates.

The borrowed funds had a contractual principal amount of \$61.9 million at both June 30, 2024 and December 31, 2023. The fair value of borrowed funds includes accrued interest payable of \$0.4 million at both June 30, 2024 and December 31, 2023.

The Company generally holds its earning assets to maturity and settles its liabilities at maturity. However, fair value estimates are made at a specific point in time and are based on relevant market information. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular instrument. Accordingly, as assumptions change, such as interest rates and prepayments, fair value estimates change, and these amounts may not necessarily be realized in an immediate sale.

Disclosure of fair value does not require fair value information for items that do not meet the definition of a financial instrument or certain other financial instruments specifically excluded from its requirements. These items include core deposit intangibles and other customer relationships, premises and equipment, leases, income taxes and equity.

Further, fair value disclosure does not attempt to value future income or business. These items may be material and accordingly, the fair value information presented does not purport to represent, nor should it be construed to represent, the underlying "market" or franchise value of the Company.

A description of the methods and significant assumptions utilized in estimating the fair value of the Company's financial assets and liabilities that are carried at fair value on a recurring basis are as follows:

Level 1 – when quoted market prices are available in an active market. At June 30, 2024 and December 31, 2023, Level 1 included one mutual fund.

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Level 2 – when quoted market prices are not available, fair value is estimated using quoted market prices for similar financial instruments and adjusted for differences between the quoted instrument and the instrument being valued. Fair value can also be estimated by using pricing models, or discounted cash flows. Pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices and credit spreads. In addition to observable market information, models also incorporate maturity and cash flow assumptions. At June 30, 2024 and December 31, 2023, Level 2 included mortgage-backed securities, CLOs, corporate debt, municipals, and interest rate swaps.

Level 3 – when there is limited activity or less transparency around inputs to the valuation, financial instruments are classified as Level 3. At June 30, 2024 and December 31, 2023, Level 3 included trust preferred securities owned, and junior subordinated debentures issued by the Company.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. While the Company believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies, assumptions, and models to determine fair value of certain financial instruments could produce different estimates of fair value at the reporting date.

The following table sets forth the Company’s assets and liabilities that are carried at fair value on a recurring basis, including those reported at fair value under the fair value option, and the level that was used to determine their fair value, at June 30, 2024 and December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Other Unobservable Inputs (Level 3)		Total carried at fair value on a recurring basis	
	2024	2023	2024	2023	2024	2023	2024	2023
<i>(In thousands)</i>								
Assets:								
Securities available for sale:								
Mortgage-backed securities	\$ —	\$ —	\$ 869,494	\$ 354,344	\$ —	\$ —	\$ 869,494	\$ 354,344
Other securities	11,655	11,660	666,005	507,312	1,457	1,437	679,117	520,409
Interest rate swaps	—	—	73,259	69,013	—	—	73,259	69,013
Total assets	\$ 11,655	\$ 11,660	\$ 1,608,758	\$ 930,669	\$ 1,457	\$ 1,437	\$ 1,621,870	\$ 943,766
Liabilities:								
Borrowings	\$ —	\$ —	\$ —	\$ —	\$ 48,541	\$ 47,850	\$ 48,541	\$ 47,850
Interest rate swaps	—	—	19,685	28,401	—	—	19,685	28,401
Total liabilities	\$ —	\$ —	\$ 19,685	\$ 28,401	\$ 48,541	\$ 47,850	\$ 68,226	\$ 76,251

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The following tables set forth the Company’s assets and liabilities that are carried at fair value on a recurring basis, classified within Level 3 of the valuation hierarchy for the periods indicated:

	For the three months ended			
	June 30, 2024		June 30, 2023	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
	<i>(In thousands)</i>			
Beginning balance	\$ 1,460	\$ 48,622	\$ 1,445	\$ 48,117
Net gain (loss) from fair value adjustment of financial assets ⁽¹⁾	(2)	—	(12)	—
Net (gain) loss from fair value adjustment of financial liabilities ⁽¹⁾	—	(106)	—	(486)
Increase (decrease) in accrued interest	(1)	(24)	1	28
Change in unrealized (gains) losses included in other comprehensive loss	—	49	—	118
Ending balance	<u>\$ 1,457</u>	<u>\$ 48,541</u>	<u>\$ 1,434</u>	<u>\$ 47,777</u>
Changes in unrealized gains (losses) held at period end	<u>\$ —</u>	<u>\$ 2,330</u>	<u>\$ —</u>	<u>\$ 1,961</u>

	For the six months ended			
	June 30, 2024		June 30, 2023	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
	<i>(In thousands)</i>			
Beginning balance	\$ 1,437	\$ 47,850	\$ 1,516	\$ 50,507
Net gain (loss) from fair value adjustment of financial assets ⁽¹⁾	21	—	(83)	—
Net (gain) loss from fair value adjustment of financial liabilities ⁽¹⁾	—	629	—	(2,995)
Increase (decrease) in accrued interest	(1)	(32)	1	40
Change in unrealized (gains) losses included in other comprehensive loss	—	94	—	225
Ending balance	<u>\$ 1,457</u>	<u>\$ 48,541</u>	<u>\$ 1,434</u>	<u>\$ 47,777</u>
Changes in unrealized gains (losses) held at period end	<u>\$ —</u>	<u>\$ 2,330</u>	<u>\$ —</u>	<u>\$ 1,961</u>

(1) Presented in the Consolidated Statements of Income under net (loss) gain from fair value adjustments.

The following tables present the quantitative information about recurring Level 3 fair value of financial instruments and the fair value measurements at the periods indicated:

	June 30, 2024				
	Fair Value	Valuation Technique	Input Unobservable	Range	Weighted Average
	<i>(Dollars in thousands)</i>				
Assets:					
Trust preferred securities	\$ 1,457	Discounted cash flows	Spread over 3-month SOFR	4.3 %	n/a
Liabilities:					
Junior subordinated debentures	\$ 48,541	Discounted cash flows	Spread over 3-month SOFR	4.3 %	n/a
	December 31, 2023				
	Fair Value	Valuation Technique	Input Unobservable	Range	Weighted Average
	<i>(Dollars in thousands)</i>				
Assets:					
Trust preferred securities	\$ 1,437	Discounted cash flows	Spread over 3-month SOFR	4.4 %	n/a
Liabilities:					
Junior subordinated debentures	\$ 47,850	Discounted cash flows	Spread over 3-month SOFR	4.4 %	n/a

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The significant unobservable inputs used in the fair value measurement of the Company’s trust preferred securities and junior subordinated debentures valued under Level 3 at June 30, 2024 and December 31, 2023, are the effective yields used in the cash flow models. Significant increases or decreases in the effective yield in isolation would result in a significantly lower or higher fair value measurement.

The following table sets forth the Company’s assets and liabilities that are carried at fair value on a non-recurring basis and the level that was used to determine their fair value at June 30, 2024 and December 31, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Other Unobservable Inputs (Level 3)		Total carried at fair value on a non-recurring basis	
	2024	2023	2024	2023	2024	2023	2024	2023
	<i>(In thousands)</i>							
Assets:								
Certain delinquent loans	\$ —	\$ —	\$ —	\$ —	\$ 4,575	\$ 5,279	\$ 4,575	\$ 5,279
Other real estate owned	—	—	—	—	665	—	665	—
Total assets	\$ —	\$ —	\$ —	\$ —	\$ 5,240	\$ 5,279	\$ 5,240	\$ 5,279

The following tables present the qualitative information about non-recurring Level 3 fair value of financial instruments and the fair value measurements at the periods indicated:

	At June 30, 2024				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	<i>(Dollars in thousands)</i>				
Assets:					
Certain delinquent loans	\$ 4,575	Discounted Cashflow	Discount Rate Probability of Default	9.3% to 13.6 % 25.0% to 50.0 %	11.3 % 40.8 %
Other real estate owned	\$ 665	Sales approach	Adjustment to sales comparison value	(15.0)%	(5.2)
	At December 31, 2023				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	<i>(Dollars in thousands)</i>				
Assets:					
Certain delinquent loans	\$ 1,105	Sales approach	Adjustment to sales comparison value Reduction for planned expedited disposal	-16.9% to -6.0 % n/a	-11.5% -15.0%
Certain delinquent loans	\$ 4,174	Discounted Cashflow	Discount Rate Probability of Default	4.3% to 13.5 % 30.0% to 46.0 %	12.7 % 33.5 %

The weighted average for unobservable inputs for collateral-dependent loans is based on the relative fair value of the loans.

The Company did not have any liabilities that were carried at fair value on a non-recurring basis at June 30, 2024 and December 31, 2023.

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The methods and assumptions used to estimate fair value at June 30, 2024 and December 31, 2023 are as follows:

Securities:

The fair values of securities are contained in Note 4 (“Securities”) of the Notes to Consolidated Financial Statements. Fair value is based upon quoted market prices, where available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities and adjusted for differences between the quoted instrument and the instrument being valued. When there is limited activity or less transparency around inputs to the valuation, securities are valued using discounted cash flows.

Certain Delinquent Loans:

For certain delinquent loans, fair value is generally estimated by discounting management’s estimate of future cash flows with a discount rate commensurate with the risk associated with such assets or, for collateral dependent loans, 85% of the appraised or internally estimated value of the property. See Note 5 (“Loans”) of the Notes to the Consolidated Financial Statements.

Other Real Estate Owned and Other Repossessed Assets:

At the time of foreclosure these properties are acquired at fair value, less estimated selling costs. The fair value is based on appraised value through a current appraisal, or sometimes through an internal review. This determination is made on an individual asset basis. If the fair value of a property is less than the carrying amount of the loan, the difference is recognized as a charge to the ACL. Further decreases to the estimated value will be recorded directly to the Consolidated Statements of Income through the establishment of a valuation allowance. The fair value for other repossessed assets are based upon the most recently reported arm’s length sales transaction. When there is no recent sale activity, the fair value is calculated using capitalization rates.

Junior Subordinated Debentures:

The fair value of the junior subordinated debentures was developed using a credit spread based on stated spreads for recently issued subordinated debt instruments for issuers of similar asset size and credit quality of the Company and with similar durations adjusting for differences in the junior subordinated debt’s credit rating, liquidity, and time to maturity. The unrealized net gain/loss attributable to changes in our own credit risk was determined by adjusting the fair value as determined in the proceeding sentence by the average rate of default on debt instruments with a similar debt rating as our junior subordinated debentures, with the difference from the original calculation and this calculation resulting in the instrument-specific unrealized gain/loss.

Interest Rate Swaps:

The fair value of interest rate swaps is based upon broker quotes.

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The following tables set forth the carrying amounts and estimated fair values of selected financial instruments based on the assumptions described above used by the Company in estimating fair value at the periods indicated:

	June 30, 2024				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	<i>(In thousands)</i>				
Assets:					
Cash and due from banks	\$ 156,913	\$ 156,913	\$ 156,913	\$ —	\$ —
Securities held-to-maturity					
Mortgage-backed securities	7,846	6,917	—	6,917	—
Other securities	65,255	54,153	—	—	54,153
Securities available for sale					
Mortgage-backed securities	869,494	869,494	—	869,494	—
Other securities	679,117	679,117	11,655	666,005	1,457
Loans	6,777,026	6,367,675	—	—	6,367,675
FHLB-NY stock	46,331	46,331	—	46,331	—
Accrued interest receivable	62,752	62,752	—	62,752	—
Interest rate swaps	73,259	73,259	—	73,259	—

Liabilities:

Deposits	\$ 6,906,863	\$ 6,868,983	\$ 4,470,969	\$ 2,398,014	\$ —
Borrowed Funds	1,316,565	1,272,691	—	1,224,150	48,541
Accrued interest payable	14,208	14,208	—	14,208	—
Interest rate swaps	—	19,685	—	19,685	—

	December 31, 2023				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	<i>(In thousands)</i>				
Assets:					
Cash and due from banks	\$ 172,157	\$ 172,157	\$ 172,157	\$ —	\$ —
Securities held-to-maturity					
Mortgage-backed securities	7,855	7,058	—	7,058	—
Other securities	66,155	58,697	—	—	58,697
Securities available for sale					
Mortgage-backed securities	354,344	354,344	—	354,344	—
Other securities	520,409	520,409	11,660	507,312	1,437
Loans	6,906,950	6,512,841	—	—	6,512,841
FHLB-NY stock	31,066	31,066	—	31,066	—
Accrued interest receivable	59,018	59,018	—	59,018	—
Interest rate swaps	69,013	69,013	—	69,013	—

Liabilities:

Deposits	\$ 6,815,261	\$ 6,778,657	\$ 4,503,971	\$ 2,274,686	\$ —
Borrowed Funds	841,281	801,156	—	753,306	47,850
Accrued interest payable	12,111	12,111	—	12,111	—
Interest rate swaps	28,401	28,401	—	28,401	—

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11. Derivative Financial Instruments

At June 30, 2024 and December 31, 2023, the Company's derivative financial instruments consisted of interest rate swaps. The Company's interest rate swaps are used for three purposes: 1) to mitigate the Company's exposure to rising interest rates on certain fixed rate loans and securities with a notional amount of \$899.1 million and \$902.5 million of swaps outstanding at June 30, 2024 and December 31, 2023, respectively; 2) to facilitate risk management strategies for our loan customers with \$786.3 million of swaps outstanding, which include \$393.2 million each with customers and bank counterparties at June 30, 2024 and \$721.0 million of swaps outstanding, which include \$360.5 million each with customers and bank counterparties at December 31, 2023; and 3) to mitigate exposure to rising interest rates on certain short-term advances, brokered deposits and municipal deposits with \$775.8 million and \$826.8 million of swaps outstanding at June 30, 2024 and December 31, 2023, respectively.

At both June 30, 2024 and December 31, 2023, the Company maintained portfolio layer hedges on a closed portfolio of AFS securities with a notional amount of \$200.0 million and a closed portfolio of loans with a notional amount of \$500.0 million.

For non-portfolio layer method fair value hedges, the hedge basis (the amount of the change in fair value) is added to (or subtracted from) the carrying amount of the hedged item. For portfolio layer method hedges, the hedge basis does not adjust the carrying value of the hedged item and is instead maintained on a closed portfolio basis. These basis adjustments would be allocated to the amortized cost of specific loans or AFS securities within the pools if either of the hedges were de-designated.

At June 30, 2024 and December 31, 2023, we held derivatives designated as cash flow hedges, fair value hedges and certain derivatives not designated as hedges.

The Company's derivative instruments are carried at fair value in the Company's financial statements as part of Other Assets for derivatives with positive fair values and Other Liabilities for derivatives with negative fair values. The accounting for changes in the fair value of a derivative instrument is dependent upon whether or not it qualifies and has been designated as a hedge for accounting purposes, and further, by the type of hedging relationship.

At June 30, 2024 and December 31, 2023, derivatives with a combined notional amount of \$786.3 million and \$722.0 million, respectively, were not designated as hedges. At June 30, 2024 and December 31, 2023, derivatives with a combined notional amount of \$899.1 million and \$902.5 million, respectively, were designated as fair value hedges. At June 30, 2024 and December 31, 2023, derivatives with a combined notional amount of \$775.8 million and \$825.8 million, respectively were designated as cash flow hedges.

For cash flow hedges, the changes in the fair value of the derivatives are reported in accumulated other comprehensive income (loss), net of tax. Amounts in accumulated other comprehensive income (loss) are reclassified into earnings in the same period during which the hedged forecasted transaction affected earnings. During the three months ended June 30, 2024 and 2023, \$6.4 million and \$6.9 million in reduced expense, respectively, was reclassified from accumulated other comprehensive income (loss) to interest expense. During the six months ended June 30, 2024 and 2023, \$13.3 million and \$11.2 million in reduced expense was reclassified from accumulated other comprehensive loss to interest expense. The estimated amount to be reclassified in the next 12 months out of accumulated other comprehensive income (loss) into earnings is \$19.8 million.

A portion of the reduced expense is driven by the amortization of income from terminated cash flow hedges. This income is amortized over the remaining original terms of terminated cash flow hedges. During the three months ended June 30, 2024 there were no cashflow hedges terminated. During the six months ended June 30, 2024, the Company terminated seven cash flow hedges with a combined notional value of \$420.8 million, resulting in a net gain of \$1.7 million. There were no cashflow hedges terminated during the three and six months ended June 30, 2023. During the three months ended June 30, 2024 and 2023, income from the amortization of terminated cash flow hedges totaled \$0.2 million and \$1.1

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million, respectively. During the six months ended June 30, 2024 and 2023, income from the amortization of terminated cash flow hedges totaled \$1.0 million and \$2.5 million, respectively.

The following table sets forth information regarding the Company’s derivative financial instruments at the periods indicated:

	Assets		Liabilities	
	Notional Amount	Fair Value ⁽¹⁾	Notional Amount	Fair Value ⁽¹⁾
June 30, 2024	<i>(In thousands)</i>			
Cash flow hedges:				
Interest rate swaps (deposits)	\$ 775,750	\$ 22,638	\$ —	\$ —
Fair value hedges:				
Interest rate swaps (loans and securities)	899,098	30,936	—	—
Non hedge:				
Interest rate swaps (loans)	393,169	19,685	393,169	19,685
Total	<u>\$ 2,068,017</u>	<u>\$ 73,259</u>	<u>\$ 393,169</u>	<u>\$ 19,685</u>
December 31, 2023				
Cash flow hedges:				
Interest rate swaps (borrowings and deposits)	\$ 555,000	\$ 21,973	\$ 270,750	\$ 1,076
Fair value hedges:				
Interest rate swaps (loans and securities)	702,540	21,068	200,000	1,354
Non hedge:				
Interest rate swaps (loans and deposits)	361,486	25,972	360,486	25,971
Total	<u>\$ 1,619,026</u>	<u>\$ 69,013</u>	<u>\$ 831,236</u>	<u>\$ 28,401</u>

(1) Derivatives in a positive position are recorded as “Other assets” and derivatives in a negative position are recorded as “Other liabilities” in the Consolidated Statements of Financial Condition.

The following table presents information regarding the Company’s fair value hedged items for the periods indicated:

Line Item in the Consolidated Statement of Financial Condition in Which the Hedged Item Is Included	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Amount of the Fair Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
<i>(In thousands)</i>				
Loans				
Multi-family residential	\$ 78,135	\$ 81,471	\$ (11,102)	\$ (9,078)
Commercial real estate	63,264	70,198	(5,059)	(4,778)
Commercial business	39,508	40,468	(3,801)	(3,523)
Total	<u>\$ 180,907</u>	<u>\$ 192,137</u>	<u>\$ (19,962)</u>	<u>\$ (17,379)</u>
Portfolio Layer				
Loans held for Investment	\$ 2,505,187	\$ 2,590,087	\$ (6,656)	\$ (949)
Securities available for sale	264,878	283,195	(5,195)	(2,254)
Total	<u>\$ 2,770,065</u>	<u>\$ 2,873,282</u>	<u>\$ (11,851)</u>	<u>\$ (3,203)</u>

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The following table sets forth the effect of derivative instruments on the Consolidated Statements of Income for the periods indicated:

<i>(In thousands)</i>	Affected Line Item in the Statements Where Net Income is Presented	For the three months ended June 30,		For the six months ended June 30,	
		2024	2023	2024	2023
Financial Derivatives:					
Interest rate swaps - fair value hedge (loans)	Interest and fees on loans	3,796	2,669	7,383	4,566
Interest rate swaps - fair value hedge (securities)	Interest and dividends on securities	1,056	788	2,004	846
Interest rate swaps - non hedge (municipal deposit)	Interest expense - Deposits	—	3	1	3
Interest rate swaps - cash flow hedge (short-term advances)	Other interest expense	—	1,922	364	3,343
Interest rate swaps - cash flow hedge (brokered deposits)	Interest expense - Deposits	6,432	4,958	12,930	7,825
Total net income (expense) from the effects of derivative instruments		<u>\$ 11,284</u>	<u>\$ 10,340</u>	<u>\$ 22,682</u>	<u>\$ 16,583</u>

The Company's interest rate swaps are subject to master netting arrangements between the Company and its designated counterparties. The Company has not made a policy election to offset its derivative positions. The interest rate swaps with borrowers are cross collateralized with the underlying loan and, therefore, there is no posted collateral. Interest rate swap agreements with third-party counterparties contain provisions that require the Company to post collateral if the derivative exposure exceeds a threshold amount and receive collateral for agreements in a net asset position.

The following tables present the effect of the master netting arrangements on the presentation of the derivative assets and liabilities in the Consolidated Statements of Financial Condition as of the dates indicated:

<i>(In thousands)</i>	Gross Amounts Recognized	Gross Amount Offset in Statement of Financial Condition	Net Amount Presented in Statement of Financial Condition	Financial Instruments	Cash Collateral	Net Amount
June 30, 2024						
Assets:						
Interest rate swaps	\$ 73,259	\$ —	\$ 73,259	\$ —	\$ (66,875)	\$ 6,384
Liabilities:						
Interest rate swaps	19,685	—	19,685	—	—	19,685
December 31, 2023						
Assets:						
Interest rate swaps	\$ 69,013	\$ —	\$ 69,013	\$ —	\$ (48,505)	\$ 20,508
Liabilities:						
Interest rate swaps	28,401	—	28,401	—	—	28,401

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12. Accumulated Other Comprehensive Income (Loss):

The following tables set forth the changes in accumulated other comprehensive income (loss) by component for the periods indicated:

	For the three months ended June 30, 2024				
	Unrealized Gains (Losses) on Available for Sale Securities	Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	<i>(In thousands)</i>				
Beginning balance, net of tax	\$ (54,916)	\$ 17,897	\$ (444)	\$ 1,647	\$ (35,816)
Other comprehensive income (loss) before reclassifications, net of tax	(1,994)	3,026	—	(35)	997
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	—	(4,434)	(63)	—	(4,497)
Net current period other comprehensive income (loss), net of tax	(1,994)	(1,408)	(63)	(35)	(3,500)
Ending balance, net of tax	<u>\$ (56,910)</u>	<u>\$ 16,489</u>	<u>\$ (507)</u>	<u>\$ 1,612</u>	<u>\$ (39,316)</u>

	For the three months ended June 30, 2023				
	Unrealized Gains (Losses) on Available for Sale Securities	Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	<i>(In thousands)</i>				
Beginning balance, net of tax	\$ (59,119)	\$ 20,240	\$ (344)	\$ 1,439	\$ (37,784)
Other comprehensive income (loss) before reclassifications, net of tax	(7,349)	10,991	—	(81)	3,561
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	2,945	(4,672)	(69)	—	(1,796)
Net current period other comprehensive income (loss), net of tax	(4,404)	6,319	(69)	(81)	1,765
Ending balance, net of tax	<u>\$ (63,523)</u>	<u>\$ 26,559</u>	<u>\$ (413)</u>	<u>\$ 1,358</u>	<u>\$ (36,019)</u>

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	For the six months ended June 30, 2024				
	Unrealized Gains (Losses) on Available for Sale Securities	Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	<i>(In thousands)</i>				
Beginning balance, net of tax	\$ (54,744)	\$ 14,796	\$ (381)	\$ 1,678	\$ (38,651)
Other comprehensive income (loss) before reclassifications, net of tax	(2,166)	10,857	—	(66)	8,625
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	—	(9,164)	(126)	—	(9,290)
Net current period other comprehensive income (loss), net of tax	(2,166)	1,693	(126)	(66)	(665)
Ending balance, net of tax	<u>\$ (56,910)</u>	<u>\$ 16,489</u>	<u>\$ (507)</u>	<u>\$ 1,612</u>	<u>\$ (39,316)</u>

	For the six months ended June 30, 2023				
	Unrealized Gains (Losses) on Available for Sale Securities	Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	<i>(In thousands)</i>				
Beginning balance, net of tax	\$ (63,106)	\$ 25,380	\$ (275)	\$ 1,513	\$ (36,488)
Other comprehensive income (loss) before reclassifications, net of tax	(4,216)	8,799	—	(155)	4,428
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	3,799	(7,620)	(138)	—	(3,959)
Net current period other comprehensive income (loss), net of tax	(417)	1,179	(138)	(155)	469
Ending balance, net of tax	<u>\$ (63,523)</u>	<u>\$ 26,559</u>	<u>\$ (413)</u>	<u>\$ 1,358</u>	<u>\$ (36,019)</u>

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The following tables set forth significant amounts reclassified from accumulated other comprehensive income (loss) by component for the periods indicated:

For the three months ended June 30, 2024		
Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income is Presented
<i>(In thousands)</i>		
Cash flow hedges:		
Interest rate swaps benefit (expense)	\$ 6,432	Interest expense
	(1,998)	Provision for income taxes
	\$ 4,434	
Amortization of defined benefit pension items:		
Actuarial losses benefit (expense)	\$ 92 ⁽¹⁾	Other operating expenses
	(29)	Provision for income taxes
	\$ 63	

For the three months ended June 30, 2023		
Details about Accumulated Other Comprehensive Income (Loss) Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income is Presented
<i>(In thousands)</i>		
Cash flow hedges:		
Interest rate swaps benefit (expense)	\$ 6,785	Interest expense
	(2,113)	Provision for income taxes
	\$ 4,672	
Amortization of defined benefit pension items:		
Actuarial losses benefit (expense)	\$ 100 ⁽¹⁾	Other operating expenses
	(31)	Provision for income taxes
	\$ 69	

(1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost. See Note 9 (“Pension and Other Postretirement Benefit Plans”) of the Notes to the Consolidated Financial Statements for additional information.

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For the six months ended June 30, 2024		
Details about Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income (Loss) is Presented
<i>(In thousands)</i>		
Cash flow hedges:		
Interest rate swaps benefit (expense)	\$ 13,294	Interest expense
	(4,130)	Provision for income taxes
	<u>\$ 9,164</u>	
Amortization of defined benefit pension items:		
Actuarial losses benefit (expense)	\$ 184 ⁽¹⁾	Other operating expense
	(58)	Provision for income taxes
	<u>\$ 126</u>	
For the six months ended June 30, 2023		
Details about Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement Where Net Income (Loss) is Presented
<i>(In thousands)</i>		
Cash flow hedges:		
Interest rate swaps benefit (expense)	\$ 11,040	Interest expense
	(3,420)	Provision for income taxes
	<u>\$ 7,620</u>	
Amortization of defined benefit pension items:		
Actuarial losses benefit (expense)	\$ 200 ⁽¹⁾	Other operating expense
	(62)	Provision for income taxes
	<u>\$ 138</u>	

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13. Regulatory Capital

Under current capital regulations, the Bank is required to comply with four separate capital adequacy standards and a Capital Conservation Buffer (“CCB”). As of June 30, 2024, the Bank continues to be categorized as “well-capitalized” under the prompt corrective action regulations and continues to exceed all regulatory capital requirements. The CCB for the Bank was 5.10% and 4.81% at June 30, 2024 and December 31, 2023, respectively.

Set forth below is a summary of the Bank’s compliance with banking regulatory capital standards.

	June 30, 2024		December 31, 2023	
	Amount	Percent of Assets	Amount	Percent of Assets
	<i>(Dollars in thousands)</i>			
Tier I (leverage) capital:				
Capital level	\$ 838,042	9.35 %	\$ 825,104	9.47 %
Requirement to be well-capitalized	448,089	5.00	435,792	5.00
Excess	389,953	4.35	389,312	4.47
Common Equity Tier I risk-based capital:				
Capital level	\$ 838,042	12.47 %	\$ 825,104	12.22 %
Requirement to be well-capitalized	436,783	6.50	438,878	6.50
Excess	401,259	5.97	386,226	5.72
Tier I risk-based capital:				
Capital level	\$ 838,042	12.47 %	\$ 825,104	12.22 %
Requirement to be well-capitalized	537,579	8.00	540,157	8.00
Excess	300,463	4.47	284,947	4.22
Total risk-based capital:				
Capital level	\$ 880,553	13.10 %	\$ 864,999	12.81 %
Requirement to be well-capitalized	671,974	10.00	675,196	10.00
Excess	208,579	3.10	189,803	2.81

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The Company is subject to the same regulatory capital requirements as the Bank. As of June 30, 2024, the Company continues to be categorized as “well-capitalized” under the prompt corrective action regulations and continues to exceed all regulatory capital requirements. The CCB for the Company at June 30, 2024 and December 31, 2023 was 4.91% and 4.93%, respectively.

Set forth below is a summary of the Company’s compliance with banking regulatory capital standards.

	June 30, 2024		December 31, 2023	
	Amount	Percent of Assets	Amount	Percent of Assets
	<i>(Dollars in thousands)</i>			
Tier I (leverage) capital:				
Capital level	\$ 733,308	8.18 %	\$ 737,732	8.47 %
Requirement to be well-capitalized	448,057	5.00	435,748	5.00
Excess	285,251	3.18	301,984	3.47
Common Equity Tier I risk-based capital:				
Capital level	\$ 686,630	10.22 %	\$ 691,754	10.25 %
Requirement to be well-capitalized	436,707	6.50	438,770	6.50
Excess	249,923	3.72	252,984	3.75
Tier I risk-based capital:				
Capital level	\$ 733,308	10.91 %	\$ 737,732	10.93 %
Requirement to be well-capitalized	537,485	8.00	540,024	8.00
Excess	195,823	2.91	197,708	2.93
Total risk-based capital:				
Capital level	\$ 965,819	14.38 %	\$ 967,627	14.33 %
Requirement to be well-capitalized	671,857	10.00	675,030	10.00
Excess	293,962	4.38	292,597	4.33

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14. New Authoritative Accounting Pronouncements

Accounting Standards: Pending Adoption

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”. This ASU requires that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The ASU requires all entities disclose on an annual basis (1) the amount of income taxes paid, disaggregated by federal, state and foreign taxes and (2) the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal or greater than five percent of total income taxes paid. The ASU also requires that all entities disclose (1) income (loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic or foreign and (2) income tax expense (or benefit) from continuing operations disaggregated by federal (national), state and foreign. This ASU is effective for public business entities for annual periods beginning after December 15, 2024. We do not expect adoption of this ASU to have a material effect on our consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”. This ASU enhances disclosures about significant segment expenses. The key amendments include: (1) a requirement that a public entity disclose on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss, (2) a requirement that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition, (3) a requirement that a public entity provide all annual disclosures about a reportable segment's profit or loss currently required by GAAP in interim periods as well, (4) a clarification that if CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, an entity may report one or more of those additional measures of segment profit, (5) a requirement that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources and (6) a requirement that a public entity that has a single reportable segment provide all the disclosures required by the amendments in the ASU and all existing segment disclosures. This ASU is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. As we have one reportable segment, the requirements of this standard for such entities will apply beginning with the Company's annual report ending December 31, 2024. We do not expect adoption of this ASU to have a material effect on our consolidated financial statements.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report should be read in conjunction with the more detailed and comprehensive disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2023. In addition, please read this section in conjunction with our Consolidated Financial Statements and Notes to Consolidated Financial Statements contained herein.

As used in this Quarterly Report, the words “we,” “us,” “our” and the “Company” are used to refer to Flushing Financial Corporation and its direct and indirect wholly owned subsidiaries, Flushing Bank (the “Bank”), Flushing Service Corporation, and FSB Properties Inc.

Statements contained in this Quarterly Report relating to plans, strategies, objectives, economic performance and trends, projections of results of specific activities or investments and other statements that are not descriptions of historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking information is inherently subject to risks and uncertainties and actual results could differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, factors discussed elsewhere in this Quarterly Report and in other documents filed by us with the Securities and Exchange Commission from time to time, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2023. Forward-looking statements may be identified by terms such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “forecasts,” “goals,” “potential” or “continue” or similar terms or the negative of these terms. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We have no obligation to update these forward-looking statements.

Executive Summary

We are a Delaware corporation organized in May 1994. The Bank was organized in 1929 as a New York State-chartered mutual savings bank. Today the Bank operates as a full-service New York State-chartered commercial bank. The Bank’s primary regulator is the New York State Department of Financial Services, and its primary federal regulator is the Federal Deposit Insurance Corporation (“FDIC”). Deposits are insured to the maximum allowable amount by the FDIC. Additionally, the Bank is a member of the Federal Home Loan Bank system. The primary business of Flushing Financial Corporation has been the operation of the Bank. At June 30, 2024, the Bank owns two subsidiaries: Flushing Service Corporation and FSB Properties Inc. The Bank also operates an internet branch, which operates under the brands of iGObanking.com® and BankPurely® (the “Internet Branch”). The activities of Flushing Financial Corporation are primarily funded by dividends, if any, received from the Bank, issuances of subordinated debt, junior subordinated debt, and issuances of equity securities. Flushing Financial Corporation’s common stock is traded on the NASDAQ Global Select Market under the symbol “FFIC.”

Our principal business is attracting retail deposits from the general public and investing those deposits together with funds generated from ongoing operations and borrowings, primarily in (1) originations and purchases of multi-family residential loans, commercial business loans, commercial real estate mortgage loans and, to a lesser extent, one-to-four family loans (focusing on mixed-use properties, which are properties that contain both residential dwelling units and commercial units); (2) Small Business Administration (“SBA”) loans and other small business loans; (3) construction loans; (4) mortgage loan surrogates such as mortgage-backed securities; and (5) U.S. government securities, corporate fixed-income securities and other marketable securities. We also originate certain other consumer loans including overdraft lines of credit. Our results of operations depend primarily on net interest income, which is the difference between the income earned on our interest-earning assets and the cost of our interest-bearing liabilities. Net interest income is the result of our net interest rate margin, which is the difference between the average yield earned on interest-earning assets and the average cost of interest-bearing liabilities, adjusted for the difference in the average balance of interest-earning assets as compared to the

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average balance of interest-bearing liabilities. We also generate non-interest income primarily from loan fees, service charges on deposit accounts, and other fees, income earned on Bank Owned Life Insurance (“BOLI”), dividends on Federal Home Loan Bank of New York (“FHLB-NY”) stock and net gains and losses on sales of securities and loans. Our operating expenses consist principally of employee compensation and benefits, occupancy and equipment costs, other general and administrative expenses and income tax expense. Our results of operations can also be significantly affected by changes in the fair value of financial assets and financial liabilities for which changes in value are recorded through earnings and our periodic provision for credit losses.

Our investment policy, which is approved by the Board of Directors, is designed primarily to manage the interest rate sensitivity of our overall assets and liabilities, to generate a favorable return without incurring undue interest rate risk and credit risk, to complement our lending activities and to provide and maintain liquidity. In establishing our investment strategies, we consider our business and growth strategies, the economic environment, our interest rate risk exposure, our interest rate sensitivity “gap” position, the types of securities to be held and other factors. We classify our investment securities as available for sale or held-to-maturity.

We carry a portion of our financial assets and financial liabilities under the fair value option and record changes in their fair value through earnings in non-interest income on our Consolidated Statements of Income and Comprehensive Income. A description of the financial assets and financial liabilities that are carried at fair value through earnings can be found in Note 10 (“Fair Value of Financial Instruments”) of the Notes to the Consolidated Financial Statements.

For the three months ended June 30, 2024 we reported net income of \$5.3 million, or \$0.18 per diluted common share, an increase of \$1.6 million, or 44.5% from net income of \$3.7 million, or \$0.12 per diluted common share earned in the three months ended March 31, 2024. The increase in net income was primarily driven by increases in non-interest income and net interest income of \$1.1 million and \$0.4 million, respectively, and a decrease in non-interest expense of \$0.8 million, partially offset by an increase of \$0.2 million in the provision for credit losses.

During the three months ended June 30, 2024, the net interest margin decreased one basis point to 2.05% from 2.06% in the three months ended March 31, 2024. Excluding prepayment penalty income from loans, net recoveries/reversals of interest from non-accrual loans, net gains (losses) from fair value adjustments on qualifying hedges, and purchase accounting adjustments, the net interest margin increased one basis point to 2.02% for the three months ended June 30, 2024 from 2.01% in the three months ended March 31, 2024.

Approximately 90% of our loan portfolio is collateralized by real estate with an average loan to value of less than 36%. We have a long history and foundation built upon disciplined underwriting, strong credit quality, and a resilient seasoned loan portfolio with solid asset protection. At June 30, 2024 our allowance for credit losses (“ACL”) to gross loans stood at 61 basis points and our ACL to non-performing loans was 120.6%. Non-performing assets at the end of the quarter were 61 basis points of total assets.

Goodwill is presumed to have an indefinite life and is tested for impairment, rather than amortized, on at least an annual basis. Quoted market prices in active markets are the best evidence of fair value and are to be used as the basis for measurement, when available. If the fair value of the reporting unit exceeds its carrying amount, there is no impairment of goodwill. At June 30, 2024, the market capitalization of our reporting unit did not exceed its carrying value, however the fair value of our reporting unit is not driven solely by the market price of our stock. For goodwill impairment testing, management has concluded that the Company has one reporting unit. The Company performed a quantitative assessment in testing for the impairment of goodwill as of December 31, 2023, concluding that there was no goodwill impairment. At June 30, 2024 we tested goodwill through a qualitative assessment concluding no impairment was indicated. We monitor goodwill for potential impairment triggers on a quarterly basis. Given the inherent uncertainties resulting from global macroeconomic conditions, actual results may differ from management’s current estimates and could have an adverse impact on one or more of the assumptions used in our quantitative model prepared for the reporting unit, which could result in impairment charges in subsequent periods.

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The Bank and Company remain well-capitalized under current capital regulations of the FDIC and the Federal Reserve Board, respectively, and are subject to similar regulatory capital requirements. See Note 13 (“Regulatory Capital”) of the Notes to the Consolidated Financial Statements.

The following table presents operating data highlights for the periods indicated:

	For the three months ended June 30,	
	2024	2023
<i>(In thousands except per share data)</i>		
Operating data:		
Interest income	\$ 113,230	\$ 96,561
Interest expense	70,454	53,183
Net interest income	42,776	43,378
Provision for credit losses	809	1,416
Noninterest income	4,216	5,020
Noninterest expense	39,047	35,110
Income before income tax expense	7,136	11,872
Income tax expense	1,814	3,186
Net income	\$ 5,322	\$ 8,686
Basic earnings per common share	\$ 0.18	\$ 0.29
Dividends per common share	0.18	0.29
Average diluted shares	29,789	30,090

COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

General. Net income for the three months ended June 30, 2024 was \$5.3 million, a decrease of \$3.4 million, or 38.7%, from \$8.7 million for the three months ended June 30, 2023. Diluted earnings per common share were \$0.18 for the three months ended June 30, 2024, a decrease of \$0.11, or 37.9%, from \$0.29 for the three months ended June 30, 2023.

Return on average equity was 3.19% for the three months ended June 30, 2024 compared to 5.16% for the three months ended June 30, 2023. Return on average assets was 0.24% for the three months ended June 30, 2024 compared to 0.41% for the three months ended June 30, 2023.

Interest Income. Interest and dividend income increased \$16.7 million, or 17.3%, to \$113.2 million for the three months ended June 30, 2024 from \$96.6 million for the three months ended June 30, 2023. The increase in interest income was primarily attributable to the 59 basis point increase in the yield on interest-earning assets to 5.43% for the three months ended June 30, 2024 compared to 4.84% for the three months ended June 30, 2023. In addition, the average balance of total interest-earning assets increased \$363.2 million from the comparable prior year period. Excluding prepayment penalty income from loans, net recoveries/reversals of interest from non-accrual loans, net gains (losses) from fair value adjustments on qualifying hedges, and purchase accounting adjustments, the yield on total interest-earning assets increased 58 basis points to 5.39% for the three months ended June 30, 2024 from 4.81% for the three months ended June 30, 2023.

Interest Expense. Interest expense increased \$17.3 million, or 32.5%, to \$70.5 million for the three months ended June 30, 2024 from \$53.2 million for the three months ended June 30, 2023. The growth in interest expense was primarily due to an increase of 80 basis points in the average cost of interest-bearing liabilities to 3.95% for the three months ended June 30, 2024 from 3.15% for the three months ended June 30, 2023 and the increase of \$383.2 million in the average balance of interest-bearing liabilities to \$7,140.1 million for the three months ended June 30, 2024 from \$6,756.9 million for the comparable prior year period. The increasing rate environment has on average caused our deposits to shift more towards higher rate deposit types.

Net Interest Income. Net interest income for the three months ended June 30, 2024 was \$42.8 million, a decrease of \$0.6 million, or 1.4%, from \$43.4 million for the three months ended June 30, 2023. The decrease in net interest income was

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driven by the net interest margin decreasing 13 basis points to 2.05% for the three months ended June 30, 2024 from 2.18% for the three months ended June 30, 2023. Included in net interest income for the three months ended June 30, 2024 and 2023, was prepayment penalty income and net recovered interest from non-accrual loans totaling \$0.4 million and \$0.3 million, respectively, net gains and (losses) from fair value adjustments on qualifying hedges totaling \$0.2 million and \$(0.2) million, respectively, and purchase accounting income of \$0.2 million and \$0.3 million, respectively. Excluding all of these items, the net interest margin for the three months ended June 30, 2024 was 2.02%, a decrease of 13 basis points, from 2.15% for the three months ended June 30, 2023.

Provision for Credit Losses. During the three months ended June 30, 2024, the provision for credit losses was \$0.8 million compared to \$1.4 million for the three months ended June 30, 2023. The provision recorded during the three months ended June 30, 2024, was driven by an increase in the qualitative reserve to capture additional risk related to credit concentrations. The current average loan-to-value ratio for our non-performing assets collateralized by real estate was 44.1% at June 30, 2024. The Bank continues to maintain conservative underwriting standards.

Non-Interest Income. Non-interest income for the three months ended June 30, 2024 was \$4.2 million, a decrease of \$0.8 million, or 16.0% from \$5.0 million in the prior year comparable period. The decrease was primarily due to a gain from life insurance proceeds recorded in the prior year period totaling \$0.6 million, compared to none in the current period.

Non-Interest Expense. Non-interest expense for the three months ended June 30, 2024 was \$39.0 million, an increase of \$3.9 million, or 11.2%, from \$35.1 million for the three months ended June 30, 2023. The increase was primarily due to increases in salary expense, professional services expense, and FDIC insurance assessment rates.

Income before Income Taxes. Income before income taxes for the three months ended June 30, 2024 was \$7.1 million, a decrease of \$4.7 million, or 39.9%, from \$11.9 million for the three months ended June 30, 2023 for the reasons discussed above.

Provision for Income Taxes. The provision for income taxes was \$1.8 million for the three months ended June 30, 2024, a decrease of \$1.4 million, or 43.1%, from \$3.2 million for the three months ended June 30, 2023. The decrease was primarily due to the decline in income before income taxes. The effective tax rate for the three months ended June 30, 2024 was 25.4% compared to 26.8% for the three months ended June 30, 2023.

The following table presents operating data highlights for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	<i>(In thousands except per share data)</i>	
Operating data:		
Interest income	\$ 222,729	\$ 188,678
Interest expense	137,556	100,038
Net interest income	85,173	88,640
Provision for credit losses	1,401	8,924
Noninterest income	7,300	11,877
Noninterest expense	78,939	74,266
Income before income tax expense	12,133	17,327
Income tax expense	3,127	4,597
Net income	\$ 9,006	\$ 12,730
Basic earnings per common share	\$ 0.30	\$ 0.42
Dividends per common share	0.30	0.42
Average diluted shares	29,766	30,177

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COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

General. Net income for the six months ended June 30, 2024 was \$9.0 million, a decrease of \$3.7 million, or 29.3%, from \$12.7 million for the six months ended June 30, 2023. Diluted earnings per common share were \$0.30 for the six months ended June 30, 2024, a decrease of \$0.12, or 28.6%, from \$0.42 for the six months ended June 30, 2023.

Return on average equity was 2.69% for the six months ended June 30, 2024 compared to 3.76% for the six months ended June 30, 2023. Return on average assets was 0.21% for the six months ended June 30, 2024 compared to 0.30% for the six months ended June 30, 2023.

Interest Income. Interest and dividend income increased \$34.1 million, or 18.0%, to \$222.7 million for the six months ended June 30, 2024 from \$188.7 million for the six months ended June 30, 2023. The increase in interest income was primarily attributable to the 65 basis point increase in the yield on interest-earning assets to 5.37% for the six months ended June 30, 2024 compared to 4.72% for the six months ended June 30, 2023. In addition, the average balance of total interest-earning assets increased \$298.0 million from the comparable prior year period. Excluding prepayment penalty income from loans, net recoveries/reversals of interest from non-accrual loans, net gains (losses) from fair value adjustments on qualifying hedges, and purchase accounting adjustments, the yield on total interest-earning assets increased 65 basis points to 5.33% for the six months ended June 30, 2024 from 4.68% for the six months ended June 30, 2023.

Interest Expense. Interest expense increased \$37.5 million, or 37.5%, to \$137.6 million for the six months ended June 30, 2024 from \$100.0 million for the six months ended June 30, 2023. The growth in interest expense was primarily due to an increase of 92 basis points in the average cost of interest-bearing liabilities to 3.89% for the six months ended June 30, 2024 from 2.97% for the six months ended June 30, 2023 and the increase of \$347.1 million in the average balance of interest-bearing liabilities to \$7,077.5 million for the six months ended June 30, 2024 from \$6,730.4 million for the comparable prior year period. The increasing rate environment has on average caused our deposits to shift more towards higher rate deposit types.

Net Interest Income. Net interest income for the six months ended June 30, 2024 was \$85.2 million, a decrease of \$3.5 million, or 3.9%, from \$88.6 million for the six months ended June 30, 2023. The decrease in net interest income was driven by the net interest margin decreasing 16 basis points to 2.06% for the six months ended June 30, 2024 from 2.22% for the six months ended June 30, 2023. Included in net interest income for the six months ended June 30, 2024 and 2023, was prepayment penalty income totaling \$1.2 million and \$0.9 million, respectively, net recovered interest from non-accrual loans totaling \$0.1 million in both periods, net gains and (losses) from fair value adjustments on qualifying hedges totaling (\$8,000) and \$0.1 million, respectively, and purchase accounting income of \$0.5 million and \$0.6 million, respectively. Excluding all of these items, the net interest margin for the six months ended June 30, 2024 was 2.02%, a decrease of 16 basis points, from 2.18% for the six months ended June 30, 2023.

Provision for Credit Losses. During the six months ended June 30, 2024, the provision for credit losses was \$1.4 million compared to \$8.9 million for the six months ended June 30, 2023. The provision recorded during the six months ended June 30, 2024, was driven by increasing reserves on one commercial business relationship and an increase in the qualitative reserve to capture additional risk related to credit concentrations. The current average loan-to-value ratio for our non-performing assets collateralized by real estate was 44.1% at June 30, 2024. The Bank continues to maintain conservative underwriting standards.

Non-Interest Income. Non-interest income for the six months ended June 30, 2024 was \$7.3 million, a decrease of \$4.6 million, or 38.5% from \$11.9 million in the prior year comparable period. The decrease was primarily due to net losses from fair value adjustments totaling \$0.8 million in the current period compared to a net gain of \$2.9 million recorded during the prior year period, coupled with a gain from life insurance proceeds recorded in the prior year period totaling \$0.6 million, compared to none in the current period.

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Non-Interest Expense. Non-interest expense for the six months ended June 30, 2024 was \$78.9 million, an increase of \$4.7 million, or 6.3%, from \$74.3 million for the six months ended June 30, 2023. The increase was primarily due to increases in salary related expense accruals, professional services expense, and FDIC insurance assessment rates.

Income before Income Taxes. Income before income taxes for the six months ended June 30, 2024 was \$12.1 million, a decrease of \$5.2 million, or 30.0%, from \$17.3 million for the six months ended June 30, 2023 for the reasons discussed above.

Provision for Income Taxes. The provision for income taxes was \$3.1 million for the six months ended June 30, 2024, a decrease of \$1.5 million, or 32.0%, from \$4.6 million for the six months ended June 30, 2023. The decrease was primarily due to the decline in income before income taxes. The effective tax rate for the six months ended June 30, 2024 was 25.8% compared to 26.5% for the six months ended June 30, 2023.

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Assets. Total assets at June 30, 2024 were \$9,097.2 million, an increase of \$560.0 million, or 6.6%, from \$8,537.2 million at December 31, 2023. The increase in total assets was mainly due to available for sale securities increasing \$673.9 million, or 77.0%, to \$1,548.6 million as the Company purchased primarily adjustable-rate securities. Total net loans decreased \$131.4 million, or 1.9%, during the six months ended June 30, 2024, to \$6,735.4 million from \$6,866.8 million at December 31, 2023. Loan originations and purchases were \$255.9 million for the six months ended June 30, 2024, a decrease of \$76.4 million, or 23.0%, from \$332.3 million for the six months ended June 30, 2023. The decreased loan originations were a result of the absence of loans that met both our underwriting and pricing criteria. We continue to focus on the origination of multi-family residential, commercial real estate and commercial business loans with a full banking relationship. The loan pipeline was \$327.7 million at June 30, 2024, compared to \$163.1 million at December 31, 2023. The following table shows loan originations and purchases for the periods indicated:

<i>(In thousands)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Multi-family residential	\$ 27,966	\$ 31,901	\$ 39,771	\$ 74,065
Commercial real estate	20,573	38,523	30,613	54,093
One-to-four family – mixed-use property	3,980	5,812	4,730	10,750
One-to-four family – residential ⁽¹⁾	689	63	53,228	4,359
Construction ⁽²⁾	4,594	8,811	6,489	19,403
Small Business Administration	—	820	—	1,138
Commercial business and other ⁽³⁾	68,162	72,850	121,117	168,518
Total	\$ 125,964	\$ 158,780	\$ 255,948	\$ 332,326

(1) Includes purchases of \$52.3 million for the six months ended June 30, 2024.

(2) Includes purchases of \$0.1 million for the six months ended June 30, 2023.

(3) Includes purchases of \$20.9 million and \$39.6 million for the three months ended June 30, 2024 and 2023, respectively. Includes purchases of \$44.4 million and \$83.9 million for the six months ended June 30, 2024 and 2023, respectively.

The Bank maintains its conservative underwriting standards that include, among other things, a loan-to-value ratio of 75% or less and a debt coverage ratio of at least 125%. Multi-family residential (excluding underlying co-operative mortgages), commercial real estate and one-to-four family mixed-use property mortgage loans originated and purchased during the three months ended June 30, 2024 had an average loan-to-value ratio of 40.3% and an average debt coverage ratio of 224.0%.

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The Bank’s non-performing assets totaled \$55.8 million at June 30, 2024, an increase of \$9.7 million, or 21.0% from December 31, 2023. Total non-performing assets as a percentage of total assets were 0.61% at June 30, 2024 and 0.54% at December 31, 2023. The ratio of ACL – loans to total non-performing loans was 120.6% at June 30, 2024 and 159.5% at December 31, 2023.

During the six months ended June 30, 2024 mortgage-backed securities increased \$515.1 million, or 142.2%, to \$877.3 million from \$362.2 million at December 31, 2023. The increase during the six months ended June 30, 2024 was primarily due to purchases of \$546.9 million of primarily adjustable-rate securities with an average yield of 6.55% partially offset by principal repayments totaling \$24.7 million and a decrease in the fair value of market adjustments totaling \$6.7 million.

During the six months ended June 30, 2024, other securities increased \$157.8 million, or 27.0%, to \$743.3 million from \$585.5 million at December 31, 2023. The increase in other securities during the six months ended June 30, 2024, was primarily due to purchases of \$279.9 million of adjustable-rate securities at an average yield of 7.02%, partially offset by maturities, repayments and calls totaling \$122.9 million. At June 30, 2024, other securities primarily consisted of securities issued by mutual or bond funds that invest in government and government agency securities, municipal bonds, corporate bonds, and CLOs.

During this period of lower loan originations, the investment securities have increased to augment interest-earning assets.

Liabilities. Total liabilities were \$8,431.9 million at June 30, 2024, an increase of \$546.5 million, or 7.2%, from \$7,867.4 million at December 31, 2023. During the six months ended June 30, 2024, due to depositors increased \$84.3 million, or 1.2%, to \$6,849.2 million primarily due to an increase in certificates of deposit of \$124.6 million. At June 30, 2024, the Company had uninsured deposits totaling \$2.2 billion, or 32.2% of deposits with \$1.1 billion of that fully collateralized by some other method leaving uninsured and uncollateralized deposits totaling \$1.2 billion or 16.7% of deposits. Uninsured deposits are greatly influenced by our government deposit portfolio. These deposits fluctuate at times that affects both the uninsured deposit levels and other sources of liquidity used. Borrowed funds increased \$475.3 million, or 56.5%, during the six months ended June 30, 2024, primarily to fund investment securities purchases.

Total deposits at the periods shown and the weighted average rate on deposits at June 30, 2024 and December 31, 2023, are as follows:

	June 30, 2024	December 31, 2023	Weighted Average Nominal Rate 2024 ⁽¹⁾	Weighted Average Nominal Rate 2023 ⁽¹⁾
Interest-bearing deposits:	<i>(Dollars in thousands)</i>			
Certificate of deposit accounts	\$ 2,435,894	\$ 2,311,290	4.94 %	4.51 %
Savings accounts	103,296	108,605	0.47	0.45
Money market accounts	1,710,376	1,726,404	4.10	3.91
NOW accounts	1,774,268	1,771,164	3.88	3.58
Total interest-bearing deposits	6,023,834	5,917,463		
Non-interest bearing demand deposits	825,327	847,416		
Total due to depositors	6,849,161	6,764,879		
Mortgagors' escrow deposits	57,702	50,382	0.27	0.25
Total deposits	<u>\$ 6,906,863</u>	<u>\$ 6,815,261</u>		

(1) The weighted average rate does not reflect the benefit of interest rate swaps.

Included in deposits were brokered deposits totaling \$1,090.8 million, a decrease of \$11.2 million from \$1,102.0 million at December 31, 2023. We utilize brokered deposits as an additional funding source, to assist in the management of our

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interest rate risk and as an underlying funding source for a portion of our interest rate swaps. We obtain brokered certificates of deposit as a wholesale funding source when the interest rate on these deposits are below other wholesale options, or to extend the maturities of our deposits. Brokered deposits generally have a higher beta than our retail deposits as the interest rates are typically more sensitive to changes in the federal funds rates. A portion of our brokered certificates of deposit are hedged against rising interest rates using interest rate swaps. At June 30, 2024 and December 31, 2023, \$775.8 million and \$680.0 million, respectively, were hedged using interest rate swaps. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements. Brokered deposits obtained by the Bank are generally fully FDIC insured. At June 30, 2024 and December 31, 2023, the Bank did not hold any uninsured brokered deposits.

The following table shows the composition of brokered deposits at the periods indicated below:

<i>(In thousands)</i>	June 30, 2024	December 31, 2023
NOW accounts	\$ 51,468	\$ 187,119
Money market accounts	73,532	96,596
Certification of deposit	965,840	818,287
Total brokered deposits	<u>\$ 1,090,840</u>	<u>\$ 1,102,002</u>

Interest expense on brokered deposits is summarized as follows for the periods indicated below:

<i>(In thousands)</i>	For the three months ended	
	June 30,	
	2024	2023
NOW accounts	\$ 70	\$ 125
Money market accounts	359	972
Certification of deposit	5,924	4,378
Total interest expense on brokered deposits	<u>\$ 6,353</u>	<u>\$ 5,475</u>

<i>(In thousands)</i>	For the six months ended	
	June 30,	
	2024	2023
NOW accounts	\$ 214	\$ 254
Money market accounts	885	2,353
Certification of deposit	10,889	6,929
Total brokered deposits	<u>\$ 11,988</u>	<u>\$ 9,536</u>

Equity. Total stockholders’ equity was \$665.3 million at June 30, 2024, a decrease of \$4.5 million, or 0.7% from \$669.8 million at December 31, 2023. Stockholders’ equity decreased primarily due to the declaration and payment of dividends on the Company’s common stock of \$0.44 per common share totaling \$13.0 million, partially offset by net income totaling \$9.0 million. Book value per common share was \$22.89 at June 30, 2024 compared to \$23.21 at December 31, 2023.

Liquidity. Liquidity is the ability to economically meet current and future financial obligations. The Company’s primary objectives in terms of managing liquidity are to maintain the ability to originate and purchase loans and securities, repay borrowings as they mature, satisfy financial obligations that arise in the normal course of business and meet our customer’s deposit withdrawal needs. Our primary sources of funds are deposits, borrowings, principal and interest payments on loans, mortgage-backed and other securities, and proceeds from sales of securities and loans. Deposit flows and mortgage

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prepayments, however, are greatly influenced by general interest rates, economic conditions, and competition. The Company has other sources of liquidity, including unsecured overnight lines of credit, brokered deposits and other types of borrowings. During 2024 the FHLB reduced the available lines to all its member banks from 45% of total assets to 30% of total assets. To offset the FHLB policy change, the Company expanded its line with the Federal Reserve. At June 30, 2024, the Company had \$3.1 billion in combined available liquidity through cash lines with the FHLB, Federal Reserve and other commercial banks as well as unencumbered securities compared to \$4.1 billion at December 31, 2023.

The following table presents the Company’s available liquidity by source at the periods indicated below:

	At June 30, 2024		
	Total Available	Amount Used	Net Availability
Internal Sources:	<i>(In millions)</i>		
Unencumbered Securities	\$ 1,137.8	\$ —	\$ 1,137.8
Interest Earnings Deposits	59.1	—	59.1
External Sources:			
Federal Home Loan Bank	2,640.6	2,283.7	356.9
Federal Reserve Bank	1,308.2	100.0	1,208.2
Other Banks	474.0	170.0	304.0
Total Liquidity	\$ 5,619.7	\$ 2,553.7	\$ 3,066.0

	At December 31, 2023		
	Total Available	Amount Used	Net Availability
Internal Sources:	<i>(In millions)</i>		
Unencumbered Securities	\$ 508.3	\$ —	\$ 508.3
Interest Earnings Deposits	71.2	—	71.2
External Sources:			
Federal Home Loan Bank	3,808.6	1,599.5	2,209.1
Federal Reserve Bank	298.0	100.0	198.0
Other Banks	1,128.0	25.0	1,103.0
Total Liquidity	\$ 5,814.1	\$ 1,724.5	\$ 4,089.6

Liquidity management is both a short and long-term function of business management. During 2024, funds were provided by the Company’s operating and financing activities, which were used to fund our investing activities. Our most liquid assets are cash and cash equivalents, which include cash and due from banks, overnight interest-earning deposits and federal funds sold with original maturities of 90 days or less. The level of these assets is dependent on our operating, financing, lending, and investing activities during any given period. At June 30, 2024, cash and cash equivalents totaled \$156.9 million, a decrease of \$15.2 million, or 8.9% from \$172.2 million, at December 31, 2023. A portion of our cash and cash equivalents is restricted cash held as collateral for interest rate swaps. At June 30, 2024 and December 31, 2023, restricted cash totaled \$57.4 million and \$47.9 million, respectively.

INTEREST RATE RISK

Interest rate risk is the impact on earnings and capital from changes in interest rates. Interest rate risk exists because our interest-earning assets and interest-bearing liabilities may mature or reprice at different times or by different amounts. We assess interest rate risk by comparing the results of several income and capital simulations scenarios to the base case compared to scenarios with changes in interest rates, degree of change over time, speed of change, and changes in the shape of the yield curve. These scenarios have assumptions including loan originations, investment securities purchases and sales, prepayment rates on loans and investment securities, deposit flows, and mix and pricing decisions.

Asset/Liability Management. Asset/liability management involves assessing, monitoring and managing interest rate risk. The asset liability committee (“ALCO”) Investment Committee of the Board of Directors (“Board ALCO”) has primary

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oversight responsibility of interest rate risk. The actions and activities of the Board ALCO are dictated by the “ALCO and Investment Committee Charter of the Company Board of Directors (the “Charter”). The Board ALCO has established policy limits for changes of net interest income and the economic value of equity under various scenarios and liquidity risk limits to ensure the Company has sufficient liquid assets to meet its short-term obligations, even during periods of financial stress and is reviewed no less frequently than quarterly. The ALCO policy and oversight is interconnected to the Company’s capital plan.

The Board ALCO reviews simulations of various interest rate scenarios to assess the potential impact on the Company’s balance sheet and income statement. The model employed by the Company uses a statistic balance sheet as of the date the modeling is being generated. The limitation to this model is that unexpected events may not be captured in the output. The model is validated no less frequently than annually with the variables in the model subjected to annual stress tests. In addition, the interest rate risk model is back-tested no less frequently than quarterly to ensure the model remains consistent with actual results. The information from the interest rate risk modeling allows the Board ALCO to assess the potential impact of interest rate changes on the Company’s profitability and future earnings.

The interest rate risk scenarios affect the position the Company may take with the pricing of assets and liabilities.

Models are inherently imperfect and subject to assumptions and limitations. The model output is affected by the data quality and the assumptions used. The Company uses both internal and external inputs into the model. The market interest rates are obtained from the Federal Reserve WIRP curve and may be adjusted by the management level ALCO committee (“Management ALCO”); the change in deposit betas is based upon deposit studies completed by an independent third party; loan prepayment assumptions are based upon internal analysis; loan origination data is Company generated; and additions to assets and liabilities is derived from the budget or forecast or internally generated projected cash flows.

There was no material change in the source of the data used in our interest rate risk modeling in the current year. Current economic factors such as interest rate forecasts as changed from period over period may affect the modeling. Key assumptions include deposit betas and loan origination yields. Deposit betas vary by product and direction of interest rates. In an upward shock, weighted average deposit betas (based on period end balances) were 70% at June 30, 2024 and June 30, 2023. In a downward shock, weighted average deposit betas (based on period end balances) were 62% at June 30, 2024 compared to 61% at June 30, 2023. Loan origination yields vary by product and the weighted average yield (based on period end loan balances) was 7.14% at June 30, 2024 compared to 6.85% at June 30, 2023.

Management ALCO, which consists of representatives from treasury, finance, business units, and senior management, oversees the interest rate risk, liquidity risk and capital risk while providing regular reports to the Board ALCO. These reports quantify the potential changes in net interest income and economic value of equity through various rate scenarios. The Management ALCO also provides the results of the liquidity stress test prepared by the Chief Risk Officer, the sensitivity analyses of the interest rate risk model variables, and the capital position of the Company and the Bank.

Economic Value of Equity Analysis. The Consolidated Statements of Financial Condition have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”), which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in fair value of certain investments due to changes in interest rates. Generally, the fair value of financial investments such as loans and securities fluctuate inversely with changes in interest rates. As a result, increases in interest rates could result in decreases in the fair value of the Company’s interest-earning assets which could adversely affect the Company’s results of operations if such assets were sold, or, in the case of securities classified as available for sale, decreases in the Company’s stockholders’ equity, if such securities were retained.

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The Company quantifies the net portfolio value should interest rates immediately go up or down 100 or 200 basis points, assuming the yield curves of the rate shocks will be parallel to each other. Net portfolio value is defined as the market value of assets net of the market value of liabilities. The market value of assets and liabilities is determined using a discounted cash flow calculation. The net portfolio value ratio is the ratio of the net portfolio value to the market value of assets. The changes in value are measured as percentage changes from the net portfolio value at the base interest rate scenario. The base interest rate scenario assumes interest rates at June 30, 2024. Various estimates regarding prepayment assumptions are made at each level of rate shock. At June 30, 2024, the Company was within the guidelines set forth by the Board of Directors for each interest rate level.

The following table presents the change in the Company’s net portfolio value and the net portfolio ratio for the following periods:

Change in Interest Rate	Projected Percentage Change In		Net Portfolio Value Ratio	
	Net Portfolio Value (NPV)			
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
-200 Basis points	1.9 %	(1.8) %	7.7 %	7.4 %
-100 Basis points	1.0	(0.9)	7.8	7.6
Base interest rate	-	-	7.8	7.8
+100 Basis points	(5.8)	(3.5)	7.5	7.7
+200 Basis points	(11.7)	(6.7)	7.1	7.6

Income Simulation Analysis. The Company manages the mix of interest-earning assets and interest-bearing liabilities on a continuous basis to maximize return and adjust its exposure to interest rate risk. The starting point for the net interest income simulation is an estimate of the next twelve months’ net interest income assuming that both interest rates and the Company’s interest-sensitive assets and liabilities remain at period-end levels. The report quantifies the potential changes in net interest income should interest rates go up or down 100 or 200 basis points (shocked), assuming the yield curves of the rate shocks will be parallel to each other. All changes in income are measured as percentage changes from the projected net interest income at the base interest rate scenario. The base interest rate scenario assumes interest rates at June 30, 2024 and 2023. Prepayment penalty income is excluded from this analysis. Actual results could differ significantly from these estimates. At June 30, 2024, the Company was within the guidelines set forth by the Board of Directors for each interest rate level.

The following table presents the Company’s interest rate shock as of June 30, 2024 and 2023:

Change in Interest Rate	Projected Percentage Change In	
	2024	2023
-200 Basis points	1.1 %	(0.1) %
-100 Basis points	0.6	0.5
Base interest rate	-	-
+100 Basis points	(6.7)	(3.2)
+200 Basis points	(12.9)	(6.7)

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Another net interest income simulation assumes that changes in interest rates change gradually in equal increments over the twelve-month period. Prepayment penalty income is excluded from this analysis. Based on these assumptions, net interest income would be reduced by 6.6% from a 200 basis point increase in rates over the next twelve months and a 0.4% reduction from a 200 basis point decrease in rate over the same period. Actual results could differ significantly from these estimates.

At June 30, 2024, the Company had a derivative portfolio with a notional value totaling \$2.5 billion. This portfolio is designed to provide protection against rising interest rates. See Note 11 (“Derivative Financial Instruments”) of the Notes to the Consolidated Financial Statements.

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AVERAGE BALANCES

Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends upon the relative amount of interest-earning assets and interest-bearing liabilities and the interest rates earned or paid on them. The following tables sets forth certain information relating to the Company’s Consolidated Statements of Financial Condition and Consolidated Statements of Income for the three months ended June 30, 2024 and 2023, and reflects the average yield on assets and average cost of liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods shown. Average balances are derived from average daily balances. The yields include amortization of fees which are considered adjustments to yields.

	For the three months ended June 30,					
	2024			2023		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Assets	<i>(Dollars in thousands)</i>					
Interest-earning assets:						
Mortgage loans, net	\$ 5,338,614	\$ 71,968	5.39 %	\$ 5,308,567	\$ 63,688	4.80 %
Other loans, net	1,409,526	20,760	5.89	1,521,081	21,689	5.70
Total loans, net ⁽¹⁾⁽²⁾	<u>6,748,140</u>	<u>92,728</u>	<u>5.50</u>	<u>6,829,648</u>	<u>85,377</u>	<u>5.00</u>
Taxable securities:						
Mortgage-backed securities	691,802	7,462	4.31	448,620	2,976	2.65
Other securities	663,975	10,408	6.27	471,600	5,847	4.96
Total taxable securities	<u>1,355,777</u>	<u>17,870</u>	<u>5.27</u>	<u>920,220</u>	<u>8,823</u>	<u>3.84</u>
Tax-exempt securities: ⁽³⁾						
Other securities	65,451	470	2.87	66,632	480	2.88
Total tax-exempt securities	<u>65,451</u>	<u>470</u>	<u>2.87</u>	<u>66,632</u>	<u>480</u>	<u>2.88</u>
Interest-earning deposits and federal funds sold	185,626	2,260	4.87	175,256	1,982	4.52
Total interest-earning assets ⁽³⁾	8,354,994	113,328	5.43	7,991,756	96,662	4.84
Other assets	475,671			470,686		
Total assets	<u>\$ 8,830,665</u>			<u>\$ 8,462,442</u>		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	\$ 103,335	115	0.45	\$ 124,041	140	0.45
NOW accounts	2,017,085	20,007	3.97	2,026,950	16,152	3.19
Money market accounts	1,714,085	17,326	4.04	1,754,574	14,625	3.33
Certificate of deposit accounts	2,443,047	23,383	3.83	2,046,960	15,281	2.99
Total due to depositors	<u>6,277,552</u>	<u>60,831</u>	<u>3.88</u>	<u>5,952,525</u>	<u>46,198</u>	<u>3.10</u>
Mortgagors' escrow accounts	95,532	62	0.26	97,410	51	0.21
Total deposits	<u>6,373,084</u>	<u>60,893</u>	<u>3.82</u>	<u>6,049,935</u>	<u>46,249</u>	<u>3.06</u>
Borrowed funds	766,984	9,561	4.99	706,924	6,934	3.92
Total interest-bearing liabilities	<u>7,140,068</u>	<u>70,454</u>	<u>3.95</u>	<u>6,756,859</u>	<u>53,183</u>	<u>3.15</u>
Non-interest-bearing deposits	822,856			849,682		
Other liabilities	200,184			183,066		
Total liabilities	<u>8,163,108</u>			<u>7,789,607</u>		
Equity	667,557			672,835		
Total liabilities and equity	<u>\$ 8,830,665</u>			<u>\$ 8,462,442</u>		
Net interest income / net interest rate spread (tax equivalent) ⁽³⁾		\$ 42,874	1.48 %		\$ 43,479	1.69 %
Net interest-earning assets / net interest margin (tax equivalent) ⁽³⁾	<u>\$ 1,214,926</u>		<u>2.05 %</u>	<u>\$ 1,234,897</u>		<u>2.18 %</u>
Ratio of interest-earning assets to interest-bearing liabilities			<u>1.17 X</u>			<u>1.18 X</u>

(1) Loan interest income includes loan fee income (expense) (which includes net amortization of deferred fees and costs, late charges, and prepayment penalties) of approximately (\$0.2) million and (\$0.1) million for the three months ended June 30, 2024 and 2023, respectively.

(2) Loan interest income includes net gains (losses) from fair value adjustments on qualifying hedges of \$0.2 million and (\$0.2) million for three months ended June 30, 2024 and 2023, respectively.

(3) Interest and yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented totaling \$0.1 million each for the three months ended June 30, 2024 and 2023.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
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	For the six months ended June 30,					
	2024			2023		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
	<i>(Dollars in thousands)</i>					
Assets						
Interest-earning assets:						
Mortgage loans, net	\$ 5,346,110	\$ 143,540	5.37 %	\$ 5,320,852	\$ 125,742	4.73 %
Other loans, net	1,430,018	42,147	5.89	1,529,453	42,524	5.56
Total loans, net ⁽¹⁾⁽²⁾	<u>6,776,128</u>	<u>185,687</u>	<u>5.48</u>	<u>6,850,305</u>	<u>168,266</u>	<u>4.91</u>
Taxable securities:						
Mortgage-backed securities	577,368	11,158	3.87	453,240	5,257	2.32
Other securities	627,089	18,912	6.03	441,827	10,458	4.73
Total taxable securities	<u>1,204,457</u>	<u>30,070</u>	<u>4.99</u>	<u>895,067</u>	<u>15,715</u>	<u>3.51</u>
Tax-exempt securities: ⁽³⁾						
Other securities	65,695	944	2.87	66,730	957	2.87
Total tax-exempt securities	<u>65,695</u>	<u>944</u>	<u>2.87</u>	<u>66,730</u>	<u>957</u>	<u>2.87</u>
Interest-earning deposits and federal funds sold	248,796	6,226	5.00	184,935	3,941	4.26
Total interest-earning assets ⁽³⁾	<u>8,295,076</u>	<u>222,927</u>	<u>5.37</u>	<u>7,997,037</u>	<u>188,879</u>	<u>4.72</u>
Other assets	474,009			468,326		
Total assets	<u>\$ 8,769,085</u>			<u>\$ 8,465,363</u>		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	\$ 104,774	237	0.45	\$ 129,463	266	0.41
NOW accounts	1,976,168	38,498	3.90	1,998,909	29,937	3.00
Money market accounts	1,719,899	34,598	4.02	1,905,709	28,727	3.01
Certificate of deposit accounts	2,424,665	45,301	3.74	1,864,254	26,288	2.82
Total due to depositors	6,225,506	118,634	3.81	5,898,335	85,218	2.89
Mortgagors' escrow accounts	84,677	124	0.29	84,021	87	0.21
Total deposits	<u>6,310,183</u>	<u>118,758</u>	<u>3.76</u>	<u>5,982,356</u>	<u>85,305</u>	<u>2.85</u>
Borrowed funds	767,315	18,798	4.90	748,001	14,733	3.94
Total interest-bearing liabilities	<u>7,077,498</u>	<u>137,556</u>	<u>3.89</u>	<u>6,730,357</u>	<u>100,038</u>	<u>2.97</u>
Non-interest-bearing deposits	828,537			872,943		
Other liabilities	194,679			184,146		
Total liabilities	<u>8,100,714</u>			<u>7,787,446</u>		
Equity	668,371			677,917		
Total liabilities and equity	<u>\$ 8,769,085</u>			<u>\$ 8,465,363</u>		
Net interest income / net interest rate spread (tax equivalent) ⁽³⁾		<u>\$ 85,371</u>	<u>1.48 %</u>		<u>\$ 88,841</u>	<u>1.75 %</u>
Net interest-earning assets / net interest margin (tax equivalent) ⁽³⁾	<u>\$ 1,217,578</u>		<u>2.06 %</u>	<u>\$ 1,266,680</u>		<u>2.22 %</u>
Ratio of interest-earning assets to interest-bearing liabilities			<u>1.17 X</u>			<u>1.19 X</u>

(1) Loan interest income includes loan fee income (expense) (which includes net amortization of deferred fees and costs, late charges, and prepayment penalties) of approximately \$0.2 million and \$0.1 million for the six months ended June 30, 2024 and 2023, respectively.
(2) Loan interest income includes net gains (losses) from fair value adjustments and termination on qualifying hedges of \$33,000 and (\$0.1) million for the six months ended June 30, 2024 and 2023, respectively.
(3) Interest and yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented totaling \$0.2 million each for the six months ended June 30, 2024 and 2023.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Management’s Discussions and Analysis of
Financial Condition and Results of Operations

LOANS

The following table sets forth the Company’s loan originations (including the net effect of refinancing) and the changes in the Company’s portfolio of loans, including purchases, sales and principal reductions for the periods indicated.

<i>(In thousands)</i>	For the six months ended June 30,	
	2024	2023
Mortgage Loans		
At beginning of period	\$ 5,425,586	\$ 5,380,935
Mortgage loans originated:		
Multi-family residential	39,771	74,065
Commercial real estate	30,613	54,093
One-to-four family mixed-use property	4,730	10,750
One-to-four family residential	914	4,359
Construction	6,489	19,274
Total mortgage loans originated	<u>82,517</u>	<u>162,541</u>
Mortgage loans purchased:		
One-to-four family residential	52,314	—
Construction	—	129
Total mortgage loans purchased	<u>52,314</u>	<u>129</u>
Less:		
Principal reductions	184,582	195,627
Mortgage loan sales	4,174	6,506
Charge-Offs	14	20
At end of period	<u>\$ 5,371,647</u>	<u>\$ 5,341,452</u>
Commercial business loans		
At beginning of period	\$ 1,472,723	\$ 1,544,823
Loans originated:		
Small Business Administration	—	1,138
Commercial business	73,303	82,644
Other	3,439	1,963
Total commercial business and other loans originated	<u>76,742</u>	<u>85,745</u>
Commercial business loans purchased:		
Commercial business	44,375	83,911
Total commercial business loans purchased	<u>44,375</u>	<u>83,911</u>
Less:		
Principal reductions	190,117	214,709
Charge-offs	55	11,008
At end of period	<u>\$ 1,403,668</u>	<u>\$ 1,488,762</u>

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
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NON-PERFORMING ASSETS

The following table shows the principal balance of our non-performing assets at the periods indicated:

<i>(Dollars in thousands)</i>	June 30, 2024	December 31, 2023
Loans 90 days or more past due and still accruing:		
Multi-family residential	\$ —	\$ 1,463
Total	—	1,463
Non-accrual mortgage loans:		
Multi-family residential	13,774	3,206
One-to-four family mixed-use property	909	981
One-to-four family residential	3,633	5,181
Total	18,316	9,368
Non-accrual commercial business loans:		
Small Business Administration	2,552	2,552
Commercial Business and other	13,672	11,789
Total	16,224	14,341
Total non-accrual loans	34,540	23,709
Total non-performing loans	34,540	25,172
Other non-performing assets:		
Real estate acquired through foreclosure	665	—
Held-to-maturity securities	20,627	20,981
Total	21,292	20,981
Total non-performing assets	\$ 55,832	\$ 46,153
Non-performing loans to gross loans	0.51 %	0.36 %
Non-performing assets to total assets	0.61 %	0.54 %

CRITICIZED AND CLASSIFIED ASSETS

Our policy is to review our assets, focusing primarily on the loan portfolio, other real estate owned, and the investment portfolio, to ensure that credit quality is maintained at the highest levels. See Note 5 (“Loans”) of the Notes to the Consolidated Financial Statements for a description of how loans are determined to be criticized or classified and a table displaying criticized and classified loans at June 30, 2024. The amortized cost of Criticized and Classified assets was \$99.3 million at June 30, 2024, an increase of \$0.2 million from \$99.1 million at December 31, 2023. The Company had one investment security with an amortized cost of \$20.6 million and \$21.0 million classified as substandard at June 30, 2024 and December 31, 2023, respectively.

Included within net loans at June 30, 2024 and December 31, 2023, were \$4.2 million and \$4.8 million, respectively, of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process according to local requirements of the applicable jurisdiction.

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
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ALLOWANCE FOR CREDIT LOSSES

The following table shows allowance for credit losses at the period indicated:

<i>(In thousands)</i>	For the six months ended June 30,	
	2024	2023
Balance at beginning of period	\$ 40,161	\$ 40,442
Loans- charge-off	(69)	(11,029)
Loans- recovery	157	235
Loans- provision (benefit)	1,399	8,945
Allowance for credit losses - loans	<u>\$ 41,648</u>	<u>\$ 38,593</u>
Balance at beginning of period	\$ 1,087	\$ 1,100
HTM securities provision (benefit)	2	(21)
Allowance for credit losses - HTM securities	<u>\$ 1,089</u>	<u>\$ 1,079</u>
Balance at beginning of period	\$ 1,102	\$ 970
Off-balance sheet- provision (benefit)	(100)	(157)
Allowance for credit losses - off-balance sheet	<u>\$ 1,002</u>	<u>\$ 813</u>
Allowance for credit losses	<u><u>\$ 43,739</u></u>	<u><u>\$ 40,485</u></u>

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
Management’s Discussions and Analysis of
Financial Condition and Results of Operations

The following table sets forth the activity in the Company’s ACL - loans for the periods indicated:

<i>(Dollars in thousands)</i>	For the six months ended June 30,	
	2024	2023
Balance at beginning of year	\$ 40,161	\$ 40,442
Provision (benefit) for credit losses	1,399	8,945
Loans charged-off:		
Commercial real estate	—	(8)
One-to-four family - residential	(14)	(12)
Small Business Administration	—	(7)
Commercial business and other loans	(55)	(11,002)
Total loans charged-off	(69)	(11,029)
Recoveries:		
Multi-family residential	1	1
One-to-four family - mixed-use property	2	—
One-to-four family - residential	3	44
Small Business Administration	96	171
Commercial business and other	55	19
Total recoveries	157	235
Net charge-offs	88	(10,794)
Balance at end of year	\$ 41,648	\$ 38,593
Ratio of net charge-offs to average loans outstanding during the period	0.00 %	0.32 %
Ratio of ACL - loans to gross loans at end of period	0.61 %	0.57 %
Ratio of ACL - loans to non-accrual loans at end of period	120.58 %	207.08 %
Ratio of ACL - loans to non-performing loans at end of period	120.58 %	207.08 %

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of the qualitative and quantitative disclosures about market risk, see the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Interest Rate Risk."

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2024, the design and operation of these disclosure controls and procedures were effective. During the period covered by this Quarterly Report, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits. Management of the Company, after consultation with outside legal counsel, believes that the resolution of these various matters will not result in any material adverse effect on the Company's consolidated financial condition, results of operations and cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information regarding the shares of common stock repurchased by the Company during the three months ended June 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
April 1 to April 30, 2024	—	—	—	807,964
May 1 to May 31, 2024	—	—	—	807,964
June 1 to June 30, 2024	—	—	—	807,964
Total	—	\$ —	—	

During the quarter ended June 30, 2024, the Company did not repurchase any shares of the Company's common stock. On June 30, 2024, 807,964 shares remained to be repurchased under the currently authorized stock repurchase programs. Stock will be purchased under the current stock repurchase programs from time to time, in the open market or through private transactions, subject to market conditions. There is no expiration or maximum dollar amount under these authorizations.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

PART II – OTHER INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1 P	Certificate of Incorporation of Flushing Financial Corporation (Incorporated by reference to Exhibits filed with the Registration Statement on Form S-1 filed September 1, 1995, Registration No. 33-96488)
3.2	Certificate of Amendment to Certificate of Incorporation of Flushing Financial Corporation (Incorporated by reference to Exhibit 4.2 filed with Form S-8 filed May 31, 2002)
3.3	Certificate of Amendment to Certificate of Incorporation of Flushing Financial Corporation (Incorporated by reference to Exhibit 3.3 filed with Form 10-K for the year ended December 31, 2011)
3.4	Amended and Restated By-Laws of Flushing Financial Corporation (Incorporated by reference to Exhibit 3.6 filed with Form 10-Q for the quarter ended June 30, 2014)
4.1	Indenture, dated November 22, 2021, between Flushing Financial Corporation and Wilmington Trust, National Association, as trustee. (Incorporated by reference to Exhibit 4.1 filed with Form 8-K filed November 22, 2021)
4.2	First Supplemental Indenture, dated November 22, 2021, between Flushing Financial Corporation and Wilmington Trust, National Association, as trustee (Incorporated by reference to Exhibit 4.2 filed with Form 8-K filed November 22, 2021)
4.3	Second Supplemental Indenture, dated August 24, 2022, between Flushing Financial Corporation and Wilmington Trust, National Association, as trustee (Incorporated by reference to Exhibit 4.2 filed with Form 8-K filed August 24, 2022)
4.4	Flushing Financial Corporation has outstanding certain long-term debt. None of such debt exceeds ten percent of Flushing Financial Corporation's total assets; therefore, copies of constituent instruments defining the rights of the holders of such debt are not included as exhibits. Copies of instruments with respect to such long-term debt will be furnished to the Securities and Exchange Commission upon request.
10.1	2024 Omnibus Incentive Plan (filed herewith)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith)
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith)
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 by the Chief Executive Officer (furnished herewith)
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 by the Chief Financial Officer (furnished herewith)
101.INS	Inline XBRL Instance Document -the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

P Indicates a filing submitted in paper.

**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
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**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
SIGNATURES**

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

Flushing Financial Corporation,

Dated: August 8, 2024

By: /s/John R. Buran

John R. Buran

President and Chief Executive Officer

Dated: August 8, 2024

By: /s/Susan K. Cullen

Susan K. Cullen

Senior Executive Vice President, Treasurer and

Chief Financial Officer

FLUSHING FINANCIAL CORPORATION

2024 OMNIBUS INCENTIVE PLAN

1. **Purpose.** The purpose of this 2024 Omnibus Incentive Plan (the “*Plan*”) is to aid Flushing Financial Corporation, a Delaware corporation (together with its successors and assigns, the “*Company*”), in attracting, retaining, motivating and rewarding employees and non-employee directors of the Company and its subsidiaries and affiliates, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of Participants with those of stockholders. The Plan authorizes stock-based and cash-based incentives for Participants.

2. **Definitions.** In addition to the terms defined in Section 1 and elsewhere in the Plan, the following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) “*Annual Incentive Award*” means a type of Performance Award granted to a Participant under Section 7(c) representing a conditional right to receive cash, Stock or other Awards or payments, as determined by the Committee, based on performance in a performance period of one fiscal year or a portion thereof.

(b) “*Award*” means any Option, SAR, Restricted Stock, RSU, Bonus Stock, award granted in lieu of obligations, Dividend Equivalent, Other Stock-Based Award, Performance Award or Annual Incentive Award granted to a Participant under the Plan, and may be a 409A Award or a Non-409A Award.

(c) “*Beneficiary*” means the legal representatives of a Participant’s estate entitled by will or the laws of descent and distribution to receive the benefits under the Participant’s Award(s) upon the Participant’s death.

(d) “*Board*” means the Company’s Board of Directors.

(e) “*Bonus Stock*” means Stock granted under Section 6(f).

(f) “*Change in Control*” has the meaning specified in Section 10.

(g) “*Code*” means the Internal Revenue Code of 1986, as amended. Reference to any Code provision includes any regulation thereunder and any successor provisions and regulations, and reference to regulations includes any applicable guidance or pronouncement of the Department of the Treasury and/or Internal Revenue Service.

(h) “*Committee*” means the Compensation Committee of the Board, the composition and governance of which is subject to applicable NASDAQ “independence” and other listing requirements and the Company’s corporate governance documents. Each member of the Compensation Committee shall also meet the definition of “non-employee director” under the provisions of the Exchange Act. No Committee action shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any applicable qualification standard. Until such time as determined by the Board (in its sole discretion), reference in this Plan to action by the Committee shall require approval by both the Compensation Committee and the Board.

(i) “*Dividend Equivalent*” means a right, granted under this Plan, to receive cash, Stock, other Awards or other property equal in value to all or a specified portion of the dividends paid with respect to a specified number of shares of Stock.

(j) “*Effective Date*” means the effective date specified in Section 11(o).

(k) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule thereunder shall include any successor provisions and rules.

(l) “*Fair Market Value*” means the fair market value of Stock, Awards, or other property as determined in good faith by the Committee or under procedures established by the Committee, subject to any restrictions imposed by Code Section 409A. Unless otherwise determined by the Committee, the Fair Market Value of Stock

as of any given date shall be the mean between the highest and lowest quoted selling price, regular way, of the Stock on the NASDAQ Stock Market (or the principal exchange or market on which the Stock is listed or traded) on the day before such date, (or, if no such sale of Stock occurs on such day, the mean between the highest and lowest quoted selling price on the nearest trading day before such day).

(m) “**409A Award**” means an Award that constitutes a deferral of compensation under Code Section 409A. “**Non-409A Award**” means an Award other than a 409A Award.

(n) “**Formula Award**” means an Award granted to non-employee directors under Section 8.

(o) “**Group**” means the Company and its subsidiaries and affiliates, or any members of the Group, as the context requires.

(p) “**Incentive Stock Option**” or “**ISO**” means an Option which both is designated as an incentive stock option and qualifies as an incentive stock option within the meaning of Code Section 422.

(q) “**Option**” means a right, granted under Section 6(b), to purchase Stock.

(r) “**Other Stock-Based Award**” means an Award granted under Section 6(h).

(s) “**Participant**” means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an employee of the Group or a director of the Company.

(t) “**Performance Award**” means a conditional right, granted under Sections 6(i) and 7, to receive cash, Stock or other Awards or payments.

(u) “**Restricted Stock**” means Stock granted under Section 6(d) which is subject to certain restrictions and to a risk of forfeiture.

(v) “**Restricted Stock Unit**” or “**RSU**” means a right, granted under Section 6(e), to receive Stock (or the Fair Market Value thereof) at the end of a specified deferral period.

(w) “**Stock**” means the Company’s common stock, par value \$.01 per share, and any other equity securities of the Company that may be substituted or resubstituted for Stock pursuant to Section 11(c).

(x) “**Stock Appreciation Right**” or “**SAR**” means a right granted under Section 6(c).

3. Administration.

(a) **Authority of the Committee.** The Plan shall be administered by the Committee, which shall have full authority and discretion, in each case subject to and consistent with the provisions of the Plan, to select the persons to whom Awards will be granted from among those eligible; to grant Awards; to determine the type and number of Awards; to determine the terms and conditions of Awards, including the dates on which Awards may be exercised and/or on which the risk of forfeiture or deferral period relating to Awards shall lapse or terminate, the acceleration of any such dates (to the extent such acceleration is either outside the scope of or permitted by Code Section 409A), the expiration date of any Award, and whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Stock, other Awards, or other property, and all other matters relating to Awards; to prescribe Award documents evidencing or setting terms of Awards (which Award documents need not be identical for each Participant), amendments thereto, and rules and regulations for the administration of the Plan and amendments thereto; to construe and interpret the Plan, related administrative rules and Award documents, and to correct defects, supply omissions or reconcile inconsistencies therein; and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. Decisions of the Committee with respect to the administration and interpretation of the Plan shall be final, conclusive, and binding upon all persons interested in the Plan, including stockholders of the Company, Participants, Beneficiaries, permitted transferees of Awards and any other persons claiming rights from or through a Participant.

(b) **Manner of Exercise of Committee Authority.** The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or employees of the Group, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions,

including administrative functions, as the Committee may determine, to the extent consistent with Rule 16b-3 under the Exchange Act, where applicable, and permitted by the Delaware General Corporation Law.

(c) **Limitation of Liability.** The Board and Committee and each member thereof, and any person acting pursuant to authority delegated by the Board or Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any officer or employee of the Group, or the Company's independent auditors, consultants or any other agents assisting in the administration of the Plan. Board and Committee members, any person acting pursuant to authority delegated by the Board or Committee, and any officer or employee of the Group acting at the direction or on behalf of the Board or Committee or a delegee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. Stock Subject To Plan.

(a) **Overall Number of Shares Available for Delivery.** The total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be 974,000 shares and shall not include any additional shares that are or become available for awards under any pre-existing plans. No more than 250,000 shares of Stock may be issued with respect to ISOs. The total number of shares available under the Plan and the number of shares available for ISOs are subject to adjustment as provided in Section 11(c). Any shares of Stock delivered under the Plan may consist of authorized and unissued shares or treasury shares.

(b) **Replenishment Rules.** To the extent that an Award under the Plan is canceled, expired, forfeited, settled in cash, or otherwise terminated without delivery of shares to a Participant, the shares retained by or returned to the Company shall be available under the Plan. Shares that are withheld from an Award or separately surrendered by a Participant in payment of taxes relating to a full-value award shall be deemed to constitute shares not delivered to a Participant and will therefore be available under the Plan. Notwithstanding the foregoing, in the case of Options and SARs, any shares that are withheld from an award or separately surrendered by a Participant in payment of the exercise price or taxes relating to such award, any unissued shares resulting from the net settlement of such award and any shares purchased by the Company in the open market using the proceeds from exercise of an Option will not become available under the Plan.

(c) **Reinvested Dividends.** The number of shares available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares or credited as additional Restricted Stock, RSUs, or other Awards.

(d) **Substitute Awards for Acquired Business.** Shares issued or issuable in connection with any Award granted in assumption of or in substitution for an award of a company or business acquired by the Company or the Group, or with which the Company or the Group combines, shall not be counted against the number of shares reserved under the Plan.

5. Eligibility; Per-Person Award Limitations.

(a) **Eligibility.** Non-employee directors shall automatically receive Formula Awards under Section 8 of the Plan, unless the Committee in its discretion determines otherwise. The Committee shall have discretion to grant Awards under the Plan only to an individual who is (i) a director or an employee (including an executive officer) of the Group, or (ii) a person who has been offered employment by the Group, provided that any grant to a prospective employee shall not be effective until such person has commenced employment with the Group. An employee on leave of absence may be considered as still in the employ of the Group for purposes of eligibility for participation in the Plan. In addition to the persons referred to in the first sentence of this Section 5(a), holders of awards granted by a company or business acquired by the Company or the Group, or with which the Company or Group combines, are eligible for grants of Awards under the Plan in assumption of or substitution for such previously granted awards.

(b) **Per-Person Award Limitations.**

(i) **Cash-Based Awards.** In the case of Awards that are not denominated by reference to a number of shares, (i) the maximum amount or value which may be granted as an Annual Incentive Award to an eligible employee in any calendar year is \$2 million, and (ii) the maximum amount or value which may

be granted as a Performance Award or other long-term cash-based Award to an eligible employee in any calendar year is \$6 million. The maximum amount or value under this paragraph is measured as the maximum amount or value that the employee would be eligible to receive under the Award upon satisfaction of the performance conditions, without regard to whether such amount is to be paid at the end of the performance period or on a deferred basis or continues to be subject to any service requirement or other non-performance condition. As such, the maximum amount does not include any amounts which may be credited as dividends, dividend equivalents, or earnings on such Award either during or after the performance period.

(ii) *Non-Employee Director Awards.* In the case of Awards to non-employee directors that are denominated by reference to a number of shares, the maximum number of shares with respect to such Awards granted to a director in any calendar year is 10,000 shares (subject to adjustment as provided in Section 11(c)). This limit does not affect the amount of cash directors' fees that may be paid to non-employee directors.

6. Specific Terms Of Awards.

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 6, subject to any additional requirements set forth in Section 9. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Sections 11(e) and 11(j)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine. The Committee shall retain full power and discretion with respect to any term or condition of an Award that is not mandatory under the Plan, subject to Section 11(j). The Committee shall require the payment of lawful consideration for an Award to the extent necessary to satisfy the requirements of the Delaware General Corporation Law and may otherwise require payment of consideration for an Award except as limited by the Plan.

(b) **Options.** The Committee is authorized to grant Options under the Plan on the following terms and conditions:

(i) *Exercise Price.* The exercise price per share of Stock purchasable under an Option (including both ISOs and non-qualified Options) shall be determined by the Committee, provided that such exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option, except as provided in Section 9(a).

(ii) *Option Term; Time and Method of Exercise.* The Committee shall determine the term of each Option, provided that in no event shall the term of any Option exceed a period of ten years from the date of grant. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements, subject to the requirements of Section 9(d)); the methods by which such exercise price may be paid or deemed to be paid and the form of such payment (subject to any limitations imposed by Code Section 409A or other applicable law), including, without limitation, cash, Stock, withholding of Stock deliverable upon exercise (i.e., "net exercise"), through broker-assisted "cashless exercise" arrangements, by delivery of other Awards or awards granted under other plans of the Company or the Group, or other property, or by any other method determined by the Committee; and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants upon Option exercise.

(iii) *ISOs.* The terms of any ISO granted under the Plan shall satisfy the requirements of Code Section 422. Any Option designated as an ISO which fails to satisfy all the requirements of Code Section 422 shall be treated as a non-qualified Option.

(c) **Stock Appreciation Rights.** The Committee is authorized to grant SARs under the Plan on the following terms and conditions:

(i) *Right to Payment.* An SAR shall confer on the Participant to whom it is granted a right to receive, upon exercise or settlement thereof, an amount payable in shares or cash equal to the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR as determined by the Committee, provided that such grant price shall not be lower than the Fair Market Value of the Company's Stock on the grant date (except as provided in Section 9(a)).

(ii) *Other Terms.* The Committee shall determine the term of each SAR, provided that in no event shall the term of an SAR exceed a period of ten years from the date of grant. The Committee shall determine, at the date of grant or thereafter (subject to Sections 11(e) and 11(j)), the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements, subject to the requirements of Section 9(d)), the method of exercise, the time and method of settlement, the form of consideration payable in settlement (which may include cash, Stock, other property, or a combination thereof), and the method by or forms in which Stock will be delivered or deemed to be delivered to Participants.

(d) ***Restricted Stock.*** The Committee is authorized to grant Restricted Stock under the Plan on the following terms and conditions:

(i) *Grant and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose (subject to the requirements of Section 9(d)), which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Award document, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any vesting, mandatory reinvestment or other requirement imposed by the Committee).

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of a Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock; that the Company retain physical possession of the certificates; and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) *Dividends and Splits.* The Committee may require that any dividends paid on a share of Restricted Stock shall be either (A) paid at the dividend payment date in cash, in kind, or in a number of shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) automatically reinvested in additional Restricted Stock or held in kind, in either case subject to the same terms as applied to the original Restricted Stock to which it relates, or (C) deferred as to payment, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in RSUs, other Awards or other investment vehicles (including cash equivalents bearing a fixed or formula rate of interest as determined by the Committee), subject to such terms as the Committee shall determine or permit a Participant to elect. Unless otherwise determined by the Committee, Stock distributed in connection with a Stock split or Stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) ***Restricted Stock Units.*** An RSU entitles the Participant to receive one share of Stock (or the Fair Market Value of a share) at a specified time. The Committee is authorized to grant RSUs under the Plan on the following terms and conditions:

(i) *Award and Restrictions.* Issuance of Stock or payment of the cash or other property to which the Participant is entitled under the RSU Award will occur upon expiration of the deferral period specified for such Award by the Committee (or, if permitted by the Committee, as elected by the Participant). RSUs shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose (subject to the requirements of Section 9(d)), which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including

based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. RSUs may be satisfied by delivery of Stock, cash, other Awards, or other property, or a combination thereof, as determined by the Committee at the date of grant or thereafter. The time and/or circumstances of such delivery shall be determined by the Committee subject to any limitations imposed by Code Section 409A.

(ii) *Forfeiture.* Upon termination of employment or service during the portion of the deferral period to which forfeiture conditions apply (as provided in the Award document evidencing the RSUs), all RSUs that are at that time subject to such forfeiture conditions shall be forfeited; provided that the Committee may provide, by rule or regulation or in an Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to RSUs will lapse in whole or in part, including in the event of terminations resulting from specified causes. Notwithstanding the foregoing, the Committee shall have no authority to shorten or lengthen the deferral period specified for an RSU Award except as permitted under Code Section 409A.

(iii) *Dividend Equivalents.* The Committee may determine whether or not an Award of RSUs shall entitle the Participant to receive Dividend Equivalents, and may require that Dividend Equivalents on the number of shares of Stock covered by an Award of RSUs shall be either (A) paid at the dividend payment date in cash or in shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred as to payment for such period as specified by the Committee, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in additional RSUs, other Awards, or other investment vehicles (including cash equivalents bearing a fixed or formula rate of interest as determined by the Committee). Unless otherwise determined by the Committee, in the case of a dividend payable in Stock, the Dividend Equivalent on such dividend shall be credited as additional RSUs, which shall be subject to restrictions and a risk of forfeiture to the same extent as the RSUs with respect to which it was distributed and shall have the same deferral period as such RSUs.

(f) *Bonus Stock and Awards in Lieu of Obligations.* The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations of the Company or Group to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements. All Awards under this Section 6(f) shall be subject to such terms as shall be determined by the Committee (subject to Sections 9(c) and (d)).

(g) *Dividend Equivalents.* The Committee is authorized to grant Dividend Equivalents under the Plan which may be awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or on a deferred basis (in each case subject to any limitations imposed by Code Section 409A). Deferred amounts may be deferred as a fixed dollar amount or may be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles (including cash equivalents bearing a fixed or formula rate of interest as designated by the Committee), and shall be subject to restrictions on transferability, risks of forfeiture and such other terms as the Committee may specify.

(h) *Other Stock-Based Awards.* The Committee is authorized, subject to limitations under applicable law, to grant such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Stock or factors that may influence the value of Stock, including, without limitation, convertible or exchangeable debt securities; other rights convertible or exchangeable into Stock; purchase rights for Stock; performance units or performance shares; Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee; and Awards valued by reference to the book value of Stock or the value of securities of (or the performance of) specified subsidiaries or affiliates or other business units. The Committee shall determine the terms and conditions of such Awards (subject to Section 9). Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, notes, or other property, as the Committee shall determine.

(i) *Performance Awards.* Performance Awards, denominated in cash or in Stock or other Awards, may be granted by the Committee in accordance with Section 7.

7. Performance Awards, including Annual Incentive Awards.

(a) *Performance Awards Generally.* Performance Awards may be denominated as a cash amount or a number of shares of Stock which will be earned, and/or a specified number of Awards which will be granted, upon achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may constitute any other Award as a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and/or the vesting or timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions (including, but not limited to, the criteria set forth in Section 7(b)(ii)), and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions.

(b) To the extent determined by the Committee, the grant, exercise, vesting, and/or settlement of such Performance Award shall be contingent upon achievement of a pre-established performance goal and such Award shall comply with the other requirements set forth in this Section 7(b).

(i) *Performance Goal Generally.* The performance goal for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7(b). The performance goal shall be objective. The Committee may determine that such Performance Awards shall be granted, exercised, vested, and/or settled upon achievement of any one performance goal, or any one of several performance goals, or that two or more of the performance goals must be achieved as a condition to grant, exercise, vesting, and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(ii) *Business Criteria.* One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or affiliates or other business units of the Company shall be used by the Committee in establishing performance goals for Performance Awards granted under this Section 7(b): (1) sales or other sales or revenue measures; (2) operating income, earnings from operations, core operating earnings, or earnings or core operating earnings before or after one or more of interest, taxes, depreciation, amortization, or extraordinary items; (3) net income, net income or core operating earnings per common share (basic or diluted), or net interest income; (4) earnings before provision for taxes; (5) operating efficiency ratio; (6) return on average assets, return on investment, return on capital, return on average equity, or core operating return on average equity; (7) tangible book value per share; (8) Tier-1 common equity; (9) cash flow, free cash flow, cash flow return on investment, or net cash provided by operations; (10) loan originations, loan production, loan growth, non-performing loans; (11) asset quality measures; (12) deposits or deposit growth; (13) net interest, net interest spread, net interest margin; (14) fee income; (15) economic profit or value created; (16) operating margin; (17) stock price or total stockholder return; and (18) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or geographic business expansion goals, cost targets, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation, goals with respect to information technology, implementation or completion of critical projects, and goals relating to acquisitions or divestitures of subsidiaries, affiliates, branches, or joint ventures. The targeted level or levels of performance with respect to such business criteria may be established at such levels and in such terms as the Committee may determine, in its discretion, including in absolute terms, in relation to one another, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies.

(iii) *Performance Period; Timing for Establishing Performance Goals.* Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period specified by the Committee, which may be one year, or less or more than one year. A performance goal shall be established not later than the earlier of (A) 90 days after the beginning of any performance period applicable to such Performance Award or (B) the time 25% of such performance period has elapsed. At the time of establishing the performance goals, the Committee may specify the circumstances in which such Performance Awards shall be paid in the event of termination of the Participant's

employment prior to the end of the performance period, which may differ depending on the circumstances of the termination.

(iv) *Performance Award Pool.* The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 7(b)(ii) during the given performance period, as specified by the Committee in accordance with Section 7(b)(iii). The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria.

(v) *Written Determinations.* Prior to payment or settlement of each Award subject to this Section 7(b), the Committee shall certify in writing that the performance objective(s) relating to the Performance Award and other material terms of the Award upon which payment or settlement of the Award was conditioned have been satisfied.

(vi) *Settlement of Performance Awards.* Settlement of Performance Awards may be in cash, Stock, other Awards or other property, as determined by the Committee during the time period specified in Section 7(b)(iii). The Committee may, in its discretion, adjust the amount payable in respect of a Performance Award subject to this Section 7(b).

(b) *Annual Incentive Awards.* The Committee may grant Annual Incentive Awards under the Plan. Each Annual Incentive Award shall comply with the provisions of Section 7(a).

(d) *Adjustments to Performance Goals.* The Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including the performance goals and amounts payable under Performance Awards and the amount of any unfunded Performance Award pool relating thereto) (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 11(c), acquisitions and dispositions of businesses and assets, litigation or claim judgments or settlements, extraordinary items, and specified non-recurring charges or credits) affecting the Company, any subsidiary or affiliate or other business unit, and/or (ii) in response to changes in applicable laws, regulations, accounting principles, or tax rates.

8. Non-Employee Director Awards. Unless the Committee determines to grant Awards to non-employee directors in other forms or amounts, each non-employee director shall automatically receive Formula Awards as provided in Section 8(a), having the terms and conditions provided in Section 8(b).

(a) *Time and Amount of Formula Awards.* Formula Awards shall be made as follows:

(i) *Annual Grants.* As of January 30 of each year, each person then serving as a non-employee director shall be granted 4,800 RSUs, subject to adjustment as provided in Section 11(c). Prior to such grant, the Committee may determine to substitute Restricted Stock for such RSUs.

(ii) *Initial Grants.* Effective as of the date of a person's initial election or appointment as a non-employee director or change to non-employee director status, such person shall be granted a pro rated portion of the Annual Grant consisting of 400 shares of Restricted Stock for each full or partial month from the date of such director's election or appointment or change in status to the following January 30 (subject to adjustment as provided in Section 11(c)). Prior to such grant, the Committee may determine to substitute RSUs for such Restricted Stock.

(b) *Terms and Conditions of Formula Awards.* Unless the Committee determines otherwise, Formula Awards of Restricted Stock and/or RSUs granted under Section 8(a) shall be subject to the following terms and conditions and such other terms and conditions as may be determined by the Committee that are not inconsistent therewith.

(i) *No Payment by Director.* A non-employee director shall not be required to make any payment to the Company in consideration of the Restricted Stock or RSU Awards received by such director.

(ii) *General Vesting and Forfeiture.* Each Annual Award shall become vested and non-forfeitable with respect to one-third of the underlying shares on the first anniversary of the date of grant, and an

additional one-third of the underlying shares on each subsequent anniversary thereof, provided that the Participant is a director of the Company on each such anniversary date. Each Initial Award shall become vested and non-forfeitable with respect to one-third of the underlying shares on the January 30 following the date of grant, and an additional one-third of the underlying shares on each subsequent January 30, provided that the Participant is a director of the Company on each such date. In the event the Participant ceases to be a director of the Company before the Restricted Stock or RSU Award has fully vested, the unvested portion of the Award shall be forfeited.

(iii) *Accelerated Vesting on Specified Events.* Notwithstanding the vesting schedule set forth in paragraph (ii), all of a Participant's Formula Awards under Section 8(a) shall become fully vested and non-forfeitable (a) upon a Change in Control if the Participant is a director of the Company at the time of such Change in Control, and (b) upon the termination of the Participant's service as a director due to death, disability (as determined by the Committee) or, in the case of RSUs (but not Restricted Stock), retirement (which for this purpose shall mean termination of service after at least five years of service as a non-employee director if the Participant's age plus years of service as a non-employee director equals or exceeds 55).

(iv) *Dividends and Dividend Equivalents.* A Participant shall be entitled to receive, on the dividend payment date, cash dividends on his or her unvested Restricted Stock and Dividend Equivalents for cash dividends on his or her RSUs. In the event the Company pays a dividend in Stock or other property, such dividend (or Dividend Equivalent in the case of RSUs) shall be subject to the same restrictions, risk of forfeiture, and deferral period as the Award with respect to which it was paid.

(v) *Settlement of Award.* All RSUs granted as Formula Awards shall be settled in Stock unless the Committee expressly determines otherwise. Notwithstanding the vesting provisions of an Award, if the Award is subject to Code Section 409A, payment of such Award shall be subject to the requirements of Code Section 409A.

(vi) *Awards Nontransferable.* Restricted Stock and RSUs shall not be transferable by the Participant until such time as the Award has vested and delivery of the shares (or, if the Committee so determines, cash) payable pursuant to the Award has been made.

9. Certain General Provisions Applicable To Awards.

(a) *Stand-Alone, Additional, Tandem, and Substitute Awards.* Awards granted under the Plan may, in the Committee's discretion, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company or Group or any business entity to be acquired by the Company or Group, or any other right of a Participant to receive payment from the Company or Group, subject to any restrictions imposed by Code Section 409A. If two Awards are granted in tandem, a Participant may receive the benefit of one Award only to the extent he or she relinquishes the tandem Award. Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards. Subject to any restrictions imposed by Code Section 409A, the Committee may grant substitute Awards in assumption of or in substitution for an outstanding award granted by a company or business acquired by the Company or Group, or with which the Company or Group combines, with an exercise price or grant price per share of Stock below Fair Market Value as it determines appropriate to preserve the economic value of any such outstanding assumed or substituted awards.

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee, except that no Option or SAR shall have a term exceeding ten years.

(c) Form and Timing of Payment under Awards.

(i) *Committee Discretion.* Subject to the terms of the Plan and any applicable Award document and to the extent permitted under Code Section 409A, payments to be made by the Company upon the exercise or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated, and/or cash may be paid in lieu of Stock in connection with such settlement, in the discretion

of the Committee or upon occurrence of one or more specified events, subject to Section 11(j). Subject to Section 11(j), the Committee may require installment or deferred payments (subject to Section 11(e)) or may permit a Participant to elect such payments (including extension of a deferral period) on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock.

(ii) *Distribution upon Unforeseeable Emergency.* The Committee may provide in the Award document (but not after the date of the Award unless permitted under Code Section 409A) that in the event such Award is vested under the terms of the Award and no longer subject to a substantial risk of forfeiture, such Award shall be distributed to the Participant, upon application of the Participant, if the Participant has had an unforeseeable emergency within the meaning of Code Section 409A, subject to any restrictions on the timing or making of such distribution as may be imposed by the Committee in the Award document or by Section 409A.

(d) *Limitation on Vesting of Certain Awards.* All Option, SAR, Restricted Stock, RSU, and Other Stock-Based Awards to employees shall vest over a minimum period of three years, except that the Committee may provide, at the time of grant or thereafter, for earlier vesting in the event of a Participant's disability or retirement (as such terms are defined by the Committee) or death, or in the event of a Change in Control, sale of a subsidiary or business unit, or other special circumstances. The foregoing notwithstanding, (i) the Committee may provide that Awards as to which either the grant or vesting is based on, among other things, the achievement of one or more performance conditions will vest over a minimum period of one year, with earlier vesting in the circumstances referred to in the preceding sentence; (ii) cash dividends and Dividend Equivalents paid with respect to other Awards need not be subject to minimum vesting requirements; (iii) all shares issued to satisfy a prior obligation to pay cash need not be subject to minimum vesting requirements; and (iv) in addition to the shares referred to in clauses (i), (ii) or (iii), up to an aggregate of 100,000 shares (subject to adjustment as provided in Section 11(c)) may be granted as Bonus Stock, Restricted Stock or RSUs without any minimum vesting requirements. For purposes of this Section 9(d), (i) a performance period that precedes the grant of an Award will be treated as part of the vesting period for such Award if the Participant has been notified promptly after the commencement of the performance period that he or she has the opportunity to earn the Award, and (ii) vesting over a three-year period or one-year period will include periodic vesting over such period if the rate of such vesting is proportional (or less rapid) throughout such period.

(e) *Limitation on Payment of Dividends and Dividend Equivalents.* The Committee may provide for the payment of dividends or Dividend Equivalents with respect to Awards when accrued or on a deferred basis, provided that no dividends or Dividend Equivalents shall be payable on Performance Awards for which the performance goals have not been satisfied.

(f) *Payment of Cash Awards.* Unless the Committee provides otherwise, where an Award is payable in cash, such Award shall be paid by the subsidiary or affiliate that employs the Participant, with the payment obligation guaranteed by the Company.

10. Change in Control.

(a) *Committee Authority.* The Committee shall have the authority to determine the treatment of Awards in the event of a Change in Control.

(b) *Definition of "Change in Control."* A "Change in Control" shall be deemed to have occurred upon:

(i) the acquisition of all or substantially all of the assets of Flushing Bank (the "Bank") or the Company by any person or entity, or by any persons or entities acting in concert; or

(ii) the occurrence of any event if, immediately following such event, a majority of the members of the Board or the board of directors of the Bank or of any successor corporation or entity shall consist of persons other than Current Members (for these purposes, a "Current Member" shall mean any member of the Board or the board of directors of the Bank as of May 29, 2024 and any successor of a Current

Member whose nomination or election has been approved by a majority of the Current Members then on the respective board of directors); or

(iii) the acquisition of the beneficial ownership, directly or indirectly (as provided in Rule 13d-3 under the Exchange Act), of 25% or more of the total combined voting power of all classes of stock of the Bank or the Company by any person or group deemed a person under Section 13(d)(3) of the Exchange Act; or

(iv) consummation of the merger or consolidation of the Bank or the Company with another corporation or entity where stockholders of the Bank or the Company, immediately prior to the merger or consolidation, would not beneficially own, directly or indirectly, immediately after the merger or consolidation, shares entitling such stockholders to 50% or more of the total combined voting power of all classes of stock of the surviving corporation or entity.

11. General Provisions.

(a) **Compliance with Legal and Other Requirements.** The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such (i) registration or qualification of such Stock or other required action under federal or state law, rule or regulation, (ii) listing or other required action with respect to any stock exchange or other market upon which the Stock or other securities of the Company are listed or quoted, or (iii) compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information, and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, regulations, listing requirements, or other obligations. The application of this Section shall not extend the term of any Option or other Award. The Company shall have no obligation to effect any registration or qualification of the Stock under federal or state laws or to compensate the Award holder for any loss caused by the implementation of this Section 11(a).

(b) **Limits on Transferability.** No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other than the Company or a subsidiary or affiliate thereof), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of a Participant only by the Participant or his or her guardian or legal representative. Notwithstanding the foregoing, if and to the extent permitted by the Committee (after taking into account applicable securities laws), Awards and other rights (other than ISOs and SARs in tandem therewith) may be transferred by a Participant to one or more transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, subject to any terms and conditions which the Committee may impose in connection with such transfer (including limitations on the permissible categories of transferees). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through a Participant shall be subject to all terms and conditions of the Plan and any applicable Award document, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee which are imposed by the Committee in connection with or as a condition to such transfer.

(c) **Adjustments.** The Committee is authorized to make the following adjustments to outstanding Awards and/or limitations on future Awards:

(i) In the event that any large, special and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, sale of substantially all assets, liquidation, dissolution or other change in corporate structure or corporate transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of benefits under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (A) the aggregate number and kind of shares of Stock or other property which may be delivered under the Plan, including the number of shares with respect to which ISOs may be granted, (B) the number and kind of shares of Stock or other

property by which annual per-person Award limitations are measured under Section 5(b), (C) the number and kind of shares of Stock or other property comprising Formula Awards under Section 8, (D) the number and kind of shares of Stock or other property which may be granted without minimum vesting requirements under Section 9(d), (E) the number and kind of shares of Stock or other property subject to or deliverable in respect of outstanding Awards, and (F) the exercise price, grant price or purchase price relating to any Award.

(ii) Upon (A) any reorganization, merger or consolidation as a result of which the Company is not the surviving corporation (or survives as a wholly-owned subsidiary of another corporation or entity), (B) a sale of substantially all the assets of the Company, (C) the dissolution or liquidation of the Company, or (D) the disposition of a subsidiary, affiliate or business unit of the Company, the Committee may take such action as it in its discretion deems appropriate to (1) accelerate the time when awards vest, may be exercised and/or may be paid (subject to any limitations imposed by Code Section 409A); (2) cash out outstanding Awards through a payment of the in-the-money-value, if any, of the vested portion of such Awards (payable in cash, shares, or other property) at or immediately prior to the date of such event; (3) provide for the assumption of outstanding Options, SARs, and other Awards (as adjusted to reflect the transaction) by surviving, successor or transferee corporations; (4) provide that in lieu of Stock, Participants shall be entitled to receive the consideration they would have received in the transaction in exchange for such Stock (or the fair market value of such consideration in cash); and/or (5) provide that Options and SARs shall be exercisable for a period of at least ten business days from the date of receipt by Participants of a notice from the Company of such proposed event, following the expiration of which period any unexercised Options and SARs shall terminate.

(d) Tax Provisions.

(i) *Tax Withholding.* Whenever the value of an Award first becomes includible in an employee's gross income for applicable tax purposes, the Company shall have the right to require the employee to remit to the Company, or make arrangements satisfactory to the Committee regarding payment of, an amount sufficient to satisfy any federal, state or local withholding tax liability prior to the delivery of any certificate for such shares or the time of such income inclusion. Whenever under the Plan payments by the Company are to be made in cash, such payments shall be net of an amount sufficient to satisfy any federal, state or local withholding tax liability.

(ii) *Use of Stock to Satisfy Tax Withholding Obligations.* To the extent permitted by the Committee (in the Award document or otherwise), and subject to any terms and conditions imposed by the Committee, an employee entitled to receive Stock under the Plan may elect to have the employer's minimum statutory withholding obligation for federal, state, and local taxes, including payroll taxes, with respect to such Stock satisfied by having the Company withhold from the shares otherwise deliverable to the employee shares of Stock having a value equal to the amount of such withholding obligation with respect to the Stock or (ii) by delivering to the Company shares of unrestricted Stock. Alternatively, the Committee (in the Award document or subsequently) may require that a portion of the shares of Stock otherwise deliverable be withheld and applied to satisfy the statutory withholding obligations with respect to the Award.

(iii) *Required Consent to and Notification of Code Section 83(b) Election.* No election under Code Section 83(b) (to include in gross income in the year of transfer the amounts specified in Code Section 83(b)) or under a similar provision of the laws of a jurisdiction outside the United States may be made unless expressly permitted by the terms of the Award document or by action of the Committee in writing prior to the making of such election. In any case in which a Participant is permitted to make such an election in connection with an Award, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Code Section 83(b) or other applicable provision.

(iv) *Requirement of Notification Upon Disqualifying Disposition of ISO.* If any Participant makes any disposition of shares of Stock delivered pursuant to the exercise of an ISO in a disqualifying disposition within the meaning of Code Section 421(b), such Participant shall notify the Company of such disposition within ten days thereof.

(v) *Disclaimer of Tax Treatment.* Although the Company may endeavor to qualify an Award for favorable tax treatment (e.g. incentive stock options under Code Section 422) or to avoid adverse tax treatment (e.g. under Code Section 409A), the Company makes no representation that the desired tax treatment will be available and expressly disclaims any liability for the failure to maintain favorable or avoid unfavorable tax treatment. By accepting an Award, a Participant agrees to hold the Company, the Board, the Committee, and their respective delegates harmless for any liability under Code Section 409A.

(c) *Amendment of the Plan and/or Awards.* The Board may terminate the Plan prior to the termination date specified in Section 11(p), and may from time to time amend or suspend the Plan or the Committee's authority to grant Awards under the Plan, and the Committee may amend outstanding Awards, in each case without the consent of stockholders or Participants, subject to the following limitations:

(i) Any amendment to the Plan that would materially increase the number of shares reserved for issuance or for which stockholder approval is required by applicable law or any stock exchange or market on which the Stock is listed or traded shall be subject to approval by the Company's stockholders not later than the earliest annual meeting for which the record date is at or after the date of Board approval of such amendment.

(ii) No amendment or termination of the Plan or any Award may materially and adversely affect the rights of a Participant without the consent of the affected Participant. For the purposes of the preceding sentence, (A) actions that alter the timing of income or other taxation of a Participant will not be deemed material, and (B) adjustments of Awards permitted under Section 11(c) will not be considered amendments of such Awards.

(iii) Without stockholder approval, the Committee will not amend or replace previously granted Options or SARs in a transaction that constitutes a "repricing," as such term is used in Section 303A.08 of the Listed Company Manual of the New York Stock Exchange.

(iv) The Committee shall have no authority to waive or modify any provision of an Award after the Award has been granted to the extent the waived or modified provision would be mandatory under the Plan for any Award newly granted at the date of the waiver or modification.

Notwithstanding the foregoing provisions of this Section 11(e), the Committee shall have the right, in its sole discretion, to amend the Plan and all outstanding Awards without the consent of stockholders or Participants to the extent the Committee determines that such amendment is necessary or appropriate to comply with Code Section 409A.

Notwithstanding any other provision of the Plan or of any Award, the Committee shall have the right, in its sole discretion, to terminate (or provide for the termination of) the Plan and/or all or selected Awards, and distribute (or provide for the distribution of) the compensation deferred thereunder, within 12 months following the occurrence of a "Change in Control Event" as defined for purposes of Code Section 409A.

(f) *Right of Setoff.* To the extent permitted by applicable law, the Company (or Group) shall have the right to offset amounts payable under this Plan or under any Award against any amounts owed to the Company (or Group) by the Participant. By accepting any Award granted hereunder, a Participant agrees to any deduction or setoff under this Section 11(f).

(g) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock or cash pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company. The Committee may authorize the creation of trusts and deposit therein cash, Stock, or other property, or make other arrangements to meet the Company's obligations under the Plan, consistent with the "unfunded" status of the Plan.

(h) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other compensatory plans or incentive arrangements as it may deem desirable, including arrangements providing for the issuance of Stock; and such other arrangements may be either applicable generally or only in specific cases.

(i) **Payments in the Event of Forfeitures; Fractional Shares.** Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration or, in the discretion of the Committee, the lesser of such cash consideration or the then value of the Award. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) **Compliance with Code Section 409A.**

(i) For purposes of this Plan, references to an Award provision or an event (including any authority or right of the Company or a Participant) being “permitted” under Code Section 409A or being subject to this Section 11(j) mean (i) for a 409A Award, that the provision or event will not cause a Participant to be liable for payment of interest or a tax penalty under Code Section 409A, and (ii) for a Non-409A Award, that the provision or event will not cause the Award to be treated as subject to Code Section 409A.

(ii) Notwithstanding any other provision of the Plan, the Company and the Committee shall have no authority to accelerate distributions with respect to 409A Awards in excess of the authority permitted under Code Section 409A.

(iii) Notwithstanding any provision of the Plan or any Award to the contrary, any amounts payable under the Plan on account of termination of employment to an Award holder who is a “specified employee” within the meaning of Code Section 409A which constitute “deferred compensation” within the meaning of Code Section 409A and which are otherwise scheduled to be paid during the first six months following the Award holder’s termination of employment (other than any payments that are permitted under Code Section 409A to be paid within six months following termination of employment of a specified employee) shall be suspended until the six-month anniversary of the Award holder’s termination of employment (or until the Award holder’s death, if earlier), at which time all payments that were suspended shall be paid to the Award holder in a lump sum. The “specified employees” of the Company shall be determined in such manner as may be specified by resolution of the Committee in accordance with Code Section 409A.

(iv) A termination of employment shall not be deemed to have occurred for purposes of any 409A Award under this Plan providing for the payment of any amounts upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Section 409A.

(k) **Governing Law; Consent to Jurisdiction.** The Plan, any rules and regulations relating to the Plan, and any Award document under the Plan shall be construed in accordance with the laws of the State of New York (without giving effect to principles of conflicts of laws) and applicable provisions of federal law. Any dispute arising out of any award granted under the Plan may be resolved in any state or federal court located in the southern district of the State of New York. Any Award granted under the Plan is granted on condition that the Award holder accepts such venue and submits to the personal jurisdiction of any such court.

(l) **Awards to Participants Outside the United States.** The Committee may, in its sole discretion, modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant’s residence or employment abroad, shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States.

(m) **Limitation on Rights Conferred under Plan.** Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Participant the right to continue as a Participant or in the employ or service of the Company or Group, (ii) interfering in any way with the right of the Company or Group to terminate any Participant’s employment or service at any time (subject to the terms and provisions of any separate written agreements), (iii) giving any person a claim to be granted any Award under the Plan, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until shares of Stock are duly issued or

transferred to the Participant in accordance with the terms of an Award. Determinations by the Committee under the Plan relating to the form, amount, and terms and conditions of Awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive Awards under the Plan, whether or not such persons are similarly situated. Except as expressly provided in the Plan or an Award document, neither the Plan nor any Award document shall confer on any person other than the Company (or Group) and the Participant any rights or remedies thereunder.

(n) **Invalidity of Provision.** If any provision of the Plan or an Award document is finally held to be invalid, illegal, or unenforceable, the Committee shall have the right to modify the terms of affected Awards in such manner as it deems equitable in order to prevent unintended enrichment or dilution of benefits in light of the invalid, illegal or unenforceable provision.

(o) **Plan Effective Date; Termination of Preexisting Plans.** The Plan became effective on May 29, 2024. Upon such approval of the Plan by the stockholders of the Company, no further awards shall be granted under the Company's 2014 Omnibus Incentive Plan, but any outstanding awards under such plans shall continue in accordance with their terms.

(p) **Plan Termination Date.** No Awards shall be granted under the Plan after the Company's annual meeting of stockholders held in 2034, but outstanding Awards granted prior to such date shall continue in accordance with their terms.

(q) **Clawback Policies.** Notwithstanding any other provisions in the Plan to the contrary, any cash, Stock, other Awards or other property issued to a Participant under the Plan, and/or any amount received with respect to any sale of any such Stock or other property, shall be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any Company clawback policy, as it may be in effect, or as may be adopted and/or modified, from time to time. To the extent that the terms of the Plan and any such policy conflict, then the terms of such policy shall prevail.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John R. Buran, certify that:

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

Date: August 8, 2024

By: /s/John R. Buran

John R. Buran

President and Chief Executive Officer

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Susan K. Cullen, certify that:

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

Date: August 8, 2024

By: /s/Susan K. Cullen

Susan K. Cullen
Senior Executive Vice President, Treasurer and Chief
Financial Officer

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Flushing Financial Corporation (the "Corporation") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John R. Buran, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/John R. Buran
John R. Buran
Chief Executive Officer
August 8, 2024

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Flushing Financial Corporation (the "Corporation") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan K. Cullen, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/Susan K. Cullen

Susan K. Cullen
Chief Financial Officer
August 8, 2024
