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, 2022**

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. X 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). X 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 X
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 X No

The number of shares of the registrant's Common Stock outstanding as of July 29, 2022 was 29,982,205.

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

Item 1. Financial Statements

	June 30, 2022	December 31, 2021
	(Unaudited)	
	(Dollars in thousands, except per share data)	
Assets		
Cash and due from banks	$ 137,026	$ 81,723
Securities held-to-maturity:		
Mortgage-backed securities (include assets pledged of $4,880 and $5,643 at June 30, 2022 and December 31, 2021, respectively; fair value of $7,496 and $8,667 at June 30, 2022 and December 31, 2021, respectively)	7,885	7,894
Other securities, net of allowance of $1,085 and $862 at June 30, 2022 and December 31, 2021 respectively; (none pledged; fair value of $57,064 and $53,362 at June 30, 2022 and December 31, 2021, respectively)	66,230	49,974
Securities available for sale, at fair value:		
Mortgage-backed securities (including assets pledged of $278,332 and $212,388 at June 30, 2022 and December 31, 2021, respectively; $339 and $388 at fair value pursuant to the fair value option at June 30, 2022 and December 31, 2021, respectively)	510,934	572,184
Other securities (including none pledged; $13,235 and $14,180 at fair value pursuant to the fair value option at June 30, 2022 and December 31, 2021, respectively)	346,720	205,052
Loans:		
Multi-family residential	2,531,858	2,517,026
Commercial real estate	1,864,507	1,775,629
One-to-four family --- mixed used property	561,100	571,795
One-to-four family --- residential	250,859	276,571
Construction	72,148	59,761
Small Business Administration	40,572	93,811
Commercial business and other	1,431,417	1,339,273
Net unamortized premiums and unearned loan fees	7,932	4,239
Less: Allowance for credit losses	(39,424)	(37,135)
Net loans	6,720,969	6,600,970
Interest and dividends receivable	38,811	38,698
Bank premises and equipment, net	22,285	23,338
Federal Home Loan Bank of New York stock, at cost	50,017	35,937
Bank owned life insurance	211,220	210,754
Goodwill	17,636	17,636
Core deposit intangibles	2,282	2,562
Right of use asset	46,687	50,200
Other assets	160,885	148,989
Total assets	$ 8,339,587	$ 8,045,911
Liabilities		
Due to depositors:		
Non-interest bearing	$ 1,081,208	$ 967,621
Interest-bearing	5,268,792	5,365,911
Total Due to depositors	6,350,000	6,333,532
Mortgagors' escrow deposits	57,577	51,913
Borrowed funds:		
Federal Home Loan Bank advances and other borrowings	911,186	636,187
Subordinated debentures	123,083	122,885
Junior subordinated debentures, at fair value	55,352	56,472
Total borrowed funds	1,089,621	815,544
Operating lease liability	50,346	54,155
Other liabilities	121,231	111,139
Total liabilities	7,668,775	7,366,283
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 at both June 30, 2022 and December 31, 2021; 29,980,104 shares and 30,526,353 shares outstanding at June 30, 2022 and December 31, 2021, respectively)	341	341
Additional paid-in capital	262,860	263,375
Treasury stock, at average cost (4,107,519 shares and 3,561,270 shares at June 30, 2022 and December 31, 2021, respectively)	(88,342)	(75,293)
Retained earnings	527,217	497,889
Accumulated other comprehensive loss, net of taxes	(31,264)	(6,684)
Total stockholders' equity	670,812	679,628
Total liabilities and stockholders' equity	$ 8,339,587	$ 8,045,911

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 June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
	(In thousands, except per share data)			
Interest and dividend income				
Interest and fees on loans	$ 69,192	$ 67,999	$ 136,708	$ 137,020
Interest and dividends on securities:				
Interest	4,929	3,685	8,674	6,757
Dividends	11	7	19	15
Other interest income	159	51	210	87
Total interest and dividend income	74,291	71,742	145,611	143,879
Interest expense				
Deposits	4,686	5,539	8,094	11,644
Other interest expense	4,875	5,164	9,308	10,304
Total interest expense	9,561	10,703	17,402	21,948
Net interest income	64,730	61,039	128,209	121,931
Provision (benefit) for credit losses	1,590	(1,598)	2,948	1,222
Net interest income after provision (benefit) for credit losses	63,140	62,637	125,261	120,709
Non-interest income (loss)				
Banking services fee income	1,166	1,233	2,540	3,958
Net gain on sale of loans	73	127	73	158
Net gain on disposition of assets	—	—	—	621
Net gain on sale of securities	—	123	—	123
Net gain (loss) from fair value adjustments	2,533	(6,548)	724	(5,566)
Federal Home Loan Bank of New York stock dividends	407	500	804	1,189
Life insurance proceeds	1,536	—	1,536	—
Bank owned life insurance	1,115	1,009	2,229	2,006
Other income	523	346	760	612
Total non-interest income (loss)	7,353	(3,210)	8,666	3,101
Non-interest expense				
Salaries and employee benefits	21,109	19,879	44,758	42,543
Occupancy and equipment	3,760	3,522	7,364	6,889
Professional services	2,285	1,988	4,507	4,388
FDIC deposit insurance	615	729	1,035	1,942
Data processing	1,383	1,419	2,807	3,528
Depreciation and amortization of bank premises and equipment	1,447	1,638	2,907	3,277
Other real estate owned / foreclosure expense	32	22	116	12
Other operating expenses	4,891	4,814	10,822	9,591
Total non-interest expense	35,522	34,011	74,316	72,170
Income before income taxes	34,971	25,416	59,611	51,640
Provision for income taxes				
Federal	5,609	4,857	10,259	9,928
State and local	4,327	1,301	6,098	3,415
Total provision for income taxes	9,936	6,158	16,357	13,343
Net income	$ 25,035	$ 19,258	$ 43,254	$ 38,297
Basic earnings per common share	$ 0.81	$ 0.61	$ 1.39	$ 1.21
Diluted earnings per common share	$ 0.81	$ 0.61	$ 1.39	$ 1.21
Dividends per common share	$ 0.22	$ 0.21	$ 0.44	$ 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,	
	2022	2021	2022	2021
	(In thousands)			
Net income	$ 25,035	$ 19,258	$ 43,254	$ 38,297
Other comprehensive income (loss), net of tax:				
Amortization of actuarial (gains) losses, net of taxes of ($5) and ($41) for the three months ended June 30, 2022 and 2021, respectively, and of ($3) and ($77) for the six months ended June 30, 2022 and 2021, respectively.	(11)	92	(15)	173
Amortization of prior service credits, net of taxes of ($4) and $6 for the three months ended June 30, 2022 and 2021, respectively, and of ($2) and $13 for the six months ended June 30, 2022 and 2021, respectively.	(11)	(15)	(16)	(30)
Net unrealized (losses) gains on securities, net of taxes of $8,767 and ($664) for the three months ended June 30, 2022 and 2021, respectively, and of $19,659 and $322 for the six months ended June 30, 2022 and 2021, respectively.	(20,434)	1,497	(43,861)	(720)
Reclassification adjustment for net losses included in income, net of taxes of $38 for the three and six months ended June 30, 2021, respectively.	—	(85)	—	(85)
Net unrealized gains on cash flow hedges, net of taxes of ($2,018) and ($120) for the three months ended June 30, 2022 and 2021 respectively, and of ($8,876) and ($3,574) for the six months ended June 30, 2022 and 2021 respectively.	4,915	521	19,666	8,319
Change in fair value of liabilities related to instrument-specific credit risk, net of taxes of $142 and ($147) for the three months ended June 30, 2022 and 2021, respectively, and of $205 and ($112) for the six months ended June 30, 2022 and 2021, respectively.	(219)	276	(354)	192
Total other comprehensive income (loss), net of tax	(15,760)	2,286	(24,580)	7,849
Comprehensive net income	$ 9,275	$ 21,544	$ 18,674	$ 46,146

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, 2022	For the six months ended June 30, 2021
	(In thousands)	
Operating Activities		
Net income	$ 43,254	$ 38,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	2,948	1,222
Depreciation and amortization of premises and equipment	2,907	3,277
Net gain on sales of loans	(73)	(158)
Net amortization of premiums and (accretion) of discounts	568	(190)
Net gain from disposition of assets	—	(621)
Net gain from sale of securities	—	(123)
Deferred income tax provision (benefit)	3,191	(762)
Gain from life insurance proceeds	(1,536)	—
Net loss (gain) from fair value adjustments of qualifying hedges	129	(763)
Net (gain) loss from fair value adjustments	(724)	5,566
Income from bank owned life insurance	(2,229)	(2,006)
Stock-based compensation expense	5,255	4,539
Deferred compensation	(3,627)	(2,057)
Amortization of core deposit intangibles	280	313
Decrease (increase) in other assets	9,303	(5,175)
Decrease in other liabilities	(15,004)	(5,384)
Net cash provided by operating activities	44,642	35,975
Investing Activities		
Purchases of premises and equipment	(1,854)	(1,536)
Net (purchases) redemptions of Federal Home Loan Bank-NY shares	(14,080)	1,809
Purchases of securities held-to-maturity	(16,476)	—
Proceeds from life insurance	2,727	—
Purchases of securities available for sale	(210,261)	(478,155)
Proceeds from sales and calls of securities available for sale	—	38,623
Change in cash collateral	34,365	—
Proceeds from maturities and prepayments of securities available for sale	64,227	263,640
Net (originations) and repayments of loans	(69,676)	89,937
Purchases of loans	(111,028)	(130,706)
Proceeds from sale of loans	18,565	18,584
Net cash used in investing activities	(303,491)	(197,804)

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

	For the six months ended June 30,	
	2022	2021
	(In thousands)	
Financing Activities		
Net increase in non-interest bearing deposits	$ 113,587	$ 166,819
Net increase (decrease) in interest-bearing deposits	(47,067)	41,312
Net increase in mortgagors' escrow deposits	5,664	12,608
Net proceeds from short-term borrowed funds	325,000	150,000
Repayment of long-term borrowings	(50,000)	(205,647)
Purchases of treasury stock	(19,396)	(1,375)
Cash dividends paid	(13,636)	(13,305)
Net cash provided by financing activities	314,152	150,412
Net increase in cash and cash equivalents	55,303	(11,417)
Cash and cash equivalents, beginning of period	81,723	157,388
Cash and cash equivalents, end of period	$ 137,026	$ 145,971
Supplemental Cash Flow Disclosure		
Interest paid	$ 16,612	$ 22,217
Income taxes paid	16,215	10,207
Taxes paid if excess tax benefits on stock-based compensation were not tax deductible	16,385	9,877

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)

(Dollars in thousands, except per share data)	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021	$ 679,628	$ 341	$ 263,375	$ 497,889	$ (75,293)	$ (6,684)
Net income	18,219	—	—	18,219	—	—
Award of common shares released from Employee Benefit Trust (17,964 shares)	287	—	287	—	—	—
Vesting of restricted stock unit awards (297,626 shares)	—	—	(6,019)	(285)	6,304	—
Purchase of treasury shares (360,000 shares)	(8,469)	—	—	—	(8,469)	—
Stock-based compensation expense	4,194	—	4,194	—	—	—
Repurchase of shares to satisfy tax obligation (97,435 shares)	(2,376)	—	—	—	(2,376)	—
Dividends on common stock ($0.22 per share)	(6,850)	—	—	(6,850)	—	—
Other comprehensive loss	(8,820)	—	—	—	—	(8,820)
Balance at March 31, 2022	$ 675,813	$ 341	$ 261,837	$ 508,973	$ (79,834)	$ (15,504)
Net income	25,035	—	—	25,035	—	—
Purchase of treasury shares (387,689 shares)	(8,534)	—	—	—	(8,534)	—
Vesting of restricted stock unit awards (2,015 shares)	—	—	(38)	(5)	43	—
Stock-based compensation expense	1,061	—	1,061	—	—	—
Repurchase of shares to satisfy tax obligation (766 shares)	(17)	—	—	—	(17)	—
Dividends on common stock ($0.22 per share)	(6,786)	—	—	(6,786)	—	—
Other comprehensive loss	(15,760)					(15,760)
Balance at June 30, 2022	$ 670,812	$ 341	$ 262,860	$ 527,217	$ (88,342)	$ (31,264)

(Dollars in thousands, except per share data)	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	$ 618,997	$ 341	$ 261,533	$ 442,789	$ (69,400)	$ (16,266)
Net Income	19,039	—	—	19,039	—	—
Award of common shares released from Employee Benefit Trust (5,682 shares)	74	—	74	—	—	—
Vesting of restricted stock unit awards (248,896 shares)	—	—	(5,058)	(153)	5,211	—
Stock-based compensation expense	3,470	—	3,470	—	—	—
Repurchase of shares to satisfy tax obligation (70,292 shares)	(1,290)	—	—	—	(1,290)	—
Dividends on common stock ($0.21 per share)	(6,652)	—	—	(6,652)	—	—
Other comprehensive income	5,563	—	—	—	—	5,563
Balance at March 31, 2021	$ 639,201	$ 341	$ 260,019	$ 455,023	$ (65,479)	$ (10,703)
Net Income	19,258	—	—	19,258	—	—
Award of common shares released from Employee Benefit Trust (6,445 shares)	91	—	91	—		—
Vesting of restricted stock unit awards (10,932 shares)	—	—	(221)	(8)	229	—
Stock-based compensation expense	1,069	—	1,069	—	—	—
Repurchase of shares to satisfy tax obligation (3,886 shares)	(85)	—	—	—	(85)	—
Dividends on common stock ($0.21 per share)	(6,653)	—	—	(6,653)	—	—
Other comprehensive income	2,286	—	—	—	—	2,286
Balance at June 30, 2021	$ 655,167	$ 341	$ 260,958	$ 467,620	$ (65,335)	$ (8,417)

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 "Holding 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 Holding Company and its direct and indirect wholly-owned subsidiaries, including the Bank, Flushing Service Corporation, FSB Properties Inc., and Flushing Preferred Funding Corporation, which was dissolved as of June 30, 2021, which are collectively herein referred to as "we," "us," "our" and the "Company."

The Holding 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, 2021.

When necessary, certain reclassifications were made to prior-year amounts to conform to the current-year presentation. Such reclassifications had no effect on 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.

3. Earnings Per Share

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

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the six months ended June 30, 2022	For the six months ended June 30, 2021
	(Dollars in thousands, except per share data)			
Net income, as reported	$ 25,035	$ 19,258	$ 43,254	$ 38,297
Divided by:				
Total weighted average common shares outstanding and common stock equivalents (1)	30,937	31,677	31,095	31,641
Basic earnings per common share	$ 0.81	$ 0.61	$ 1.39	$ 1.21
Diluted earnings per common share	$ 0.81	$ 0.61	$ 1.39	$ 1.21
Dividend Payout ratio	27.2 %	34.4 %	31.7 %	34.7 %

(1) For the three and six months ended June 30, 2022 and 2021, there were no common stock equivalents.

4. Securities

The Company did not hold any trading securities at June 30, 2022 and December 31, 2021. Securities available for sale are recorded at fair value. Securities held-to-maturity ("HTM") are recorded at amortized cost.

The following table summarizes the Company's portfolio of securities held-to-maturity at June 30, 2022:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
		(In thousands)		
Securities held-to-maturity:				
Municipals	$ 67,315	$ 57,064	$ —	$ 10,251
Total municipals	67,315	57,064	—	10,251
FNMA	7,885	7,496	—	389
Total mortgage-backed securities	7,885	7,496	—	389
Allowance for Credit Losses	(1,085)	—	—	—
Total	$ 74,115	$ 64,560	$ —	$ 10,640

The following table summarizes the Company's portfolio of securities held-to-maturity at December 31, 2021:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
		(In thousands)		
Securities held-to-maturity:				
Municipals	$ 50,836	$ 53,362	$ 2,526	$ —
Total municipals	50,836	53,362	2,526	—
FNMA	7,894	8,667	773	—
Total mortgage-backed securities	7,894	8,667	773	—
Allowance for Credit Losses	(862)	—	—	—
Total	$ 57,868	$ 62,029	$ 3,299	$ —

The following table summarizes the Company's portfolio of securities available for sale at June 30, 2022:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
		(In thousands)		
U.S. government agencies	$ 84,463	$ 83,039	$ 10	$ 1,434
Corporate	133,927	124,468	72	9,531
Mutual funds	11,573	11,573	—	—
Collateralized loan obligations	131,094	125,978	—	5,116
Other	1,662	1,662	—	—
Total other securities	362,719	346,720	82	16,081
REMIC and CMO	187,243	169,144	6	18,105
GNMA	9,638	8,257	12	1,393
FNMA	209,747	189,975	5	19,777
FHLMC	161,015	143,558	21	17,478
Total mortgage-backed securities	567,643	510,934	44	56,753
Total securities available for sale	$ 930,362	$ 857,654	$ 126	$ 72,834

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 at December 31, 2021:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
		(In thousands)		
U.S. government agencies	$ 5,599	$ 5,590	$ —	$ 9
Corporate	107,423	104,370	136	3,189
Mutual funds	12,485	12,485	—	—
Collateralized loan obligations	81,166	80,912	1	255
Other	1,695	1,695	—	—
Total other securities	208,368	205,052	137	3,453
REMIC and CMO	210,948	208,509	1,217	3,656
GNMA	10,572	10,286	30	316
FNMA	203,777	202,938	1,321	2,160
FHLMC	152,760	150,451	326	2,635
Total mortgage-backed securities	578,057	572,184	2,894	8,767
Total securities available for sale	$ 786,425	$ 777,236	$ 3,031	$ 12,220

The corporate securities held by the Company at June 30, 2022 and December 31, 2021 are issued by U.S. banking institutions. The CMOs held by the Company at June 30, 2022 and December 31, 2021 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, 2022, 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
	(In thousands)	
Due after ten years	$ 67,315	$ 57,064
Total other securities	67,315	57,064
Mortgage-backed securities	7,885	7,496
	75,200	64,560
Allowance for credit losses	(1,085)	-
Total securities held-to-maturity	$ 74,115	$ 64,560

Securities available for sale:	Amortized Cost	Fair Value
	(In thousands)	
Due in one year or less	$ 10,026	$ 9,920
Due after one year through five years	99,429	96,645
Due after five years through ten years	205,672	193,191
Due after ten years	36,019	35,391
Total other securities	351,146	335,147
Mutual funds	11,573	11,573
Mortgage-backed securities	567,643	510,934
Total securities available for sale	$ 930,362	$ 857,654

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, 2022						
		Total		Less than 12 months		12 months or more	
	Count	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)						
Held-to-maturity securities							
Municipals	3	$ 57,064	$ 10,251	$ 57,064	$ 10,251	$ —	$ —
Total other securities	3	57,064	10,251	57,064	10,251	—	—
FNMA	1	7,496	389	7,496	389	—	—
Total mortgage-backed securities	1	7,496	389	7,496	389	—	—
Total	4	$ 64,560	$ 10,640	$ 64,560	$ 10,640	$ —	$ —
Available for sale securities							
U.S. government agencies	7	$ 79,004	$ 1,434	$ 79,004	$ 1,434	$ —	$ —
Corporate	18	115,395	9,531	85,515	6,917	29,880	2,614
CLO	19	125,978	5,116	105,745	4,082	20,233	1,034
Total other securities	44	320,377	16,081	270,264	12,433	50,113	3,648
REMIC and CMO	45	167,535	18,105	112,167	9,561	55,368	8,544
GNMA	4	7,964	1,393	276	15	7,688	1,378
FNMA	48	189,798	19,777	146,971	13,508	42,827	6,269
FHLMC	25	141,019	17,478	77,799	6,218	63,220	11,260
Total mortgage-backed securities	122	506,316	56,753	337,213	29,302	169,103	27,451
Total	166	$ 826,693	$ 72,834	$ 607,477	$ 41,735	$ 219,216	$ 31,099

	At December 31, 2021						
		Total		Less than 12 months		12 months or more	
	Count	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)						
Available for sale securities							
U.S. government agencies	2	$ 5,577	$ 9	$ 1,130	$ 5	$ 4,447	$ 4
Corporate	13	94,234	3,189	65,453	1,970	28,781	1,219
CLO	4	31,012	255	10,000	1	21,012	254
Total other securities	19	130,823	3,453	76,583	1,976	54,240	1,477
REMIC and CMO	15	124,131	3,656	105,959	2,800	18,172	856
GNMA	4	9,924	316	1,138	16	8,786	300
FNMA	25	171,109	2,160	153,657	1,587	17,452	573
FHLMC	18	129,115	2,635	98,297	1,448	30,818	1,187
Total mortgage-backed securities	62	434,279	8,767	359,051	5,851	75,228	2,916
Total	81	$ 565,102	$ 12,220	$ 435,634	$ 7,827	$ 129,468	$ 4,393

The Company reviewed each available for sale security that had an unrealized loss at June 30, 2022 and December 31, 2021. 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. If the Company evaluates any decline in the fair value due to credit loss factors and this 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 of these securities are rated investment grade or above and have a long history of no credit losses. It is not anticipated that these securities 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 U.S. government, the tranche of the purchased 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 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 that had an unrealized loss at June 30, 2022 as part of its quarterly Current Expected Credit Loss ("CECL") process, with an allowance for credit losses of $1.1 million and $0.9 million at June 30, 2022 and December 31, 2021, respectively.

Accrued interest receivable on held-to-maturity securities totaled $0.1 million each at June 30, 2022 and December 31, 2021, and is excluded from estimates of credit losses. Accrued interest receivable on available for sale debt securities totaled $2.5 million and $1.5 million at June 30, 2022 and December 31, 2021, respectively, and is excluded from the estimate of credit losses.

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

	Other Securities			
	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(In thousands)			
Beginning balance	$ 986	$ 915	$ 862	$ 907
Provision (benefit)	99	(71)	223	(63)
Allowance for credit losses	$ 1,085	$ 844	$ 1,085	$ 844

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, 2022. The Company sold $25.0 million in corporate securities during the three and six months ended June 30, 2021.

The following table represents the gross gains and gross losses realized from the sale of available for sale securities for the periods indicated:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Gross gains from the sale of securities	$ —	$ 123	$ —	$ 123
Gross losses from the sale of securities	—	—	—	—
Net gains from the sale of securities	$ —	$ 123	$ —	$ 123

5. Loans

Loans are reported at their outstanding principal balance net of any unearned income, charge-offs, deferred loan fees and costs on originated loans 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 the accrual basis. Accrued interest receivable totaled $33.5 million and $35.8 million at June 30, 2022 and December 31, 2021, 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.

At June 30, 2022, we had five active forbearances which were granted under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") for loans with an aggregate outstanding loan balance of approximately $26.7 million resulting in total deferment of $1.6 million in principal, interest and escrow, down from 20 active forbearances for loans with an aggregate outstanding loan balance of $71.9 million at December 31, 2021. These loans are considered current and continue to accrue interest at their original contractual terms until the completion of the applicable deferral periods, following which the borrowers will resume making payments and normal delinquency-based non-accrual policies will apply. The Company actively participated in the Paycheck Protection Program ("PPP"), under the CARES Act, closing $310.3 million of these loans since the beginning of the program, with $288.1 million forgiven by the SBA as of June 30, 2022, of which $21.0 million were forgiven during the recent quarter.

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.

During the three months ended June 30, 2022, the Company recorded a provision for credit losses on loans totaling $1.5 million, compared to a benefit for credit losses on loans totaling $1.5 million for the three months ended June 30, 2021. The Company recorded a provision for credit losses on loans totaling $2.7 million and $1.3 million for the six months ended June 30, 2022 and 2021, respectively. The provision recorded during the six months ended June 30, 2022 was driven by loan growth coupled with the ongoing environmental uncertainty resulting from high and rising inflation and increasing interest rates. The Company made no changes to the reasonable and supportable forecast period and decreased the reversion period from six quarters to four quarters at June 30, 2022, in order to revert back to our historical losses sooner as the economic forecast in the model is more favorable than the current conditions. The ACL - loans totaled $39.4 million at June 30, 2022 compared to $37.1 million at December 31, 2021. At June 30, 2022, the ACL - loans represented 0.58% of gross loans and 141.1% of non-performing loans. At December 31, 2021, the ACL - loans represented 0.56% of gross loans and 248.7% of non-performing loans.

The Company may restructure 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. This restructure may include reducing the interest rate or amount of the monthly payment for a specified period of time, after which the interest rate and repayment terms revert to the original terms of the loan. We classify these loans as Troubled Debt Restructured ("TDR").

The Company believes that restructuring these loans in this manner will allow certain borrowers to become and remain current on their loans. All loans classified as TDR are individually evaluated, however TDR loans which have been current for six consecutive months at the time they are restructured as TDR remain on accrual status and are not included as part of non-performing loans. Loans which were delinquent at the time they are restructured as a TDR are placed on non-accrual status and reported as non-accrual performing TDR loans until they have made timely payments for six consecutive months. These restructurings have not included a reduction of principal balance.

The allocation of a portion of the ACL for a performing TDR loan is based upon the present value of the future expected cash flows discounted at the loan's original effective rate, or for a non-performing TDR loan which is collateral dependent, the fair value of the collateral. At June 30, 2022, there were no commitments to lend additional funds to borrowers whose loans were modified to a TDR. The modification of loans to a TDR did not have a significant effect on our operating results, nor did it require a significant allocation of the ACL.

During the three and six months ended June 30, 2022, two commercial business and other loans classified as TDRs totaling $2.5 million defaulted within 12 months of its modification date. During the three and six months ended June 30, 2021, there were no TDRs that defaulted within 12 months of its modification date.

The following table shows loans modified as TDR during the period indicated:

	For the three months ended June 30, 2022		
(Dollars in thousands)	Number	Balance	Modification description
Commercial business and other	2	$ 2,453	Two loans had loan extensions
Total	2	$ 2,453	

	For the three months ended June 30, 2021		
(Dollars in thousands)	Number	Balance	Modification description
Commercial real estate	2	$ 674	Two loans had loan extensions
Total	2	$ 674	

	For the six months ended June 30, 2022		
(Dollars in thousands)	Number	Balance	Modification description
Small Business Administration	1	$ 271	Loan amortization extension
Commercial business and other	4	5,222	One loan received a below market interest rate and three loans had an amortization extension
Total	5	$ 5,493	

	For the six months ended June 30, 2021		
(Dollars in thousands)	Number	Balance	Modification description
Commercial real estate	2	$ 674	Two loans had loan extensions
Total	2	$ 674	

The following table shows loans classified as TDR at amortized cost that are performing according to their restructured terms at the periods indicated:

	June 30, 2022		December 31, 2021	
(Dollars in thousands)	Number of contracts	Amortized Cost	Number of contracts	Amortized Cost
Multi-family residential	6	$ 1,656	6	$ 1,690
Commercial real estate	1	7,572	1	7,572
One-to-four family - mixed-use property (1)	4	1,254	5	1,636
One-to-four family - residential	1	260	3	483
Small Business Administration	1	269	—	—
Commercial business and other (1)	7	3,771	5	1,381
Total performing	20	$ 14,782	20	$ 12,762

(1) These loans continue to pay as agreed, however the Company records interest received on a cash basis.

The following table shows loans classified as TDR at amortized cost that were not performing according to their restructured terms at the periods indicated:

	June 30, 2022	
(Dollars in thousands)	Number of contracts	Amortized Cost
Commercial business and other	2	$ 2,453
Total non-performing	2	$ 2,453

There were no loans classified as TDR that were not performing according to their modified agreement as of December 31, 2021.

The following table shows 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 period shown below:

	At or for the six months ended June 30, 2022				
(In thousands)	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 recognized	Loans ninety days or more past due and still accruing
Multi-family residential	$ 2,652	$ 3,707	$ 3,707	$ —	$ —
Commercial real estate	640	273	273	—	—
One-to-four family - mixed-use property [(1)]	1,582	1,049	1,049	—	—
One-to-four family - residential	7,482	4,708	4,708	—	—
Small Business Administration	952	951	951	—	—
Construction	—	856	856	—	—
Commercial business and other [(1)]	1,945	19,373	3,330	139	100
Total	$ 15,253	$ 30,917	$ 14,874	$ 139	$ 100

(1) Included in the above analysis are non-accrual performing TDR one-to-four family – mixed-use property totaling $0.3 million. Commercial business and other contains a non-accrual performing TDR totaling $2.8 million.

The following table shows 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 period shown below:

	At or for the year ended December 31, 2021				
(In thousands)	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 recognized	Loans ninety days or more past due and still accruing
Multi-family residential	$ 2,576	$ 2,652	$ 2,652	$ 19	$ —
Commercial real estate	1,766	640	640	—	—
One-to-four family - mixed-use property [(1)]	1,706	1,582	1,582	6	—
One-to-four family - residential	5,313	7,482	7,482	1	—
Small Business Administration	1,168	952	952	—	—
Taxi medallion[(2)]	2,758	—	—	—	—
Commercial business and other[(1)]	5,660	1,945	305	78	—
Total	$ 20,947	$ 15,253	$ 13,613	$ 104	$ —

(1) Included in the above analysis are non-accrual performing TDR one-to-four family – mixed-use property totaling $0.3 million. Commercial business and other contains a non-accrual performing TDR totaling less than $0.1 million.
(2) Taxi medallions were completely charged-off during the year ended December 31, 2021.

The following is a summary of interest foregone on non-accrual loans and loans classified as TDR for the periods indicated:

	For the three months ended June 30,		For the six months ended June 30,	
(In thousands)	2022	2021	2022	2021
Interest income that would have been recognized had the loans performed in accordance with their original terms	$ 588	$ 453	$ 960	$ 915
Less: Interest income included in the results of operations	282	163	437	323
Total foregone interest	$ 306	$ 290	$ 523	$ 592

The following tables show the aging of the amortized cost basis in past-due loans at the period indicated by class of loans:

	June 30, 2022					
(In thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
Multi-family residential	$ 2,413	$ —	$ 3,707	$ 6,120	$ 2,529,067	$ 2,535,187
Commercial real estate	337	—	273	610	1,865,773	1,866,383
One-to-four family - mixed-use property	3,937	—	795	4,732	559,401	564,133
One-to-four family - residential	1,196	77	4,708	5,981	246,128	252,109
Construction	—	—	856	856	71,105	71,961
Small Business Administration	40	1,991	951	2,982	37,029	40,011
Commercial business and other	93	3	3,580	3,676	1,426,933	1,430,609
Total	$ 8,016	$ 2,071	$ 14,870	$ 24,957	$ 6,735,436	$ 6,760,393

	December 31, 2021					
(In thousands)	30 - 59 Days Past Due	60 - 89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans
Multi-family residential	$ 3,652	$ 4,193	$ 2,652	$ 10,497	$ 2,508,730	$ 2,519,227
Commercial real estate	5,743	—	640	6,383	1,770,992	1,777,375
One-to-four family - mixed-use property	2,319	—	1,321	3,640	571,296	574,936
One-to-four family - residential	163	224	7,482	7,870	269,942	277,812
Construction	—	—	—	—	59,473	59,473
Small Business Administration	—	—	952	952	90,884	91,836
Commercial business and other	101	40	1,386	1,527	1,335,919	1,337,446
Total	$ 11,978	$ 4,457	$ 14,433	$ 30,869	$ 6,607,236	$ 6,638,105

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

	June 30, 2022								
(In thousands)	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Taxi medallion	Commercial business and other	Total
Allowance for credit losses:									
Beginning balance	$ 8,561	$ 7,716	$ 1,864	$ 766	$ 268	$ 1,837	$ —	$ 16,421	$ 37,433
Charge-offs	—	—	—	—	—	(26)	—	(24)	(50)
Recoveries	1	—	—	2	—	14	435	99	551
Provision (benefit)	843	727	95	98	32	293	(435)	(163)	1,490
Ending balance	$ 9,405	$ 8,443	$ 1,959	$ 866	$ 300	$ 2,118	$ —	$ 16,333	$ 39,424

	June 30, 2021								
(In thousands)	Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Taxi medallion	Commercial business and other	Total
Allowance for credit losses:									
Beginning balance	$ 7,144	$ 8,356	$ 1,873	$ 710	$ 750	$ 2,127	$ —	$ 24,139	$ 45,099
Charge-offs	—	—	(3)	—	—	—	—	(1,183)	(1,186)
Recoveries	—	—	—	2	—	9	222	51	284
Provision (benefit)	(585)	(2,488)	(378)	4	(565)	166	(222)	2,541	(1,527)
Ending balance	$ 6,559	$ 5,868	$ 1,492	$ 716	$ 185	$ 2,302	$ —	$ 25,548	$ 42,670

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

(In thousands)	June 30, 2022 Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Taxi medallion	Commercial business and other	Total
Allowance for credit losses:									
Beginning balance	$ 8,185	$ 7,158	$ 1,755	$ 784	$ 186	$ 1,209	$ —	$ 17,858	$ 37,135
Charge-offs	—	—	—	—	—	(1,054)	—	(32)	(1,086)
Recoveries	1	—	—	4	—	27	447	173	652
Provision (benefit)	1,219	1,285	204	78	114	1,936	(447)	(1,666)	2,723
Ending balance	$ 9,405	$ 8,443	$ 1,959	$ 866	$ 300	$ 2,118	$ —	$ 16,333	$ 39,424

(In thousands)	June 30, 2021 Multi-family residential	Commercial real estate	One-to-four family - mixed-use property	One-to-four family - residential	Construction loans	Small Business Administration	Taxi medallion	Commercial business and other	Total
Allowance for credit losses:									
Beginning balance	$ 6,557	$ 8,327	$ 1,986	$ 869	$ 497	$ 2,251	$ —	$ 24,666	$ 45,153
Charge-offs	(43)	(64)	(32)	—	—	—	(2,758)	(1,211)	(4,108)
Recoveries	10	—	10	7	—	19	222	73	341
Provision (Benefit)	35	(2,395)	(472)	(160)	(312)	32	2,536	2,020	1,284
Ending balance	$ 6,559	$ 5,868	$ 1,492	$ 716	$ 185	$ 2,302	$ —	$ 25,548	$ 42,670

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.

The following table summarizes the risk category of mortgage and non-mortgage loans by loan portfolio segments and class of loans by year of origination at June 30, 2022:

(In thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans converted to term loans	Total
1-4 Family Residential									
Pass	$ 10,310	$ 8,806	$ 19,533	$ 43,660	$ 29,373	$ 108,148	$ 10,578	$ 13,345	$ 243,753
Watch	—	293	—	730	—	933	120	1,354	3,430
Special Mention	—	—	—	—	—	—	—	30	30
Substandard	—	—	—	—	—	4,450	—	446	4,896
Total 1-4 Family Residential	$ 10,310	$ 9,099	$ 19,533	$ 44,390	$ 29,373	$ 113,531	$ 10,698	$ 15,175	$ 252,109
1-4 Family Mixed-Use									
Pass	$ 26,273	$ 45,047	$ 33,924	$ 66,003	$ 67,908	$ 313,365	$ —	$ —	$ 552,520
Watch	—	—	892	744	—	7,950	—	—	9,586
Special Mention	—	—	—	—	—	786	—	—	786
Substandard	—	—	—	—	—	1,241	—	—	1,241
Total 1-4 Family Mixed Use	$ 26,273	$ 45,047	$ 34,816	$ 66,747	$ 67,908	$ 323,342	$ —	$ —	$ 564,133
Commercial Real Estate									
Pass	$ 211,255	$ 185,731	$ 158,206	$ 234,777	$ 248,456	$ 751,222	$ —	$ —	$ 1,789,647
Watch	—	1,645	—	10,605	6,826	57,379	—	—	76,455
Special Mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	281	—	—	281
Total Commercial Real Estate	$ 211,255	$ 187,376	$ 158,206	$ 245,382	$ 255,282	$ 808,882	$ —	$ —	$ 1,866,383
Construction									
Pass	$ 1,984	$ 14,741	$ 13,142	$ 14,802	—	$ —	$ 17,559	$ —	$ 62,228
Watch	—	—	—	—	6,279	—	—	—	6,279
Special Mention	—	—	—	—	—	2,598	—	—	2,598
Substandard	—	—	—	—	856	—	—	—	856
Total Construction	$ 1,984	$ 14,741	$ 13,142	$ 14,802	$ 7,135	$ 2,598	$ 17,559	$ —	$ 71,961
Multi-family									
Pass	$ 251,810	$ 292,720	$ 231,194	$ 323,125	$ 402,032	$ 998,034	$ 5,933	$ —	$ 2,504,848
Watch	—	1,117	1,467	—	12,050	10,666	—	—	25,300
Special Mention	—	—	—	—	—	567	—	—	567
Substandard	—	—	—	—	2,889	1,583	—	—	4,472
Total Multi-family	$ 251,810	$ 293,837	$ 232,661	$ 323,125	$ 416,971	$ 1,010,850	$ 5,933	$ —	$ 2,535,187
Commercial Business - Secured by RE									
Pass	$ 127,888	$ 145,394	$ 90,463	$ 34,613	$ 56,739	$ 99,065	$ —	$ —	$ 554,162
Watch	—	—	21,757	48,439	18,661	57,978	—	—	146,835
Special Mention	—	—	—	576	—	—	—	—	576
Substandard	—	—	—	1,847	—	3,554	—	—	5,401
Total Commercial Business - Secured by RE	$ 127,888	$ 145,394	$ 112,220	$ 85,475	$ 75,400	$ 160,597	$ —	$ —	$ 706,974
Commercial Business									
Pass	$ 88,248	$ 115,221	$ 46,969	$ 43,504	$ 48,621	$ 62,638	$ 217,817	$ —	$ 623,018
Watch	—	2,476	523	22,487	16,196	18,834	5,960	—	66,476
Special Mention	—	1,483	6,074	39	2,063	545	846	—	11,050
Substandard	—	—	87	31	5,265	3,781	12,711	—	21,875
Doubtful	—	—	—	—	—	—	996	—	996
Total Commercial Business	$ 88,248	$ 119,180	$ 53,653	$ 66,061	$ 72,145	$ 85,798	$ 238,330	$ —	$ 723,415
Small Business Administration									
Pass	$ 2,728	$ 21,712	$ 4,839	$ 720	$ 1,319	$ 2,259	$ —	$ —	$ 33,577
Watch	—	—	—	54	2,539	2,575	—	—	5,168
Special Mention	—	—	—	—	—	46	—	—	46
Substandard	—	—	—	—	—	1,220	—	—	1,220
Total Small Business Administration	$ 2,728	$ 21,712	$ 4,839	$ 774	$ 3,858	$ 6,100	$ —	$ —	$ 40,011
Other									
Pass	$ —	$ —	$ —	$ —	$ —	$ 140	$ 80	$ —	$ 220
Total Other	$ —	$ —	$ —	$ —	$ —	$ 140	$ 80	$ —	$ 220
Total by Loan Type									
Total Pass	$ 720,496	$ 829,372	$ 598,270	$ 761,204	$ 854,448	$ 2,334,871	$ 251,967	$ 13,345	$ 6,363,973
Total Watch	—	5,531	24,639	83,059	62,551	156,315	6,080	1,354	339,529
Total Special Mention	—	1,483	6,074	615	2,063	4,542	846	30	15,653
Total Substandard	—	—	87	1,878	9,010	16,110	12,711	446	40,242
Total Doubtful	—	—	—	—	—	—	996	—	996
Total Loans	$ 720,496	$ 836,386	$ 629,070	$ 846,756	$ 928,072	$ 2,511,838	$ 272,600	$ 15,175	$ 6,760,393

Included within net loans as of June 30, 2022 and December 31, 2021 were $5.4 million and $8.7 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.

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:

	Collateral Type			
	June 30, 2022		December 31, 2021	
(In thousands)	Real Estate	Business Assets	Real Estate	Business Assets
Multi-family residential	$ 3,707	$ —	$ 2,652	$ —
Commercial real estate	775	—	1,158	—
One-to-four family - mixed-use property	1,049	—	1,582	—
One-to-four family - residential	4,708	—	7,482	—
Construction	856	—	—	—
Small Business Administration	—	951	—	952
Commercial business and other	—	18,871	—	1,427
Total	$ 11,095	$ 19,822	$ 12,874	$ 2,379

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 $542.6 million and $472.9 million at June 30, 2022 and December 31, 2021, respectively.

The following table presents the activity in the allowance for off balance sheet credit losses for the three and six months ended June 30, 2022 and 2021.

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
	(In thousands)			
Balance at beginning of period	$ 1,589	$ 1,304	$ 1,209	$ 1,815
Off-Balance Sheet- Provision (Benefit)	(145)	266	235	(245)
Allowance for Off-Balance Sheet - Credit losses [1]	$ 1,444	$ 1,570	$ 1,444	$ 1,570

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

6. Loans held for sale

Loans held for sale are carried at the lower of cost or estimated fair value. At June 30, 2022 and December 31, 2021, the Bank did not have any loans held for sale.

The following table shows loans sold during the periods indicated:

	For the three and six months ended June 30, 2022			
(Dollars in thousands)	Loans sold	Proceeds	Net charge-offs	Net gain
Performing loans				
Multi-family residential	4	$ 10,136	$ —	$ —
Commercial	1	4,312	—	—
Total	5	$ 14,448	$ —	$ —
Delinquent and non-performing loans				
Commercial	1	3,687	—	73
One-to-four family - mixed-use property	1	430	—	—
Total	2	$ 4,117	$ —	$ 73

	For the three months ended June 30, 2021			
(Dollars in thousands)	Loans sold	Proceeds	Net charge-offs	Net gain
Delinquent and non-performing loans				
Multi-family residential	3	$ 7,846	$ —	$ 58
One-to-four family - mixed-use property	4	2,488	—	69
Total	7	$ 10,334	$ —	$ 127

	For the six months ended June 30, 2021			
(Dollars in thousands)	Loans sold	Proceeds	Net charge-offs	Net gain
Delinquent and non-performing loans				
Multi-family residential	8	$ 10,752	$ (43)	$ 63
Commercial	3	3,036	(64)	17
One-to-four family - mixed-use property	10	4,796	(14)	78
Total	21	$ 18,584	$ (121)	$ 158

7. Leases

The Company has 28 operating leases for branches (including headquarters) and office spaces, 10 operating leases for vehicles, and one operating lease for equipment. Our leases have remaining lease terms ranging from six months to approximately 14 years, none of which has a renewal option reasonably certain of exercise, which has been reflected in the Company's calculation of lease term.

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 2022 and one agreement in 2021 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 was as follows:

(Dollars in thousands)	June 30, 2022	December 31, 2021
Operating lease ROU asset	$ 46,687	$ 50,200
Operating lease liability	$ 50,346	$ 54,155
Weighted-average remaining lease term-operating leases	7.0 years	7.4 years
Weighted average discount rate-operating leases	3.1 %	3.1 %

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

(Dollars in thousands)	Line Item Presented	For the three months ended June 30, 2022	For the three months ended June 30, 2021
Lease Cost			
Operating lease cost	Occupancy and equipment	$ 2,099	$ 2,224
Operating lease cost	Other operating expenses	26	20
Short-term lease cost	Professional Services and Other operating expenses	36	60
Variable lease cost	Occupancy and equipment	238	298
Total lease cost		$ 2,399	$ 2,602
Other information			
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases		$ 2,343	$ 4,769

(Dollars in thousands)	Line Item Presented	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Lease Cost			
Operating lease cost	Occupancy and equipment	$ 4,198	$ 4,306
Operating lease cost	Other operating expenses	48	42
Short-term lease cost	Professional Services and Other operating expenses	97	95
Variable lease cost	Occupancy and equipment	438	596
Total lease cost		$ 4,781	$ 5,039
Other information			
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases		$ 4,769	$ 8,048
Right-of-use assets obtained in exchange for new operating lease liabilities		$ 47	$ —

The Company's minimum annual rental payments for Bank facilities due under non-cancelable leases are as follows as of June 30, 2022:

	Minimum Rental *(In thousands)*
Years ended December 31:	
2022	$ 4,485
2023	9,502
2024	9,336
2025	8,662
2026	7,769
Thereafter	16,277
Total minimum payments required	56,031
Less: implied interest	5,685
Total lease obligations	$ 50,346

8. Stock-Based Compensation

The Company has a long-term incentive compensation program for certain Company executive officers that includes grants of performance-based restricted stock units ("PRSUs") in addition to time-based restricted stock units ("RSU"). 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. As of June 30, 2022, PRSUs granted in 2022 and 2020 are being accrued at target and PRSUs granted in 2021 are being accrued above target. The different levels of accrual are commensurate with the projected performance of the respective grant.

On May 18, 2021, stockholders approved an amendment to the 2014 Omnibus Plan (the "Amendment") authorizing an additional 1,100,000 shares available for future issuance. Including the additional shares authorized from the Amendment, 966,785 shares were available for future issuance under the 2014 Omnibus Plan at June 30, 2022.

For the three months ended June 30, 2022 and 2021, the Company's net income, as reported, included $0.9 million and $1.1 million, respectively, of stock-based compensation costs, including the benefit or expense of phantom stock awards, and $0.3 million of income tax benefit for each period, related to the stock-based compensation plans. For the six months ended June 30, 2022 and 2021, the Company's net income, as reported, included $4.9 million and $5.2 million, respectively, of stock-based compensation costs, including the benefit or expense of phantom stock awards, and $1.3 million and $1.4 million of income tax benefit, respectively, related to the stock-based compensation plans.

During the three months ended June 30, 2022 and 2021, the Company did not grant any RSU or PRSUs. During the six months ended June 30, 2022 and 2021, the Company granted 212,811 and 238,985 RSU awards and 63,250 and 62,790 PRSU awards, respectively.

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

The following table summarizes the Company's RSU and PRSU awards at or for the six months ended June 30, 2022:

	RSU Awards		PRSU Awards	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2021	310,430	$ 21.49	102,920	$ 20.02
Granted	212,811	24.83	63,250	25.11
Vested	(219,835)	23.62	(71,390)	23.48
Forfeited	(1,695)	23.87	—	—
Non-vested at June 30, 2022	301,711	$ 22.28	94,780	$ 20.81
Vested but unissued at June 30, 2022	231,008	$ 22.38	118,245	$ 20.76

As of June 30, 2022, there was $6.2 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 2.6 years. The total fair value of awards vested for the three months ended June 30, 2022 and 2021 was $0.5 million and $0.2 million, respectively. The total fair value of awards vested for the six months ended June 30, 2022 and 2021 was $7.1 million and $5.0 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, 2022:

Phantom Stock Plan	Shares	Fair Value
Outstanding at December 31, 2021	128,881	$ 24.30
Granted	27,001	24.24
Distributions	(723)	24.31
Outstanding at June 30, 2022	155,159	$ 21.26
Vested at June 30, 2022	154,823	$ 21.26

The Company recorded stock-based compensation expense (benefit) for the Phantom Stock Plan of ($0.1) million and $0.1 million for the three months ended June 30, 2022 and 2021, respectively. The total fair value of the distributions from the Phantom Stock Plan was $2,000 for each of the three months ended June 30, 2022 and 2021.

The Company recorded stock-based compensation (benefit) expense for the Phantom Stock Plan of ($0.4) million and $0.6 million for the six months ended June 30, 2022 and 2021, respectively. The total fair value of the distributions from the Phantom Stock Plan was $18,000 and $25,000 for the six months ended June 30, 2022, and 2021, respectively.

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.

	Three months ended June 30,		Six months ended June 30,	
(In thousands)	2022	2021	2022	2021
Employee Pension Plan:				
Interest cost	$ 138	$ 128	$ 276	$ 256
Amortization of unrecognized loss	1	122	2	244
Expected return on plan assets	(258)	(274)	(515)	(548)
Net employee pension benefit	$ (119)	$ (24)	$ (237)	$ (48)
Outside Director Pension Plan:				
Service cost	$ 3	$ 4	$ 6	$ 8
Interest cost	12	12	23	24
Amortization of unrecognized gain	(7)	(5)	(14)	(10)
Net outside director pension expense	$ 8	$ 11	$ 15	$ 22
Other Postretirement Benefit Plans:				
Service cost	$ 67	$ 73	$ 134	$ 146
Interest cost	69	58	139	116
Amortization of actuarial gain	—	16	—	16
Amortization of past service credit	(7)	(21)	(14)	(43)
Net other postretirement expense	$ 129	$ 126	$ 259	$ 235

The Company previously disclosed in its Consolidated Financial Statements for the year ended December 31, 2021 that it expects to contribute $0.3 million to each of the Outside Director Pension Plan (the “Outside Director Pension Plan”) and the other postretirement benefit plans (the “Other Postretirement Benefit Plans”), during the year ending December 31, 2022. The Company does not expect to make a contribution to the Employee Pension Plan (the “Employee Pension Plan”). As of June 30, 2022, the Company had contributed $72,000 to the Outside Director Pension Plan and $21,000 tto the Other Postretirement Benefit Plans. As of June 30, 2022, the Company has not revised its expected contributions for the year ending December 31, 2022.

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. At June 30, 2022, the Company carried financial assets and financial liabilities under the fair value option with fair values of $13.6 million and $55.4 million, respectively. At December 31, 2021, the Company carried financial assets and financial liabilities under the fair value option with fair values of $14.6 million and $56.5 million, respectively. The Company did not elect to carry any additional financial assets or financial liabilities under the fair value option during the three and six months ended June 30, 2022 and 2021.

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 gain (loss) from fair value adjustments, at or for the periods ended as indicated:

Description	Fair Value Measurements at June 30, 2022	Fair Value Measurements at December 31, 2021	Changes in Fair Values For Items Measured at Fair Value Pursuant to Election of the Fair Value Option: Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
(In thousands)						
Mortgage-backed securities	$ 339	$ 388	$ (8)	$ (1)	$ (12)	$ (2)
Other securities	13,235	14,180	(484)	176	(1,020)	1
Borrowed funds	55,352	56,472	3,025	(5,528)	1,756	(6,988)
Net gain (loss) from fair value adjustments [(1)]			$ 2,533	$ (5,353)	$ 724	$ (6,989)

(1) The net gain (loss) from fair value adjustments presented in the above table does not include net gains (losses) of ($1.2) million for the three months ended June 30, 2021 and $1.4 million for the six months ended June 30, 2021, from the change in the fair value of interest rate swaps.

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, 2022 and December 31, 2021. The fair value of borrowed funds includes accrued interest payable of $0.2 million and $0.1 million at June 30, 2022 and December 31, 2021, respectively.

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, 2022 and December 31, 2021, Level 1 included one mutual fund.

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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021:

	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	
	2022	2021	2022	2021	2022	2021	2022	2021
				(In thousands)				
Assets:								
Securities available for sale								
Mortgage-backed Securities	$ —	$ —	$ 510,934	$ 572,184	$ —	$ —	$ 510,934	$ 572,184
Other securities	11,573	12,485	333,485	190,872	1,662	1,695	346,720	205,052
Interest rate swaps	—	—	53,985	10,683	—	—	53,985	10,683
Total assets	$ 11,573	$ 12,485	$ 898,404	$ 773,739	$ 1,662	$ 1,695	$ 911,639	$ 787,919
Liabilities:								
Borrowings	$ —	$ —	$ —	$ —	$ 55,352	$ 56,472	$ 55,352	$ 56,472
Interest rate swaps	—	—	13,258	25,071	—	—	13,258	25,071
Total liabilities	$ —	$ —	$ 13,258	$ 25,071	$ 55,352	$ 56,472	$ 68,610	$ 81,543

The following table sets 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, 2022		June 30, 2021	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
		(In thousands)		
Beginning balance	$ 1,740	$ 57,955	$ 1,342	$ 44,712
Net (loss) gain from fair value adjustment of financial assets [(1)]	(80)	—	153	—
Net (gain) loss from fair value adjustment of financial liabilities [(1)]	—	(3,025)	—	5,528
Increase (Decrease) in accrued interest	2	61	—	(3)
Change in unrealized (gains) losses included in other comprehensive loss	—	361	—	(423)
Ending balance	$ 1,662	$ 55,352	$ 1,495	$ 49,814
Changes in unrealized gains held at period end	$ —	$ 2,775	$ —	$ 2,973

(1) Totals in the tables above are presented in the Consolidated Statements of Income under net gain (loss) from fair value adjustments.

	For the six months ended			
	June 30, 2022		June 30, 2021	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
	(In thousands)			
Beginning balance	$ 1,695	$ 56,472	$ 1,295	$ 43,136
Net (loss) gain from fair value adjustment of financial assets [1]	(35)	—	200	—
Net (gain) loss from fair value adjustment of financial liabilities [1]	—	(1,757)	—	6,987
Decrease in accrued interest	2	78	—	(6)
Change in unrealized (gains) losses included in other comprehensive loss	—	559	—	(303)
Ending balance	$ 1,662	$ 55,352	$ 1,495	$ 49,814
Changes in unrealized gains held at period end	$ —	$ 2,775	$ —	$ 2,973

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, 2022				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(Dollars in thousands)				
Assets:					
Trust preferred securities	$ 1,662	Discounted cash flows	Discount rate	n/a	2.5 %
Liabilities:					
Junior subordinated debentures	$ 55,352	Discounted cash flows	Discount rate	n/a	2.5 %

	December 31, 2021				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(Dollars in thousands)				
Assets:					
Trust preferred securities	$ 1,695	Discounted cash flows	Discount rate	n/a	2.2 %
Liabilities:					
Junior subordinated debentures	$ 56,472	Discounted cash flows	Discount rate	n/a	2.2 %

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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021:

	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	
	2022	2021	2022	2021	2022	2021	2022	2021
				(In thousands)				
Assets:								
Non-accrual loans	$ —	$ —	$ —	$ —	$ 22,502	$ 11,026	$ 22,502	$ 11,026
Total assets	$ —	$ —	$ —	$ —	$ 22,502	$ 11,026	$ 22,502	$ 11,026

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, 2022				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Non-accrual loans	$ 22,140	Sales approach	Reduction for planned expedited disposal	8.0% to 15.0 %	12.0 %
Non-accrual loans	$ 362	Discounted Cashflow	Discount Rate	4.3 %	4.3 %
			Probability of Default	35.0 %	35.0 %

	At December 31, 2021				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Non-accrual loans	$ 10,579	Sales approach	Reduction for planned expedited disposal	8.0% to 15.0 %	11.9 %
Non-accrual loans	$ 447	Discounted Cashflow	Discount Rate	4.3 %	4.3 %
			Probability of Default	35.0 %	35.0 %

The Company did not have any liabilities that were carried at fair value on a non-recurring basis at June 30, 2022 and December 31, 2021.

The methods and assumptions used to estimate fair value at June 30, 2022 and December 31, 2021 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.

Non-accrual Loans:

For non-accruing 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.

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.

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, 2022				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Assets:					
Cash and due from banks	$ 137,026	$ 137,026	$ 137,026	$ —	$ —
Securities held-to-maturity					
Mortgage-backed securities	7,885	7,496	—	7,496	—
Other securities	67,315	57,064	—	—	57,064
Securities available for sale					
Mortgage-backed securities	510,934	510,934	—	510,934	—
Other securities	346,720	346,720	11,573	333,485	1,662
Loans	6,760,393	6,720,653	—	—	6,720,653
FHLB-NY stock	50,017	50,017	—	50,017	—
Accrued interest receivable	38,811	38,811	37	2,532	36,242
Interest rate swaps	53,985	53,985	—	53,985	—
Liabilities:					
Deposits	$ 6,407,577	$ 6,392,190	$ 5,500,634	$ 891,556	$ —
Borrowed Funds	1,089,621	1,075,154	—	1,019,802	55,352
Accrued interest payable	5,637	5,637	—	5,637	—
Interest rate swaps	13,258	13,258	—	13,258	—

	December 31, 2021				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Assets:					
Cash and due from banks	$ 81,723	$ 81,723	$ 81,723	$ —	$ —
Securities held-to-maturity					
Mortgage-backed securities	7,894	8,667	—	8,667	—
Other securities	49,974	53,362	—	—	53,362
Securities available for sale					
Mortgage-backed securities	572,184	572,184	—	572,184	—
Other securities	205,052	205,052	12,485	190,872	1,695
Loans	6,638,105	6,687,125	—	—	6,687,125
FHLB-NY stock	35,937	35,937	—	35,937	—
Accrued interest receivable	38,698	38,698	—	1,574	37,124
Interest rate swaps	10,683	10,683	—	10,683	—
Liabilities:					
Deposits	$ 6,385,445	$ 6,385,276	$ 5,438,870	$ 946,406	$ —
Borrowed Funds	815,544	816,012	—	759,540	56,472
Accrued interest payable	4,777	4,777	—	4,777	—
Interest rate swaps	25,071	25,071	—	25,071	—

11. Derivative Financial Instruments

At June 30, 2022 and December 31, 2021, 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 totaling $289.2 million and $299.6 million at June 30, 2022 and December 31, 2021, respectively; 2) to facilitate risk management strategies for our loan customers with $224.6 million of swaps outstanding, which include $112.3 million with customers and $112.3 million with bank counterparties at June 30, 2022 and $228.0 million of swaps outstanding, which include $114.0 million with customers and $114.0 million with bank counterparties at December 31, 2021; and 3) to mitigate exposure to rising interest rates on certain short-term advances and brokered deposits totaling $871.5 million at June 30, 2022, and $996.5 at December 31, 2021.

At June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, derivatives with a combined notional amount of $224.6 million and $228.0 million, respectively, were not designated as hedges. At June 30, 2022 and December 31, 2021, derivatives with a combined notional amount of $289.2 million and $299.6 million, respectively, were designated as fair value hedges. At June 30, 2022 and December 31, 2021, derivatives with a combined notional amount of $871.5 million and $996.5 million, respectively, were designated as cash flow hedges.

For cash flow hedges, the changes in the fair value of the derivative are reported in accumulated other comprehensive income (loss), net of tax. Amounts in accumulated other comprehensive loss are reclassified into earnings in the same period during which the hedged forecasted transaction effects earnings. During the three months ended June 30, 2022 and 2021, $2.4 million and $2.6 million, respectively, 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 loss is $5.7 million.

Changes in the fair value of interest rate swaps not designated as hedges are reflected in "Net gain (loss) from fair value adjustments" in the Consolidated Statements of Income.

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

	June 30, 2022		December 31, 2021	
	Notional Amount	Fair Value [1]	Notional Amount	Fair Value [1]
	(In thousands)			
Interest rate swaps (cash flow hedge)	$ 871,500	$ 26,483	$ 355,000	$ 7,328
Interest rate swaps (fair value hedge)	279,615	14,274	—	—
Interest rate swaps (non-hedge)	112,293	13,228	113,988	3,355
Interest rate swaps (fair value hedge)	9,585	(30)	299,555	(12,329)
Interest rate swaps (cash flow hedge)	—	—	641,500	(9,387)
Interest rate swaps (non-hedge)	112,293	(13,228)	113,988	(3,355)
Total derivatives	$ 1,385,286	$ 40,727	$ 1,524,031	$ (14,388)

[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)	
(In thousands)	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Loans				
Multi-family residential	$ 98,970	$ 113,730	$ (5,819)	$ 7,608
Commercial real estate	176,894	192,694	(9,749)	3,477
Commercial business and other	—	6,298	—	122
Total	$ 275,864	$ 312,722	$ (15,568)	$ 11,207

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

		For the three months ended June 30,		For the six months ended June 30,	
(In thousands)	Affected Line Item in the Statements Where Net Income is Presented	2022	2021	2022	2021
Financial Derivatives:					
	Other interest expense	$ —	$ (138)	$ —	$ (272)
	Net gain (loss) from fair value adjustments	—	(1,195)	—	1,423
Interest rate swaps (non-hedge)		—	(1,333)	—	1,151
Interest rate swaps (fair value hedge)	Interest and fees on loans	(886)	(2,062)	(2,321)	(2,025)
	Other interest expense	(1,489)	(2,619)	(3,954)	(5,205)
	Deposit	104	—	49	—
Interest rate swaps (cash flow hedge)		(1,385)	(2,619)	(3,905)	(5,205)
Net loss		$ (2,271)	$ (6,014)	$ (6,226)	$ (6,079)

The Company's interest rate swaps are subject to master netting arrangements between the Company and its three designated counterparties. The Company has not made a policy election to offset its derivative positions.

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:

	June 30, 2022					
				Gross Amounts Not Offset in the Consolidated Statements of Financial Condition		
(In thousands)	Gross Amount of Recognized Assets	Gross Amount Offset in the Statements of Condition	Net Amount of Assets Presented in the Statements of Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 53,985	$ —	$ 53,985	$ —	$ 38,972	$ 15,013

				Gross Amounts Not Offset in the Consolidated Statements of Financial Condition		
(In thousands)	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Statements of Condition	Net Amount of Liabilities Presented in the Statements of Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Interest rate swaps	$ 13,258	$ —	$ 13,258	$ —	$ —	$ 13,258

	December 31, 2021					
				Gross Amounts Not Offset in the Consolidated Statements of Financial Condition		
(In thousands)	Gross Amount of Recognized Assets	Gross Amount Offset in the Statements of Condition	Net Amount of Assets Presented in the Statements of Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 10,683	$ —	$ 10,683	$ —	$ —	$ 10,683

				Gross Amounts Not Offset in the Consolidated Statements of Financial Condition		
(In thousands)	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Statements of Condition	Net Amount of Liabilities Presented in the Statements of Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Interest rate swaps	$ 25,071	$ —	$ 25,071	$ —	$ 21,527	$ 3,544

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, 2022				
	Unrealized Gains (Losses) on Available for Sale Securities	Unrealized Gains (Losses) on Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	(In thousands)				
Beginning balance, net of tax	$ (29,699)	$ 13,345	$ (1,291)	$ 2,141	$ (15,504)
Other comprehensive income before reclassifications, net of tax	(20,434)	3,285	—	(219)	(17,368)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	1,630	(22)	—	1,608
Net current period other comprehensive income, net of tax	(20,434)	4,915	(22)	(219)	(15,760)
Ending balance, net of tax	$ (50,133)	$ 18,260	$ (1,313)	$ 1,922	$ (31,264)

	For the three months ended June 30, 2021				
	Unrealized Gains (Losses) on Available for Sale Securities	Unrealized Gains (Losses) on Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	(In thousands)				
Beginning balance, net of tax	$ (927)	$ (9,723)	$ (1,818)	$ 1,765	$ (10,703)
Other comprehensive income before reclassifications, net of tax	1,497	(1,267)	—	276	506
Amounts reclassified from accumulated other comprehensive income, net of tax	(85)	1,788	77	—	1,780
Net current period other comprehensive income (loss), net of tax	1,412	521	77	276	2,286
Ending balance, net of tax	$ 485	$ (9,202)	$ (1,741)	$ 2,041	$ (8,417)

	For the six months ended June 30, 2022				
	Unrealized Gains (Losses) on Available for Sale Securities	Unrealized Gains (Losses) on Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	(In thousands)				
Beginning balance, net of tax	$ (6,272)	$ (1,406)	$ (1,282)	$ 2,276	$ (6,684)
Other comprehensive income before reclassifications, net of tax	(43,861)	16,177	—	(354)	(28,038)
Amounts reclassified from accumulated other comprehensive income, net of tax	—	3,489	(31)	—	3,458
Net current period other comprehensive income (loss), net of tax	(43,861)	19,666	(31)	(354)	(24,580)
Ending balance, net of tax	$ (50,133)	$ 18,260	$ (1,313)	$ 1,922	$ (31,264)

	For the six months ended June 30, 2021				
	Unrealized Gains (Losses) on Available for Sale Securities	Unrealized Gains (Losses) on Cash flow Hedges	Defined Benefit Pension Items	Fair Value Option Elected on Liabilities	Total
	(In thousands)				
Beginning balance, net of tax	$ 1,290	$ (17,521)	$ (1,884)	$ 1,849	$ (16,266)
Other comprehensive income before reclassifications, net of tax	(720)	4,706	—	192	4,178
Amounts reclassified from accumulated other comprehensive income, net of tax	(85)	3,613	143	—	3,671
Net current period other comprehensive income (loss), net of tax	(805)	8,319	143	192	7,849
Ending balance, net of tax	$ 485	$ (9,202)	$ (1,741)	$ 2,041	$ (8,417)

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, 2022		
Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Statement Where Net Income is Presented
	(In thousands)	
Cash flow hedges:		
Interest rate swaps	$ (2,364)	Interest expense
	734	Provision for income taxes
	$ (1,630)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ 6 (1)	Other expense
Prior service credits	7 (1)	Other expense
	13	Total before tax
	9	Provision for income taxes
	$ 22	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 9 ("Pension and Other Postretirement Benefit Plans") for additional information

For the three months ended June 30, 2021		
Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Statement Where Net Income is Presented
	(In thousands)	
Unrealized losses on available for sale securities	$ 123	Net loss on sale of securities
	(38)	Provision for income taxes
	$ 85	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (2,605)	Interest expense
	817	Provision for income taxes
	$ (1,788)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (133) (1)	Other operating expenses
Prior service credits	21 (1)	Other operating expenses
	(112)	Total before tax
	35	Provision for income taxes
	$ (77)	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 9 ("Pension and Other Postretirement Benefit Plans") for additional information

For the six months ended June 30, 2022

Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Statement Where Net Income is Presented
	(In thousands)	
Cash flow hedges:		
Interest rate swaps	$ (5,087)	Interest expense
	1,598	Provision for income taxes
	$ (3,489)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ 12 [1]	Other expense
Prior service credits	14 [1]	Other expense
	26	Total before tax
	5	Provision for income taxes
	$ 31	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 9 ("Pension and Other Postretirement Benefit Plans") for additional information

For the six months ended June 30, 2021

Details about Accumulated Other Comprehensive Loss Components	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Item in the Statement Where Net Income is Presented
	(In thousands)	
Unrealized losses on available for sale securities	$ 123	Net loss on sale of securities
	(38)	Provision for income taxes
	$ 85	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (5,242)	Interest expense
	1,629	Provision for income taxes
	$ (3,613)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (250) [1]	Other operating expenses
Prior service credits	43 [1]	Other operating expenses
	(207)	Total before tax
	64	Provision for income taxes
	$ (143)	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 9 ("Pension and Other Postretirement Benefit Plans") for additional information

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, 2022, 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 5.67% and 6.13% at June 30, 2022 and December 31, 2021, respectively.

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

	June 30, 2022		December 31, 2021	
	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars in thousands)			
Tier I (leverage) capital:				
Capital level	$ 853,721	10.28 %	$ 840,105	10.39 %
Requirement to be well-capitalized	415,167	5.00	404,366	5.00
Excess	438,554	5.28	435,739	5.39
Common Equity Tier I risk-based capital:				
Capital level	$ 853,721	13.09 %	$ 840,105	13.58 %
Requirement to be well-capitalized	423,985	6.50	402,100	6.50
Excess	429,736	6.59	438,005	7.08
Tier I risk-based capital:				
Capital level	$ 853,721	13.09 %	$ 840,105	13.58 %
Requirement to be well-capitalized	521,828	8.00	494,892	8.00
Excess	331,893	5.09	345,213	5.58
Total risk-based capital:				
Capital level	$ 891,992	13.67 %	$ 874,400	14.13 %
Requirement to be well-capitalized	652,285	10.00	618,615	10.00
Excess	239,707	3.67	255,785	4.13

The Holding Company is subject to the same regulatory capital requirements as the Bank. As of June 30, 2022, the Holding 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 Holding Company at June 30, 2022 and December 31, 2021 was 5.34% and 5.75%, respectively.

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

	June 30, 2022		December 31, 2021	
	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars in thousands)			
Tier I (leverage) capital:				
Capital level	$ 739,776	8.91 %	$ 726,174	8.98 %
Requirement to be well-capitalized	415,221	5.00	404,422	5.00
Excess	324,555	3.91	321,752	3.98
Common Equity Tier I risk-based capital:				
Capital level	$ 686,258	10.52 %	$ 671,494	10.86 %
Requirement to be well-capitalized	423,976	6.50	401,836	6.50
Excess	262,282	4.02	269,658	4.36
Tier I risk-based capital:				
Capital level	$ 739,776	11.34 %	$ 726,174	11.75 %
Requirement to be well-capitalized	521,817	8.00	494,568	8.00
Excess	217,959	3.34	231,606	3.75
Total risk-based capital:				
Capital level	$ 903,047	13.84 %	$ 885,469	14.32 %
Requirement to be well-capitalized	652,271	10.00	618,210	10.00
Excess	250,776	3.84	267,259	4.32

14. New Authoritative Accounting Pronouncements

Accounting Standards Pending Adoption:

In March 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-02, "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures" (Topic 326), which replaces the recognition and measurement guidance related to TDRs for creditors that have adopted ASC Topic 326 (commonly referred to as "CECL") with the recognition and measurement guidance contained in ASC 310-20 to determine whether a modification results in a new loan or a continuation of an existing loan. This ASU also enhances disclosures about loan modifications for borrowers who are experiencing financial difficulty. The guidance also requires public business entities to present gross write-offs by year of origination in their vintage disclosures. ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments in this ASU should be applied on a prospective basis; however, institutions have the option to apply a modified retrospective transition method as it relates to the recognition and measurement of TDRs, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. We are evaluating the impact of this ASU and have not yet determined whether this will have material effect on our business operations and consolidated financial statements.

In January 2021, the FASB issued ASU No. 2021-01, "Reference Rate Reform" (Topic 848), which clarifies that certain optional expedients and exceptions in ASC 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. ASU 2021-01 also amends the expedients and exceptions in ASC 848 to capture the incremental consequences of the scope clarification and to tailor the existing guidance to derivative instruments affected by discounting transition. ASU 2021-01 was effective upon issuance and generally can be applied through December 31, 2022.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform" (Topic 848), which provides optional expedients and exceptions for applying GAAP to loan and lease agreements, derivative contracts, and other transactions affected by the anticipated transition away from LIBOR toward new interest rate benchmarks. For transactions that are modified because of reference rate reform and that meet certain scope guidance (i) modifications of loan agreements should be accounted for by prospectively adjusting the effective interest rate and the modification will be considered "minor" so that any existing unamortized origination fees/costs would carry forward and continue to be amortized and (ii) modifications of lease agreements should be accounted for as a continuation of the existing agreement with no reassessments of the lease classification and the discount rate or re-measurements of lease payments that otherwise would be required for modifications not accounted for as separate contracts. ASU 2020-04 also provides numerous optional expedients for derivative accounting. ASU 2020-04 is effective March 12, 2020 through December 31, 2022. An entity could elect to apply ASU 2020-04 for contract modifications as of January 1, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. Once elected for a Topic or an Industry Subtopic within the Codification, the amendments in this ASU must be applied prospectively for all eligible contract modifications for that Topic or Industry Subtopic. We anticipate this ASU will simplify any modifications we execute between the selected start date (yet to be determined) and December 31, 2022 that are directly related to LIBOR transition by allowing prospective recognition of the continuation of the contract, rather than extinguishment of the old contract resulting in writing off unamortized fees/costs. We are evaluating the impacts of this ASU and have not yet determined whether LIBOR transition and this ASU will have material effects on our business operations and consolidated financial statements. The amendments in this update apply to contract modifications that replace a reference rate reform and contemporaneous modifications of other terms related to the replacement of the reference rate.

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, 2021. 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, FSB Properties Inc., and Flushing Preferred Funding Corporation, which was dissolved as of June 30, 2021.

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, 2021. 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.

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

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, 2022, 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 average balance of interest-bearing liabilities. We also generate non-interest income primarily from loan fees, service charges on deposit accounts, mortgage servicing fees, 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 also can 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, 2022 we reported net income of $25.0 million, or $0.81 per diluted common share, and reported record net interest income totaling $64.7 million. The record net interest income was driven by a $170.3 million increase in average earning assets during the quarter as the net interest margin declined one basis point compared to the three months ended March 31, 2022.

During the three months ended June 30, 2022, the yield on interest-earning assets increased eight basis points, while the cost of interest-bearing liabilities increased 10 basis points from the three months ended March 31, 2022, which resulted in a decrease of one basis point in net interest margin to 3.35% from 3.36% for the three months ended March 31, 2022. Excluding net gains (losses) from qualifying hedges and purchase accounting adjustments, the net interest margin increased two basis points to 3.33% for the three months ended June 30, 2022 from 3.31% for the three months ended March 31, 2022.

Our loan portfolio is greater than 87% collateralized by real estate with an average loan to value of less than 38%. We have a long history and foundation built upon disciplined underwriting, good credit quality, and a resilient seasoned loan portfolio with strong asset protection. At June 30, 2022, our allowance for credit losses ("ACL") - loans stood at 58 basis points of gross loans and 141.1% of non-performing loans. Non-performing assets at the end of the quarter were 59 basis points of total assets.

The Bank and Company remain well-capitalized under current capital regulations and are subject to the same regulatory capital requirements. See Note 13 ("Regulatory Capital") of the Notes to the Consolidated Financial Statements.

COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2021

General. Net income for the three months ended June 30, 2022 was $25.0 million, an increase of $5.8 million, or 30.0%, from $19.3 million for the three months ended June 30, 2021. Diluted earnings per common share were $0.81 for the three months ended June 30, 2022, an increase of $0.20, or 32.8%, from $0.61 for the three months ended June 30, 2021.

Return on average equity was 15.00% for the three months ended June 30, 2022 compared to 11.95% for the three months ended June 30, 2021. Return on average assets was 1.22% for the three months ended June 30, 2022 compared to 0.93% for the three months ended June 30, 2021.

Interest Income. Interest and dividend income increased $2.5 million, or 3.6%, to $74.3 million for the three months ended June 30, 2022 from $71.7 million for the three months ended June 30, 2021. The increase in interest income was primarily attributable to the 16 basis point increase in the yield on interest-earning assets to 3.85% for the three months ended June 30, 2022 compared to 3.69% for 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 loans, net, increased seven basis points to 4.01% for the three months ended June 30, 2022 from 3.94% for the three months ended June 30, 2021.

Interest Expense. Interest expense decreased $1.1 million, or 10.7%, to $9.6 million for the three months ended June 30, 2022 from $10.7 million for the three months ended June 30, 2021. The decrease in interest expense was primarily due to a decline of six basis points in the average cost of interest-bearing liabilities to 0.60% for the three months ended June 30, 2022 from 0.66% for the three months ended June 30, 2021 and the decrease of $195.5 million in the average balance of interest-bearing liabilities to $6,337.4 million for the three months ended June 30, 2022 from $6,532.9 million for the comparable prior year period.

Net Interest Income. Net interest income for the three months ended June 30, 2022 was $64.7 million, an increase of $3.7 million, or 6.0%, from $61.0 million for the three months ended June 30, 2021. The increase in net interest income was primarily due to net interest-earning assets growing $146.0 million year over year to $1,403.3 million for the quarter ended June 30, 2022, and an increase of 21 basis points in the net interest margin to 3.35% during the same period. Included in net interest income was prepayment penalty income, net of reversals and recovered interest from non-accrual loans totaling $2.3 million and $2.0 million for the three months ended June 30, 2022 and 2021, respectively, net losses from fair value adjustments on qualifying hedges totaling $60,000 and $0.7 million for the three months ended June 30, 2022 and 2021, respectively, and purchase accounting income adjustments of $0.4 million and $0.6 million for the three months ended June 30, 2022 and 2021, respectively. Excluding all of these items, the net interest margin for the three months ended June 30, 2022 was 3.22%, an increase of 18 basis points, from 3.04% for the three months ended June 30, 2021.

Provision (Benefit) for Credit Losses. During the three months ended June 30, 2022, the provision for credit losses was $1.6 million compared to a benefit for credit losses of $1.6 million for the three months ended June 30, 2021. During the three months ended June 30, 2022, non-performing assets increased $34.8 million to $48.9 million, at June 30, 2022. The increase in non-performing assets primarily resulted from the addition of one non-accrual investment security which was collateralized by real estate and three non-accrual commercial business loans. The current average loan-to-value ratio for our non-performing assets collateralized by real estate was 50.7% at June 30, 2022. The Bank continues to maintain conservative underwriting standards.

Non-Interest Income (Loss). Non-interest income for the three months ended June 30, 2022 was $7.4 million, an increase of $10.6 million from a loss of $3.2 million in the prior year comparable period. The increase was primarily due to the prior year period including net losses from fair value adjustments totaling $6.5 million compared to net gains totaling $2.5 million recorded during the three months ended June 30, 2022. Additionally, non-interest income for the three months ended June 30, 2022 included life insurance proceeds totaling $1.5 million compared to none recorded in the prior year comparable period.

Non-Interest Expense. Non-interest expense for the three months ended June 30, 2022 was $35.5 million, an increase of $1.5 million, or 4.4%, from $34.0 million for the three months ended June 30, 2021. The increase in non-interest expense was primarily due to the growth of the Company.

Income before Income Taxes. Income before income taxes for the three months ended June 30, 2022 was $35.0 million, an increase of $9.6 million, or 37.6%, from $25.4 million for the three months ended June 30, 2021 for the previously discussed reasons.

Provision for Income Taxes. The provision for income taxes was $9.9 million for the three months ended June 30, 2022, an increase of $3.8 million, or 61.4%, from $6.2 million for the three months ended June 30, 2021. The increase was primarily due to growth in income before income taxes and an increase in the effective tax rate. The effective tax rate for three months ended June 30, 2022 was 28.4% compared to 24.2% for the three months ended June 30, 2021. The increase in the effective tax rate was primarily due to the loss of certain New York State and City tax deductions in 2022.

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

COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

General. Net income for the six months ended June 30, 2022 was $43.3 million, an increase of $5.0 million, or 12.9%, from $38.3 million for the six months ended June 30, 2021. Diluted earnings per common share were $1.39 for the six months ended June 30, 2022, an increase of $0.18, or 14.9%, from $1.21 for the six months ended June 30, 2021.

Return on average equity was 12.91% for the six months ended June 30, 2022 compared to 12.11% for the six months ended June 30, 2021. Return on average assets was 1.06% for the six months ended June 30, 2022 compared to 0.93% for the six months ended June 30, 2021.

Interest Income. Interest and dividend income increased $1.7 million, or 1.2%, to $145.6 million for the six months ended June 30, 2022 from $143.9 million for the six months ended June 30, 2021. The increase in interest income was primarily attributable to the 8 basis points increase in the yield on interest-earning assets to 3.81%, for the six months ended June 30, 2022, compared to 3.73% for 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 loans, net, increased three basis points to 3.97% for the six months ended June 30, 2022 from 3.94% for the six months ended June 30, 2021.

Interest Expense. Interest expense decreased $4.5 million, or 20.7%, to $17.4 million for the six months ended June 30, 2022 from $21.9 million for the six months ended June 30, 2021. The decrease in interest expense was primarily due to a decline of 12 basis points in the average cost of interest-bearing liabilities to 0.55% for the six months ended June 30, 2022 from 0.67% for the six months ended June 30, 2021 and the decrease of $226.3 million in the average balance of interest-bearing liabilities to $6,279.3 million for the six months ended June 30, 2022 from $6,505.5 million for the comparable prior year period.

Net Interest Income. Net interest income for the six months ended June 30, 2022 was $128.2 million, an increase of $6.3 million, or 5.1%, from $121.9 million for the six months ended June 30, 2021. The increase in net interest income was primarily due to an increase of 20 basis points in the net interest margin to 3.36% during the six months ended June 30, 2022 and an increase in net interest-earning assets of $153.2 million to $1.376.7 million for the same period. Included in net interest income was prepayment penalty income, net of reversals and recovered interest from non-accrual loans totaling $4.0 million and $3.0 million for the six months ended June 30, 2022 and 2021, respectively, net (losses) gains from fair value adjustments on qualifying hedges totaling $(0.2) million and $0.8 million for the six months ended June 30, 2022 and 2021, respectively, and purchase accounting income adjustments of $1.4 million and $1.5 million for the six months ended June 30, 2022 and 2021, respectively. Excluding all of these items, the net interest margin for the six months ended June 30, 2022 was 3.22%, an increase of 20 basis points, from 3.02% for the six months ended June 30, 2021.

Provision for Credit Losses. During the six months ended June 30, 2022, the provision for credit losses was $2.9 million, compared to $1.2 million for the six months ended June 30, 2021. The provision recorded during the six months ended June 30, 2022 was greater than net charge-offs of $0.4 million. During the six months ended June 30, 2022, nonperforming assets increased $34.0 million to $48.9 million from $14.9 million at December 31, 2021. The increase in non-performing assets primarily resulted from the addition of one non-accrual investment security which was collateralized by real estate and three non-accrual commercial business loans. The current average loan-to-value ratio for our non-performing assets collateralized by real estate was 50.7% at June 30, 2022. The Bank continues to maintain conservative underwriting standards.

Non-Interest Income. Non-interest income for the six months ended June 30, 2022 was $8.7 million, an increase of $5.6 million from $3.1 million in the prior year comparable period. The increase was primarily due to the prior year period including net losses from fair value adjustments totaling $5.6 million compared to net gains totaling $0.7 million recorded during the six months ended June 30, 2022. Additionally, non-interest income for the six months ended June 30, 2022 included life insurance proceeds totaling $1.5 million compared to none recorded in the prior year comparable period. These increases were partially offset by a decline in loan swap income during the six months ended June 30, 2022 compared to the six month ended June 30, 2021, due to lower activity in 2022.

Non-Interest Expense. Non-interest expense for the six months ended June 30, 2022 was $74.3 million, an increase of $2.1 million, or 3.0%, from $72.2 million for the six months ended June 30, 2021. The increase in non-interest expense was primarily due to the growth of the Company.

Income before Income Taxes. Income before income taxes for the six months ended June 30, 2022 was $59.6 million, an increase of $8.0 million, or 15.4%, from $51.6 million for the six months ended June 30, 2021 for the previously discussed reasons.

Provision for Income Taxes. The provision for income taxes was $16.4 million for the six months ended June 30, 2022, an increase of $3.0 million, or 22.6%, from $13.3 million for the six months ended June 30, 2021. The increase was primarily due to the growth in income before income taxes, and an increase in the effective tax rate. The effective tax rate for six months ended June 30, 2022 was 27.4% compared to 25.8% for the six months ended June 30, 2021. The increase in the effective tax rate was primarily due to the loss of certain New York State and City tax deductions in 2022.

FINANCIAL CONDITION

Assets. Total assets at June 30, 2022 were $8,339.6 million, an increase of $293.7 million, or 3.7%, from $8,045.9 million at December 31, 2021. Total loans net increased $120.0 million, or 1.8%, during the six months ended June 30, 2022, to $6,721.0 million from $6,601.0 million at December 31, 2021. The increase was primarily due to loan originations which exceeded satisfactions. Loan originations and purchases were $833.1 million for the six months ended June 30, 2022, an increase of $185.8 million, or 28.7%, from $647.3 million for the six months ended June 30, 2021. 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 $582.6 million at June 30, 2022, compared to $429.3 million at December 31, 2021.

The following table shows loan originations and purchases for the periods indicated:

	For the three months ended June 30,		For the six months ended June 30,	
(In thousands)	2022	2021	2022	2021
Multi-family residential	$ 136,902	$ 66,913	$ 235,082	$ 125,466
Commercial real estate	164,826	37,963	209,928	55,119
One-to-four family – mixed-use property	12,228	7,135	20,726	15,847
One-to-four family – residential	4,211	59,494	13,472	62,625
Construction (1)	8,319	5,281	17,121	12,404
Small Business Administration (2)	2,750	17,585	2,750	142,678
Commercial business and other (3)	174,551	130,036	334,027	233,154
Total	$ 503,787	$ 324,407	$ 833,106	$ 647,293

(1) Includes purchases of $0.9 million and $3.6 million for the three months ended June 30, 2022 and 2021, respectively. Includes purchases of $1.6 million and $6.9 million for the six months ended June 30, 2022 and 2021, respectively.
(2) Includes $15.5 million and $138.7 million of SBA PPP loans for the three and six months ended June 30, 2021, respectively.
(3) Includes purchases of $55.8 million and $43.2 million for the three months ended June 30, 2022 and 2021, respectively. Includes purchases of $109.4 million and $65.8 million for the six months ended June 30, 2022 and 2021, 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 six months ended June 30, 2022 had an average loan-to-value ratio of 56.6% and an average debt coverage ratio of 170%.

The Bank's non-performing assets totaled $48.9 million at June 30, 2022, an increase of $34.0 million, or 227.7%, from December 31, 2021. Total non-performing assets as a percentage of total assets were 0.59% at June 30, 2022 and 0.19% at December 31, 2021. The ratio of ACL - loans to total non-performing loans was 141.1% at June 30, 2022 and 248.7% at December 31, 2021.

During the six months ended June 30, 2022, mortgage-backed securities decreased $61.3 million, or 10.6%, to $518.8 million from $580.1 million at December 31, 2021. The decrease in mortgage-backed securities during the six months ended June 30, 2022 was primarily due to the principal repayment of securities totaling $63.7 million and the decrease in the fair value of the securities totaling $50.8 million partially offset by the purchase of securities totaling $54.5 million at an average rate of 2.67%.

During the six months ended June 30, 2022, other securities increased $157.9 million, or 61.9%, to $413.0 million from $255.0 million at December 31, 2021. The increase in other securities during the six months ended June 30, 2022, was primarily due to purchases of $172.3 million at an average rate of 2.98% partially offset by a decrease in the fair value of other securities totaling $13.6 million, and maturities, sales and calls totaling $0.9 million. At June 30, 2022, 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.

Liabilities. Total liabilities were $7,668.8 million at June 30, 2022, an increase of $302.5 million, or 4.1%, from $7,366.3 million at December 31, 2021. During the six months ended June 30, 2022, due to depositors increased $16.5 million, or 0.3%, to $6,350.0 million due to an increase of $113.6 million in non-interest bearing deposits, partially offset by a decrease of $97.1 million in NOW, money market accounts and certificates of deposit. The decrease in NOW, money market accounts and certificates of deposit was due to management's decision to allow these deposits to mature and replace with lower cost funding. Included in deposits were brokered deposits totaling $1,028.4 million, an increase of $402.1 million from $626.3 million at December 31, 2021. Borrowed funds increased $274.1 million during the six months ended June 30, 2022.

Equity. Total stockholders' equity decreased $8.8 million, or 1.3%, to $670.8 million at June 30, 2022, from $679.6 million at December 31, 2021. Stockholders' equity decreased due to a decline in accumulated other comprehensive income of $24.6 million, the declaration and payment of dividends on the Company's common stock of $0.44 per common share totaling $13.6 million and 747,689 shares repurchased totaling $17.0 million. These decreases were partially offset by net income of $43.3 million. Book value per common share increased to $22.38 at June 30, 2022 compared to $22.26 at December 31, 2021.

Liquidity. Liquidity is the ability to economically meet current and future financial obligations. The Company's primary objectives in terms of managing liquidity is to maintain the ability to originate and purchase loans, 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 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.

Liquidity management is both a short and long-term function of business management. During 2021, funds were provided by the Company's operating activities, which were used to fund our investing and financing 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, 2022, cash and cash equivalents totaled $137.0 million, an increase of $55.3 million from December 31, 2021. We also held unencumbered securities available for sale totaling $546.4 million at June 30, 2022.

At June 30, 2022, the Bank was able to borrow up to $3,675.0 million from the FHLB-NY in Federal Home Loan Bank advances and letters of credit. As of June 30, 2022, the Bank had $1,655.4 million outstanding in combined balances of FHLB-NY advances and letters of credit. At June 30, 2022, the Bank also had unsecured lines of credit with other commercial banks totaling $695.0 million, with no outstanding amount. In addition, at June 30, 2022, the Holding Company had subordinated debentures with a principal balance totaling $125.0 million and junior subordinated debentures with a face amount of $61.9 million and a carrying amount of $55.4 million. Management believes its available sources of funds are sufficient to fund current operations.

INTEREST RATE RISK

Economic Value of Equity Analysis. The Consolidated Statements of Financial Position 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.

The Company quantifies the net portfolio value should interest rates immediately go up 100 or 200 basis points or down 100 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, 2022. Various estimates regarding prepayment assumptions are made at each level of rate shock. At June 30, 2022, 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, 2022:

Change in Interest Rate	Net Portfolio Value	Net Portfolio Value Ratio
-100 Basis points	3.1 %	15.4 %
Base interest rate	—	15.3
+100 Basis points	(5.7)	14.7
+200 Basis points	(11.5)	14.1

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. On a quarterly basis, management provides a report for review by the ALCO Investment Committee of the Board of Directors. This report quantifies the potential changes in net interest income and net portfolio value through various interest rate scenarios.

The starting point for the net interest income simulation is an estimate of the next twelve month's net interest income assuming that both interest rates and the Company's interest-sensitive assets and liabilities remain at period-end levels. The 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 3.9% from a 100 basis point increase in rates over the next twelve months. Actual results could differ significantly from these estimates.

At June 30 2022, the Company had a derivative portfolio with a notional value totaling $1.4 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.

A portion of this portfolio is comprised of interest rate swaps on certain short-term advances and brokered deposits totaling $871.5 million. At June 30, 2022, $591.5 million of the interest rate swaps are effective swaps at a weighted average rate of approximately 1.74% that largely mature by early 2024 and $280.0 million of the interest rate swaps are forward swaps effective at different points through 2024, at an average rate of 0.72%.

The net interest income simulation incorporates the next twelve months (through June 30, 2023) and only a portion of the effective swap maturities and the forward starting swaps are included in this period. Assuming another equal increment ramp of 100 basis points increase in rates in the second year (through June 30, 2024), for a total of 200 basis points over two years, the total derivative portfolio has a 1.6% benefit to net interest income (versus the base case) in the first year and a cumulative benefit of 4.2% by the second year.

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 rate 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 and six months ended June 30, 2022 and 2021, 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,					
	2022			2021		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Assets	*(Dollars in thousands)*					
Interest-earning assets:						
Mortgage loans, net	$ 5,178,029	$ 54,775	4.23 %	$ 5,130,400	$ 52,987	4.13 %
Other loans, net	1,462,302	14,417	3.94	1,556,488	15,012	3.86
Total loans, net (1) (2)	6,640,331	69,192	4.17	6,686,888	67,999	4.07
Taxable securities:						
Mortgage-backed securities	594,923	2,356	1.58	578,134	2,233	1.54
Other securities	333,158	2,090	2.51	232,020	1,037	1.79
Total taxable securities	928,081	4,446	1.92	810,154	3,270	1.61
Tax-exempt securities: (3)						
Other securities	67,315	625	3.71	50,830	535	4.21
Total tax-exempt securities	67,315	625	3.71	50,830	535	4.21
Interest-earning deposits and federal funds sold	104,956	159	0.61	242,302	51	0.08
Total interest-earning assets	7,740,683	74,422	3.85	7,790,174	71,855	3.69
Other assets	471,080			473,379		
Total assets	$ 8,211,763			$ 8,263,553		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	$ 156,785	50	0.13	$ 153,113	66	0.17
NOW accounts	2,089,851	1,405	0.27	2,255,581	1,499	0.27
Money market accounts	2,231,743	1,952	0.35	2,043,257	2,060	0.40
Certificate of deposit accounts	820,476	1,273	0.62	1,043,985	1,913	0.73
Total due to depositors	5,298,855	4,680	0.35	5,495,936	5,538	0.40
Mortgagors' escrow accounts	97,496	6	0.02	91,545	1	—
Total deposits	5,396,351	4,686	0.35	5,587,481	5,539	0.40
Borrowed funds	941,023	4,875	2.07	945,410	5,164	2.18
Total interest-bearing liabilities	6,337,374	9,561	0.60	6,532,891	10,703	0.66
Non-interest-bearing deposits	1,044,553			923,220		
Other liabilities	162,380			162,752		
Total liabilities	7,544,307			7,618,863		
Equity	667,456			644,690		
Total liabilities and equity	$ 8,211,763			$ 8,263,553		
Net interest income / net interest rate spread (tax equivalent) (3)		$ 64,861	3.25 %		$ 61,152	3.03 %
Net interest-earning assets / net interest margin(tax equivalent)	$ 1,403,309		3.35 %	$ 1,257,283		3.14 %
Ratio of interest-earning assets to interest-bearing liabilities			1.22 X			1.19 X

(1) Loan interest income includes loan fee income (which includes net amortization of deferred fees and costs, late charges, and prepayment penalties) of approximately $2.2 million and $3.2 million for the three months ended June 30, 2022 and 2021, respectively.

(2) Loan interest income includes net (losses) gains from fair value adjustments on qualifying hedges of $(0.1) million and $0.7 million for three month periods ended June 30, 2022 and 2021.

(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 2022 and 2021.

	For the six months ended June 30,					
	2022			2021		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Assets	*(Dollars in thousands)*					
Interest-earning assets:						
Mortgage loans, net	$ 5,165,121	$ 108,745	4.21 %	$ 5,143,117	$ 108,206	4.21 %
Other loans, net	1,444,555	27,963	3.87	1,550,527	28,814	3.72
Total loans, net [(1) (2)]	6,609,676	136,708	4.14	6,693,644	137,020	4.09
Taxable securities:						
Mortgage-backed securities	587,836	4,523	1.54	506,424	3,931	1.55
Other securities	280,245	3,209	2.29	266,234	2,000	1.50
Total taxable securities	868,081	7,732	1.78	772,658	5,931	1.54
Tax-exempt securities: [(3)]						
Other securities	62,490	1,216	3.89	50,829	1,065	4.19
Total tax-exempt securities	62,490	1,216	3.89	50,829	1,065	4.19
Interest-earning deposits and federal funds sold	115,752	210	0.36	211,904	87	0.08
Total interest-earning assets	7,655,999	145,866	3.81	7,729,035	144,103	3.73
Other assets	475,066			476,919		
Total assets	$ 8,131,065			$ 8,205,954		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	$ 156,689	99	0.13	$ 161,549	141	0.17
NOW accounts	2,063,529	2,198	0.21	2,220,677	3,205	0.29
Money market accounts	2,242,626	3,227	0.29	1,974,781	4,160	0.42
Certificate of deposit accounts	854,970	2,562	0.60	1,073,151	4,135	0.77
Total due to depositors	5,317,814	8,086	0.30	5,430,158	11,641	0.43
Mortgagors' escrow accounts	84,574	8	0.02	78,531	3	0.01
Total deposits	5,402,388	8,094	0.30	5,508,689	11,644	0.42
Borrowed funds	876,877	9,308	2.12	996,845	10,304	2.07
Total interest-bearing liabilities	6,279,265	17,402	0.55	6,505,534	21,948	0.67
Non-interest-bearing deposits	1,023,181			889,821		
Other liabilities	158,400			178,361		
Total liabilities	7,460,846			7,573,716		
Equity	670,219			632,238		
Total liabilities and equity	$ 8,131,065			$ 8,205,954		
Net interest income / net interest rate spread (tax equivalent) [(3)]		$ 128,464	3.26 %		$ 122,155	3.06 %
Net interest-earning assets / net interest margin(tax equivalent)	$ 1,376,734		3.36 %	$ 1,223,501		3.16 %
Ratio of interest-earning assets to interest-bearing liabilities			1.22 X			1.19 X

(1) Loan interest income includes loan fee income (which includes net amortization of deferred fees and costs, late charges, and prepayment penalties) of approximately $5.1 million and 4.8 million for the six months ended June 30, 2022 and 2021, respectively.

(2) Loan interest income includes net gains (losses) from fair value adjustments on qualifying hedges of ($0.2) million and $0.8 million for the six months ended June 30, 2022 and 2021, 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 $0.3 million and $0.2 million for the six months ended June 30, 2022 and 2021.

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.

	For the six months ended June 30,	
(In thousands)	2022	2021
Mortgage Loans		
At beginning of period	$ 5,200,782	$ 5,228,271
Mortgage loans originated:		
Multi-family residential	235,082	125,466
Commercial real estate	209,928	55,119
One-to-four family mixed-use property	20,726	15,847
One-to-four family residential	13,472	4,673
Construction	15,498	5,468
Total mortgage loans originated	494,706	206,573
Mortgage loans purchased:		
One-to-four family residential	—	57,952
Construction	1,623	6,936
Total mortgage loans purchased	1,623	64,888
Less:		
Principal reductions	398,074	271,294
Mortgage loan sales	18,342	17,846
Charge-offs	—	139
At end of period	$ 5,280,695	$ 5,210,453
Non-mortgage loans		
At beginning of period	$ 1,433,084	$ 1,473,358
Loans originated:		
Small Business Administration [1]	2,750	142,678
Commercial business	222,281	164,166
Other	2,341	3,170
Total other loans originated	227,372	310,014
Non-mortgage loans purchased:		
Commercial business	109,405	65,818
Total non-mortgage loans purchased	109,405	65,818
Less:		
Principal reductions [2]	297,813	338,537
Charge-offs [3]	59	3,969
At end of period	$ 1,471,989	$ 1,506,684

(1) Includes SBA PPP originations totaling $138.7 million for the six months ended June 30, 2021.
(2) Includes SBA PPP reductions totaling $55.2 million and $93.2 million for the six months ended June 30, 2022 and 2021, respectively.
(3) Does not include charge-offs totaling $1.0 million on the guaranteed portion of SBA receivables deemed uncollectible during the six months ended June 30, 2022.

TROUBLED DEBT RESTRUCTURED ("TDR") AND NON-PERFORMING ASSETS

The following table shows loans classified as TDR at amortized cost that are performing according to their restructured terms at the periods indicated:

(In thousands)	June 30, 2022	December 31, 2021
Accrual Status:		
Multi-family residential	$ 1,656	$ 1,690
Commercial real estate	7,572	7,572
One-to-four family - mixed-use property	1,000	1,375
One-to-four family - residential	260	483
Commercial business and other	1,190	1,340
Total	11,678	12,460
Non-Accrual Status:		
One-to-four family - mixed-use property	254	261
Commercial business and other	2,850	41
Total	3,104	302
Total performing troubled debt restructured	$ 14,782	$ 12,762

The following table shows our non-performing assets at the period indicated:

(In thousands)	June 30, 2022	December 31, 2021
Loans 90 days or more past due and still accruing:		
Commercial Business and other	$ 100	$ —
Total	100	—
Non-accrual loans:		
Multi-family residential	3,414	2,431
Commercial real estate	242	613
One-to-four family - mixed-use property (1)	790	1,309
One-to-four family - residential	5,055	7,725
Construction	856	—
Small business administration	937	937
Commercial Business and other (1)	16,554	1,918
Total	27,848	14,933
Total non-performing loans	27,948	14,933
Other non-performing assets:		
Held-to-maturity securities	20,981	—
Total	20,981	—
Total non-performing assets	$ 48,929	$ 14,933
Non-performing assets to total assets	0.59 %	0.19 %
ACL - loans to non-accrual loans	141.57 %	248.66 %
ACL - loans to non-performing loans	141.06 %	248.66 %

(1) Not included in the above analysis are the following non-accrual TDRs that are performing according to their restructured terms: one-to-four family mixed-use property loans totaling $0.3 million at both June 30, 2022 and December 31, 2021, respectively, and commercial business loans totaling $2.8 million and less than $0.1 million at June 30, 2022 and December 31, 2021, respectively.

CRITICIZED AND CLASSIFIED ASSETS

Our policy is to review our assets, focusing primarily on the loan portfolio, other real estate owned, and the investment portfolios, 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, 2022 and December 31, 2021. Our total Criticized and Classified assets were $78.1 million at June 30, 2022, a decrease of $0.5 million from $78.6 million at December 31, 2021. The Company had one investment security with an amortized cost of $21.0 million classified as substandard at June 30, 2022. This same security was reported as special mention at December 31, 2021.

Included within net loans as of June 30, 2022 and December 31, 2021 were $5.4 million and $8.7 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.

ALLOWANCE FOR CREDIT LOSSES

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

	For the six months ended June 30,	
(In thousands)	2022	2021
Balance at beginning of period	$ 37,135	$ 45,153
Loans- Charge-off	(1,086)	(4,108)
Loans- Recovery	652	341
Loans- Provision	2,723	1,284
Allowance for Credit Losses - Loans	$ 39,424	$ 42,670
Balance at beginning of period	$ 862	$ 907
HTM Securities- Provision (Benefit)	223	(63)
Allowance for HTM Securities losses	$ 1,085	$ 844
Balance at beginning of period	$ 1,209	$ 1,815
Off-Balance Sheet- (Benefit) Provision	235	(245)
Allowance for Off-Balance Sheet losses	$ 1,444	$ 1,570
Allowance for Credit Losses	$ 41,953	$ 45,084

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

	For the six months ended June 30,	
(Dollars in thousands)	2022	2021
Balance at beginning of year	$ 37,135	$ 45,153
Provision for credit losses	2,723	1,284
Loans charged-off:		
Multi-family residential	—	(43)
Commercial real estate	—	(64)
One-to-four family mixed-use property	—	(32)
SBA	(1,054)	—
Taxi medallion	—	(2,758)
Commercial business and other loans	(32)	(1,211)
Total loans charged-off	(1,086)	(4,108)
Recoveries:		
Multi-family residential	1	10
One-to-four family - mixed-use property	—	10
One-to-four family - residential	4	7
Small Business Administration	26	19
Taxi medallion	447	222
Commercial business and other	174	73
Total recoveries	652	341
Net charge-offs	(434)	(3,767)
Balance at end of year	$ 39,424	$ 42,670
Ratio of net charge-offs to average loans outstanding during the period	0.01 %	0.11 %
Ratio of ACL - loans to gross loans at end of period	0.58 %	0.64 %
Ratio of ACL - loans to non-performing loans at end of period	141.06 %	242.55 %

The increase in non-performing assets is due to three relationships. One of the loans increasing non-performing assets was resolved subsequent to June 30, 2022.The second loan relationship is collateralized by non-real estate collateral, including credit insurance. The non-performing investment security and attendant loan are collateralized by a commercial condominium located in Manhattan with a combined LTV of approximately 63%.

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, 2022, 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

Except as set forth below 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, 2021.

Changes in Interest Rates, Including Recent and Perhaps Future Increases Fueled by Inflation, May Significantly Impact Our Financial Condition and Results of Operations

Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of multi-family residential loans, commercial business loans and commercial real estate mortgage loans) and the interest expense generated by our interest-bearing liabilities (consisting primarily of deposits). The level of net interest income is primarily a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the FRB (the "FOMC"), and market interest rates.

It is currently expected that during the remainder of 2022, and perhaps beyond, the FOMC will increase interest rates to reduce the rate of inflation to the extent necessary to reduce inflation to the rate that the FOMC believes is appropriate. In March 2022, the FOMC commenced increasing the target range for the federal funds rate by implementing a 25-basis point increase to a range of 0.25% to 0.50%. In May 2022, the FOMC implemented a 50-basis point increase to a range of 0.75% to 1.00%. In June 2022, the FOMC implemented a 75-basis point increase to a range of 1.50% to 1.75%. At its most recent meeting, in late July 2022, the FOMC further added a 75-basis point increase to a range of 2.25% to 2.50%. All of these increases were expressly made in response to inflationary pressures, which are currently expected to continue. In its July 2022 "Beige Book", the FRB noted that economic activity had expanded at a modest pace from mid-May, with higher food and gas prices and diminished household discretionary income. The report also noted that housing demand had weakened, commercial real estate conditions had slowed, and loan demand had been mixed, with some financial institutions reporting increased customer usage of revolving credit lines and others reporting weakened residential loan demand amid higher mortgage interest rates. The report concluded that the outlook for future economic growth is mostly negative, with expectations for further weakening of demand over the next six to twelve months.

There can be no assurances as to any future FOMC conduct. If the FOMC further increases the targeted federal funds rates, overall interest rates likely will rise, which will positively impact our interest income but may further negatively impact the entire national economy, including the housing industry in the markets we serve, by reducing refinancing activity and new home purchases. In addition, deflationary pressures, while possibly lowering our operational costs, could have a significant negative effect on our borrowers, especially our business borrowers, and the values of collateral securing loans, which could negatively affect our financial performance. A significant portion of our loans have fixed interest rates (or, if adjustable, are initially fixed for periods of five to 10 years) and longer terms than our deposits and borrowings. Our net interest income could be adversely affected if the rates we pay on deposits and borrowings increase more rapidly than the rates we earn on loans. Our interest rate risk is exacerbated in the short term by the fact that approximately 80% of our certificates of deposit accounts and borrowings will reprice or mature during the next year. While the higher payments we would receive on adjustable-rate loans in a rising interest rate environment may increase our interest income, nonetheless (notwithstanding our stress testing) some borrowers ultimately may be unable to afford the higher payment amounts, which could result in a higher rate of default. Rising interest rates also may reduce the demand for loans and the value of fixed-rate investment securities. These effects from interest rate changes or from other sustained economic stress or a recession, among other matters, could have a material adverse effect on our business, financial condition, liquidity, and results of operations.

As a result of our historical focus on the origination of multi-family residential mortgage loans, commercial business loans and commercial real estate mortgage loans, most of our loans are adjustable rate, however, many adjust at periods of five to 10 years. In addition, a large percentage of our investment securities and mortgage-backed securities have fixed interest rates and are classified as available for sale. As is the case with many financial institutions, our emphasis on increasing the development of core deposits, those with no stated maturity date, has resulted in our interest-bearing liabilities having a shorter duration than our interest-earning assets. This imbalance can create significant earnings volatility because interest rates change over time and are currently at historical low levels. As interest rates increase, including as noted above, our cost of funds will increase more rapidly than the yields on a substantial portion of our interest-earning assets. In addition, the market value of our fixed-rate assets for example, our investment and mortgage-backed securities portfolios, would decline if interest rates increase. In line with the foregoing, we have experienced and may continue to experience an increase in the cost of interest-bearing liabilities primarily due to raising the rates we pay on some of our deposit products to stay competitive within our market and an increase in borrowing costs from increases in the federal funds rate.

Prevailing interest rates also affect the extent to which borrowers repay and refinance loans. In a declining interest rate environment, the number of loan prepayments and loan refinancing may increase, as well as prepayments of mortgage-backed securities. Call provisions associated with our investment in U.S. government agency and corporate securities may also adversely affect yield in a declining interest rate environment. Such prepayments and calls may adversely affect the yield of our loan portfolio and mortgage-backed and other securities as we reinvest the prepaid funds in a lower interest rate environment. However, we typically receive additional loan fees when existing loans are refinanced, which partially offset the reduced yield on our loan portfolio resulting from prepayments. In periods of low interest rates, our level of core deposits also may decline if depositors seek higher-yielding instruments or other investments not offered by us, which in turn may increase our cost of funds and decrease our net interest margin to the extent alternative funding sources are utilized. An increasing interest rate environment would tend to extend the average lives of lower yielding fixed rate mortgages and mortgage-backed securities, which could adversely affect net interest income. Also, in an increasing interest rate environment, mortgage loans and mortgage-backed securities may prepay at slower rates than experienced in the past, which could result in a reduction of prepayment penalty income. In addition, depositors tend to open longer term, higher costing certificate of deposit accounts which could adversely affect our net interest income if rates were to subsequently decline. Additionally, adjustable-rate mortgage loans and mortgage-backed securities generally contain interim and lifetime caps that limit the amount the interest rate can increase or decrease at repricing dates. Significant increases in prevailing interest rates may significantly affect demand for loans and the value of bank collateral. See "— Local Economic Conditions" disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2021.

PART II – OTHER INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

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, 2022:

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, 2022	20,000	$ 21.67	20,000	468,187
May 1 to May 31, 2022	246,164	21.89	246,164	1,222,023
June 1 to June 30, 2022	121,525	22.31	121,525	1,100,498
Total	387,689	$ 22.01	387,689	

On May 17, 2022, the Board of Directors approved a new stock repurchase program to purchase up to an additional 1,000,000 shares. During the quarter ended June 30, 2022, the Company repurchased 387,689 shares of the Company's common stock. On June 30, 2022, 1,100,498 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 (1)
3.2	Certificate of Amendment to Certificate of Incorporation of Flushing Financial Corporation (3)
3.3	Certificate of Amendment to Certificate of Incorporation of Flushing Financial Corporation (5)
3.4	Certificate of Designations of Series A Junior Participating Preferred Stock of Flushing Financial Corporation (4)
3.5	Certificate of Increase of Shares Designated as Series A Junior Participating Preferred Stock of Flushing Financial Corporation (2)
3.6	Amended and Restated By-Laws of Flushing Financial Corporation (6)
4.1	Indenture dated November 22, 2021, between Flushing Financial Corporation and Wilmington Trust, National Association, as trustee. (8)
4.2	First Supplemental Indenture, dated November 22, 2021, between Flushing Financial Corporation and Wilmington Trust, National Association, as trustee. (8)
4.3	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	Amended Flushing Financial Corporation 2014 Omnibus Plan (7)
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)

(1) Incorporated by reference to Exhibits filed with the Registration Statement on Form S-1 filed September 1, 1995, Registration No. 33-96488. (P: Indicates a filing submitted in paper)
(2) Incorporated by reference to Exhibit filed with Form 8-K filed September 27, 2006.
(3) Incorporated by reference to Exhibits filed with Form S-8 filed May 31, 2002.
(4) Incorporated by reference to Exhibits filed with Form 10-Q for the quarter ended September 30, 2002.
(5) Incorporated by reference to Exhibit filed with Form 10-K for the year ended December 31, 2011.
(6) Incorporated by reference to Exhibit filed with Form 10-Q for the quarter ended June 30, 2014.
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FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
EXHIBIT INDEX

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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 5, 2022

By: /s/John R. Buran
John R. Buran
President and Chief Executive Officer

Dated: August 5, 2022

By: /s/Susan K. Cullen
Susan K. Cullen
Senior Executive Vice President, Treasurer and
Chief Financial Officer