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, 2021**

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, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting 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 31, 2021 was 30,936,504.

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(Unaudited)

Item 1. Financial Statements

	June 30, 2021	December 31, 2020
	(Dollars in thousands, except per share data)	
Assets		
Cash and due from banks	$ 145,971	$ 157,388
Securities held-to-maturity:		
Mortgage-backed securities (including assets pledged of $5,760 and $5,853 at June 30, 2021 and December 31, 2020, respectively; fair value of $8,848 and $8,991 at June 30, 2021 and December 31, 2020, respectively)	7,904	7,914
Other securities, net of allowance for credit losses of $844 and $907 at June 30, 2021 and December 31, 2020, respectively, (none pledged; fair value of $53,598 and $54,538 at June 30, 2021 and December 31, 2020, respectively)	49,986	49,918
Securities available for sale, at fair value:		
Mortgage-backed securities (including assets pledged of $287,288 and $264,968 at June 30, 2021 and December 31, 2020, respectively; $441 and $505 at fair value pursuant to the fair value option at June 30, 2021 and December 31, 2020, respectively)	596,661	404,460
Other securities (including asset pledged of $6,000 and $6,453 at June 30, 2021 and December 31, 2020, respectively; $14,080 and $13,998 at fair value pursuant to the fair value option at June 30, 2021 and December 31, 2020, respectively)	224,784	243,514
Loans:		
Multi-family residential	2,542,010	2,533,952
Commercial real estate	1,726,895	1,754,754
One-to-four family - mixed-use property	582,211	602,981
One-to-four family - residential	288,652	245,211
Co-operative apartments	7,883	8,051
Construction	62,802	83,322
Small Business Administration	215,158	167,376
Taxi medallion	—	2,757
Commercial business and other	1,291,526	1,303,225
Net unamortized premiums and unearned loan fees	1,669	3,045
Allowance for Credit losses - Loans	(42,670)	(45,153)
Net loans	6,676,136	6,659,521
Interest and dividends receivable	43,803	44,041
Bank premises and equipment, net	26,438	28,179
Federal Home Loan Bank of New York stock, at cost	41,630	43,439
Bank owned life insurance	183,715	181,710
Goodwill	17,636	17,636
Core deposit intangibles	2,859	3,172
Right of Use Asset	51,972	50,743
Other assets	89,850	84,759
Total assets	$ 8,159,345	$ 7,976,394
Liabilities		
Due to depositors:		
Non-interest bearing	$ 945,491	$ 778,672
Interest-bearing	5,353,299	5,312,061
Total Deposits	6,298,790	6,090,733
Mortgagors' escrow deposits	58,230	45,622
Borrowed funds:		
Federal Home Loan Bank advances	831,932	887,579
Subordinated debentures	90,081	90,180
Junior subordinated debentures, at fair value	49,814	43,136
Total borrowed funds	971,827	1,020,895
Operating lease liability	56,151	59,100
Other liabilities	119,180	141,047
Total liabilities	7,504,178	7,357,397
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 June 30, 2021 and December 31, 2020; 30,961,504 shares and 30,775,854 shares outstanding at June 30, 2021 and December 31, 2020, respectively)	341	341
Additional paid-in capital	260,958	261,533
Treasury stock, at average cost (3,126,119 shares and 3,373,389 shares at June 30, 2021 and December 31, 2020, respectively)	(65,335)	(69,400)
Retained earnings	467,620	442,789
Accumulated other comprehensive loss, net of taxes	(8,417)	(16,266)
Total stockholders' equity	655,167	618,997
Total liabilities and stockholders' equity	$ 8,159,345	$ 7,976,394

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)

(Dollars in thousands, except per share data)	For the three months ended June 30, 2021	For the three months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest and dividend income				
Interest and fees on loans	$ 67,999	$ 60,557	$ 137,020	$ 121,666
Interest and dividends on securities:				
Interest	3,685	4,182	6,757	9,438
Dividends	7	11	15	26
Other interest income	51	22	87	312
Total interest and dividend income	71,742	64,772	143,879	131,442
Interest expense				
Deposits	5,539	9,971	11,644	28,749
Other interest expense	5,164	6,084	10,304	13,150
Total interest expense	10,703	16,055	21,948	41,899
Net interest income	61,039	48,717	121,931	89,543
(Benefit) provision for credit losses	(1,598)	9,619	1,222	16,797
Net interest income after (benefit) provision for credit losses	62,637	39,098	120,709	72,746
Non-interest income				
Banking services fee income	1,233	944	3,958	1,742
Net gain (loss) on sale of securities	123	(54)	123	(91)
Net gain on sale of loans	127	—	158	42
Net gain on disposition of assets	—	—	621	—
Net gain (loss) from fair value adjustments	(6,548)	10,205	(5,566)	4,212
Life insurance proceeds	—	659	—	659
Federal Home Loan Bank of New York stock dividends	500	881	1,189	1,845
Bank owned life insurance	1,009	932	2,006	1,875
Other income	346	170	612	589
Total non-interest income (loss)	(3,210)	13,737	3,101	10,873
Non-interest expense				
Salaries and employee benefits	19,879	16,184	42,543	34,804
Occupancy and equipment	3,522	2,827	6,889	5,667
Professional services	1,988	1,985	4,388	4,847
FDIC deposit insurance	729	737	1,942	1,387
Data processing	1,419	1,813	3,528	3,507
Depreciation and amortization	1,638	1,555	3,277	3,091
Other real estate owned/foreclosure expense (recoveries)	22	45	12	(119)
Other operating expenses	4,814	3,609	9,591	7,951
Total non-interest expense	34,011	28,755	72,170	61,135
Income before income taxes	25,416	24,080	51,640	22,484
Provision for income taxes				
Federal	4,857	4,307	9,928	5,296
State and local	1,301	1,501	3,415	306
Total taxes	6,158	5,808	13,343	5,602
Net income	$ 19,258	$ 18,272	$ 38,297	$ 16,882
Basic earnings per common share	$ 0.61	$ 0.63	$ 1.21	$ 0.58
Diluted earnings per common share	$ 0.61	$ 0.63	$ 1.21	$ 0.58
Dividends per common share	$ 0.21	$ 0.21	$ 0.42	$ 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,	
(In thousands)	2021	2020	2021	2020
Net income	$ 19,258	$ 18,272	$ 38,297	16,882
Other comprehensive income (loss), net of tax:				
Amortization of actuarial losses, net of taxes of ($41) and ($31) for the three months ended June 30, 2021 and 2020, respectively, and of ($77) and ($61) for the six months ended June 30, 2021 and 2020, respectively.	92	67	173	134
Amortization of prior service credits, net of taxes of $6 and $8 for the three months ended June 30, 2021 and 2020, respectively, and of $13 and $14 for the six months ended June 30, 2021 and 2020, respectively.	(15)	(15)	(30)	(29)
Net unrealized gains (losses) on securities, net of taxes of ($664) and ($5,193) for the three months ended June 30, 2021 and 2020, respectively, and of $322 and ($551) for the six months ended June 30, 2021 and 2020, respectively.	1,497	11,414	(720)	1,212
Reclassification adjustment for net losses included in income, net of taxes of $38 and ($17) for the three months ended June 30, 2021 and 2020, respectively and of $38 and ($29) for the six months ended June 30, 2021 and 2020, respectively.	(85)	37	(85)	62
Net unrealized gains (losses) on cash flow hedges, net of taxes of ($120) and $912 for the three months ended June 30, 2021 and 2020 respectively, and of ($3,574) and $7,102 for the six months ended June 30, 2021 and 2020 respectively.	521	(2,005)	8,319	(15,610)
Change in fair value of liabilities related to instrument-specific credit risk, net of taxes of ($147) and $259 for the three months ended June 30, 2021 and 2020, respectively, and of ($112) and ($230) for the six months ended June 30, 2021 and 2020, respectively.	276	(580)	192	516
Total other comprehensive income (loss), net of tax	2,286	8,918	7,849	(13,715)
Comprehensive income	$ 21,544	$ 27,190	$ 46,146	$ 3,167

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,	
	2021	2020
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 38,297	$ 16,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	1,222	16,797
Depreciation and amortization of bank premises and equipment	3,277	3,091
Amortization of premium, net of accretion of discount	(190)	3,235
Net (gain) loss from fair value adjustments	5,566	(4,212)
Net (gain) loss from fair value adjustments on qualifying hedges	(763)	2,438
Net gain from sale of loans	(158)	(42)
Net (gain) loss from sale of securities	(123)	91
Net gain from disposition of asset	(621)	—
Net loss from OREO	—	31
Income from bank owned life insurance	(2,006)	(1,875)
Life insurance proceeds	—	(659)
Amortization of core deposit intangibles	313	—
Stock-based compensation expense	4,539	4,531
Deferred compensation	(2,057)	(3,060)
Deferred income tax benefit	(762)	(2,546)
Decrease in other liabilities	(5,384)	(1,411)
Increase in other assets	(5,175)	(3,398)
Net cash provided by operating activities	35,975	29,893
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of bank premises and equipment	(1,536)	(1,433)
Net redemptions of Federal Home Loan Bank of New York shares	1,809	521
Proceeds from maturities and calls of securities held-to-maturity	—	180
Proceeds from prepayments of securities held-to-maturity	—	300
Purchases of securities available for sale	(478,155)	(130,344)
Proceeds from sales and calls of securities available for sale	38,623	139,741
Proceeds from maturities and prepayments of securities available for sale	263,640	87,658
Net repayments (originations) of loans	89,937	(72,371)
Purchases of loans	(130,706)	(112,245)
Proceeds from sale of loans	18,584	580
Net cash used in investing activities	(197,804)	(87,413)

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

	For the six months ended June 30,	
	2021	2020
	(In thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in non-interest bearing deposits	166,819	146,809
Net increase (decrease) in interest-bearing deposits	41,312	(119,076)
Net increase in mortgagors' escrow deposits	12,608	4,150
Net proceeds from short-term borrowed funds	150,000	—
Proceeds from long-term borrowings	—	204,378
Repayment of long-term borrowings	(205,647)	(127,762)
Purchases of treasury stock	(1,375)	(3,865)
Cash dividends paid	(13,305)	(12,147)
Net cash provided by financing activities	150,412	92,487
Net (decrease) increase in cash and cash equivalents	(11,417)	34,967
Cash and cash equivalents, beginning of period	157,388	49,787
Cash and cash equivalents, end of period	$ 145,971	$ 84,754
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Interest paid	$ 22,217	$ 44,272
Income taxes paid	10,207	4,664
Taxes paid if excess tax benefits on stock-based compensation were not tax deductible	9,877	4,446

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, 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)

(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, 2019	$ 579,672	$ 315	$ 226,691	$ 433,960	$ (71,487)	$ (9,807)
Impact of adoption of ASC 326 - Credit Losses	(875)	—	—	(875)	—	—
Net loss	(1,390)	—	—	(1,390)	—	—
Award of common shares released from Employee Benefit Trust (116,414 shares)	1,398	—	1,398	—	—	—
Vesting of restricted stock unit awards (272,946 shares)	—	—	(5,626)	(156)	5,782	—
Stock-based compensation expense	3,430	—	3,430	—	—	—
Purchase of treasury shares (142,405 shares)	(2,342)	—	—	—	(2,342)	—
Repurchase of shares to satisfy tax obligation (74,145 shares)	(1,493)	—	—	—	(1,493)	—
Dividends on common stock ($0.21 per share)	(6,084)	—	—	(6,084)	—	—
Other comprehensive loss	(22,633)	—	—	—	—	(22,633)
Balance at March 31, 2020	549,683	315	225,893	425,455	(69,540)	(32,440)
Net income	18,272	—	—	18,272	—	—
Award of common shares released from Employee Benefit Trust (10,956 shares)	40	—	40	—	—	—
Vesting of restricted stock unit awards (6,390 shares)	—	—	(133)	(1)	134	—
Stock-based compensation expense	1,101	—	1,101	—	—	—
Repurchase of shares to satisfy tax obligation (2,558 shares)	(30)	—	—	—	(30)	—
Dividends on common stock ($0.21 per share)	(6,063)	—	—	(6,063)	—	—
Other comprehensive income	8,918	—	—	—	—	8,918
Balance at June 30, 2020	$ 571,921	$ 315	$ 226,901	$ 437,663	$ (69,436)	$ (23,522)

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 Preferred Funding Corporation, which was dissolved as of June 30, 2021. Flushing Service Corporation, and FSB Properties Inc., 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, 2020.

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, including novel Coronavirus Disease 2019 ("COVID-19") related changes, 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.

In response to COVID-19, the Company is actively assisting customers by providing modifications in the form of deferrals of interest, principal and/or escrow for terms ranging from one to thirty months. At June 30, 2021, we had 69 active forbearances for loans with an aggregate outstanding loan balance of approximately $245.8 million resulting in total deferment of $16.2 million in principal, interest and escrow, down from 134 active forbearances for loans with an aggregate outstanding loan balance of $364.4 million at December 31, 2020. Given the pandemic and current economic environment, we continue to work with our customers to modify loans although the pace of requests slowed down. The Company actively participated in the Paycheck Protection Program ("PPP"), under the Coronavirus Aid, Relief and Economic

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Security Act (the "CARES Act"), closing $138.7 million of these loans during the three months ended June 30, 2021, with $69.2 million in PPP loans forgiven by the SBA during the same time period. We are also a participant in the Main Street Lending Program in order to assist customers. Pursuant to the CARES Act and later modified by Consolidated Appropriations Act, certain loan modifications are not classified as "troubled debt restructuring" ("TDR"), if the related loans were not more than 30 days past due as of December 31, 2019. The Company has elected that loans temporarily modified for borrowers directly impacted by COVID-19 are not considered TDR, assuming the above criteria is met and as such, these loans are considered current and continue to accrue interest at its original contractual terms until the completion of the deferred period. Once the deferred period is over, the borrower will resume making payment and normal delinquency-based non-accrual policies will apply.

In addition, the economic pressures and uncertainties related to the COVID-19 pandemic have resulted in changes in consumer spending behaviors in the communities we serve, which may negatively impact the demand for loans and other services we offer. However, the Company's capital and financial resources have not been materially impacted by the pandemic, as our results of operations depend primarily on net interest income, which benefited from the actions taken by the Federal Reserve to counteract the negative economic impact of the pandemic. Future operating results and near-and-long-term financial condition are subject to significant uncertainty. Our funding sources have not changed significantly, and we expect to continue to be able to timely service our debts and its obligations.

3. Earnings Per Share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(In thousands, except per share data)			
Net income	$ 19,258	$ 18,272	$ 38,297	$ 16,882
Divided by:				
Total weighted average common shares outstanding and common stock equivalents	31,677	28,867	31,641	28,860
Basic earnings per common share	$ 0.61	$ 0.63	$ 1.21	$ 0.58
Diluted earnings per common share [1]	$ 0.61	$ 0.63	$ 1.21	$ 0.58
Dividend payout ratio	34.4 %	33.3 %	34.7 %	72.4 %

(1) For the three and six months ended June 30, 2021 and 2020, there were no common stock equivalents and there were no common stock equivalents that were anti-dilutive.

4. Securities

The Company did not hold any trading securities at June 30, 2021 and December 31, 2020. Securities available for sale are recorded at fair value. Securities held-to-maturity ("HTM") are recorded at amortized cost.

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

Allowance for credit losses

The Company's estimate of expected credit losses for held-to-maturity debt securities is based on historical information, current conditions and a reasonable and supportable forecast. The Company's portfolio is made up of three securities totaling $58.7 million (before allowance for credit losses) : the first with an amortized cost of $29.9 million structured similar to a commercial owner occupied loan and modeled for credit losses similar to commercial business loans secured by real estate with a reserve of $0.2 million at June 30, 2021; the second with an amortized cost of $20.0 million that currently is under forbearance with a specific reserve of $0.6 million at June 30, 2021; and the third with an amortized cost of $7.9 million issued and guaranteed by Fannie Mae, which is a government sponsored enterprise that has a credit rating and perceived credit risk comparable to the U.S. government. Accordingly, the Company assumes a zero loss expectation from the portfolio. The security currently in forbearance is considered current and as such, continues to accrue interest at its original contractual terms. Accrued interest receivable on held-to-maturity securities totaled $0.1 million at June 30, 2021 and December 31, 2020 and is excluded from estimates of credit losses.

The following table summarizes the Company's portfolio of securities held-to-maturity at June 30, 2021:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
		(In thousands)		
Securities held-to-maturity:				
Municipals	$ 50,830	$ 53,598	$ 2,768	$ —
Total other securities	50,830	53,598	2,768	—
FNMA	7,904	8,848	944	—
Total mortgage-backed securities	7,904	8,848	944	—
Allowance for Credit Losses	(844)	—	—	—
Total	$ 57,890	$ 62,446	$ 3,712	$ —

The following table summarizes the Company's portfolio of securities held-to-maturity at December 31, 2020:

	Amortized Cost	Fair Value	Gross Unrecognized Gains	Gross Unrecognized Losses
		(In thousands)		
Securities held-to-maturity:				
Municipals	$ 50,825	$ 54,538	$ 3,713	$ —
Total other securities	50,825	54,538	3,713	—
FNMA	7,914	8,991	1,077	—
Total mortgage-backed securities	7,914	8,991	1,077	—
Allowance for Credit Losses	(907)	—	—	—
Total	$ 57,832	$ 63,529	$ 4,790	$ —

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The following table summarizes the Company's portfolio of securities available for sale at June 30, 2021:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
		(In thousands)		
Securities available for sale:				
U.S Government Agencies	$ 6,206	$ 6,218	$ 15	$ 3
Corporate	117,420	117,602	461	279
Mutual funds	12,585	12,585	—	—
Collateralized loan obligations	87,148	86,884	18	282
Other	1,495	1,495	—	—
Total other securities	224,854	224,784	494	564
REMIC and CMO	222,748	224,065	3,042	1,725
GNMA	12,033	11,802	39	270
FNMA	205,159	205,782	1,783	1,160
FHLMC	155,944	155,012	589	1,521
Total mortgage-backed securities	595,884	596,661	5,453	4,676
Total securities available for sale	$ 820,738	$ 821,445	$ 5,947	$ 5,240

The following table summarizes the Company's portfolio of securities available for sale at December 31, 2020:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
		(In thousands)		
Securities available for sale:				
U.S Government Agencies	$ 6,452	$ 6,453	$ 2	$ 1
Corporate	130,000	123,865	131	6,266
Mutual funds	12,703	12,703	—	—
Collateralized loan obligations	100,561	99,198	—	1,363
Other	1,295	1,295	—	—
Total other securities	251,011	243,514	133	7,630
REMIC and CMO	175,142	180,877	5,735	—
GNMA	13,009	13,053	66	22
FNMA	143,154	146,169	3,046	31
FHLMC	63,796	64,361	648	83
Total mortgage-backed securities	395,101	404,460	9,495	136
Total securities available for sale	$ 646,112	$ 647,974	$ 9,628	$ 7,766

We did not hold any private issue CMO's that are collateralized by commercial real estate mortgages at June 30, 2021 and December 31, 2020.

The corporate securities held by the Company at June 30, 2021 and December 31, 2020 are issued by U.S. banking institutions.

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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, 2021, 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	$ 50,830	$ 53,598
Total other securities	50,830	53,598
Mortgage-backed securities	7,904	8,848
Total held-to-maturity securities	58,734	62,446
Allowance for Credit Losses	(844)	—
Total held-to-maturity securities, net of allowance for credit losses	$ 57,890	$ 62,446

Securities available for sale:	Amortized Cost	Fair Value
	(In thousands)	
Due after one year through five years	$ 30,000	$ 30,242
Due after five years through ten years	159,551	159,243
Due after ten years	22,718	22,714
Total	212,269	212,199
Mutual funds	12,585	12,585
Total other securities	224,854	224,784
Mortgage-backed securities	595,884	596,661
Total available for sale securities	$ 820,738	$ 821,445

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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, 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	1	$ 4,897	$ 3	$ 4,897	$ 3	$ —	$ —
Corporate	7	52,141	279	22,403	16	29,738	263
Collateralized loan obligations	6	44,633	282	—	—	44,633	282
Total other securities	14	101,671	564	27,300	19	74,371	545
REMIC and CMO	11	112,847	1,725	112,847	1,725	—	—
GNMA	4	11,404	270	11,404	270	—	—
FNMA	16	107,883	1,160	107,883	1,160	—	—
FHLMC	10	85,084	1,521	85,084	1,521	—	—
Total mortgage-backed securities	41	317,218	4,676	317,218	4,676	—	—
Total securities available for sale	55	$ 418,889	$ 5,240	$ 344,518	$ 4,695	$ 74,371	$ 545

	At December 31, 2020						
		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	1	$ 4,988	$ 1	$ 4,988	$ 1	$ —	$ —
Corporate	14	113,734	6,266	—	—	113,734	6,266
Collateralized loan obligations	13	99,199	1,363	7,441	52	91,758	1,311
Total other securities	28	217,921	7,630	12,429	53	205,492	7,577
GNMA	1	10,341	22	10,341	22	—	—
FNMA	5	32,463	31	23,864	28	8,599	3
FHLMC	3	30,095	83	30,095	83	—	—
Total mortgage-backed securities	9	72,899	136	64,300	133	8,599	3
Total securities available for sale	37	$ 290,820	$ 7,766	$ 76,729	$ 186	$ 214,091	$ 7,580

The Company reviewed each available for sale debt security that had an unrealized loss at June 30, 2021 and December 31, 2020. At June 30, 2021 and December 31, 2020, the Company evaluated whether the decline in fair value of a debt security resulted from credit losses or other factors under Accounting Standards Codification ("ASC") Topic 326, *Credit Losses* also referred to as Current Expected Credit Losses ("CECL"). The Company does not have the intent to sell these securities and it is more likely than not the Company will not be required to sell the securities before recovery of the securities' amortized cost basis. This conclusion is based upon considering the Company's cash and working capital requirements and contractual and regulatory obligations, none of which the Company believes would cause the sale of the securities. 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.

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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 issuer of Corporate securities are global systematically important banks, and the tranche of the purchased CLO's. 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.

Accrued interest receivable on available-for-sale debt securities totaled $1.7 million and $1.3 million at June 30, 2021 and December 31, 2020, 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,	
	2021	2020	2021	2020
	(In thousands)			
Beginning balance	$ 915	$ 402	$ 907	$ 340
Provision (benefit)	(71)	—	(63)	62
Allowance for credit losses	$ 844	$ 402	$ 844	$ 402

Realized gains and losses on the sales of securities are determined using the specific identification method. The Company sold $25.0 million in corporate securities during the three and six months ended June 30, 2021.The Company sold $66.2 million and $130.8 million in mortgage-backed securities during the three and six months ended June 30, 2020, respectively.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Gross gains from the sale of securities	$ 123	$ 763	$ 123	$ 1,476
Gross losses from the sale of securities	—	(817)	—	(1,567)
Net gains (losses) from the sale of securities	$ 123	$ (54)	$ 123	$ (91)

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.

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Interest on loans is recognized on the accrual basis. Accrued interest receivable totaled $40.6 million and $41.5 million at June 30, 2021 and December 31, 2020, respectively, and was reported in "Interest and dividends receivable" on the Consolidated Statements of Financial Condition. The accrual of income on loans is generally discontinued when certain factors, such as contractual delinquency of 90 days or more, indicate reasonable doubt as to the timely collectability of such income. Uncollected interest previously recognized on non-accrual loans is reversed from interest income at the time the loan is placed on non-accrual status. A non-accrual loan can be returned to accrual status when contractual delinquency returns to less than 90 days delinquent. Payments received on non-accrual loans that do not bring the loan to less than 90 days delinquent are recorded on a cash basis. Payments can also be applied first as a reduction of principal until all principal is recovered and then subsequently to interest, if in management's opinion, it is evident that recovery of all principal due is likely to occur.

Allowance for credit losses

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

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

During the three months ended June 30, 2021, the Company recorded a benefit for credit losses on loans totaling $1.5 million compared to a provision for credit losses on loans of $9.6 million for the three months ending June 30, 2020. The Company recorded a provision for credit losses on loans totaling $1.3 million and $16.7 million for the six months ended June 30, 2021 and 2020, respectively. The benefit recorded during the three months ended June 30, 2021 was driven by the improving economic outlook. During the three months ended June 30, 2021, the Company made an adjustment to decrease the reasonable and supportable forecast period and increase the reversion period to adjust for the model using a more favorable forecast based on national statistics compared to the Bank's primary market area, the New York Tri-State area, where economic improvements lag behind the nation. This resulted in the ACL - loans totaling $42.7 million at June 30, 2021 compared to $45.2 million at December 31, 2020. At June 30, 2021, the ACL - loans represented 0.64% of gross loans and 242.6% of non-performing loans. At December 31, 2020, the ACL - loans represented 0.61% of gross loans and 181.9% of non-performing loans.

Pursuant to the CARES Act and later modified by Consolidated Appropriations Act, certain loan modifications are not classified as TDR, if the related loans were not more than 30 days past due as of December 31, 2019. The Company has elected that loans temporarily modified for borrowers directly impacted by COVID-19 are not considered TDR, assuming the above criteria is met. As such, these loans are considered current and continue to accrue interest at its original contractual terms until the completion of the deferred period. Once the deferred period is over, the borrower will resume making payment and normal delinquency-based non-accrual policies will apply.

The Company may restructure loans that are not directly impacted by COVID-19 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 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, 2021, 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. There were no TDR loan modifications during the three and six months ended June 30, 2020.

	For the three and six months ended June 30, 2021		
(Dollars in thousands)	Number	Balance	Modification description
Commercial business and other	2	674	Amortization period extended
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, 2021		December 31, 2020	
(Dollars in thousands)	Number of contracts	Amortized Cost	Number of contracts	Amortized Cost
Multi-family residential	6	$ 1,673	6	$ 1,700
Commercial real estate	1	7,583	1	7,702
One-to-four family - mixed-use property (1)	5	1,682	5	1,731
One-to-four family - residential	3	497	3	507
Taxi medallion (2)	—	—	2	440
Commercial business and other (1)	9	4,107	8	3,831
Total performing troubled debt restructured	24	$ 15,542	25	$ 15,911

(1) These loans continue to pay as agreed, however the Company records interest received on a cash basis.
(2) These loans were completely charged off during the three months ended March 31, 2021.

During the three and six months ended June 30, 2021 there was one commercial business TDR loan totaling $0.3 million that defaulted within 12 months of its modification date. During the three and six months ended June 30, 2020, there were no TDR loans that defaulted within 12 months of their modification date.

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

	June 30, 2021		December 31, 2020	
(Dollars in thousands)	Number of contracts	Amortized Cost	Number of contracts	Amortized Cost
Taxi medallion (1)	—	$ —	11	$ 1,922
Commercial business and other	2	596	1	279
Total troubled debt restructurings that subsequently defaulted	2	$ 596	12	$ 2,201

(1) These loans were completely charged off during the three months ended March 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 period shown below:

	At or for the six months ended June 30, 2021				
(In thousands)	Non-Accrual Amortized Cost Beginning of Reporting Period	Non-Accrual Amortized Cost Ending of 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	$ 4,850	$ 4,850	$ 5	$ 201
Commercial real estate	1,766	35	35	—	—
One-to-four family - mixed-use property (1)	1,706	2,706	2,706	2	—
One-to-four family - residential	5,313	6,404	6,404	1	—
Construction	—	—	—	—	—
Small Business Administration	1,168	992	992	—	—
Taxi medallion(2)	2,758	—	—	—	—
Commercial business and other(1)	5,660	4,715	725	52	—
Total	$ 20,947	$ 19,702	$ 15,712	$ 60	$ 201

(1) Included in the above analysis are non-accrual performing TDR one-to-four family – mixed-use property totaling $0.3 million, and non-accrual performing TDR commercial business loans totaling $2.2 million at June 30, 2021.
(2) Taxi medallion loans were completely charged off during the six months ended June 30, 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 period shown below:

	At or for the twelve months ended December 31, 2020				
(In thousands)	Non-Accrual Amortized Cost Beginning of Reporting Period	Non-Accrual Amortized Cost Ending of Reporting Period	Non-Accrual with no related Allowance	Interest Income Recognized	Loans ninety days or more past due and still accruing:
Multi-family residential	$ 2,723	$ 2,576	$ 2,576	$ —	$ 201
Commercial real estate	2,714	1,766	1,766	—	2,547
One-to-four family - mixed-use property (1)	1,704	1,706	1,706	—	—
One-to-four family - residential	9,992	5,313	5,313	—	—
Small Business Administration	1,169	1,168	1,168	—	—
Taxi medallion(1)	2,318	2,758	2,758	—	—
Commercial business and other(1)	7,406	5,660	1,593	58	—
Total	$ 28,026	$ 20,947	$ 16,880	$ 58	$ 2,748

(1) Included in the above analysis are non-accrual performing TDR one-to-four family – mixed-use property totaling $0.3 million, non-accrual performing TDR taxi medallion loans totaling $0.4 million and non-accrual performing TDR commercial business loans totaling $2.2 million at December 31, 2020.

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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,	
	2021	2020	2021	2020
	(In thousands)			
Interest income that would have been recognized had the loans performed in accordance with their original terms	$ 453	$ 430	$ 915	$ 805
Less: Interest income included in the results of operations	163	73	323	162
Total foregone interest	$ 290	$ 357	$ 592	$ 643

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, 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	$ 14,894	$ 1,259	$ 5,051	$ 21,204	$ 2,522,555	$ 2,543,759
Commercial real estate	7,213	—	35	7,248	1,722,659	1,729,907
One-to-four family - mixed-use property	787	1,089	2,439	4,315	581,434	585,749
One-to-four family - residential	988	1,373	6,404	8,765	288,926	297,691
Construction	7,089	—	—	7,089	55,622	62,711
Small Business Administration	81	199	992	1,272	209,246	210,518
Taxi medallion	—	—	—	—	—	—
Commercial business and other	588	64	1,942	2,594	1,285,877	1,288,471
Total	$ 31,640	$ 3,984	$ 16,863	$ 52,487	$ 6,666,319	$ 6,718,806

	December 31, 2020					
(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	$ 7,582	$ 3,186	$ 2,777	$ 13,545	$ 2,522,432	$ 2,535,977
Commercial real estate	17,903	5,123	4,313	27,339	1,731,045	1,758,384
One-to-four family - mixed-use property	5,673	1,132	1,433	8,238	598,647	606,885
One-to-four family - residential	3,087	805	5,313	9,205	243,486	252,691
Construction loans	750	—	—	750	82,411	83,161
Small Business Administration	1,823	—	1,168	2,991	162,579	165,570
Taxi medallion	—	—	2,318	2,318	279	2,597
Commercial business and other	129	1,273	1,593	2,995	1,296,414	1,299,409
Total	$ 36,947	$ 11,519	$ 18,915	$ 67,381	$ 6,637,293	$ 6,704,674

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

	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

	June 30, 2020								
(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	$ 5,895	$ 6,791	$ 2,170	$ 892	$ 185	$ 1,528	$ —	$ 10,637	$ 28,098
Charge-offs	—	—	(3)	—	—	(178)	—	(849)	(1,030)
Recoveries	7	—	—	3	—	13	—	—	23
Provision (benefit)	3,033	180	659	266	(2)	23	—	5,460	9,619
Ending balance	$ 8,935	$ 6,971	$ 2,826	$ 1,161	$ 183	$ 1,386	$ —	$ 15,248	$ 36,710

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	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	$ 6,557	$ 8,327	$ 1,986	$ 869	$ 497	$ 2,251	$ —	$ 24,666	$ 45,153
Charge-off's	(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

	June 30, 2020								
(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	$ 5,391	$ 4,429	$ 1,817	$ 756	$ 441	$ 363	$ —	$ 8,554	$ 21,751
Impact of CECL Adoption	(650)	1,170	(55)	(160)	(279)	1,180	—	(827)	379
Charge-off's	—	—	(3)	—	—	(178)	—	(2,108)	(2,289)
Recoveries	13	—	78	8	—	20	—	14	133
Provision (benefit)	4,181	1,372	989	557	21	1	—	9,615	16,736
Ending balance	$ 8,935	$ 6,971	$ 2,826	$ 1,161	$ 183	$ 1,386	$ —	$ 15,248	$ 36,710

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 previous 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 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. Loans that are in forbearance pursuant to the CARES Act generally continued to be reported in the same category as they were reported immediately prior to modification.

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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, 2021:

(In thousands)	2021	2020	2019	2018	2017	Prior	Revolving Loans, Amortized Cost Basis	Lines of Credit converted to term loans	Total
1-4 Family Residential									
Pass	$ 57,316	$ 31,897	$ 36,253	$ 32,818	$ 20,935	$ 75,903	$ 10,524	$ 15,288	$ 280,934
Watch	—	481	724	280	2,430	1,541	190	2,287	7,933
Special Mention	—	—	—	—	1,115	517	160	—	1,792
Substandard	—	—	—	1,836	—	4,167	—	1,029	7,032
Total 1-4 Family Residential	$ 57,316	$ 32,378	$ 36,977	$ 34,934	$ 24,480	$ 82,128	$ 10,874	$ 18,604	$ 297,691
1-4 Family Mixed-Use									
Pass	$ 18,221	$ 35,902	$ 71,259	$ 75,193	$ 54,249	$ 308,869	$ —	$ —	$ 563,693
Watch	—	—	—	3,092	6,118	7,668	—	—	16,878
Special Mention	—	—	—	—	761	1,438	—	—	2,199
Substandard	—	—	—	501	—	2,478	—	—	2,979
Total 1-4 Family Mixed Use	$ 18,221	$ 35,902	$ 71,259	$ 78,786	$ 61,128	$ 320,453	$ —	$ —	$ 585,749
Commercial Real Estate									
Pass	$ 58,238	$ 171,433	$ 256,707	$ 266,369	$ 180,000	$ 680,308	$ —	$ —	$ 1,613,055
Watch	4,179	934	3,433	5,708	2,657	83,926	—	—	100,837
Special Mention	—	—	—	6,855	—	1,542	—	—	8,397
Substandard	—	—	7,583	—	—	35	—	—	7,618
Total Commercial Real Estate	$ 62,417	$ 172,367	$ 267,723	$ 278,932	$ 182,657	$ 765,811	$ —	$ —	$ 1,729,907
Construction									
Pass	$ 3,079	$ 23,121	$ 14,797	$ 1,960	$ —	$ —	$ —	$ —	$ 42,957
Watch	—	—	2,115	8,284	5,904	—	—	—	16,303
Special Mention	—	—	—	859	2,592	—	—	—	3,451
Substandard	—	—	—	—	—	—	—	—	—
Total Construction	$ 3,079	$ 23,121	$ 16,912	$ 11,103	$ 8,496	$ —	$ —	$ —	$ 62,711
Multifamily									
Pass	$ 168,396	$ 240,612	$ 340,195	$ 449,407	$ 360,108	$ 941,236	$ 6,346	$ —	$ 2,506,300
Watch	—	2,111	4,205	12,605	—	10,834	398	—	30,153
Special Mention	—	792	468	—	—	—	—	—	1,260
Substandard	—	—	703	2,599	1,803	740	201	—	6,046
Total Multifamily	$ 168,396	$ 243,515	$ 345,571	$ 464,611	$ 361,911	$ 952,810	$ 6,945	$ —	$ 2,543,759
Commercial Business - Secured by RE									
Pass	$ 96,311	$ 93,588	$ 38,733	$ 52,180	$ 28,173	$ 99,637	$ —	$ —	$ 408,622
Watch	—	23,623	51,501	18,557	11,979	47,442	—	—	153,102
Special Mention	—	—	604	—	—	—	—	—	604
Substandard	—	—	—	—	—	4,228	—	—	4,228
Total Commercial Business - Secured by RE	$ 96,311	$ 117,211	$ 90,838	$ 70,737	$ 40,152	$ 151,307	$ —	$ —	$ 566,556
Commercial Business									
Pass	$ 51,015	$ 72,432	$ 90,417	$ 76,675	$ 29,154	$ 73,507	$ 207,786	$ —	$ 600,986
Watch	6	1,683	22,505	19,308	33,143	43	22,493	—	99,181
Special Mention	—	—	45	2,488	103	—	3,207	—	5,843
Substandard	—	4,900	535	320	4,957	1,903	995	—	13,610
Doubtful	—	—	—	—	—	929	1,235	—	2,164
Total Commercial Business	$ 51,021	$ 79,015	$ 113,502	$ 98,791	$ 67,357	$ 76,382	$ 235,716	$ —	$ 721,784
Small Business Administration									
Pass	$ 130,255	$ 67,148	$ 1,292	$ 1,560	$ 654	$ 2,920	$ —	$ —	$ 203,829
Watch	—	—	61	2,588	1,946	849	—	—	5,444
Special Mention	—	—	—	—	140	107	—	—	247
Substandard	—	—	—	—	992	6	—	—	998
Total Small Business Administration	$ 130,255	$ 67,148	$ 1,353	$ 4,148	$ 3,732	$ 3,882	$ —	$ —	$ 210,518
Other									
Pass	$ —	$ —	$ —	$ —	$ —	$ 52	$ 79	$ —	$ 131
Total Other	$ —	$ —	$ —	$ —	$ —	$ 52	$ 79	$ —	$ 131
Total Loans	$ 587,016	$ 770,657	$ 944,135	$ 1,042,042	$ 749,913	$ 2,352,825	$ 253,614	$ 18,604	$ 6,718,806

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Included within net loans as of June 30, 2021 and December 31, 2020 were $9.3 million and $5.9 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, 2021		December 31, 2020	
(In thousands)	Real Estate	Business Assets	Real Estate	Business Assets
Multi-family residential	$ 4,850	$ —	$ 2,576	$ —
Commercial real estate	1,246	—	2,994	—
One-to-four family - mixed-use property	2,706	—	1,706	—
One-to-four family - residential	6,404	—	5,313	—
Small Business Administration	—	992	—	1,168
Commercial business and other	—	2,556	—	3,482
Taxi Medallion	—	—	—	2,758
Total	$ 15,206	$ 3,548	$ 12,589	$ 7,408

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 $499.8 million and $474.0 million at June 30, 2021 and December 31, 2020, 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, 2021 and 2020.

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
	(In thousands)			
Balance at beginning of period	$ 1,304	$ 797	$ 1,815	$ —
Off-Balance Sheet - CECL Adoption	—	—	—	553
Off-Balance Sheet- Provision (benefit)	266	467	(245)	711
Allowance for Off-Balance Sheet - Credit losses (1)	$ 1,570	$ 1,264	$ 1,570	$ 1,264

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

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6. Loans held for sale

Loans held for sale are carried at the lower of cost or estimated fair value. At June 30, 2021 and December 31, 2020, the Bank did not have any loans held for sale.

The Company has implemented a strategy of selling certain delinquent and non-performing loans. Once the Company has decided to sell a loan, the sale usually closes in a short period of time, generally within the same quarter. Loans designated held for sale are reclassified from loans held for investment to loans held for sale. Terms of sale include cash due upon the closing of the sale, no contingencies or recourse to the Company and servicing is released to the buyer. Additionally, at times the Company may sell participating interests in performing loans. There were no loans sold for the three months ended June 30, 2020.

The following tables show loans sold during the period indicated:

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

	For the six months ended June 30, 2020			
(Dollars in thousands)	Loans sold	Proceeds	Net Recoveries (Charge-offs)	Net gain
Delinquent and non-performing loans				
Multi-family residential	1	$ 284	$ —	$ 42
One-to-four family - mixed-use property	1	296	—	—
Total	2	$ 580	$ —	$ 42

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7. Leases

The Company has 28 operating leases for branches (including headquarters) and office spaces, nine operating leases for vehicles, and one operating lease for equipment. Our leases have remaining lease terms ranging from four months to approximately 15 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's operating lease expense totaled $2.2 million and $1.9 million and was recorded in Occupancy and equipment on the Consolidated Statements of Income for the three month periods ended June 30, 2021 and 2020, respectively. The Company's operating lease expense totaled $4.3 million and $3.8 million and was recorded in Occupancy and equipment on the Consolidated Statements of Income for the six month periods ended June 30, 2021 and 2020, respectively.

The Company has one agreement that qualifies as a short-term lease with expense totaling approximately $60,000 and $34,000 for the three month periods ended June 30, 2021 and 2020 and approximately $90,000 and $68,000 for the six month periods ended June 30, 2021 and 2020, included in Professional services on the Consolidated Statements of Income. The Company has $0.3 million in variable lease payments, which include insurance and real estate tax expenses and was recorded in Occupancy and equipment on the Consolidated Statements of Income, for each of the three months ended June 30, 2021 and 2020. The Company has $0.6 million in variable lease payments, which include insurance and real estate tax expenses and was recorded in Occupancy and equipment on the Consolidated Statements of Income, for each of the six months ended June 30, 2021 and 2020. At June 30, 2021, the weighted-average remaining lease term for our operating leases is approximately eight years and the weighted average discount rate is 3.2%. Our lease agreements do not contain any residual value guarantees.

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, 2021	December 31, 2020
Operating lease ROU asset	$ 51,972	$ 50,743
Operating lease liability	$ 56,151	$ 59,100
Weighted-average remaining lease term-operating leases	7.7 years	8.3 years
Weighted average discount rate-operating leases	3.2 %	3.2 %

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

	For the three months ended	
(Dollars in thousands)	June 30, 2021	June 30, 2020
Lease Cost		
Operating lease cost	$ 2,244	$ 1,897
Short-term lease cost	60	34
Variable lease cost	298	287
Total lease cost	$ 2,602	$ 2,218
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 2,418	$ 2,200
Right-of-use assets obtained in exchange for new operating lease liabilities	$ —	$ 27

	For the six months ended	
(Dollars in thousands)	June 30, 2021	June 30, 2020
Lease Cost		
Operating lease cost	$ 4,348	$ 3,782
Short-term lease cost	95	68
Variable lease cost	596	552
Total lease cost	$ 5,039	$ 4,402
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 8,048	$ 4,182
Right-of-use assets obtained in exchange for new operating lease liabilities	$ —	$ 50

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The Company's minimum annual rental payments for Bank facilities due under non-cancelable leases are as follows as of June 30, 2021:

	Minimum Rental
	(In thousands)
Years ended December 31:	
2021	$ 4,369
2022	9,149
2023	9,281
2024	9,121
2025	8,479
Thereafter	22,898
Total minimum payments required	63,297
Less: Implied interest	7,146
Total lease obligations	$ 56,151

The Company's minimum annual rental payments for Bank facilities due under non-cancelable leases are as follows as of December 31, 2020:

	Minimum Rental
	(In thousands)
Years ended December 31:	
2021	$ 8,757
2022	8,871
2023	9,006
2024	8,847
2024	8,212
Thereafter	23,547
Total minimum payments required	$ 67,240
Less: Implied interest	8,140
Total lease obligations	$ 59,100

8. Stock-Based Compensation

The Company has 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, 2021, PRSUs granted in 2021 and 2020 are being accrued at target and PRSUs granted in 2019 are being accrued above target.

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, 1,170,408 shares were available for future issuance under the 2014 Omnibus Plan at June 30, 2021.

For the three months ended June 30, 2021 and 2020, the Company's net income, as reported, included $1.1 million and $0.9 million, respectively, of stock-based compensation costs, including the benefit or expense of phantom stock awards, and $0.3 million and $0.2 million of income tax benefits, respectively, related to the stock-based compensation plans. For the six months ended June 30, 2021 and 2020, the Company's net income, as reported, included $5.2 million and $3.4

million, respectively, of stock-based compensation costs, including the benefit or expense of phantom stock awards, and $1.4 million and $0.8 million of income tax benefits, respectively, related to the stock-based compensation plans.

During the three months ended June 30, 2021 and 2020, the Company did not grant any RSU or PRSU's. During the six months ended June 30, 2021 and 2020, the Company granted 238,985 and 172,228 RSU, respectively. During the six months ended June 30, 2021 and 2020, the Company granted 62,790 and 72,143 in 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.

The following table summarizes the Company's RSU and PRSU awards at or for the six months ended June 30, 2021:

	RSU Awards		PRSU Awards	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2020	336,898	$ 23.48	66,580	$ 21.26
Granted	238,985	18.44	62,790	18.46
Vested	(240,176)	21.22	(35,070)	18.81
Forfeited	(4,662)	20.61	—	—
Non-vested at June 30, 2021	331,045	$ 21.51	94,300	$ 20.31
Vested but unissued at June 30, 2021	214,829	$ 21.03	102,185	$ 20.48

As of June 30, 2021, there was $6.3 million of total unrecognized compensation cost related to RSU and PRSU awards granted. That cost is expected to be recognized over a weighted-average period of 2.5 years. The total fair value of awards vested for the three months ended June 30, 2021 and 2020 was $0.2 million and $0.1 million, respectively. The total fair value of awards vested for the six months ended June 30, 2021 and 2020 was $5.0 million and $5.1 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, 2021:

Phantom Stock Plan	Shares	Fair Value
Outstanding at December 31, 2020	120,248	$ 16.64
Granted	9,042	19.52
Forfeited	(11)	18.25
Distributions	(1,483)	17.15
Outstanding at June 30, 2021	127,796	$ 21.43
Vested at June 30, 2021	127,685	$ 21.43

The Company recorded stock-based compensation expense (benefit) for the Phantom Stock Plan of $0.1 million and ($0.2) million for the three months ended June 30, 2021 and 2020, respectively. The total fair value of the distributions from the Phantom Stock Plan was $2,000 and $7,000 for the three months ended June 30, 2021 and 2020, respectively.

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The Company recorded stock-based compensation expense (benefit) for the Phantom Stock Plan of $0.6 million and ($1.1) million for the six months ended June 30, 2021 and 2020, respectively. The total fair value of the distributions from the Phantom Stock Plan was $25,000 and $8,000 for the six months ended June 30, 2021 and 2020, 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)	2021	2020	2021	2020
Employee Pension Plan:				
Interest cost	$ 128	$ 163	$ 256	$ 326
Amortization of actuarial loss	122	111	244	222
Expected return on plan assets	(274)	(257)	(548)	(514)
Net employee pension (benefit) expense	$ (24)	$ 17	$ (48)	$ 34
Outside Director Pension Plan:				
Service cost	$ 4	$ 3	$ 8	$ 7
Interest cost	12	16	24	32
Amortization of actuarial gain	(5)	(13)	(10)	(27)
Amortization of past service liability	—	—	—	—
Net outside director pension expense	$ 11	$ 6	$ 22	$ 12
Other Postretirement Benefit Plans:				
Service cost	$ 73	$ 68	$ 146	$ 137
Interest cost	58	65	116	130
Amortization of actuarial gain	16	—	16	—
Amortization of past service credit	(21)	(23)	(43)	(43)
Net other postretirement expense	$ 126	$ 110	$ 235	$ 224

The Company previously disclosed in its Consolidated Financial Statements for the year ended December 31, 2020 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, 2021. The Company does not expect to make a contribution to the Employee Pension Plan (the "Employee Pension Plan"). As of June 30, 2021, the Company had contributed $72,000 to the Outside Director Pension Plan and $70,000 in contributions were made to the Other Postretirement Benefit Plans. As of June 30, 2021, the Company has not revised its expected contributions for the year ending December 31, 2021.

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, 2021, the Company carried financial assets and financial liabilities under the fair value option with fair values of $14.5 million and $49.8 million, respectively. At December 31, 2020, the Company carried financial assets and financial liabilities under the fair value option with fair values of $14.5 million and $43.1 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, 2021 and 2020.

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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:

	Fair Value Measurements at June 30, 2021	Fair Value Measurements at December 31, 2020	Changes in Fair Values For Items Measured at Fair Value Pursuant to Election of the Fair Value Option			
			Three Months Ended		Six Months Ended	
(In thousands)			June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Mortgage-backed securities	$ 441	$ 505	$ (1)	$ (1)	$ (2)	$ 2
Other securities	14,080	13,998	176	(182)	1	37
Borrowed funds	49,814	43,136	(5,528)	10,334	(6,988)	7,983
Net gain (loss) from fair value adjustments (1)(2)			$ (5,353)	$ 10,151	$ (6,989)	$ 8,022

(1) The net gain (loss) from fair value adjustments presented in the above table does not include net gains (losses) of ($1.2) million and $0.1 million for the three months ended June 30, 2021 and 2020, respectively, from the change in the fair value of interest rate swaps.

(2) The net gain (loss) from fair value adjustments presented in the above table does not include net gains (losses) of $1.4 million and ($3.8) million for the six months ended June 30, 2021 and 2020, respectively, 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, 2021 and December 31, 2020. The fair value of borrowed funds includes accrued interest payable of $0.1 million each at June 30, 2021 and December 31, 2020.

The Company generally holds its earning assets, other than securities available for sale, 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.

Financial assets and financial liabilities reported at fair value are required to be measured based on either: (1) quoted prices in active markets for identical financial instruments (Level 1); (2) significant other observable inputs (Level 2); or (3) significant unobservable inputs (Level 3).

A description of the methods and significant assumptions utilized in estimating the fair value of the Company's 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, 2021 and December 31, 2020, Level 1 included one mutual fund.

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Level 2 – when quoted market prices are not available, fair value is estimated using quoted market prices for similar financial instruments and adjusted for differences between the quoted instrument and the instrument being valued. Fair value can also be estimated by using pricing models, or discounted cash flows. Pricing models primarily use market-based or independently sourced market parameters as inputs, including, but not limited to, yield curves, interest rates, equity or debt prices and credit spreads. In addition to observable market information, models also incorporate maturity and cash flow assumptions. At June 30, 2021 and December 31, 2020, Level 2 included mortgage-backed securities, CLO's, 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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020:

	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	
	2021	2020	2021	2020	2021	2020	2021	2020
	(In thousands)							
Assets:								
Securities available for sale								
Mortgage-backed Securities	$ —	$ —	$ 596,661	$ 404,460	$ —	$ —	$ 596,661	$ 404,460
Other securities	12,585	12,703	210,704	229,516	1,495	1,295	224,784	243,514
Interest rate swaps	—	—	6,998	1,319	—	—	6,998	1,319
Total assets	$ 12,585	$ 12,703	$ 814,363	$ 635,295	$ 1,495	$ 1,295	$ 828,443	$ 649,293
Liabilities:								
Borrowings	$ —	$ —	$ —	$ —	$ 49,814	$ 43,136	$ 49,814	$ 43,136
Interest rate swaps	—	—	42,520	60,987	—	—	42,520	60,987
Total liabilities	$ —	$ —	$ 42,520	$ 60,987	$ 49,814	$ 43,136	$ 92,334	$ 104,123

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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, 2021		June 30, 2020	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
	(In thousands)			
Beginning balance	$ 1,342	$ 44,712	$ 1,355	$ 45,126
Net (loss) gain from fair value adjustment of financial assets [1]	153	—	(285)	—
Net (gain) loss from fair value adjustment of financial liabilities [1]	—	5,528	—	(10,334)
Decrease in accrued interest receivable	—	—	(2)	—
Decrease in accrued interest payable	—	(3)	—	(61)
Change in unrealized gains included in other comprehensive income	—	(423)	—	839
Ending balance	$ 1,495	$ 49,814	$ 1,068	$ 35,570
Changes in unrealized gains held at period end	$ —	2,973	—	2,223

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

	For the six months ended			
	June 30, 2021		June 30, 2020	
	Trust preferred securities	Junior subordinated debentures	Trust preferred securities	Junior subordinated debentures
	(In thousands)			
Beginning balance	$ 1,295	$ 43,136	$ 1,332	$ 44,384
Net gain from fair value adjustment of financial assets [1]	200	—	(261)	—
Net loss from fair value adjustment of financial liabilities [1]	—	6,987	—	(7,983)
Decrease in accrued interest receivable	—	—	(3)	—
Increase (decrease) in accrued interest payable	—	(6)	—	(85)
Change in unrealized gains included in other comprehensive income	—	(303)	—	(746)
Ending balance	$ 1,495	$ 49,814	$ 1,068	$ 35,570
Changes in unrealized gains held at period end	$ —	2,973	—	2,223

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

During the three and six months ended June 30, 2021 and 2020, there were no transfers between Levels 1, 2 and 3.

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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, 2021				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Trust preferred securities	$ 1,495	Discounted cash flows	Discount rate	n/a	3.2 %
Liabilities:					
Junior subordinated debentures	$ 49,814	Discounted cash flows	Discount rate	n/a	3.2 %

	December 31, 2020				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Trust preferred securities	$ 1,295	Discounted cash flows	Discount rate	n/a	4.2 %
Liabilities:					
Junior subordinated debentures	$ 43,136	Discounted cash flows	Discount rate	n/a	4.2 %

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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020:

	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	
	2021	2020	2021	2020	2021	2020	2021	2020
				(In thousands)				
Assets								
Non-accrual loans	$ —	$ —	$ —	$ —	$ 10,105	$ 11,980	$ 10,105	$ 11,980
Total assets	$ —	$ —	$ —	$ —	$ 10,105	$ 11,980	$ 10,105	$ 11,980

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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:

	June 30, 2021				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Non-accrual loans	$ 8,865	Sales approach	Reduction for planned expedited disposal	8.0% to 15.0%	12.0%
Non-accrual loans	$ 1,057	Discounted Cashflow	Discount Rate	4.3% to 5.5%	4.8%
			Probability of Default	35.0% to 50.0%	41.7%
Non-accrual loans	$ 183	Blended Income and Sales Approach	Adjustment to sales comparison value to reconcile differences between comparable sales	0.0% to 5.0%	2.5%
			Capitalization rate	8.3%	8.3%
			Probability of Default	15.0%	15.0%

	At December 31, 2020				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
			(Dollars in thousands)		
Assets:					
Non-accrual loans	$ 10,690	Sales approach	Reduction for planned expedited disposal	(100.0%) to 15.0%	6.8%
Non-accrual loans	$ 1,290	Discounted Cashflow	Discount Rate	4.3% to 5.5%	4.9%
			Probability of Default	20.0% to 35.0%	27.4%

The Company did not have any liabilities that were carried at fair value on a non-recurring basis at June 30, 2021 and December 31, 2020.

The methods and assumptions used to estimate fair value at June 30, 2021 and December 31, 2020 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.

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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.

Other Real Estate Owned and Other Repossessed Assets:

The fair value for OREO is based on appraised value through a current appraisal, or sometimes through an internal review, additionally adjusted by the estimated costs to sell the property. The fair value for other repossessed assets are based upon the most recently reported arm's length sales transaction. When there is no recent sale activity, the fair value is calculated using capitalization rates.

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, 2021				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Assets:					
Cash and due from banks	$ 145,971	$ 145,971	$ 145,971	$ —	$ —
Securities held-to-maturity					
Mortgage-backed securities	7,904	8,848	—	8,848	—
Other securities	49,986	53,598	—	—	53,598
Securities available for sale					
Mortgage-backed securities	596,661	596,661	—	596,661	—
Other securities	224,784	224,784	12,585	210,704	1,495
Loans	6,718,806	6,702,618	—	—	6,702,618
FHLB-NY stock	41,630	41,630	—	41,630	—
Accrued interest receivable	43,803	43,803	2	1,705	42,096
Interest rate swaps	6,998	6,998	—	6,998	—
Liabilities:					
Deposits	$ 6,357,020	$ 6,361,050	$ 5,336,405	$ 1,024,645	$ —
Borrowings	971,827	973,198	—	923,384	49,814
Accrued interest payable	4,675	4,675	—	4,675	—
Interest rate swaps	42,520	42,520	—	42,520	—

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	December 31, 2020				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In thousands)		
Assets:					
Cash and due from banks	$ 157,388	$ 157,388	$ 157,388	$ —	$ —
Securities held-to-maturity					
Mortgage-backed securities	7,914	8,991	—	8,991	—
Other securities	49,918	54,538	—	—	54,538
Securities available for sale					
Mortgage-backed securities	404,460	404,460	—	404,460	—
Other securities	243,514	243,514	12,703	229,516	1,295
Loans	6,704,674	6,793,885	—	—	6,793,885
FHLB-NY stock	43,439	43,439	—	43,439	—
Accrued interest receivable	44,041	44,041	2	1,389	42,650
Interest rate swaps	1,319	1,319	—	1,319	—
Liabilities:					
Deposits	$ 6,136,355	$ 6,141,775	$ 4,997,994	$ 1,143,781	$ —
Borrowings	1,020,895	1,017,573	—	974,437	43,136
Accrued interest payable	4,755	4,755	—	4,755	—
Interest rate swaps	60,987	60,987	—	60,987	—

11. Derivative Financial Instruments

At June 30, 2021 and December 31, 2020, the Company's derivative financial instruments consist of interest rate swaps. The Company's interest rate swaps are used for four purposes: 1) to mitigate the Company's exposure to rising interest rates on a portion ($18.0 million) of its floating rate junior subordinated debentures that have a contractual value of $61.9 million, at June 30, 2021 and December 31, 2020; 2) to mitigate the Company's exposure to rising interest rates on certain fixed rate loans totaling $310.9 million and $316.1 million at June 30, 2021 and December 31, 2020, respectively; 3) to facilitate risk management strategies for our loan customers with $231.4 million of swaps outstanding, which include $115.7 million with customers and $115.7 million with bank counterparties at June 30, 2021 and $125.6 million of swaps outstanding, which include $62.8 million with customers and $62.8 million with bank counterparties at December 31, 2020; and 4) to mitigate exposure to rising interest rates on certain short-term advances totaling $996.5 million and $1,021.5 million at June 30, 2021 and December 31, 2020, respectively.

At June 30, 2021 and December 31, 2020, 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, 2021 and December 31, 2020, derivatives with a combined notional amount of $249.4 million and $143.6 million, respectively, were not designated as hedges. At June 30, 2021 and December 31, 2020, derivatives with a combined notional amount of $310.9 million and $316.1 million, respectively, were designated as fair value hedges. At June 30, 2021 and December 31, 2020, derivatives with a combined notional amount of $996.5 million and $1,021.5 million, respectively, were designated as cash flow hedges.

For cash flow hedges, the changes in the fair value of the derivative is reported in accumulated other comprehensive income (loss), net of tax. Amounts in accumulated other comprehensive income (loss) are reclassified into earnings in the same period during which the hedged forecasted transaction effects earnings. During the three months ended June 30, 2021 and 2020, $2.6 million and $0.2 million, respectively, were reclassified from accumulated other comprehensive loss to

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interest expense. The estimated amount to be reclassified in the next 12 months out of accumulated other comprehensive income (loss) is $10.5 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, 2021		December 31, 2020	
	Notional Amount	Net Carrying Value (1)	Notional Amount	Net Carrying Value (1)
	(In thousands)			
Interest rate swaps (non-hedge)	$ 115,681	$ 3,241	$ 62,779	$ 1,319
Interest rate swaps (cash flow hedge)	355,000	3,757	—	—
Interest rate swaps (fair value hedge)	310,939	(17,858)	316,051	(28,689)
Interest rate swaps (cash flow hedge)	641,500	(17,165)	1,021,500	(25,300)
Interest rate swaps (non-hedge)	133,681	(7,497)	80,779	(6,998)
Total derivatives	$ 1,556,801	$ (35,522)	$ 1,481,109	$ (59,668)

(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 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 Statement Where Net income is Presented	2021	2020	2021	2020
Financial Derivatives:					
	Other interest expense	$ (138)	$ (101)	$ (272)	$ (166)
	Net gain (loss) from fair value adjustments	(1,195)	54	1,423	(3,810)
Interest rate swaps (non-hedge)		(1,333)	(47)	1,151	(3,976)
Interest rate swaps (fair value hedge)	Interest and fees on loans	(2,062)	(1,456)	(2,025)	(3,705)
Interest rate swaps (cash flow hedge)	Other interest expense	(2,619)	(1,156)	(5,205)	(1,546)
Net loss		$ (6,014)	$ (2,659)	$ (6,079)	$ (9,227)

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.

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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 Condition as of the dates indicated:

	June 30, 2021					
				Gross Amounts Not Offset in the Consolidated Statement of Condition		
(In thousands)	Gross Amount of Recognized Assets	Gross Amount Offset in the Statement of Condition	Net Amount of Assets Presented in the Statement of Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 6,998	$ —	$ 6,998	$ —	$ —	$ 6,998

				Gross Amounts Not Offset in the Consolidated Statement of Condition		
(In thousands)	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Statement of Condition	Net Amount of Liabilities Presented in the Statement of Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Interest rate swaps	$ 42,520	$ —	$ 42,520	$ —	$ 41,817	$ 703

	December 31, 2020					
				Gross Amounts Not Offset in the Consolidated Statement of Condition		
(In thousands)	Gross Amount of Recognized Assets	Gross Amount Offset in the Statement of Condition	Net Amount of Assets Presented in the Statement of Condition	Financial Instruments	Cash Collateral Received	Net Amount
Interest rate swaps	$ 1,319	$ —	$ 1,319	$ —	$ —	$ 1,319

				Gross Amounts Not Offset in the Consolidated Statement of Condition		
(In thousands)	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Statement of Condition	Net Amount of Liabilities Presented in the Statement of Condition	Financial Instruments	Cash Collateral Pledged	Net Amount
Interest rate swaps	$ 60,987	$ —	$ 60,987	$ 99	$ 63,517	$ (2,629)

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12. Accumulated Other Comprehensive Income (Loss):

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

	For the three months ended June 30, 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, 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 three months ended June 30, 2020				
	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	$ (14,159)	$ (19,468)	$ (930)	$ 2,117	$ (32,440)
Other comprehensive income before reclassifications, net of tax	11,414	(2,404)	—	(580)	8,430
Amounts reclassified from accumulated other comprehensive income, net of tax	37	399	52	—	488
Net current period other comprehensive income (loss), net of tax	11,451	(2,005)	52	(580)	8,918
Ending balance, net of tax	$ (2,708)	$ (21,473)	$ (878)	$ 1,537	$ (23,522)

	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)

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	For the six months ended June 30, 2020				
	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	$ (3,982)	$ (5,863)	$ (983)	$ 1,021	$ (9,807)
Other comprehensive income before reclassifications, net of tax	1,212	(16,152)	—	516	(14,424)
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	62	542	105	—	709
Net current period other comprehensive income, net of tax	1,274	(15,610)	105	516	(13,715)
Ending balance, net of tax	$ (2,708)	$ (21,473)	$ (878)	$ 1,537	$ (23,522)

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, 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 gains on available for sale securities	$ 123	Net gains on sale of securities
	(38)	Provision for income taxes
	$ 85	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (2,605)	Other interest expense
	817	Provision for income taxes
	$ (1,788)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (133) (1)	Other operating expense
Prior service credits	21 (1)	Other operating expense
	(112)	Total before tax
	35	Provision for income taxes
	$ (77)	Net of tax

For the three months ended June 30, 2020

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	$ (54)	Net loss on sale of securities
	17	Provision for income taxes
	$ (37)	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (581)	Other interest expense
	182	Provision for income taxes
	$ (399)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (98)(1)	Other operating expense
Prior service credits	23 (1)	Other operating expense
	(75)	Total before tax
	23	Provision for income taxes
	$ (52)	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 10 ("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 gains on available for sale securities	$ 123	Net gains on sale of securities
	(38)	Provision for income taxes
	$ 85	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (5,242)	Other interest expense
	1,629	Tax benefit
	$ (3,613)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (250)(1)	Other operating expense
Prior service credits	43 (1)	Other operating expense
	(207)	Total before tax
	64	Provision for income taxes
	$ (143)	Net of tax

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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	$ (91)	Net loss on sale of securities
	29	Provision for income taxes
	$ (62)	Net of tax
Cash flow hedges:		
Interest rate swaps	$ (789)	Other interest expense
	247	Provision for income taxes
	$ (542)	Net of tax
Amortization of defined benefit pension items:		
Actuarial losses	$ (195) (1)	Other operating expense
Prior service credits	43 (1)	Other operating expense
	(152)	Total before tax
	47	Provision for income taxes
	$ (105)	Net of tax

(1) These accumulated other comprehensive loss components are included in the computation of net periodic pension cost. See Note 10 (“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, 2021, 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 at June 30, 2021 and December 31, 2020 was 4.88% and 4.30%, respectively.

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

	June 30, 2021		December 31, 2020	
	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars in thousands)			
Tier I (leverage) capital:				
Capital level	$ 778,707	9.49 %	$ 733,010	9.27 %
Requirement to be well capitalized	410,271	5.00	395,510	5.00
Excess	368,436	4.49	337,500	4.27
Common Equity Tier I risk-based capital:				
Capital level	$ 778,707	12.27 %	$ 733,010	11.65 %
Requirement to be well capitalized	412,598	6.50	408,929	6.50
Excess	366,109	5.77	324,081	5.15
Tier 1 risk-based capital:				
Capital level	$ 778,707	12.27 %	$ 733,010	11.65 %
Requirement to be well capitalized	507,813	8.00	503,297	8.00
Excess	270,894	4.27	229,713	3.65
Total risk-based capital:				
Capital level	$ 817,410	12.88 %	$ 773,807	12.30 %
Requirement to be well capitalized	634,767	10.00	629,121	10.00
Excess	182,643	2.88	144,686	2.30

The Holding Company is subject to the same regulatory capital requirements as the Bank. As of June 30, 2021, 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, 2021 and December 31, 2020 was 4.98% and 4.54%, respectively.

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

	June 30, 2021		December 31, 2020	
	Amount	Percent of Assets	Amount	Percent of Assets
	(Dollars in thousands)			
Tier I (leverage) capital:				
Capital level	$ 697,591	8.50 %	$ 662,987	8.38 %
Requirement to be well capitalized	410,118	5.00	395,439	5.00
Excess	287,473	3.50	267,548	3.38
Common Equity Tier I risk-based capital:				
Capital level	$ 649,367	10.24 %	$ 621,247	9.88 %
Requirement to be well capitalized	412,365	6.50	408,694	6.50
Excess	237,002	3.74	212,553	3.38
Tier 1 risk-based capital:				
Capital level	$ 697,591	11.00 %	$ 662,987	10.54 %
Requirement to be well capitalized	507,526	8.00	503,008	8.00
Excess	190,065	3.00	159,979	2.54
Total risk-based capital:				
Capital level	$ 823,494	12.98 %	$ 794,034	12.63 %
Requirement to be well capitalized	634,408	10.00	628,760	10.00
Excess	189,086	2.98	165,274	2.63

14. New Authoritative Accounting Pronouncements

Accounting Standards Pending Adoption:

In January 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 may 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.

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

This Quarterly Report should be read in conjunction with the more detailed and comprehensive disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2020. 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 Preferred Funding Corporation, Flushing Service Corporation, and FSB Properties Inc.

Statements contained in this Quarterly Report relating to plans, strategies, objectives, economic performance and trends, projections of results of specific activities or investments and other statements that are not descriptions of historical facts may be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking information is inherently subject to risks and uncertainties and actual results could differ materially from those currently anticipated due to a number of factors, which include, but are not limited to, factors discussed elsewhere in this Quarterly Report and in other documents filed by us with the Securities and Exchange Commission from time to time, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2020. 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.

Impact of COVID-19

<u>Update</u>

In response to the novel Coronavirus Disease 2019 ("COVID-19"), the Company is actively assisting customers by providing modifications in the form of deferrals of interest, principal and/or escrow for terms ranging from one to thirty months. At June 30, 2021, we had 69 active forbearances for loans with an aggregate outstanding loan balance of approximately $245.8 million resulting in total deferment of $16.2 million in principal, interest and escrow, down from 134 active forbearances for loans with an aggregate outstanding loan balance of $364.4 million at December 31, 2020. Given the pandemic and current economic environment, we continue to work with our customers to modify loans although the pace of requests slowed down. The Company actively participated in the Paycheck Protection Program ("PPP"), under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), closing $138.7 million of these loans during the three months ended June 30, 2021 , with $69.2 million in PPP loans forgiven by the SBA during the same time period. We are also a participant in the Main Street Lending Program in order to assist customers. Pursuant to the CARES Act and later modified by Consolidated Appropriations Act, certain loan modifications are not classified as "troubled debt restructuring" ("TDR"), if the related loans were not more than 30 days past due as of December 31, 2019. The Company has elected that loans temporarily modified for borrowers directly impacted by COVID-19 are not considered TDR, assuming the above criteria is met and as such, these loans are considered current and continue to accrue interest at its original contractual terms until the completion of the deferred period. Once the deferred period is over, the borrower will resume making payment and normal delinquency-based non-accrual policies will apply.

In addition, the economic pressures and uncertainties related to the COVID-19 pandemic have resulted in changes in consumer spending behaviors in the communities we serve, which may negatively impact the demand for loans and other services we offer. However, the Company's capital and financial resources have not been materially impacted by the pandemic, as our results of operations depend primarily on net interest income, which benefited from the actions taken by the Federal Reserve to counteract the negative economic impact of the pandemic. Future operating results and near-and-long-term financial condition are subject to significant uncertainty. Our funding sources have not changed significantly and we expect to continue to be able to timely service our debts and its obligations.

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 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. The Bank owns three subsidiaries: Flushing Preferred Funding Corporation, 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, our periodic provision for credit losses and specific provision for losses on real estate owned.

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, 2021, we reported net income of $19.3 million, or $0.61 per diluted common share, an increase of $0.2 million, or $0.01 per diluted common share from March 31, 2021. During the three months ended June

30, 2021, we produced record net interest income for the fifth consecutive quarter totaling $61.0 million. The record results were achieved primarily through growth in net-interest earning assets and a reduction in the cost of funds, partially offset by an increase in net losses from qualifying hedges.

During the three months ended June 30, 2021, the yield on interest-earning assets decreased eight basis points, while the cost of interest-bearing liabilities decreased three basis points from the three months ended March 31, 2021, which resulted in a decrease of four basis points in net interest margin to 3.14% from 3.18% for the three months ended March 31, 2021. Excluding net gains/losses from qualifying hedges and purchase accounting adjustments, the net interest margin increased eight basis points to 3.14% for the three months ended June 30, 2021 from 3.06% for the three months ended March 31, 2021.

Our loan portfolio is 85% collateralized by real estate with an average loan to value of less than 40%. We have a long history and foundation built upon disciplined underwriting, good credit quality and a resilient seasoned loan portfolio with strong asset protection. The average loan-to-value on our non-performing real estate loans at June 30, 2021 remained conservative at approximately 30.4%. At June 30 2021, our ACL - loans stands at 64 basis points of gross loans and 243% of non-performing loans. Non-performing assets at the end of the quarter were 22 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, 2021 AND 2020

General. Net income for the three months ended June 30, 2021 was $19.3 million, an increase of $1.0 million from $18.3 million for the three months ended June 30, 2020. Diluted earnings per common share were $0.61 for the three months ended June 30, 2021, a decrease of $0.02 from $0.63 for the three months ended June 30, 2020.

Return on average equity decreased to 11.95% for the three months ended June 30, 2021 from 13.11% for the three months ended June 30, 2020. Return on average assets decreased to 0.93% for the three months ended June 30, 2021 from 1.01% for the three months ended June 30, 2020.

Interest Income. Interest and dividend income increased $7.0 million, or 10.8%, to $71.7 million for the three months ended June 30, 2021 from $64.8 million for the three months ended June 30, 2020. The increase in interest income was primarily attributable to an increase of $980.3 million in the average balance of interest-earning assets to $7,790.2 million for the three months ended June 30, 2021 from $6,809.8 million for the comparable prior year period, partially offset by a decrease in the yield of average interest earning assets of 12 basis points. The increase in the average balance was primarily driven by the acquisition of Empire Bancorp, Inc. ("Empire") in the fourth quarter of 2020 coupled with organic growth throughout 2020. The decrease in the yield on interest-earning assets was primarily due to the decrease of 47 basis points in the yield of taxable securities. The decrease in the yield of taxable securities was primarily due to higher yielding securities paying down and being replaced by lower yielding securities. Excluding prepayment penalty income from loans, net recoveries/reversals of interest from non-accrual loans, net gains from fair value adjustments on qualifying hedges, and purchase accounting adjustments, the yield on total loans, net, decreased 11 basis points to 3.94% for the three months ended June 30, 2021 from 4.05% for the three months ended June 30, 2020.

Interest Expense. Interest expense decreased $5.4 million, or 33.3%, to $10.7 million for the three months ended June 30, 2021 from $16.1 million for the three months ended June 30, 2020. The decrease in interest expense was primarily due to a decrease of 43 basis points in the average cost of interest-bearing liabilities to 0.66% for the three months ended June 30, 2021 from 1.09% for the three months ended June 30, 2020, partially offset by an increase of $620.1 million in the average balance of interest-bearing liabilities to $6,532.9 million for the three months ended June 30, 2021 from $5,912.8 million for the comparable prior year period. The decrease in the cost of interest-bearing liabilities was primarily due to the Company's response to the Federal Reserve lowering rates.

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Net Interest Income. Net interest income for the three months ended June 30, 2021 was $61.0 million, an increase of $12.3 million, or 25.3%, from $48.7 million for the three months ended June 30, 2020. The increase in net interest income was primarily due to an increase of 27 basis points in the net interest margin to 3.14% for the quarter ended June 30, 2021 compared to 2.87% for the quarter ended June 30, 2020, coupled with net interest-earning assets growing $360.2 million to $1,257.3 million during the same period. Included in net interest income was prepayment penalty income from loans totaling $2.2 million and $0.7 million for the three months ended June 30, 2021 and 2020, respectively, net losses from fair value adjustments on qualifying hedges totaling $0.7 million and $0.4 million for three months ended June 30, 2021 and 2020, respectively, and purchase accounting income adjustments of $0.6 million for the three months ended June 30, 2021. Excluding all of these items and other immaterial items, the net interest margin for the three months ended June 30, 2021 was 3.04%, an increase of 19 basis points, from to 2.85% for the three months ended June 30, 2020.

(Benefit) Provision for Credit Losses. During the three months ended June 30, 2021, a benefit for credit losses was recorded totaling $1.6 million, compared to a provision of $9.6 million for the three months ended June 30, 2020. The benefit recorded during the three months ended June 30, 2021 was driven by the improving conditions of economy. During the six months ended June 30, 2021, non-accrual loans decreased $0.9 million to $17.4 million from $18.3 million at December 31, 2020. The current average loan-to-value ratio for our non-performing loans collateralized by real estate was 30.4% at June 30, 2021. The Bank continues to maintain conservative underwriting standards.

Non-Interest (Loss) Income. Non-interest loss for the three months ended June 30, 2021 was $3.2 million, a decrease of $16.9 million from income of $13.7 million recorded in the prior year comparable period. The decrease was primarily due to a decrease in net gains from fair value adjustments totaling $16.8 million.

Non-Interest Expense. Non-interest expense for the three months ended June 30, 2021 was $34.0 million, an increase of $5.3 million, or 18.3%, from $28.8 million for the three months ended June 30, 2020. The increase in non-interest expense was primarily due to the growth of the Company, which includes the impact of the acquisition of Empire.

Income before Income Taxes. Income before income taxes for the three months ended June 30, 2020 was $25.4 million, an increase of $1.3 million, or 5.5%, from $24.1 million for the three months ended June 30, 2020 for the reasons discussed above.

Provision for Income Taxes. The provision for income taxes was $6.2 million for the three months ended June 30, 2021, an increase of $0.4 million, or 6.0%, from $5.8 million for the three months ended June 30, 2020. The increase was primarily due to an increase in income before income taxes. The effective tax rate for three months ended June 30, 2021 was 24.2% compared to 24.1% for the three months ended June 30, 2020.

COMPARISON OF OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

General. Net income for the six months ended June 30, 2021 was $38.3 million, an increase of $21.4 million, or 126.9%, from $16.9 million for the six months ended June 30, 2020. Diluted earnings per common share were $1.21 for the six months ended June 30, 2021, an increase of $0.63, or 108.6%, from $0.58 for the six months ended June 30, 2020.

Return on average equity increased to 12.11% for the six months ended June 30, 2021 from 5.95% for the six months ended June 30, 2020. Return on average assets increased to 0.93% for the six months ended June 30, 2021 from 0.47% for the six months ended June 30, 2020.

Interest Income. Interest and dividend income increased $12.4 million, or 9.5%, to $143.9 million for the six months ended June 30, 2021 from $131.4 million for the six months ended June 30, 2020. The increase in interest income was primarily attributable to an increase of $964.2 million in the average balance of interest-earning assets to $7,729.0 million for the six months ended June 30, 2021 from $6,764.8 million for the comparable prior year period, partially offset by a decrease in the yield of average interest earning assets of 16 basis points. The increase in the average balance was primarily driven by the acquisition of Empire in the fourth quarter of 2020 coupled with organic growth through out 2020. The decrease in the yield on interest-earning assets was primarily due to decreases of five basis points and 77 basis points in

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the yield of total loans and taxable securities, respectively. The decrease in the yield on the total loans, net, was primarily due to loans being both originated and repriced at lower rates. The decrease in the yield of securities was primarily due to higher yielding securities paying down and being replaced by lower yielding securities. 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, decreased 22 basis points to 3.94% for the six months ended June 30, 2021 from 4.16% for the six months ended June 30, 2020.

Interest Expense. Interest expense decreased $20.0 million, or 47.6%, to $21.9 million for the six months ended June 30, 2021 from $41.9 million for the six months ended June 30, 2020. The decrease in interest expense was primarily due to a decrease of 74 basis points in the average cost of interest-bearing liabilities to 0.67% for the six months ended June 30, 2021 from 1.41% for the six months ended June 30, 2020, partially offset by an increase of $573.2 million in the average balance of interest-bearing liabilities to $6,505.5 million for the six months ended June 30, 2021 from $5,932.4 million for the comparable prior year period. The decrease in the cost of interest-bearing liabilities was primarily due to the Company's quick response to the Federal Reserve lowering rates.

Net Interest Income. Net interest income for the six months ended June 30, 2021 was $121.9 million, an increase of $32.4 million, or 36.2%, from $89.5 million for the six months ended June 30, 2020. The increase in net interest income was primarily due to an increase of $391.0 million in net interest-earning assets to $1,223.5 million for the six months ended June 30, 2021 from $832.5 million for the comparable prior year period, coupled with a 50 basis point increase in the net interest margin to 3.16% for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. Included in net interest income was prepayment penalty income from loans totaling $3.2 million and $1.5 million for the six months ended June 30, 2021 and 2020, respectively, net (reversals)/ recovered interest from non-accrual loans totaling ($0.2) million and $0.5 million for the six months ended June 30, 2021 and 2020, respectively, net gains (losses) from fair value adjustments on qualifying hedges totaling $0.8 million and ($2.4) million for six months ended June 30, 2021 and 2020, respectively, and purchase accounting income adjustments of $1.5 million for the six months ended June 30, 2021. Excluding all of these items, the net interest margin for the six months ended June 30, 2021 was 3.02%, an increase of 35 basis points, from to 2.67% for the six months ended June 30, 2020.

Provision for Credit Losses. During the six months ended June 30, 2021, a provision for credit losses was recorded totaling $1.2 million, compared to $16.8 million for the six months ended June 30, 2020. The provision recorded during the six months ended June 30, 2021 was driven by the charge-off of the remaining taxi medallion portfolio totaling $2.8 million, partially offset by improving conditions of economy. During the six months ended June 30, 2021, non-accrual loans decreased $0.9 million to $17.4 million from $18.3 million at December 31, 2020. The current average loan-to-value ratio for our non-performing loans collateralized by real estate was 30.4% at June 30, 2021. The Bank continues to maintain conservative underwriting standards.

Non-Interest Income. Non-interest income for the six months ended June 30, 2021 was $3.1 million, a decrease of $7.8 million from the prior year comparable period. The decrease was primarily due to a decrease in net gains from fair value adjustments totaling $9.8 million coupled with $0.7 million in gain from life insurance for the six months ended June 30, 2020, partially offset with $1.7 million in customer loan swap fee income and a $0.6 million net gain from the disposition of assets during the six months ended June 30, 2021.

Non-Interest Expense. Non-interest expense for the six months ended June 30, 2021 was $72.2 million, an increase of $11.0 million, or 18.1%, from $61.1 million for the six months ended June 30, 2020. The increase in non-interest expense was primarily due to the growth of the Company, which includes the impact of the acquisition of Empire.

Income before Income Taxes. Income before income taxes increased $29.2 million, to $51.6 million for the six months ended June 30, 2021 from $22.5 million for the six months ended June 30, 2020 for the reasons discussed above.

Provision for Income Taxes. The provision for income taxes was $13.3 million for the six months ended June 30, 2021, an increase of $7.7 million from $5.6 million for the six months ended June 30, 2020. The increase was primarily due to an increase in income before income taxes. The effective tax rate for six months ended June 30, 2021 was 25.8% compared to 24.9% for the six months ended June 30, 2020. The increase in the effective tax rate for the six months ended June 30, 2021, reflects the discontinuation of New York State and New York City tax benefits provided by the Company's subsidiary, Flushing Preferred Funding Corporation. Due to regulations, the benefit is not available to banks with average assets of greater than $8.0 billion. Flushing Preferred Funding Corporation was dissolved as of June 30, 2021.

FINANCIAL CONDITION

Assets. Total assets at June 30, 2021 were $8,159.3 million, an increase of $183.0 million, or 2.3%, from $7,976.4 million at December 31, 2020. Total loans, net increased $16.6 million, or 0.2%, during the six months ended June 30, 2021, to $6,676.1 million from $6,659.5 million at December 31, 2020. Loan originations and purchases were $647.3 million for the six months ended June 30, 2021, an increase of $114.8 million, or 21.6%, from $532.5 million for the six months ended June 30, 2020. In order to support our customers during this COVID-19 pandemic, we have originated $138.7 million of PPP loans during 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 $432.6 million at June 30, 2021, compared to $354.6 million at December 31, 2020.

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)	2021	2020	2021	2020
Multi-family residential (1)	$ 66,913	$ 59,654	$ 125,466	$ 126,972
Commercial real estate (2)	37,963	8,003	55,119	107,574
One-to-four family – mixed-use property	7,135	8,117	15,847	21,572
One-to-four family – residential (3)	59,494	2,674	62,625	11,087
Co-operative apartments	—	—	—	704
Construction (4)	5,281	2,821	12,404	9,570
Small Business Administration (5)	17,585	93,241	142,678	93,298
Commercial business and other (6)	130,036	59,287	233,154	161,735
Total	$ 324,407	$ 233,797	$ 647,293	$ 532,512

(1) Includes purchases of $3.1 million for the six months ended June 30, 2020.
(2) Includes purchases of $30.0 million for the six months ended June 30, 2020.
(3) Includes purchases of $58.0 million for the three and six months ended June 30, 2021.
(4) Includes purchases of $3.6 million and $43,000 for the three months ended June 30, 2021 and 2020, respectively. Includes purchases of $6.9 million and $3.4 million for the six months ended June 30, 2021 and 2020, respectively.
(5) Includes $15.5 million and $93.2 million of SBA PPP loans for the three months ended June 30, 2021 and 2020, respectively. Includes $138.7 million and $93.2 million of SBA PPP loans for the six months ended June 30, 2021 and 2020, respectively.
(6) Includes purchases of $43.2 million and $35 million for the three months ended June 30, 2021 and 2020, respectively. Includes purchases of $65.8 million and $75.7 million for the six months ended June 30, 2021 and 2020, 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, 2021 had an average loan-to-value ratio of 46.7% and an average debt coverage ratio of 175%.

The Bank's non-performing assets totaled $17.6 million at June 30, 2021, a decrease of $3.5 million, or 16.7%, from $21.1 million at December 31, 2020. Total non-performing assets as a percentage of total assets were 0.22% at June 30, 2021 and 0.26% at December 31, 2020. The ratio of ACL - loans to total non-performing loans was 242.6% at June 30, 2021 and 214.3% at December 31, 2020.

During the six months ended June 30, 2021, mortgage-backed securities increased $192.2 million, or 46.6%, to $604.6 million from $412.4 million at December 31, 2020. The increase in mortgage-backed securities during the six months ended June 30, 2021 was primarily due to the purchase of securities totaling $290.6 million at an average rate of 1.28%, partially offset by maturities and principal repayments of securities totaling $88.4 million, and the decline in the fair value of the securities totaling $8.6 million.

During the six months ended June 30, 2021, other securities, decreased $18.7 million, or 6.4%, to $274.8 million from $293.4 million at December 31, 2020. The decrease in other securities during the six months ended June 30, 2021, was primarily due to maturities, sales and calls totaling $213.5 million, partially offset by purchases of $187.4 million at an average rate of 0.34% and an increase in the fair value of other securities of $7.4 million. At June 30, 2021 other securities primarily consist of securities issued by mutual or bond funds that invest in government and government agency securities, municipal bonds, corporate bonds and CLO's.

Liabilities. Total liabilities were $7,504.2 million at June 30, 2021, an increase of $146.8 million, or 2.0%, from $7,357.4 million at December 31, 2020. During the six months ended June 30, 2021, due to depositors increased $208.1 million, or 3.4%, to $6,298.8 million due to an increase of $325.8 million in non-maturity deposits, partially offset by a decrease of $117.7 million in certificates of deposit. The decrease in certificates of deposit was due to management's decision to allow these deposits to mature and replace with lower cost funding. The increase in non-maturity deposits was due to increases of $374.8 million and $166.8 million in money market accounts and demand deposits accounts, respectively, partially offset by a decrease of $200.6 million and $15.3 million in NOW accounts and savings accounts, respectively. Included in deposits were brokered deposits totaling $494.7 million, a decrease of $579.4 million from $1,074.1 million at December 31, 2020. Borrowed funds decreased $49.1 million during the six months ended June 30, 2021.

Equity. Total stockholders' equity increased $36.2 million, or 5.8%, to $655.2 million at June 30, 2021 from $619.0 million at December 31, 2020. Stockholders' equity increased due to net income totaling $38.3 million, an increase in accumulated other comprehensive income of $7.8 million and the net impact of vesting and exercising of shares of employee and director stock plans totaling $3.3 million. These increases were partially offset by declaration and payment of dividends on the Company's common stock of $0.42 per common share totaling $13.3 million. Book value per common share improved to $21.16 at June 30, 2021 compared to $20.11 at December 31, 2020.

Cash flow. During the six months ended June 30, 2021, funds provided by the Company's operating and financing activities amounted to $36.0 million and $150.4 million, respectively. These funds were utilized to fund $197.8 million used in investing activities. The Company's primary business objective is the origination and purchase of multi-family residential loans, commercial business loans and commercial real estate mortgage loans and to a lesser extent one-to-four family (including mixed-use properties) and SBA loans. During the six months ended June 30, 2021, the net total of loan purchases less loan repayments and sales was $22.2 million. During the six months ended June 30, 2021, the Company also funded $478.2 million in purchases of securities available for sale. During the six months ended June 30, 2021, funds were provided by sales, calls, prepayments and maturities of available for sale securities totaling $302.3 million. During the six months ended June 30, 2021, funds were provided by increases in deposits and short term borrowings totaling of $370.7 million. The funds were used to repay $205.6 million in long-term borrowings. The Company also used funds of $13.3 million for dividend payments and $1.4 million in purchases of treasury stock during the six months ended June 30, 2021.

INTEREST RATE RISK

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 fluctuates inversely with changes in interest rates. As a result, increases in interest rates could result in decreases in the fair value of the Company's interest-earning assets which could adversely affect the Company's results of operations if such assets were sold, or, in the case of securities classified as available for sale, decreases in the Company's stockholders' equity, if such securities were retained.

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The Company 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 prepares the "Earnings and Economic Exposure to Changes in Interest Rate" report for review by the Asset Liability Committee of the Board of Directors, as summarized below. This report quantifies the potential changes in net interest income and net portfolio value should interest rates go up 200 basis points or down 100 basis points (shocked), 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. All changes in income and value are measured as percentage changes from the projected net interest income and net portfolio value at the base interest rate scenario. The base interest rate scenario assumes interest rates at June 30, 2021. Various estimates regarding prepayment assumptions are made at each level of rate shock. However, prepayment penalty income is excluded from this analysis. Actual results could differ significantly from these estimates. At June 30, 2021, 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, 2021:

	Projected Percentage Change In		
Change in Interest Rate	Net Interest Income	Net Portfolio Value	Net Portfolio Value Ratio
-100 Basis points	2.32 %	(14.45)%	9.20 %
Base interest rate	—	—	10.91
+100 Basis points	(7.02)	(3.29)	10.80
+200 Basis points	(14.08)	(7.45)	10.58

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AVERAGE BALANCES

Net interest income represents the difference between income on interest-earning assets and expense on interest-bearing liabilities. Net interest income depends upon the relative amount of interest-earning assets and interest-bearing liabilities and the interest 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, 2021 and 2020, 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,					
	2021			2020		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Assets	(Dollars in thousands)					
Interest-earning assets:						
Mortgage loans, net	$ 5,130,400	$ 52,987	4.13 %	$ 4,762,068	$ 49,719	4.18 %
Other loans, net	1,556,488	15,012	3.86	1,184,344	10,838	3.66
Total loans, net (1) (2)	6,686,888	67,999	4.07	5,946,412	60,557	4.07
Taxable securities:						
Mortgage-backed securities	578,134	2,233	1.54	465,365	2,327	2.00
Other securities	232,020	1,037	1.79	243,867	1,358	2.23
Total taxable securities	810,154	3,270	1.61	709,232	3,685	2.08
Tax-exempt securities: (3)						
Other securities	50,830	535	4.21	60,280	643	4.27
Total tax-exempt securities	50,830	535	4.21	60,280	643	4.27
Interest-earning deposits and federal funds sold	242,302	51	0.08	93,911	22	0.09
Total interest-earning assets	7,790,174	71,855	3.69	6,809,835	64,907	3.81
Other assets	473,379			396,224		
Total assets	$ 8,263,553			$ 7,206,059		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	$ 153,113	66	0.17	$ 188,587	74	0.16
NOW accounts	2,255,581	1,499	0.27	1,440,147	2,099	0.58
Money market accounts	2,043,257	2,060	0.40	1,580,652	3,208	0.81
Certificate of deposit accounts	1,043,985	1,913	0.73	1,185,842	4,564	1.54
Total due to depositors	5,495,936	5,538	0.40	4,395,228	9,945	0.91
Mortgagors' escrow accounts	91,545	1	—	87,058	26	0.12
Total deposits	5,587,481	5,539	0.40	4,482,286	9,971	0.89
Borrowed funds	945,410	5,164	2.18	1,430,488	6,084	1.70
Total interest-bearing liabilities	6,532,891	10,703	0.66	5,912,774	16,055	1.09
Non-interest-bearing deposits	923,220			560,637		
Other liabilities	162,752			175,234		
Total liabilities	7,618,863			6,648,645		
Equity	644,690			557,414		
Total liabilities and equity	$ 8,263,553			$ 7,206,059		
Net interest income / net interest rate spread (tax equivalent) (3)		$ 61,152	3.03 %		$ 48,852	2.72 %
Net interest-earning assets / net interest margin(tax equivalent)	$ 1,257,283		3.14 %	$ 897,061		2.87 %
Ratio of interest-earning assets to interest-bearing liabilities			1.19 X			1.15 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 $3.2 million and $0.3 million for the three months ended June 30, 2021 and 2020, respectively.

(2) Loan interest income includes net losses from fair value adjustments on qualifying hedges of $0.7 million and $0.4 million for the three months ended June 30, 2021 and 2020, respectively.

(3) Interest and yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented totaling $0.1 million in each period.

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	For the six months ended June 30,					
	2021			2020		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Assets	(Dollars in thousands)					
Interest-earning assets:						
Mortgage loans, net	$ 5,143,117	$ 108,206	4.21 %	$ 4,729,800	$ 99,131	4.19 %
Other loans, net	1,550,527	28,814	3.72	1,140,840	22,535	3.95
Total loans, net [1] [2]	6,693,644	137,020	4.09	5,870,640	121,666	4.14
Taxable securities:						
Mortgage-backed securities	506,424	3,931	1.55	486,638	5,367	2.21
Other securities	266,234	2,000	1.50	243,796	3,055	2.51
Total taxable securities	772,658	5,931	1.54	730,434	8,422	2.31
Tax-exempt securities: [3]						
Other securities	50,829	1,065	4.19	61,908	1,319	4.26
Total tax-exempt securities	50,829	1,065	4.19	61,908	1,319	4.26
Interest-earning deposits and federal funds sold	211,904	87	0.08	101,864	312	0.61
Total interest-earning assets	7,729,035	144,103	3.73	6,764,846	131,719	3.89
Other assets	476,919			391,683		
Total assets	$ 8,205,954			$ 7,156,529		
Liabilities and Equity						
Interest-bearing liabilities						
Deposits:						
Savings accounts	$ 161,549	141	0.17	$ 191,307	355	0.37
NOW accounts	2,220,677	3,205	0.29	1,429,943	6,747	0.94
Money market accounts	1,974,781	4,160	0.42	1,639,217	10,250	1.25
Certificate of deposit accounts	1,073,151	4,135	0.77	1,226,544	11,331	1.85
Total due to depositors	5,430,158	11,641	0.43	4,487,011	28,683	1.28
Mortgagors' escrow accounts	78,531	3	0.01	76,281	66	0.17
Total deposits	5,508,689	11,644	0.42	4,563,292	28,749	1.26
Borrowed funds	996,845	10,304	2.07	1,369,058	13,150	1.92
Total interest-bearing liabilities	6,505,534	21,948	0.67	5,932,350	41,899	1.41
Non-interest-bearing deposits	889,821			505,199		
Other liabilities	178,361			151,974		
Total liabilities	7,573,716			6,589,523		
Equity	632,228			567,006		
Total liabilities and equity	$ 8,205,944			$ 7,156,529		
Net interest income / net interest rate spread (tax equivalent) [3]		$ 122,155	3.06 %		$ 89,820	2.48 %
Net interest-earning assets / net interest margin(tax equivalent)	$ 1,223,501		3.16 %	$ 832,496		2.66 %
Ratio of interest-earning assets to interest-bearing liabilities			1.19 X			1.14 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 $4.8 million and $0.5 million for the six months ended June 30, 2021 and 2020, respectively.

(2) Loan interest income includes net gains (losses) from fair value adjustments on qualifying hedges of $0.8 million and ($2.4) million for the six months ended June 30, 2021 and 2020, respectively.

(3) Interest and yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented totaling $0.2 million and $0.3 million for the six months ended June 30, 2021 and 2020.

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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)	2021	2020
Mortgage Loans		
At beginning of period	$ 5,228,271	$ 4,677,703
Mortgage loans originated:		
Multi-family residential	125,466	123,844
Commercial real estate	55,119	77,569
One-to-four family – mixed-use property	15,847	21,572
One-to-four family – residential	4,673	11,087
Co-operative apartments	—	704
Construction	5,468	6,132
Total mortgage loans originated	206,573	240,908
Mortgage loans purchased:		
Multi-family residential	—	3,128
Commercial real estate	—	30,005
One-to-four family - mixed-use property	—	—
One-to-four family - residential	57,952	—
Construction	6,936	3,438
Total mortgage loans purchased	64,888	36,571
Less:		
Principal and other reductions	271,294	169,097
Sales	17,846	498
Charge-offs	139	3
At end of period	$ 5,210,453	$ 4,785,584
Non-Mortgage Loans		
At beginning of period	$ 1,473,358	$ 1,079,232
Other loans originated:		
Small Business Administration (1)	142,678	93,298
Commercial business	164,166	83,500
Other	3,170	2,561
Total other loans originated	310,014	179,359
Other loans purchased:		
Commercial business	65,818	75,674
Total other loans purchased	65,818	75,674
Less:		
Principal and other reductions	338,537	148,274
Charge-offs	3,969	2,286
At end of period	$ 1,506,684	$ 1,183,705

(1) Includes SBA PPP originations totaling $138.7 million and $93.2 million for the six months ended June 30, 2021 and 2020, respectively.

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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, 2021	December 31, 2020
Accrual Status:		
Multi-family residential	$ 1,673	$ 1,700
Commercial real estate	7,583	7,702
One-to-four family - mixed-use property	1,414	1,459
One-to-four family - residential	497	507
Commercial business and other	1,868	1,588
Total	13,035	12,956
Non-Accrual Status:		
One-to-four family - mixed-use property	268	272
Commercial business and other	2,239	2,243
Taxi medallion	—	440
Total	2,507	2,955
Total performing troubled debt restructured	$ 15,542	$ 15,911

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

(In thousands)	June 30, 2021	December 31, 2020
Loans 90 days or more past due and still accruing:		
Multi-family residential	$ 201	$ 201
Commercial real estate	—	2,547
Total	201	2,748
Non-accrual loans:		
Multi-family residential	4,669	2,524
Commercial real estate	8	1,683
One-to-four family - mixed-use property (1)	2,309	1,366
One-to-four family - residential	6,940	5,854
Small business administration	976	1,151
Taxi medallion(1)	—	2,317
Commercial Business and other (1)	2,489	3,430
Total	17,391	18,325
Total non-performing loans	17,592	21,073
Other non-performing assets:		
Other assets acquired through foreclosure	—	35
Total	—	35
Total non-performing assets	$ 17,592	$ 21,108
Non-performing assets to total assets	0.22 %	0.26 %
ACL - loans to non-performing loans	242.55 %	214.27 %

(1) Not included in the above analysis are non-accrual performing TDR mixed-use property loans totaling $0.3 million at June 30, 2021 and December 31, 2020; non-accrual performing TDR taxi medallion loans totaling $0.4 million at December 31, 2020 and non-accrual performing TDR commercial business loans totaling $2.2 million at June 30, 2021 and December 31, 2020.

CRITICIZED AND CLASSIFIED ASSETS

Our policy is to review our assets, focusing primarily on the loan portfolio, OREO 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, 2021 and December 31, 2020. The Company did not hold any criticized or classified investment securities at June 30, 2021 and December 31, 2020. Our total Criticized and Classified assets were $68.5 million at June 30, 2021, a decrease of $3.2 million from $71.7 million at December 31, 2020.

Included within net loans as of June 30, 2021 and December 31, 2020 were $9.3 million and $5.9 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.

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ALLOWANCE FOR CREDIT LOSSES

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

	At or for the six months ended June 30,	
(Dollars in thousands)	2021	2020
Balance at beginning of period	$ 45,153	$ 21,751
Loans- CECL Adoption	—	379
Loans- Charge-off	(4,108)	(2,289)
Loans- Recovery	341	133
Loans- Provision	1,284	16,736
ACL - loans	$ 42,670	$ 36,710
Balance at beginning of period	$ 907	$ —
HTM Securities- CECL Adoption	—	340
HTM Securities- Provision (Benefit)	(63)	62
ACL - HTM Securities	$ 844	$ 402
Balance at beginning of period	$ 1,815	$ —
Off-Balance Sheet - CECL Adoption	—	553
Off-Balance Sheet- Provision (Benefit)	(245)	711
ACL - Off-Balance Sheet	$ 1,570	$ 1,264
Allowance for Credit Losses	$ 45,084	$ 38,376

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

	At or for the six months ended June 30,	
(Dollars in thousands)	2021	2020
Balance at beginning of period	$ 45,153	$ 21,751
CECL Adoption	—	379
Provision for credit losses on loans	1,284	16,736
Loans charged-off:		
Multi-family residential	(43)	—
Commercial real estate	(64)	—
One-to-four family - mixed-use property	(32)	(3)
Small Business Administration	—	(178)
Taxi medallion	(2,758)	—
Commercial business and other	(1,211)	(2,108)
Total loans charged-off	(4,108)	(2,289)
Recoveries:		
Multi-family residential	10	13
One-to-four family - mixed-use property	10	78
One-to-four family - residential	7	8
Small Business Administration	19	20
Taxi medallion	222	—
Commercial business and other	73	14
Total recoveries	341	133
Net charge-offs	(3,767)	(2,156)
Balance at end of period	$ 42,670	$ 36,710
Ratio of net charge-offs during the period to average loans outstanding during the period	0.11 %	0.07 %
Ratio of ACL - loans to gross loans at end of period	0.64 %	0.61 %
Ratio of ACL - loans to non-performing assets at end of period	0.22 %	179.68 %
Ratio of ACL - loans to non-performing loans at end of period	242.55 %	181.85 %

PART I – FINANCIAL INFORMATION
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2021, 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 INFORMATIOMTION
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ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the Company's annual report on Form 10-K for the year ended December 31, 2020.

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 six months ended June 30, 2021:

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, 2021	—	$ —	—	284,806
May 1 to May 31, 2021	—	—	—	284,806
June 1 to June 30, 2021	—	—	—	284,806
Total	—	—	—	

During the quarter ended June 30, 2021, the Company did not repurchase any shares of the Company's common stock. On June 30, 2021, 284,806 shares remained to be repurchased under the currently authorized stock repurchase program. 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 INFORMATIOMTION
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	Subordinated Indenture, dated as of December 12, 2016, by and between the Company and Wilmington Trust, National Association, as Trustee. (7)
4.2	First Supplemental Indenture, dated as of December 12, 2016, by and between the Company and Wilmington Trust, National Association, as Trustee, including the form of the Notes attached as Exhibit A thereto. (7)
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 (filed herewith)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer (filed herewith)
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer (filed herewith)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 by the Chief Executive Officer (furnished herewith)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 by the Chief Financial Officer (furnished herewith)
101.INS	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	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	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.
(7) Incorporated by reference to Exhibit filed with Form 8-K filed December 12, 2016.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
EXHIBIT INDEX

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	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.
(7) Incorporated by reference to Exhibit filed with Form 8-K filed December 12, 2016.

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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 4, 2021	By: /s/John R. Buran John R. Buran President and Chief Executive Officer
Dated: August 4, 2021	By: /s/Susan K. Cullen Susan K. Cullen Senior Executive Vice President, Treasurer and Chief Financial Officer

Exhibit 10.1

FLUSHING FINANCIAL CORPORATION
2014 OMNIBUS INCENTIVE PLAN

(Incorporating amendments through May 18, 2021)

1. **Purpose**. The purpose of this 2014 Omnibus Incentive Plan (the "***Plan***") is to aid Flushing Financial Corporation, a Delaware corporation (together with its successors and assigns, the "***Company***"), in attracting, retaining, motivating and rewarding employees and non-employee directors of the Company and its subsidiaries and affiliates, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of Participants with those of stockholders. The Plan authorizes stock-based and cash-based incentives for Participants.

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

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

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

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

(d) "***Board***" means the Company's Board of Directors.

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

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

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

(h) "***Committee***" means the Compensation Committee of the Board, the composition and governance of which is subject to applicable NASDAQ "independence" and other listing requirements and the Company's corporate governance documents. Each member of the Compensation Committee shall also meet the definition of "outside director" under the provisions of Section 162(m) of the Code and the definition of "non-employee director" under the provisions of the Exchange Act. No Committee action shall be void or deemed to be without authority due to the failure of any member, at the time the action was taken, to meet any applicable qualification standard. Until such time as determined by the Board (in its sole discretion), reference in this Plan to action by the Committee shall require approval by both the Compensation Committee and the Board.

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

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

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

(l) "***Fair Market Value***" means the fair market value of Stock, Awards, or other property as determined in good faith by the Committee or under procedures established by the Committee, subject to any restrictions imposed by Code Section 409A. Unless otherwise determined by the Committee, the Fair Market Value of Stock as of any given date shall be the mean between the highest and lowest quoted selling price, regular way, of the Stock on the NASDAQ Stock Market (or the principal exchange or market on which the Stock is listed or traded) on the day before such date, (or, if no such sale of Stock occurs on such day, the mean between the highest and lowest quoted selling price on the nearest trading day before such day).

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

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

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

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

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

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

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

(t) "***Performance Award***" means a conditional right, granted under Sections 6(i) and 7, to receive cash, Stock or other Awards or payments. A Performance Award may, but need not, qualify as "performance-based compensation" for purposes of Code Section 162(m).

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

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

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

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

3. **Administration.**

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

(b) ***Manner of Exercise of Committee Authority***. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to officers or employees of the Group, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent consistent with Rule 16b-3 under the Exchange Act and Code Section 162(m), where applicable, and permitted by the Delaware General Corporation Law.

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

4. **Stock Subject To Plan.**

(a) ***Overall Number of Shares Available for Delivery***. The total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be 2,872,000 shares and shall not include any additional shares that are or become available for awards under the any pre-existing plans. No more than 250,000 shares of Stock may be issued with respect to ISOs. The total number of shares available under the Plan and the number of shares available for ISOs are subject to adjustment as provided in Section 11(c). Any shares of Stock delivered under the Plan may consist of authorized and unissued shares or treasury shares.

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

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

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

5. **Eligibility; Per-Person Award Limitations.**

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

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

(i) *Stock-Based Awards*. In the case of Awards that are intended to qualify as "performance-based compensation" under Code Section 162(m) and that are denominated by reference to a number of shares, the maximum number of shares with respect to which such Awards may be granted to an eligible employee in any calendar year is 250,000 shares (subject to adjustment as provided in Section 11(c)). This limitation shall apply to Dividend Equivalents under Section 6(g) only if such Dividend Equivalents are granted separately from, and not as a feature of, another Award. Awards that are not intended to qualify as "performance-based compensation" under Code Section 162(m) are not subject to annual limits under this Section.

(ii) *Cash-Based Awards*. In the case of Awards that are intended to qualify as "performance-based compensation" under Code Section 162(m) and that are not denominated by reference to a number of shares, (i) the maximum amount or value which may be granted as an Annual Incentive Award to an eligible employee in any calendar year is $2 million, and (ii) the maximum amount or value which may be granted as a Performance Unit Award or other long-term cash-based Award to an eligible employee in any calendar year is $6 million. The annual limit for grants of cash-based Awards under this paragraph is a separate limitation which is not affected by the number of Awards granted which are denominated by reference to a number of shares. The maximum amount or value under this paragraph is measured as the maximum amount or value that the employee would be eligible to receive under the Award upon satisfaction of the performance conditions, without regard to whether such amount is to be paid at the end of the performance period or on a deferred basis or continues to be subject to any service requirement or other non-performance condition. As such, the maximum amount does not include any amounts which may be credited as dividends, dividend equivalents, or earnings on such Award either during or after the performance period.

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

6. **Specific Terms Of Awards.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) *Award and Restrictions*. Issuance of Stock or payment of the cash or other property to which the Participant is entitled under the RSU Award will occur upon expiration of the deferral period specified for such Award by the Committee (or, if permitted by the Committee, as elected by the Participant). RSUs shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose (subject to the requirements of Section 9(d)), which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. RSUs may be satisfied by delivery of Stock, cash, other Awards, or other property, or a combination thereof, as determined by the Committee at the date of grant or thereafter. The time and/or circumstances of such delivery shall be determined by the Committee subject to any limitations imposed by Code Section 409A.

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

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

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

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

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

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

7. **Performance Awards, including Annual Incentive Awards.**

(a) ***Performance Awards Generally***. Performance Awards may be denominated as a cash amount or a number of shares of Stock which will be earned, and/or a specified number of Awards which will be granted, upon achievement or satisfaction of performance conditions specified by the Committee. In addition, the Committee may constitute any other Award as a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and/or the vesting or timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions (including, but not limited to, the criteria set forth in Section 7(b)(ii)), and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions. Notwithstanding the foregoing, any Award intended to qualify as "performance-based compensation" under Code Section 162(m) (other than Options and SARs) shall be subject to the additional limitations set forth in Section 7(b).

(b) ***Code Section 162(m) Awards***. If the Committee determines that a Performance Award (other than an Option or SAR) is intended to qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant, exercise, vesting, and/or settlement of such Performance Award shall be contingent upon achievement of a pre-established performance goal and such Award shall comply with the other requirements set forth in this Section 7(b).

(i) *Performance Goal Generally*. The performance goal for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7(b). The performance goal shall be objective and shall otherwise meet the requirements of Code Section 162(m), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain" within the meaning of Code Section 162(m). The Committee may determine that such Performance Awards shall be granted, exercised, vested, and/or settled upon achievement of any one performance goal, or any one of several performance goals, or that two or more of the performance goals must be achieved as a condition to grant, exercise, vesting, and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

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

(iii) *Performance Period; Timing for Establishing Performance Goals*. Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period specified by the Committee, which may be one year, or less or more than one year. A performance goal shall be established not later than the earlier of (A) 90 days after the beginning of any performance period applicable to such Performance Award or (B) the time 25% of such performance period has elapsed. At the time of establishing the performance goals, the Committee may specify the circumstances in which such Performance Awards shall be paid in the event of termination of the Participant's employment prior to the end of the performance period, which may differ depending on the circumstances of the termination; provided that, to the extent required by Code Section 162(m), payment shall not exceed the amount the Participant would have received had he or she remained in employment through the end of the performance period.

(iv) *Performance Award Pool*. The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 7(b)(ii) during the given performance period, as specified by the Committee in accordance with Section 7(b)(iii). The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria. In addition, (i) the maximum amount payable from such pool to any Participant whose Award is intended to qualify as "performance-based" under Code Section 162(m) must be stated in terms of a percentage of the pool, (ii) the sum of all individual percentages of the pool is not permitted to exceed 100 percent, and (iii) no Participant may receive in excess of his or her stated percentage.

(v) *Written Determinations*. Prior to payment or settlement of each Award subject to this Section 7(b), the Committee shall certify in writing, in a manner which satisfies the requirements of Code Section 162(m), that the performance objective(s) relating to the Performance Award and other material terms of the Award upon which payment or settlement of the Award was conditioned have been satisfied.

(vi) *Settlement of Performance Awards*. Settlement of Performance Awards may be in cash, Stock, other Awards or other property, as determined by the Committee during the time period specified in Section 7(b)(iii). The Committee may, in its discretion, reduce (but not increase) the amount payable in respect of a Performance Award subject to this Section 7(b). Any settlement which changes the form of payment from that originally specified shall be implemented in a manner such that the Performance Award and other related Awards do not, solely for that reason, fail to qualify as "performance-based compensation" for purposes of Code Section 162(m).

(vii) *Limitation on Committee Discretion.* No provision of the Plan giving the Committee discretion to modify the terms of an Award shall be deemed to confer upon the Committee or any other person discretion to increase the amount of compensation payable in connection with an Award that is intended to constitute "performance-based compensation" under Code Section 162(m) or to otherwise modify the terms of such Award in a manner that does not satisfy Code Section 162(m).

(c) ***Annual Incentive Awards***. The Committee may grant Annual Incentive Awards under the Plan. If an Annual Incentive Award is not intended to qualify as "performance-based compensation" for purposes of Code Section 162(m), such Award shall comply with the provisions of Section 7(a). If an Annual Incentive Award is intended to qualify as "performance-based compensation" for purposes of Code Section 162(m), such Award shall comply with the provisions of Section 7(b).

(d) ***Adjustments to Performance Goals.*** The Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including the performance goals and amounts payable under Performance Awards and the amount of any unfunded Performance Award pool relating thereto) (i) in recognition of unusual or nonrecurring events (including, without limitation, events described in Section 11(c), acquisitions and dispositions of businesses and assets, litigation or claim judgments or settlements, extraordinary items, and specified non-recurring charges or credits) affecting the Company, any subsidiary or affiliate or other business unit, and/or (ii) in response to changes in applicable laws, regulations, accounting principles, or tax rates; provided that no such adjustment shall be authorized or made that would cause any Award to a covered employee (within the meaning of Code Section 162(m)) intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify.

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

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

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

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

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

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

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

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

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

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

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

9. **Certain General Provisions Applicable To Awards.**

(a) ***Stand-Alone, Additional, Tandem, and Substitute Awards***. Awards granted under the Plan may, in the Committee's discretion, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company or Group or any business entity to be acquired by the Company or Group, or any other right of a Participant to receive payment from the Company or Group, subject to any restrictions imposed by Code Section 409A or 162(m). If two Awards are granted in tandem, a Participant may receive the benefit of one Award only to the extent he or she relinquishes the tandem Award. Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards. Subject to any restrictions imposed by Code Section 409A, the Committee may grant substitute Awards in assumption of or in substitution for an outstanding award granted by a company or business acquired by the Company or Group, or with which the Company or Group combines, with an exercise price or grant price per share of Stock below Fair Market Value as it determines appropriate to preserve the economic value of any such outstanding assumed or substituted awards.

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

(c) ***Form and Timing of Payment under Awards***.

(i) *Committee Discretion*. Subject to the terms of the Plan and any applicable Award document and to the extent permitted under Code Section 409A, payments to be made by the Company upon the exercise or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated, and/or cash may be paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events, subject to Section 11(j). Subject to Section 11(j), the Committee may require installment or deferred payments (subject to Section 11(e)) or may permit a Participant to elect such payments (including extension of a deferral period) on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock (subject to the requirements of Code Section 162(m) in the case of Performance Awards intended to qualify as "performance-based compensation" under such Section).

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

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

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

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

10. **Change in Control.**

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

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

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

(ii) the occurrence of any event if, immediately following such event, a majority of the members of the Board or the board of directors of the Bank or of any successor corporation or entity shall consist of persons other than Current Members (for these purposes, a "Current Member" shall mean any member of the Board or the board of directors of the Bank as of January 1, 2014 and any successor of a Current Member whose nomination or election has been approved by a majority of the Current Members then on the respective board of directors); or

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

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

11. **General Provisions.**

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

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

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

(i) In the event that any large, special and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, sale of substantially all assets, liquidation, dissolution or other change in corporate structure or corporate transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of benefits under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (A) the aggregate number and kind of shares of Stock or other property which may be delivered under the Plan, including the number of shares with respect to which ISOs may be granted, (B) the number and kind of shares of Stock or other property by which annual per-person Award limitations are measured under Section 5(b), (C) the number and kind of shares of Stock or other property comprising Formula Awards under Section 8, (D) the number and kind of shares of Stock or other property which may be granted without minimum vesting requirements under Section 9(d), (E) the number and kind of shares of Stock or other property subject to or deliverable in respect of outstanding Awards, and (F) the exercise price, grant price or purchase price relating to any Award.

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

(d) ***Tax Provisions***.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) ***Nonexclusivity of the Plan***. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other compensatory plans or incentive arrangements as it may deem desirable, including incentive arrangements and awards which do not qualify under Code Section 162(m), and arrangements providing for the issuance of Stock; and such other arrangements may be either applicable generally or only in specific cases.

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

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

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

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

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

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

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

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

(m) ***Limitation on Rights Conferred under Plan***. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Participant the right to continue as a Participant or in the employ or service of the Company or Group, (ii) interfering in any way with the right of the Company or Group to terminate any Participant’s employment or service at any time (subject to the terms and provisions of any separate written agreements), (iii) giving any person a claim to be granted any Award under the Plan, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until shares of Stock are duly issued or transferred to the Participant in accordance with the terms of an Award. Determinations by the Committee under the Plan relating to the form, amount, and terms and conditions of Awards need not be uniform, and may be made selectively among persons who receive or are eligible to receive Awards under the Plan, whether or not such persons are similarly situated. Except as expressly provided in the Plan or an Award document, neither the Plan nor any Award document shall confer on any person other than the Company (or Group) and the Participant any rights or remedies thereunder.

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

(o) ***Plan Effective Date; Termination of Preexisting Plans***. The Plan became effective on May 20, 2014. Upon such approval of the Plan by the stockholders of the Company, no further awards shall be granted under the Company's 2005 Omnibus Incentive Plan, 1996 Stock Option Incentive Plan, and 1996 Restricted Stock Incentive Plan, but any outstanding awards under such plans shall continue in accordance with their terms.

(p) ***Plan Termination Date***. No Awards shall be granted under the Plan after the Company's annual meeting of stockholders held in 2024, but outstanding Awards granted prior to such date shall continue in accordance with their terms.

Exhibit 31.1

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John R. Buran, certify that:

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

Date: August 4, 2021

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

Exhibit 31.2

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Susan K. Cullen, certify that:

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

Date: August 4, 2021

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

Exhibit 32.1

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

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

In connection with the Quarterly Report of Flushing Financial Corporation (the “Corporation”) on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John R. Buran, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/John R. Buran
John R. Buran
Chief Executive Officer
August 4, 2021

Exhibit 32.2

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

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

In connection with the Quarterly Report of Flushing Financial Corporation (the "Corporation") on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan K. Cullen, Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By: /s/Susan K. Cullen
Susan K. Cullen
Chief Financial Officer
August 4, 2021