

Flushing Financial Corporation Reports 3Q23 GAAP EPS of \$0.32 and Core EPS of \$0.31; Delivered Sequential EPS and GAAP NIM Expansion as Action Plan Continues to Progress; Opened 27th Branch Expanding Asian Market Presence

Oct 31, 2023 5:29 PM

John R. Buran, President and CEO Commentary

“We delivered sequential EPS and GAAP NIM expansion through the continued execution of our action plan to drive long-term profitability while advancing our near-term areas of focus amid persisting challenges in the operating environment. In 3Q23, we made significant progress on delivering against all pillars of our action plan, including: 1) reduced interest rate risk and moved closer to our goal of interest rate neutrality, including the addition of \$100 million of interest rate hedges; 2) increased yields on new loans 288 bps YoY and 34 bps QoQ, with an emphasis on floating rate loans and back-to-back swaps; 3) increased noninterest bearing deposits \$46.6 million QoQ; 4) saw strength in debt service coverage for our multifamily and investor commercial real estate portfolios repricing through 2025, with our stress testing (200 bps increase in rates and 10% rise in operating expenses) indicating a resilient borrower base; Manhattan office buildings are minimal at 0.6% of net loans; 5) maintained stability in available liquidity and capital ratios; and 6) emphasized noninterest expenses. We’re confident that our ability to execute will guide us through the near-term challenges and enable the Bank to emerge as a strong and more profitable institution.”

- John R. Buran, President and CEO

UNIONDALE, N.Y., Oct. 31, 2023 (GLOBE NEWSWIRE) -- **QoQ, EPS Increases; GAAP NIM Expands; Minimal Core NIM Compression.** The Company reported third quarter 2023 GAAP EPS of \$0.32, up 10.3% QoQ, but down 57.9% YoY. Core EPS totaled \$0.31, an increase of 19.2% QoQ, but a decrease of 50.0% YoY. The improvement in core EPS QoQ was primarily driven by lower credit costs, higher noninterest income, and lower operating expenses, partially offset by slight NIM compression. GAAP NIM of 2.22% increased 4 bps QoQ but declined 85 bps YoY; while Core NIM of 2.14% compressed 3 bps QoQ and 89 bps YoY. Our actions to reduce interest rate risk, including adding interest rate hedges and floating rate loans, assisted in reducing the NIM compression and are beneficial in a “higher-for-longer” rate environment.

Strong Credit Quality; Stable Capital. Nonperforming assets decreased 23.2% YoY and 3.1% QoQ while net recoveries were \$42,000 in 3Q23. Capital continues to be sound with TCE/TA¹ of 7.59% at September 30, 2023, compared to 7.71% at June 30, 2023.

Key Financial Metrics²

	3Q23	2Q23	1Q23	4Q22	3Q22	9M23	9M22
GAAP:							
EPS	\$ 0.32	\$ 0.29	\$ 0.17	\$ 0.34	\$ 0.76	\$ 0.77	\$ 2.15
ROAA (%)	0.44	0.41	0.24	0.48	1.11	0.36	1.08
ROAE (%)	5.57	5.12	3.02	6.06	13.91	4.56	13.24
NIM FTE ³ (%)	2.22	2.18	2.27	2.70	3.07	2.22	3.26
Core:							
EPS	\$ 0.31	\$ 0.26	\$ 0.10	\$ 0.57	\$ 0.62	\$ 0.67	\$ 1.92
ROAA (%)	0.43	0.37	0.14	0.82	0.90	0.31	0.96
ROAE (%)	5.41	4.66	1.76	10.29	11.24	3.93	11.80
Core NIM FTE (%)	2.14	2.17	2.25	2.63	3.03	2.18	3.22
Credit Quality:							
NPAs/Loans & OREO (%)	0.56	0.58	0.61	0.77	0.72	0.56	0.72
ACLs/Loans (%)	0.57	0.57	0.56	0.58	0.59	0.57	0.59
ACLs/NPLs (%)	225.38	207.08	182.89	124.89	142.29	225.38	142.29
NCOs/Avg Loans (%)	-	0.09	0.54	0.05	0.02	0.21	0.01
Balance Sheet:							
Avg Loans (\$B)	\$ 6.8	\$ 6.8	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.8	\$ 6.7
Avg Dep (\$B)	\$ 6.8	\$ 6.9	\$ 6.8	\$ 6.7	\$ 6.3	\$ 6.8	\$ 6.4
Book Value/Share	\$ 23.15	\$ 23.18	\$ 22.84	\$ 22.97	\$ 22.47	\$ 23.15	\$ 22.47
Tangible BV/Share	\$ 22.48	\$ 22.51	\$ 22.18	\$ 22.31	\$ 21.81	\$ 22.48	\$ 21.81
TCE/TA (%)	7.59	7.71	7.73	7.82	7.62	7.59	7.62

¹ Tangible Common Equity (“TCE”)/Total Assets (“TA”) ² See “Reconciliation of GAAP Earnings and Core Earnings”, “Reconciliation of GAAP Revenue and Pre-Provision Pre-Tax Net Revenue”, and “Reconciliation of GAAP Net Interest Margin to Core Net Interest Income and Net Interest Margin.” ³ Net Interest Margin (“NIM”) Fully Taxable Equivalent (“FTE”)

3Q23 Highlights

- Net interest margin FTE increased 4 bps QoQ, but decreased 85 bps YoY to 2.22%; Core net interest margin FTE decreased 3 bps QoQ and 89 bps YoY to 2.14%; Both GAAP and Core NIMs benefited from \$100 million of new interest rate hedges added during the quarter and the closing of \$120.5 million of back-to-back swap loans that generate noninterest income immediately and interest income over the life of the loan while adding floating rate assets to provide additional interest rate risk neutralization
- Average total deposits increased 8.6% YoY, but declined 1.2% QoQ to \$6.8 billion; Noninterest bearing deposits increased \$46.6 million QoQ despite new checking account openings declining 5% YoY in 3Q23; average CDs totaled \$2.3 billion, up 116.6% YoY and

11.9% QoQ; growth in CDs generally lengthens the duration of customer deposits and helps reduce rate sensitivity

- Bensonhurst branch opened on September 29, 2023, which expands our Asian market presence
- Period end net loans decreased 0.8% YoY, but increased 0.9% QoQ; loan closings were \$241.5 million down 47.9% YoY, but up 52.1% QoQ; the yield on closings increased 288 bps YoY and 34 bps QoQ to 7.48%
- Loan pipeline increased 17.5% YoY, but decreased 12.6% QoQ to \$363.3 million; approximately 60% of the loan pipeline consists of floating rate loans including back-to-back swap loans
- NPAs declined to \$38.4 million from \$50.0 million a year ago and \$39.6 million in the prior quarter
- Provision for credit losses was \$0.6 million in 3Q23 compared to \$2.1 million in 3Q22 and \$1.4 million in 2Q23; net recoveries were \$42,000 in 3Q23 compared to net charge-offs of \$0.3 million in 3Q22 and \$1.6 million in 2Q23
- Tangible Common Equity to Tangible Assets declined to 7.59% at 3Q23 compared to 7.71% at 2Q23
- Repurchased 59,352 shares at an average price of \$15.88 or a 29.4% discount to September 30, 2023, tangible book value of \$22.48

Areas of Focus	
Interest Rate Risk	<ul style="list-style-type: none"> • Continued to take actions to position the Company's balance sheet more towards interest rate risk neutral • During 3Q23, the Company added \$100 million of interest rate hedges • Approximately 60% of the loan pipeline consists of floating rate loans including back-to-back loan swaps • Rate sensitivity to a +100 bps shock has been reduced by 66% over the past year • Increased noninterest bearing deposits by \$46.6 million QoQ
Credit Quality	<ul style="list-style-type: none"> • Manhattan office buildings are minimal at 0.6% of net loans • Over 88% of the loan portfolio is collateralized by real estate with an average loan to value less than 36% • Debt service coverage ratio is 1.8x for multifamily and investor commercial real estate loans that reprice through 2025
Liquidity	<ul style="list-style-type: none"> • The Company maintains ample liquidity with \$3.7 billion of undrawn lines and resources • Uninsured and uncollateralized deposits were 16% of total deposits • Total deposits increased 9.1% YoY • Checking account openings were down 5.0% YoY in 3Q23
Customer Experience	<ul style="list-style-type: none"> • Approximately 33% of our branches are in Asian communities • Bensonhurst, our 27th branch, opened on September 29, 2023

- Digital banking usage continues to increase with double digit growth in monthly mobile deposit active users and digital banking enrollment in September 2023 versus a year ago

Income Statement Highlights

(\$000s, except EPS)	3Q23	2Q23	1Q23	4Q22	3Q22	YoY Change	QoQ Change
Net Interest Income	\$ 44,427	\$ 43,378	\$ 45,262	\$ 54,201	\$ 61,206	(27.4%)	2.4%
Provision (Benefit) for Credit Losses	596	1,416	7,508	(12)	2,145	(72.2)	(57.9)
Noninterest Income (Loss)	3,476	5,122	6,908	(7,652)	8,995	(61.4)	(32.1)
Noninterest Expense	34,415	35,279	37,703	33,742	35,634	(3.4)	(2.4)
Income Before Income Taxes	12,892	11,805	6,959	12,819	32,422	(60.2)	9.2
Provision for Income Taxes	3,493	3,177	1,801	2,570	8,980	(61.1)	9.9
Net Income	\$ 9,399	\$ 8,628	\$ 5,158	\$ 10,249	\$ 23,442	(59.9)	8.9
Diluted EPS	\$ 0.32	\$ 0.29	\$ 0.17	\$ 0.34	\$ 0.76	(57.9)	10.3
Avg. Diluted Shares (000s)	29,703	30,090	30,265	30,420	30,695	(3.2)	(1.3)
Core Net Income ¹	\$ 9,135	\$ 7,854	\$ 3,003	\$ 17,399	\$ 18,953	(51.8)	16.3
Core EPS ¹	\$ 0.31	\$ 0.26	\$ 0.10	\$ 0.57	\$ 0.62	(50.0)	19.2

¹ See Reconciliation of GAAP Earnings and Core Earnings

Net interest income decreased YoY but increased QoQ.

- Net interest margin, FTE of 2.22% decreased 85 bps YoY, but increased 4 bps QoQ
- Prepayment penalty income from loans and securities, net reversals and recoveries of interest from nonaccrual loans, net gains and losses from fair value adjustments on qualifying hedges, and purchase accounting accretion totaled \$2.6 million (13 bps to the NIM) compared to \$0.5 million (3 bps) in 2Q23, \$1.1 million (6 bps) in 1Q23, \$2.4 million (12 bps) in 4Q22, and \$2.2 million (11 bps) in 3Q22
- Excluding the items in the previous bullet, net interest margin was 2.09% in 3Q23, 2.15% in 2Q23, 2.21% in 1Q23, 2.58% in 4Q22, and 2.96% in 3Q22

The **provision for credit losses** declined YoY and QoQ.

- Net charge-offs (recoveries) were \$(42,000) in 3Q23 (less than (1) bp of average loans) compared to \$1.6 million in 2Q23 (9 bps), \$9.2 million in 1Q23 (54 bps of average loans), \$0.8 million in 4Q22 (5 bps of average loans), and \$0.3 million in 3Q22 (2 bps of average loans)
- 1Q23 net charge-offs were primarily related to a commercial business relationship that was placed on nonaccrual in 2Q22

Noninterest income (loss) declined YoY and QoQ.

- Noninterest income included net gains (losses) from fair value adjustments of \$(1.2) million in 3Q23 (\$0.03) per share, net of tax, \$0.3 million in 2Q23 (\$0.01 per share, net of tax), \$2.6 million in 1Q23 (\$0.06 per share, net of tax), \$(0.6) million in 4Q22 (\$0.02) per share, net of tax, and \$5.6 million in 3Q22 (\$0.13 per share, net of tax)
- Loss on the sale of securities was \$10.9 million (\$0.27 per share, net of tax) in 4Q22 as the Company sold \$84.2 million of mortgage-based securities with an approximate yield of 1.17%; proceeds were primarily reinvested in 1Q23 into floating rate securities that had a yield at that time that approximated 6.40%
- Life insurance proceeds were \$23,000 in 3Q23 (less than \$0.01 per share), \$0.6 million (\$0.02 per share) in 2Q23, and \$0.3 million (\$0.01 per share) in 4Q22
- Absent all above items and other immaterial adjustments, core noninterest income was \$4.7 million in 3Q23, up 39.5% YoY and 10.1% QoQ
- Back-to-back swap loan closings of \$120.5 million in 3Q23 (compared to \$11.5 million in 2Q23) contributed to the growth in core noninterest income; the Company earns fee income on back-to-back swap loan closings

Noninterest expense decreased YoY and QoQ.

- Other operating expenses include \$0.6 million reduction in reserves for unfunded commitments in 3Q22; Seasonal compensation expense was \$4.1 million in 1Q23
- Excluding the effects of other immaterial adjustments, core operating expenses were \$34.3 million in 3Q23, down 3.4% YoY, and 2.4% QoQ
- GAAP noninterest expense to average assets was 1.62% in 3Q23, 1.67% in 2Q23, 1.78% in 1Q23, 1.58% in 4Q22, and 1.69% in 3Q22
- Noninterest expense largely includes \$3.3 million benefit from Employee Retention Tax Credit refunds in 3Q23 and \$7.0 million year to date; these refunds are not expected to be repeated in 2024

Provision for income taxes declined YoY and increased QoQ.

- The effective tax rate was 27.1% in 3Q23, 26.9% in 2Q23, 25.9% in 1Q23, 20.0% in 4Q22, and 27.7% in 3Q22
- The 4Q22 effective tax rate declined due to preferential tax items having a larger impact due to lower levels of pre-tax income

Balance Sheet, Credit Quality, and Capital Highlights
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						YoY	QoQ
	3Q23	2Q23	1Q23	4Q22	3Q22	Change	Change

Averages (\$MM)							
Loans	\$ 6,813	\$ 6,830	\$ 6,871	\$ 6,881	\$ 6,861	(0.7)%	(0.2)%
Total Deposits	6,819	6,900	6,810	6,678	6,277	8.6	(1.2)
Credit Quality (\$000s)							
Nonperforming Loans	\$ 17,405	\$ 18,637	\$ 21,176	\$ 32,382	\$ 29,003	(40.0)%	(6.6)%
Nonperforming Assets	38,386	39,618	42,157	53,363	49,984	(23.2)	(3.1)
Criticized and Classified Loans	74,169	48,675	58,130	68,093	61,684	20.2	52.4
Criticized and Classified Assets	95,150	69,656	79,111	89,073	82,665	15.1	36.6
Allowance for Credit Losses/Loans (%)	0.57	0.57	0.56	0.58	0.59	(2) bps	- bps
Capital							
Book Value/Share	\$ 23.15	\$ 23.18	\$ 22.84	\$ 22.97	\$ 22.47	3.0%	(0.1)%
Tangible Book Value/Share	22.48	22.51	22.18	22.31	21.81	3.1	(0.1)
Tang. Common Equity/Tang. Assets (%)	7.59	7.71	7.73	7.82	7.62	(3) bps	(12) bps
Leverage Ratio (%)	8.54	8.56	8.58	8.61	8.74	(20)	(2)

Average loans decreased YoY and QoQ.

- Period end net loans totaled \$6.9 billion, down 0.8% YoY, but up 0.9% QoQ
- Total loan closings were \$241.5 million in 3Q23, \$158.8 million in 2Q23, \$173.5 million in 1Q23, \$225.2 million in 4Q22, and \$463.7 million in 3Q22; the loan pipeline was \$363.3 million at September 30, 2023, up 17.5% YoY, but down 12.6% QoQ
- The diversified loan portfolio is over 88% collateralized by real estate with an average loan-to-value ratio of less than 36%
- Manhattan office buildings are approximately 0.6% of net loans

Average total deposits increased YoY but declined QoQ.

- Average CDs totaled \$2.3 billion, up 116.6% YoY and 11.9% QoQ; CDs generally lengthen the duration of customer deposits and reduce sensitivity to rising rates
- Average noninterest bearing deposits decreased 18.9% YoY, but increased 0.2% QoQ in 3Q23 and comprised 12.5% of average total deposits in 3Q23 compared to 16.7% a year ago
- Period end noninterest bearing deposits decreased 11.9% YoY, but increased 5.6% QoQ

Credit Quality: Nonperforming loans declined YoY and QoQ.

- Criticized and classified loans were 108 bps of gross loans at 3Q23 compared to 71 bps at 2Q23, 84 bps at 1Q23, 98 bps at 4Q22, and 89 bps at 3Q22

- Allowance for credit losses were 225.4% of nonperforming loans at 3Q23 compared to 207.1% at 2Q23, and 142.3% at 3Q22

Capital: Book value per common share and tangible book value per common share, a non-GAAP measure, increased YoY but declined slightly QoQ to \$23.15 and \$22.48, respectively.

- The Company paid a dividend of \$0.22 per share in 3Q23 and has ample available liquidity to meet its obligations
- The Company repurchased 59,352 shares in 3Q23 at an average price of \$15.88, representing a 29.4% discount to tangible book value, with 846,779 shares remaining subject to repurchase under the authorized stock repurchase program, which has no expiration or maximum dollar limit
- Tangible common equity to tangible assets was 7.59% at 3Q23 compared to 7.71% at 2Q23 and 7.62% at 3Q22

Conference Call Information and Fourth Quarter Earnings Release Date

Conference Call Information:

- John R. Buran, President and Chief Executive Officer, and Susan K. Cullen, Senior Executive Vice President and Chief Financial Officer and Treasurer, will host a conference call on Wednesday, November 1, 2023, at 9:30 AM (ET) to discuss the Company's third quarter results and strategy.
- Dial-in for Live Call: 1-877-509-5836; Canada 855-669-9657
- Webcast: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=trpzpC32>
- Dial-in for Replay: 1-877-344-7529; Canada 855-669-9658
- Replay Access Code: 2779651
- The conference call will be simultaneously webcast and archived

Fourth Quarter 2023 Earnings Release Date:

The Company plans to release Fourth Quarter 2023 financial results after the market close on January 25, 2024; followed by a conference call at 11:00 AM (ET) on January 26, 2024.

A detailed announcement will be issued prior to the third quarter's close confirming the date and time of the earnings release.

About Flushing Financial Corporation

Flushing Financial Corporation (Nasdaq: FFIC) is the holding company for Flushing Bank®, an FDIC insured, New York State—chartered commercial bank that operates banking offices in Queens, Brooklyn, Manhattan, and on Long Island. The Bank has been building relationships with families, business owners, and communities since 1929. Today, it offers the products, services, and conveniences associated with large commercial banks, including a full complement of deposit, loan, equipment finance, and cash management services. Rewarding customers with personalized attention and bankers that can communicate in the languages prevalent within these multicultural markets is what makes the Bank uniquely different. As an Equal Housing Lender and leader in real estate lending, the Bank's experienced lending teams create mortgage solutions for real estate owners and property managers both within and outside the New York City metropolitan area. The

Bank also fosters relationships with consumers nationwide through its online banking division with the iGObanking® and BankPurely® brands.

Additional information on Flushing Bank and Flushing Financial Corporation may be obtained by visiting the Company’s website at FlushingBank.com. Flushing Financial Corporation’s earnings release and presentation slides will be available prior to the conference call at www.FlushingBank.com under Investor Relations.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: Statements in this Press Release relating to plans, strategies, 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 the Private Securities Litigation Reform Act of 1995, 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, risk factors discussed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and in other documents filed by the Company with the Securities and Exchange Commission from time to time. 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. The Company has no obligation to update these forward-looking statements.

Investor Contact: Susan K. Cullen, SEVP, CFO and Treasurer, 718-961-5400

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- Statistical Tables Follow -

**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Unaudited)**

	At or for the three months ended				
	September 30,	June 30,	March 31,	December 31,	September 30,
	2023	2023	2023	2022	2022
<i>(Dollars in thousands, except per share data)</i>					
Performance Ratios ⁽¹⁾					
Return on average assets	0.44%	0.41 %	0.24 %	0.48 %	1.11 %
Return on average equity	5.57	5.12	3.02	6.06	13.91
Yield on average interest-earning assets ⁽²⁾	5.20	4.84	4.61	4.44	4.10
Cost of average interest-bearing liabilities	3.52	3.15	2.80	2.11	1.25
Cost of funds	3.13	2.80	2.47	1.84	1.08
Net interest rate spread during period ⁽²⁾	1.68	1.69	1.81	2.33	2.85

Net interest margin ⁽²⁾	2.22	2.18	2.27	2.70	3.07
Noninterest expense to average assets	1.62	1.67	1.78	1.58	1.69
Efficiency ratio ⁽³⁾	72.33	74.02	76.48	59.55	55.68
Average interest-earning assets to average interest bearing liabilities	1.18X	1.18 X	1.19 X	1.21 X	1.22 X

Average Balances

Total loans, net	\$ 6,813,019	\$ 6,829,648	\$ 6,871,192	\$ 6,881,245	\$ 6,861,463
Total interest-earning assets	8,017,460	7,986,020	7,996,677	8,045,691	7,979,070
Total assets	8,504,364	8,461,827	8,468,311	8,518,019	8,442,657
Total deposits	6,819,397	6,899,617	6,810,485	6,678,383	6,276,613
Total interest-bearing liabilities	6,771,860	6,756,859	6,703,558	6,662,209	6,553,087
Stockholders' equity	675,513	673,943	683,071	676,165	674,282

Per Share Data

Book value per common share ⁽⁴⁾	\$ 23.15	\$ 23.18	\$ 22.84	\$ 22.97	\$ 22.47
Tangible book value per common share ⁽⁵⁾	\$ 22.48	\$ 22.51	\$ 22.18	\$ 22.31	\$ 21.81

Stockholders' Equity

Stockholders' equity	\$ 669,141	\$ 671,303	\$ 673,459	\$ 677,157	\$ 670,719
Tangible stockholders' equity	649,854	651,898	653,932	657,504	650,936

Consolidated Regulatory Capital Ratios

Tier 1 capital	\$ 739,364	\$ 735,810	\$ 737,138	\$ 746,880	\$ 749,526
Common equity Tier 1 capital	692,914	689,876	690,846	698,258	701,532
Total risk-based capital	968,152	963,840	965,384	975,709	979,021
Risk Weighted Assets	6,802,385	6,649,252	6,659,532	6,640,542	6,689,284

Tier 1 leverage capital (well capitalized = 5%)	8.54%	8.56%	8.58%	8.61%	8.74%
Common equity Tier 1 risk-based capital (well capitalized = 6.5%)	10.19	10.38	10.37	10.52	10.49
Tier 1 risk-based capital (well capitalized = 8.0%)	10.87	11.07	11.07	11.25	11.20
Total risk-based capital (well capitalized = 10.0%)	14.23	14.50	14.50	14.69	14.64

Capital Ratios

Average equity to average assets	7.94%	7.96%	8.07%	7.94%	7.99%
Equity to total assets	7.80	7.92	7.94	8.04	7.84
Tangible common equity to tangible assets ⁽⁶⁾	7.59	7.71	7.73	7.82	7.62

Asset Quality

Nonaccrual loans ⁽⁷⁾	\$ 17,405	\$ 18,637	\$ 21,176	\$ 29,782	\$ 27,003
Nonperforming loans	17,405	18,637	21,176	32,382	29,003
Nonperforming assets	38,386	39,618	42,157	53,363	49,984
Net charge-offs (recoveries)	(42)	1,560	9,234	811	290

Asset Quality Ratios

Nonperforming loans to gross loans	0.25%	0.27%	0.31%	0.47%	0.42%
Nonperforming assets to total assets	0.45	0.47	0.50	0.63	0.58
Allowance for credit losses to gross loans	0.57	0.57	0.56	0.58	0.59
Allowance for credit losses to nonperforming assets	102.19	97.41	91.87	75.79	82.56
Allowance for credit losses to nonperforming loans	225.38	207.08	182.89	124.89	142.29
Net charge-offs (recoveries) to average loans	—	0.09	0.54	0.05	0.02
Full-service customer facilities	27	26	26	25	25

(See footnotes on next page)

(1) Ratios are presented on an annualized basis, where appropriate.

(2) Yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented.

(3) Efficiency ratio, a non-GAAP measure, was calculated by dividing core noninterest expense (excluding OREO expense and the net gain/loss from the sale of OREO) by the total of core net interest income and core noninterest income.

(4) Calculated by dividing stockholders' equity by shares outstanding.

(5) Calculated by dividing tangible stockholders' common equity, a non-GAAP measure, by shares outstanding. Tangible stockholders' common equity is stockholders' equity less intangible assets. See "Calculation of Tangible Stockholders' Common Equity to Tangible Assets".

(6) See "Calculation of Tangible Stockholders' Common Equity to Tangible Assets".

(7) Excludes performing nonaccrual TDR loans in periods prior to 1Q23.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the three months ended				September 30, 2022	For the September 30, 2023
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022		
<i>(In thousands, except per share data)</i>						
Interest and Dividend Income						
Interest and fees on loans	\$ 91,466	\$ 85,377	\$ 82,889	\$ 81,033	\$ 75,546	\$ 259,...

Interest and dividends on securities:						
Interest	10,383	9,172	7,240	6,511	5,676	26,7
Dividends	33	30	29	24	17	
Other interest income	2,154	1,982	1,959	1,702	506	6,
Total interest and dividend income	104,036	96,561	92,117	89,270	81,745	292,7
Interest Expense						
Deposits	50,066	46,249	39,056	27,226	11,965	135,7
Other interest expense	9,543	6,934	7,799	7,843	8,574	24,5
Total interest expense	59,609	53,183	46,855	35,069	20,539	159,9
Net Interest Income						
	44,427	43,378	45,262	54,201	61,206	133,0
Provision (benefit) for credit losses	596	1,416	7,508	(12)	2,145	9,5
Net Interest Income After Provision (Benefit) for Credit Losses	43,831	41,962	37,754	54,213	59,061	123,5
Noninterest Income (Loss)						
Banking services fee income	2,636	1,780	1,411	1,231	1,351	5,8
Net loss on sale of securities	—	—	—	(10,948)	—	
Net gain on sale of loans	—	54	54	46	—	
Net gain on disposition of assets	—	—	—	104	—	
Net gain (loss) from fair value adjustments	(1,246)	294	2,619	(622)	5,626	1,0
Federal Home Loan Bank of New York stock dividends	624	534	697	658	538	1,8
Life insurance proceeds	23	561	—	286	—	5,
Bank owned life insurance	1,157	1,134	1,109	1,126	1,132	3,4
Other income	282	765	1,018	467	348	2,0
Total noninterest income (loss)	3,476	5,122	6,908	(7,652)	8,995	15,5
Noninterest Expense						
Salaries and employee benefits	17,825	19,493	20,887	18,178	21,438	58,7
Occupancy and equipment	3,371	3,534	3,793	3,701	3,541	10,0
Professional services	3,042	2,657	2,483	2,130	2,570	8,3
FDIC deposit insurance	912	943	977	485	738	2,8
Data processing	1,422	1,473	1,435	1,421	1,367	4,5
Depreciation and amortization	1,482	1,482	1,510	1,535	1,488	4,4
Other real estate owned/foreclosure expense	185	150	165	35	143	5,
Other operating expenses	6,176	5,547	6,453	6,257	4,349	18,7
Total noninterest expense	34,415	35,279	37,703	33,742	35,634	107,7
Income Before Provision for Income Taxes						
	12,892	11,805	6,959	12,819	32,422	31,0
Provision for Income Taxes	3,493	3,177	1,801	2,570	8,980	8,4

Net Income	\$	9,399	\$	8,628	\$	5,158	\$	10,249	\$	23,442	\$	23,442
Basic earnings per common share	\$	0.32	\$	0.29	\$	0.17	\$	0.34	\$	0.76	\$	0.76
Diluted earnings per common share	\$	0.32	\$	0.29	\$	0.17	\$	0.34	\$	0.76	\$	0.76
Dividends per common share	\$	0.22	\$	0.22	\$	0.22	\$	0.22	\$	0.22	\$	0.22
Basic average shares		29,703		30,090		30,265		30,420		30,695		30,695
Diluted average shares		29,703		30,090		30,265		30,420		30,695		30,695

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

<i>(Dollars in thousands)</i>	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
ASSETS					
Cash and due from banks	\$ 200,926	\$ 160,053	\$ 176,747	\$ 151,754	\$ 164,693
Securities held-to-maturity:					
Mortgage-backed securities	7,860	7,865	7,870	7,875	7,880
Other securities, net	65,271	65,469	65,653	65,836	66,032
Securities available for sale:					
Mortgage-backed securities	337,879	365,911	380,110	384,283	468,366
Other securities	505,784	503,645	431,818	351,074	351,495
Loans	6,896,074	6,832,425	6,904,176	6,934,769	6,956,674
Allowance for credit losses	(39,228)	(38,593)	(38,729)	(40,442)	(41,268)
Net loans	6,856,846	6,793,832	6,865,447	6,894,327	6,915,406
Interest and dividends receivable	55,660	52,911	46,836	45,048	42,571
Bank premises and equipment, net	21,302	22,182	21,567	21,750	22,376
Federal Home Loan Bank of New York stock	43,821	36,168	38,779	45,842	62,489
Bank owned life insurance	214,321	213,164	214,240	213,131	212,353
Goodwill	17,636	17,636	17,636	17,636	17,636
Core deposit intangibles	1,651	1,769	1,891	2,017	2,147
Right of use asset	41,404	41,526	42,268	43,289	44,885
Other assets	206,922	191,752	168,259	179,084	179,090
Total assets	<u>\$ 8,577,283</u>	<u>\$8,473,883</u>	<u>\$8,479,121</u>	<u>\$8,422,946</u>	<u>\$ 8,557,419</u>
LIABILITIES					
Total deposits	\$ 6,681,509	\$6,723,690	\$6,734,090	\$6,485,342	\$ 6,125,305
Borrowed funds	1,001,010	857,400	887,509	1,052,973	1,572,830
Operating lease liability	43,067	44,402	45,353	46,125	48,330
Other liabilities	182,556	177,088	138,710	161,349	140,235

Total liabilities	<u>7,908,142</u>	<u>7,802,580</u>	<u>7,805,662</u>	<u>7,745,789</u>	<u>7,886,700</u>
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**STOCKHOLDERS'
EQUITY**

Preferred stock (5,000,000 shares authorized; none issued)

—	—	—	—	—
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Common stock (\$0.01 par value; 100,000,000 shares authorized)

341	341	341	341	341
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Additional paid-in capital

264,486	263,744	262,876	264,332	263,755
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Treasury stock

(105,433)	(104,574)	(97,760)	(98,535)	(90,977)
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Retained earnings

550,678	547,811	545,786	547,507	543,894
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Accumulated other comprehensive loss, net of taxes

<u>(40,931)</u>	<u>(36,019)</u>	<u>(37,784)</u>	<u>(36,488)</u>	<u>(46,294)</u>
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Total stockholders' equity

<u>669,141</u>	<u>671,303</u>	<u>673,459</u>	<u>677,157</u>	<u>670,719</u>
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Total liabilities and stockholders' equity

<u>\$ 8,577,283</u>	<u>\$ 8,473,883</u>	<u>\$ 8,479,121</u>	<u>\$ 8,422,946</u>	<u>\$ 8,557,419</u>
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(In thousands)

Issued shares

34,088	34,088	34,088	34,088	34,088
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Outstanding shares

28,905	28,961	29,488	29,476	29,851
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Treasury shares

5,183	5,127	4,600	4,612	4,237
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**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
AVERAGE BALANCE SHEETS**

(Unaudited)

(In thousands)	For the three months ended					For the nine m
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, S
Interest-earning Assets:						
Mortgage loans, net	\$ 5,314,215	\$ 5,308,567	\$ 5,333,274	\$ 5,338,612	\$ 5,340,694	\$ 5,318,616
Other loans, net	1,498,804	1,521,081	1,537,918	1,542,633	1,520,769	1,519,124
Total loans, net	<u>6,813,019</u>	<u>6,829,648</u>	<u>6,871,192</u>	<u>6,881,245</u>	<u>6,861,463</u>	<u>6,837,740</u>
Taxable securities:						
Mortgage-backed securities	436,181	448,620	457,911	549,204	568,854	447,491
Other securities, net	528,091	471,600	411,723	371,897	362,629	470,898
Total taxable securities	<u>964,272</u>	<u>920,220</u>	<u>869,634</u>	<u>921,101</u>	<u>931,483</u>	<u>918,389</u>
Tax-exempt securities:						

Interest Income:

Mortgage loans, net	\$ 68,931	\$ 63,688	\$ 62,054	\$ 60,946	\$ 58,374	\$ 194,673	\$ 16
Other loans, net	<u>22,535</u>	<u>21,689</u>	<u>20,835</u>	<u>20,087</u>	<u>17,172</u>	<u>65,059</u>	<u>4</u>
Total loans, net	<u>91,466</u>	<u>85,377</u>	<u>82,889</u>	<u>81,033</u>	<u>75,546</u>	<u>259,732</u>	<u>21</u>
Taxable securities:							
Mortgage-backed securities	3,031	2,976	2,281	2,425	2,466	8,288	
Other securities	<u>7,003</u>	<u>5,847</u>	<u>4,611</u>	<u>3,723</u>	<u>2,839</u>	<u>17,461</u>	
Total taxable securities	<u>10,034</u>	<u>8,823</u>	<u>6,892</u>	<u>6,148</u>	<u>5,305</u>	<u>25,749</u>	<u>1</u>
Tax-exempt securities:							
Other securities	<u>484</u>	<u>480</u>	<u>477</u>	<u>489</u>	<u>492</u>	<u>1,441</u>	
Total tax-exempt securities	<u>484</u>	<u>480</u>	<u>477</u>	<u>489</u>	<u>492</u>	<u>1,441</u>	
Interest-earning deposits and federal funds sold	<u>2,154</u>	<u>1,982</u>	<u>1,959</u>	<u>1,702</u>	<u>506</u>	<u>6,095</u>	
Total interest-earning assets	<u>104,138</u>	<u>96,662</u>	<u>92,217</u>	<u>89,372</u>	<u>81,849</u>	<u>293,017</u>	<u>22</u>

Interest Expense:

Deposits:							
Savings accounts	\$ 130	\$ 140	\$ 126	\$ 59	\$ 53	\$ 396	\$
NOW accounts	16,843	16,152	13,785	9,515	3,640	46,780	
Money market accounts	14,386	14,625	14,102	10,532	5,280	43,113	
Certificate of deposit accounts	<u>18,639</u>	<u>15,281</u>	<u>11,007</u>	<u>7,037</u>	<u>2,948</u>	<u>44,927</u>	
Total due to depositors	49,998	46,198	39,020	27,143	11,921	135,216	2
Mortgagors' escrow accounts	<u>68</u>	<u>51</u>	<u>36</u>	<u>83</u>	<u>44</u>	<u>155</u>	
Total interest-bearing deposits	50,066	46,249	39,056	27,226	11,965	135,371	2
Borrowings	<u>9,543</u>	<u>6,934</u>	<u>7,799</u>	<u>7,843</u>	<u>8,574</u>	<u>24,276</u>	<u>1</u>
Total interest-bearing liabilities	<u>59,609</u>	<u>53,183</u>	<u>46,855</u>	<u>35,069</u>	<u>20,539</u>	<u>159,647</u>	<u>3</u>
Net interest income-tax equivalent	<u>\$ 44,529</u>	<u>\$ 43,479</u>	<u>\$ 45,362</u>	<u>\$ 54,303</u>	<u>\$ 61,310</u>	<u>\$ 133,370</u>	<u>\$ 18</u>

Included in net interest income above:

Prepayment penalties received on loans and securities and net of reversals and recovered interest from nonaccrual loans	\$ 857	\$ 315	\$ 680	\$ 1,080	\$ 1,368	\$ 1,852	\$
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Net gains/(losses) from fair value adjustments on qualifying hedges included in interest income	1,348	(205)	100	936	28	1,243
Purchase accounting adjustments	347	340	306	342	775	993
Interest-earning Assets Yields:						
Mortgage loans, net	5.19%	4.80%	4.65%	4.57%	4.37%	4.88%
Other loans, net	6.01	5.70	5.42	5.21	4.52	5.71
Total loans, net	<u>5.37</u>	<u>5.00</u>	<u>4.83</u>	<u>4.71</u>	<u>4.40</u>	<u>5.06</u>
Taxable securities:						
Mortgage-backed securities	2.78	2.65	1.99	1.77	1.73	2.47
Other securities	<u>5.30</u>	<u>4.96</u>	<u>4.48</u>	<u>4.00</u>	<u>3.13</u>	<u>4.94</u>
Total taxable securities	<u>4.16</u>	<u>3.84</u>	<u>3.17</u>	<u>2.67</u>	<u>2.28</u>	<u>3.74</u>
Tax-exempt securities: ⁽¹⁾						
Other securities	<u>2.91</u>	<u>2.88</u>	<u>2.86</u>	<u>2.92</u>	<u>2.93</u>	<u>2.88</u>
Total tax-exempt securities	<u>2.91</u>	<u>2.88</u>	<u>2.86</u>	<u>2.92</u>	<u>2.93</u>	<u>2.88</u>
Interest-earning deposits and federal funds sold	<u>4.96</u>	<u>4.68</u>	<u>4.15</u>	<u>3.86</u>	<u>1.70</u>	<u>4.58</u>
Total interest-earning assets ⁽¹⁾	5.20%	4.84%	4.61%	4.44%	4.10%	4.88%
Interest-bearing Liabilities Yields:						
Deposits:						
Savings accounts	0.45%	0.45%	0.37%	0.16%	0.14%	0.42%
NOW accounts	3.53	3.19	2.80	1.93	0.81	3.17
Money market accounts	3.63	3.33	2.74	1.96	0.99	3.20
Certificate of deposit accounts	<u>3.25</u>	<u>2.99</u>	<u>2.62</u>	<u>2.08</u>	<u>1.11</u>	<u>2.98</u>
Total due to depositors	3.39	3.10	2.67	1.93	0.92	3.06
Mortgagors' escrow accounts	<u>0.39</u>	<u>0.21</u>	<u>0.20</u>	<u>0.40</u>	<u>0.26</u>	<u>0.26</u>
Total interest-bearing deposits	3.36	3.06	2.64	1.91	0.92	3.02
Borrowings	<u>4.75</u>	<u>3.92</u>	<u>3.95</u>	<u>3.26</u>	<u>2.58</u>	<u>4.22</u>
Total interest-bearing liabilities	3.52%	3.15%	2.80%	2.11%	1.25%	3.16%

Net interest rate spread (tax equivalent) ⁽¹⁾	1.68 %	1.69 %	1.81 %	2.33 %	2.85 %	1.72 %
Net interest margin (tax equivalent) ⁽¹⁾	<u>2.22 %</u>	<u>2.18 %</u>	<u>2.27 %</u>	<u>2.70 %</u>	<u>3.07 %</u>	<u>2.22 %</u>
Ratio of interest- earning assets to interest- bearing liabilities	1.18 X	1.18 X	1.19 X	1.21 X	1.22 X	1.19 X

⁽¹⁾ Yields are calculated on the tax equivalent basis using the statutory federal income tax rate of 21% for the periods presented.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
DEPOSIT and LOAN COMPOSITION
(Unaudited)

Deposit Composition

<i>(Dollars in thousands)</i>	September 30,	June 30,	March 31,	December	September 30,	3Q23	3Q23
	2023	2023	2023	31, 2022	2022	vs. 2Q23 %	vs. 3Q22 %
						Change	Change
Noninterest bearing	\$ 874,420	\$ 827,820	\$ 872,254	\$ 921,238	\$ 992,378	5.6%	(11.9%)
Interest bearing:							
Certificate of deposit accounts	2,321,369	2,232,696	1,880,260	1,526,338	1,036,107	4.0	124.0
Savings accounts	112,730	118,886	128,245	143,641	150,552	(5.2)	(25.1)
Money market accounts	1,551,176	1,594,637	1,855,781	2,099,776	2,113,256	(2.7)	(26.6)
NOW accounts	<u>1,749,802</u>	<u>1,891,834</u>	<u>1,918,977</u>	<u>1,746,190</u>	<u>1,762,468</u>	<u>(7.5)</u>	<u>(0.7)</u>
Total interest-bearing deposits	<u>5,735,077</u>	<u>5,838,053</u>	<u>5,783,263</u>	<u>5,515,945</u>	<u>5,062,383</u>	<u>(1.8)</u>	<u>13.3</u>
Total due to depositors	6,609,497	6,665,873	6,655,517	6,437,183	6,054,761	(0.8)	9.2
Mortgagors' escrow deposits	<u>72,012</u>	<u>57,817</u>	<u>78,573</u>	<u>48,159</u>	<u>70,544</u>	<u>24.6</u>	<u>2.1</u>

Total deposits	<u>\$ 6,681,509</u>	<u>\$ 6,723,690</u>	<u>\$6,734,090</u>	<u>\$6,485,342</u>	<u>\$ 6,125,305</u>) (0.6%)	9.1%
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Loan Composition

	September 30,	June 30,	March 31,	December 31,	September 30,	3Q23 vs. 2Q23 % Change	3Q23 vs. 3Q22 % Change
<i>(Dollars in thousands)</i>	2023	2023	2023	2022	2022		
Multifamily residential	\$ 2,614,219	\$2,593,955	\$2,601,174	\$2,601,384	\$ 2,608,192	0.8%	0.2%
Commercial real estate	1,953,243	1,917,749	1,904,293	1,913,040	1,914,326	1.9	2.0
One-to-four family — mixed-use property	537,744	542,368	549,207	554,314	560,885	(0.9)	(4.1)
One-to-four family — residential	222,874	230,055	238,417	241,246	240,484	(3.1)	(7.3)
Construction	59,903	57,325	60,486	70,951	63,651	4.5	(5.9)
Mortgage Loans	5,387,983	5,341,452	5,353,577	5,380,935	5,387,538	0.9	—
Small Business Administration	21,896	22,404	22,860	23,275	27,712	(2.3)	(21.0)
Commercial business and other	1,487,775	1,466,358	1,518,756	1,521,548	1,532,497	1.5	(2.9)
Nonmortgage loans	1,509,671	1,488,762	1,541,616	1,544,823	1,560,209	1.4	(3.2)
Gross loans	6,897,654	6,830,214	6,895,193	6,925,758	6,947,747	1.0	(0.7)
Net unamortized (premiums) and unearned loan (cost) fees ⁽¹⁾	(1,580)	2,211	8,983	9,011	8,927	(171.5)	(117.7)
Allowance for credit losses	(39,228)	(38,593)	(38,729)	(40,442)	(41,268)	1.6	(4.9)
Net loans	<u>\$ 6,856,846</u>	<u>\$6,793,832</u>	<u>\$6,865,447</u>	<u>\$6,894,327</u>	<u>\$ 6,915,406</u>	0.9%) (0.8%)

(1) Includes \$4.4 million, \$4.8 million, \$5.1 million, \$5.4 million, and \$5.8 million of purchase accounting unamortized discount resulting from the acquisition of Empire Bancorp at September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022, and September 30, 2022, respectively.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
LOAN CLOSINGS and RATES
(Unaudited)

Loan Closings

<i>(In thousands)</i>	For the three months ended					For the nine months ended	
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, 2023	September 30, 2022
Multifamily residential	\$ 75,655	\$ 31,901	\$ 42,164	\$ 65,347	\$ 173,980	\$ 149,720	\$ 409,062
Commercial real estate	70,197	38,523	15,570	20,750	77,777	124,290	287,705
One-to-four family – mixed-use property	6,028	5,812	4,938	4,489	12,383	16,778	33,109
One-to-four family – residential	1,070	63	4,296	7,485	4,102	5,429	17,574
Construction	6,971	8,811	10,592	7,301	7,170	26,374	24,291
Mortgage Loans	159,921	85,110	77,560	105,372	275,412	322,591	771,741
Small Business Administration	—	820	318	665	46	1,138	2,796
Commercial business and other	81,549	72,850	95,668	119,191	188,202	250,067	522,229
Nonmortgage Loans	81,549	73,670	95,986	119,856	188,248	251,205	525,025
Total Closings	<u>\$ 241,470</u>	<u>\$ 158,780</u>	<u>\$ 173,546</u>	<u>\$ 225,228</u>	<u>\$ 463,660</u>	<u>\$ 573,796</u>	<u>\$ 1,296,766</u>

Weighted Average Rate on Loan Closings

Loan type	For the three months ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022

Mortgage loans	7.22%	6.62%	6.30%	5.59%	4.37%
Nonmortgage loans	8.00	7.76	7.58	6.57	4.93
Total loans	<u>7.48%</u>	<u>7.14%</u>	<u>7.01%</u>	<u>6.10%</u>	<u>4.60%</u>

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
ASSET QUALITY
(Unaudited)

Allowance for Credit Losses

	For the three months ended					For the nine months ended	
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, 2023	September 30, 2022
<i>(Dollars in thousands)</i>							
Allowance for credit losses - loans							
Beginning balances	\$ 38,593	\$ 38,729	\$ 40,442	\$ 41,268	\$ 39,424	\$ 40,442	\$ 37,135
Net loan charge-off (recoveries):							
Multifamily residential	—	—	(1)	132	—	(1)	(1)
Commercial real estate	—	8	—	—	—	8	—
One-to-four family – residential	(6)	4	(36)	17	2	(38)	(2)
Small Business Administration	(48)	(158)	(6)	(9)	(12)	(212)	1,016
Taxi medallion	—	—	—	—	—	—	(447)
Commercial business and other	12	1,706	9,277	671	300	10,995	158
Total	(42)	1,560	9,234	811	290	10,752	724
Provision (benefit) for loan losses	593	1,424	7,521	(15)	2,134	9,538	4,857
Ending balance	\$ 39,228	\$ 38,593	\$ 38,729	\$ 40,442	\$ 41,268	\$ 39,228	\$ 41,268

Gross charge-offs	\$ 21	\$ 1,731	\$ 9,298	\$ 1,938	\$ 324	\$ 11,050	\$ 1,410
Gross recoveries	63	171	64	1,127	34	298	686
Allowance for credit losses - loans to gross loans	0.57%	0.57%	0.56%	0.58%	0.59%	0.57%	0.59%
Net loan charge-offs (recoveries) to average loans	—	0.09	0.54	0.05	0.02	0.21	0.01

Nonperforming Assets

<i>(Dollars in thousands)</i>	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Loans 90 Days Or More Past Due and Still Accruing:					
Commercial real estate	\$ —	\$ —	\$ —	\$ —	\$ 2,000
Construction	—	—	—	2,600	—
Commercial business and other	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,600</u>	<u>2,000</u>
Nonaccrual Loans:					
Multifamily residential	3,206	3,206	3,628	3,206	3,414
Commercial real estate	—	—	—	237	1,851
One-to-four family - mixed-use property ⁽¹⁾	1,075	790	790	790	790
One-to-four family - residential	4,161	5,218	4,961	4,425	4,655
Small Business Administration	1,255	1,119	937	937	937
Commercial business and other ⁽¹⁾	7,708	8,304	10,860	20,187	15,356
Total	<u>17,405</u>	<u>18,637</u>	<u>21,176</u>	<u>29,782</u>	<u>27,003</u>
Total Nonperforming Loans (NPLs)	<u>17,405</u>	<u>18,637</u>	<u>21,176</u>	<u>32,382</u>	<u>29,003</u>
Total Nonaccrual HTM Securities	<u>20,981</u>	<u>20,981</u>	<u>20,981</u>	<u>20,981</u>	<u>20,981</u>
Total Nonperforming Assets	<u>\$ 38,386</u>	<u>\$ 39,618</u>	<u>\$ 42,157</u>	<u>\$ 53,363</u>	<u>\$ 49,984</u>
Nonperforming Assets to Total Assets	0.45%	0.47%	0.50%	0.63%	0.58%

Allowance for Credit Losses to NPLs	225.4%	207.1%	182.9%	124.9%	142.3%
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(1) Adopted ASU No. 2022-02 Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures on January 1, 2023; Not included in the above analysis are nonaccrual performing TDR one-to-four family – mixed use property loans totaling \$0.2 million in 4Q22 and in 3Q22; nonaccrual performing TDR commercial business loans totaling less than \$0.1 million in 4Q22 and \$2.9 million in 3Q22.

**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
RECONCILIATION OF GAAP EARNINGS and CORE EARNINGS**

Non-cash Fair Value Adjustments to GAAP Earnings

The variance in GAAP and core earnings is partly driven by the impact of non-cash net gains and losses from fair value adjustments. These fair value adjustments relate primarily to borrowings carried at fair value under the fair value option.

Core Net Income, Core Diluted EPS, Core ROAE, Core ROAA, Pre-provision Pre-tax Net Revenue, Core Net Interest Income FTE, Core Net Interest Margin FTE, Core Interest Income and Yield on Total Loans, Core Noninterest Income, Core Noninterest Expense and Tangible Book Value per common share are each non-GAAP measures used in this release. A reconciliation to the most directly comparable GAAP financial measures appears below in tabular form. The Company believes that these measures are useful for both investors and management to understand the effects of certain interest and noninterest items and provide an alternative view of the Company's performance over time and in comparison, to the Company's competitors. These measures should not be viewed as a substitute for net income. The Company believes that tangible book value per common share is useful for both investors and management as this measure is commonly used by financial institutions, regulators, and investors to measure the capital adequacy of financial institutions. The Company believes these measures facilitate comparison of the quality and composition of the Company's capital over time and in comparison, to its competitors. These measures should not be viewed as a substitute for total shareholders' equity.

These non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. They should not be considered in isolation or as a substitute for analysis of results reported under GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

**FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
RECONCILIATION OF GAAP EARNINGS and CORE EARNINGS
(Unaudited)**

<i>(Dollars in thousands, except per share data)</i>	For the three months ended				September 30, 2022	For the September 30, 2022
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022		
GAAP income before income taxes	\$ 12,892	\$ 11,805	\$ 6,959	\$ 12,819	\$ 32,422	\$ 3

Net (gain) loss from fair value adjustments (Noninterest income (loss))	1,246	(294)	(2,619)	622	(5,626)	(
Net loss on sale of securities (Noninterest income (loss))	—	—	—	10,948	—	
Life insurance proceeds (Noninterest income (loss))	(23)	(561)	—	(286)	—	
Net gain on disposition of assets (Noninterest income (loss))	—	—	—	(104)	—	
Net (gain) loss from fair value adjustments on qualifying hedges (Net interest income)	(1,348)	205	(100)	(936)	(28)	(
Net amortization of purchase accounting adjustments and intangibles (Various)	(237)	(227)	(188)	(219)	(650)	
Core income before taxes	12,530	10,928	4,052	22,844	26,118	2
Provision for core income taxes	3,395	3,074	1,049	5,445	7,165	7
Core net income	<u>\$ 9,135</u>	<u>\$ 7,854</u>	<u>\$ 3,003</u>	<u>\$ 17,399</u>	<u>\$ 18,953</u>	<u>\$ 19</u>
GAAP diluted earnings per common share	\$ 0.32	\$ 0.29	\$ 0.17	\$ 0.34	\$ 0.76	\$
Net (gain) loss from fair value adjustments, net of tax	0.03	(0.01)	(0.06)	0.02	(0.13)	
Net loss on sale of securities, net of tax	—	—	—	0.27	—	
Life insurance proceeds	—	(0.02)	—	(0.01)	—	
Net gain on disposition of assets, net of tax	—	—	—	—	—	
Net (gain) loss from fair value adjustments on qualifying hedges, net of tax	(0.03)	—	—	(0.02)	—	
Net amortization of purchase accounting adjustments, net of tax	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	
Core diluted earnings per common share ⁽¹⁾	<u>\$ 0.31</u>	<u>\$ 0.26</u>	<u>\$ 0.10</u>	<u>\$ 0.57</u>	<u>\$ 0.62</u>	<u>\$</u>
Core net income, as calculated above	\$ 9,135	\$ 7,854	\$ 3,003	\$ 17,399	\$ 18,953	\$ 19

Average assets	8,504,364	8,461,827	8,468,311	8,518,019	8,442,657	8,470,000
Average equity	675,513	673,943	683,071	676,165	674,282	675,000
Core return on average assets ⁽²⁾	0.43%	0.37%	0.14%	0.82%	0.90%	0.82%
Core return on average equity ⁽²⁾	5.41%	4.66%	1.76%	10.29%	11.24%	10.29%

(1) Core diluted earnings per common share may not foot due to rounding.

(2) Ratios are calculated on an annualized basis.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
RECONCILIATION OF GAAP REVENUE and PRE-PROVISION
PRE-TAX NET REVENUE
(Unaudited)

<i>(Dollars in thousands)</i>	For the three months ended					For the nine months ended	
	September 30,	June 30,	March 31,	December 31,	September 30,	September 30,	September 30,
	2023	2023	2023	2022	2022	2023	2022
GAAP Net interest income	\$ 44,427	\$ 43,378	\$ 45,262	\$ 54,201	\$ 61,206	\$ 133,067	\$ 189,415
Net (gain) loss from fair value adjustments on qualifying hedges	(1,348)	205	(100)	(936)	(28)	(1,243)	161
Net amortization of purchase accounting adjustments	(347)	(340)	(306)	(342)	(775)	(993)	(2,200)
Core Net interest income	<u>\$ 42,732</u>	<u>\$ 43,243</u>	<u>\$ 44,856</u>	<u>\$ 52,923</u>	<u>\$ 60,403</u>	<u>\$ 130,831</u>	<u>\$ 187,376</u>
GAAP Noninterest income (loss)	\$ 3,476	\$ 5,122	\$ 6,908	\$ (7,652)	\$ 8,995	\$ 15,506	\$ 17,661
Net (gain) loss from fair value adjustments	1,246	(294)	(2,619)	622	(5,626)	(1,667)	(6,350)

Net loss on sale of securities	—	—	—	10,948	—	—	—
Life insurance proceeds	(23)	(561)	—	(286)	—	(584)	(1,536)
Net gain on sale of assets	—	—	—	(104)	—	—	—
Core Noninterest income	<u>\$ 4,699</u>	<u>\$ 4,267</u>	<u>\$ 4,289</u>	<u>\$ 3,528</u>	<u>\$ 3,369</u>	<u>\$ 13,255</u>	<u>\$ 9,775</u>
GAAP Noninterest expense	\$ 34,415	\$ 35,279	\$ 37,703	\$ 33,742	\$ 35,634	\$ 107,397	\$ 109,950
Net amortization of purchase accounting adjustments	(110)	(113)	(118)	(123)	(125)	(341)	(389)
Core Noninterest expense	<u>\$ 34,305</u>	<u>\$ 35,166</u>	<u>\$ 37,585</u>	<u>\$ 33,619</u>	<u>\$ 35,509</u>	<u>\$ 107,056</u>	<u>\$ 109,561</u>
Net interest income	\$ 44,427	\$ 43,378	\$ 45,262	\$ 54,201	\$ 61,206	\$ 133,067	\$ 189,415
Noninterest income (loss)	3,476	5,122	6,908	(7,652)	8,995	15,506	17,661
Noninterest expense	(34,415)	(35,279)	(37,703)	(33,742)	(35,634)	(107,397)	(109,950)
Pre-provision pre-tax net revenue	<u>\$ 13,488</u>	<u>\$ 13,221</u>	<u>\$ 14,467</u>	<u>\$ 12,807</u>	<u>\$ 34,567</u>	<u>\$ 41,176</u>	<u>\$ 97,126</u>
Core: Net interest income	\$ 42,732	\$ 43,243	\$ 44,856	\$ 52,923	\$ 60,403	\$ 130,831	\$ 187,376
Noninterest income	4,699	4,267	4,289	3,528	3,369	13,255	9,775
Noninterest expense	(34,305)	(35,166)	(37,585)	(33,619)	(35,509)	(107,056)	(109,561)
Pre-provision pre-tax net revenue	<u>\$ 13,126</u>	<u>\$ 12,344</u>	<u>\$ 11,560</u>	<u>\$ 22,832</u>	<u>\$ 28,263</u>	<u>\$ 37,030</u>	<u>\$ 87,590</u>
Efficiency Ratio	72.3%	74.0%	76.5%	59.6%	55.7%	74.3%	55.6%

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
RECONCILIATION OF GAAP NET INTEREST INCOME and NET INTEREST MARGIN
to CORE NET INTEREST INCOME
(Unaudited)

	For the three months ended					For the nine months ended	
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, 2023	September 30, 2022
<i>(Dollars in thousands)</i>							
GAAP net interest income	\$ 44,427	\$ 43,378	\$ 45,262	\$ 54,201	\$ 61,206	\$ 133,067	\$ 189,400
Net (gain) loss from fair value adjustments on qualifying hedges	(1,348)	205	(100)	(936)	(28)	(1,243)	1,000
Net amortization of purchase accounting adjustments	(347)	(340)	(306)	(342)	(775)	(993)	(2,200)
Tax equivalent adjustment	102	101	100	102	104	303	300
Core net interest income FTE	<u>\$ 42,834</u>	<u>\$ 43,344</u>	<u>\$ 44,956</u>	<u>\$ 53,025</u>	<u>\$ 60,507</u>	<u>\$ 131,134</u>	<u>\$ 187,700</u>
Total average interest-earning assets ⁽¹⁾	\$ 8,021,424	\$ 7,990,331	\$ 8,001,271	\$ 8,050,601	\$ 7,984,558	\$ 8,004,417	\$ 7,770,900
Core net interest margin FTE	2.14%	2.17%	2.25%	2.63%	3.03%	2.18%	3.03%
GAAP interest income on total loans, net	\$ 91,466	\$ 85,377	\$ 82,889	\$ 81,033	\$ 75,546	\$ 259,732	\$ 212,200
Net (gain) loss from fair value	(1,379)	157	(101)	(936)	(28)	(1,323)	1,000

adjustments on qualifying hedges - loans								
Net amortization of purchase accounting adjustments	(358)	(345)	(316)	(372)	(783)	(1,019)	(2,2	
Core interest income on total loans, net	<u>\$ 89,729</u>	<u>\$ 85,189</u>	<u>\$ 82,472</u>	<u>\$ 79,725</u>	<u>\$ 74,735</u>	<u>\$ 257,390</u>	<u>\$ 210,1</u>	
Average total loans, net ⁽¹⁾	\$ 6,817,642	\$ 6,834,644	\$ 6,876,495	\$ 6,886,900	\$ 6,867,758	\$ 6,842,712	\$ 6,701,4	
Core yield on total loans	5.26%	4.99%	4.80%	4.63%	4.35%	5.02%	4.	

(1) Excludes purchase accounting average balances for all periods presented.

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
CALCULATION OF TANGIBLE STOCKHOLDERS'
COMMON EQUITY to TANGIBLE ASSETS
(Unaudited)

<i>(Dollars in thousands)</i>	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Total Equity	\$ 669,141	\$ 671,303	\$ 673,459	\$ 677,157	\$ 670,719
Less:					
Goodwill	(17,636)	(17,636)	(17,636)	(17,636)	(17,636)
Core deposit intangibles	(1,651)	(1,769)	(1,891)	(2,017)	(2,147)
Tangible Stockholders' Common Equity	<u>\$ 649,854</u>	<u>\$ 651,898</u>	<u>\$ 653,932</u>	<u>\$ 657,504</u>	<u>\$ 650,936</u>
Total Assets	\$ 8,577,283	\$ 8,473,883	\$ 8,479,121	\$ 8,422,946	\$ 8,557,419
Less:					
Goodwill	(17,636)	(17,636)	(17,636)	(17,636)	(17,636)
Core deposit intangibles	(1,651)	(1,769)	(1,891)	(2,017)	(2,147)
Tangible Assets	<u>\$ 8,557,996</u>	<u>\$ 8,454,478</u>	<u>\$ 8,459,594</u>	<u>\$ 8,403,293</u>	<u>\$ 8,537,636</u>

Tangible Stockholders'
Common Equity to
Tangible Assets

<u>7.59%</u>	<u>7.71%</u>	<u>7.73%</u>	<u>7.82%</u>	<u>7.62%</u>
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Source: Flushing Financial Corporation