

Flushing Financial Corporation Reports 4Q22 GAAP EPS of \$0.34 and Core EPS of \$0.57; Full Year 2022 GAAP EPS of \$2.50 and Core EPS of \$2.49

Jan 26, 2023 5:30 PM

John R. Buran, President and CEO Commentary

UNIONDALE, N.Y., Jan. 26, 2023 (GLOBE NEWSWIRE) -- The Company reported fourth quarter 2022 GAAP EPS of \$0.34, down 41.4% YoY, with ROAA of 0.48%, and ROAE of 6.06%. Core 4Q22 EPS was \$0.57, a decrease of 14.9% YoY, with ROAA of 0.82% and ROAE of 10.29%. Full year 2022 GAAP EPS was \$2.50, down 3.5% YoY with ROAA of 0.93% and ROAE of 11.44%. Core 2022 EPS was \$2.49, a decline of 11.4% YoY with ROAA of 0.92% and ROAE of 11.42%.

“The Company recorded its second-best core earnings for 2022 despite the aggressive Fed movements and resultant net interest margin compression. The net interest margin compression is expected to be temporary and remain until the Fed ceases rate moves with recovery on a lag as funding pressures ease and loans reprice upwards. During the quarter, the yield on new loan originations totaled 6.10%, up 150 basis points QoQ and 259 basis points YoY. Average loans and deposits increased 4.9% and 3.4% respectively, YoY in 4Q22. Credit quality remains a hallmark of the Company with net charge-offs of only 5 basis points for the quarter and 2 basis points for the year as the real estate portfolio has strong debt service coverage ratios and low loan to values. The Company has a long history of solid credit quality. During the quarter, we sold \$84.2 million of investment securities with an average yield of 1.17% recognizing a \$10.9 million loss. The proceeds will be redeployed into higher yielding assets as we prepare for 2023 and beyond.”

- John R. Buran, President and CEO

Loan Growth of 4.4% YoY; NIM Declined QoQ. Period end net loans increased 4.4% YoY, with business loans comprising 38.3% of the growth; loans declined slightly QoQ. Loan closings of \$225.2 million decreased 37.9% YoY, while repayment speeds declined both YoY and QoQ. Management has focused on full banking relationships choosing to forgo transactional business. Net interest income of \$54.2 million decreased 13.5% YoY and 11.4% QoQ, primarily due to the increase in funding costs. NIM FTE was 2.70% in 4Q22 compared to 3.07% in 3Q22 and 3.29% a year ago. Core NIM FTE was 2.63% in 4Q22 compared to 3.03% in 3Q22 and 3.21% in 4Q21. Net charge-offs were only 5 bps in 4Q22, which is consistent with the loan portfolio having an average LTV <37%.

71% of 2022 Earnings Returned to Shareholders; TCE/TA¹ Improves QoQ. The Company repurchased 374,862 shares of common stock at an average price of \$20.16 during the quarter. Book value and tangible book value per share were \$22.97 and \$22.31, respectively, while TCE/TA was up 20 bps to 7.82% at December 31, 2022, compared to 7.62% at September 30, 2022.

Key Financial Metrics²

	4Q22	3Q22	2Q22	1Q22	4Q21	2022	2021
GAAP:							
EPS	\$0.34	\$0.76	\$0.81	\$0.58	\$0.58	\$2.50	\$2.59
ROAA (%)	0.48	1.11	1.22	0.91	0.89	0.93	1.00
ROAE (%)	6.06	13.91	15.00	10.83	10.77	11.44	12.60
NIM FTE ³ (%)	2.70	3.07	3.35	3.36	3.29	3.11	3.24
Core:							
EPS	\$0.57	\$0.62	\$0.70	\$0.61	\$0.67	\$2.49	\$2.81
ROAA (%)	0.82	0.90	1.05	0.94	1.04	0.92	1.09
ROAE (%)	10.29	11.24	12.90	11.27	12.49	11.42	13.68
Core NIM FTE (%)	2.63	3.03	3.33	3.31	3.21	3.07	3.17
Credit Quality:							
NPAs/Loans&REO (%)	0.77	0.72	0.72	0.21	0.23	0.77	0.23
ACLs/Loans (%)	0.58	0.59	0.58	0.57	0.56	0.58	0.56
ACLs/NPLs (%)	124.89	142.29	141.06	266.12	248.66	124.89	248.66
NCOs/Avg Loans (%)	0.05	0.02	(0.03)	0.06	-	0.02	0.05
Balance Sheet:							
Avg Loans (\$B)	\$6.9	\$6.9	\$6.6	\$6.6	\$6.6	\$6.7	\$6.6
Avg Dep (\$B)	\$6.7	\$6.3	\$6.4	\$6.4	\$6.5	\$6.5	\$6.4
Book Value/Share	\$22.97	\$22.47	\$22.38	\$22.26	\$22.26	\$22.97	\$22.26
Tangible BV/Share	\$22.31	\$21.81	\$21.71	\$21.61	\$21.61	\$22.31	\$21.61
TCE/TA (%)	7.82	7.62	7.82	8.05	8.22	7.82	8.22

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")

4Q22 Highlights

- Period end net loans were stable QoQ and increased 4.4% YoY; loan closings were \$225.2 million with a rate of 6.10% in 4Q22, down 51.4% QoQ and 37.9% YoY, while the yield on closings increased 150 bps QoQ and 259 bps YoY
- Average deposits, including mortgage escrow, increased 6.4% QoQ and 3.4% YoY to \$6.7 billion, with core deposits comprising 79.8% of total average deposits
- Loan pipeline decreased 41.3% YoY to \$252.2 million reflecting higher rates and greater client selectivity
- \$84.2 million of mortgage-based securities were sold at a loss of \$10.9 million (\$0.27 per share, net of tax) in 4Q22
- Net interest income decreased 11.4% QoQ and 13.5% YoY to \$54.2 million; Core net interest income declined 12.4% QoQ and 13.4% YoY to \$52.9 million
- Net interest margin FTE decreased 37 bps QoQ and 59 bps YoY to 2.70%; Core net interest margin FTE decreased 40 bps QoQ and 58 bps YoY to 2.63%; The decline in GAAP and Core NIM was primarily driven by our liability sensitive balance sheet resulting in liabilities repricing faster than assets; after a lag, the NIM is expected to expand when the Fed stops raising rates as loans continue to reprice higher, while the cost of funding is expected to remain steady

- NPAs increased slightly to \$53.4 million from \$50.0 million at 3Q22 and from \$14.9 million at 4Q21
- Provision for credit losses was negligible in 4Q22 compared to \$0.8 million in 4Q21; net charge-offs were \$0.8 million in 4Q22 compared to net recoveries of \$29 thousand in 4Q21
- Tangible Common Equity to Tangible Assets was 7.82% up from 7.62% at 3Q22; the change in accumulated other comprehensive loss, net of taxes positively impacted this ratio by 11 bps in 4Q22
- Repurchased 374,862 shares at an average price of \$20.16; dividends and share repurchases were 71% of net income in 2022

Income Statement Highlights

(\$000s, except EPS)	4Q22	3Q22	2Q22	1Q22	4Q21	YoY Change	QoQ Change
Net Interest Income	\$54,201	\$61,206	\$64,730	\$63,479	\$62,674	(13.5)%	(11.4)%
Provision (Benefit) for Credit Losses	(12)	2,145	1,590	1,358	761	(101.6)	(100.6)
Noninterest Income (Loss)	(7,652)	8,995	7,353	1,313	(280)	2,632.9	(185.1)
Noninterest Expense	33,742	35,634	35,522	38,794	38,807	(13.1)	(5.3)
Income Before Income Taxes	12,819	32,422	34,971	24,640	22,826	(43.8)	(60.5)
Provision for Income Taxes	2,570	8,980	9,936	6,421	4,743	(45.8)	(71.4)
Net Income	\$10,249	\$23,442	\$25,035	\$18,219	\$18,083	(43.3)	(56.3)
Diluted EPS	\$0.34	\$0.76	\$0.81	\$0.58	\$0.58	(41.4)	(55.3)
Avg. Diluted Shares (000s)	30,420	30,695	30,937	31,254	31,353	(3.0)	(0.9)
Core Net Income ¹	\$17,399	\$18,953	\$21,518	\$18,969	\$20,968	(17.0)	(8.2)
Core EPS ¹	\$0.57	\$0.62	\$0.70	\$0.61	\$0.67	(14.9)	(8.1)

¹ See Reconciliation of GAAP Earnings and Core Earnings

Net interest income totaled \$54.2 million in 4Q22 compared to \$61.2 million in 3Q22, \$64.7 million in 2Q22, \$63.5 million in 1Q22, and \$62.7 million in 4Q21. Net interest income declined 1.8% in 2022 to \$243.6 million compared to \$248.0 million in 2021.

- Net interest margin, FTE (“NIM”) of 2.70% decreased 59 bps YoY and 37 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 \$2.4 million (12 bps to the NIM) in 4Q22 compared to \$2.2 million (11 bps) in 3Q22, \$2.6 million (13 bps) in 2Q22, \$2.6 million (14 bps) in 1Q22, and \$3.1 million (16 bps) in 4Q21

- Excluding the items in the previous bullet, net interest margin was 2.58% in 4Q22, 2.96% in 3Q22, 3.22% in both 2Q22 and 1Q22, and 3.13% in 4Q21

The Company recorded a **benefit for credit losses** of \$12 thousand in 4Q22, compared to a provision for credit losses of \$2.1 million in 3Q22, \$1.6 million in 2Q22, \$1.4 million in 1Q22, and \$0.8 million in 4Q21. The provision for credit losses was \$5.1 million in 2022 compared to a benefit for credit losses of \$4.9 million in 2021.

- Net charge-offs (recoveries) were \$0.8 million in 4Q22 (5 bps of average loans), \$0.3 million in 3Q22 (2 bps of average loans), \$(0.5) million in 2Q22 ((3) bps of average loans), \$0.9 million in 1Q22 (6 bps of average loans), and \$(29) thousand in 4Q21 (negligible as compared to average loans)

Noninterest income (loss) was \$(7.7) million in 4Q22, \$9.0 million in 3Q22, \$7.4 million in 2Q22, \$1.3 million in 1Q22, and \$(0.3) million in 4Q21. Noninterest income was \$10.0 million in 2022 compared to \$3.7 million in 2021.

- 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 are being reinvested into securities that are expected to have an earn back period of 3 years or less
- Noninterest income included net gains (losses) from fair value adjustments of \$(0.6) million in 4Q22 ((\$0.02) per share, net of tax), \$5.6 million in 3Q22 (\$0.13 per share, net of tax), \$2.5 million in 2Q22 (\$0.06 per share, net of tax), \$(1.8) million in 1Q22 (\$(0.04) per share, net of tax), and \$(5.1) million in 4Q21 (\$(0.13) per share, net of tax)
- Life insurance proceeds were \$0.3 million (\$0.01 per share) in 4Q22 and \$1.5 million (\$0.05 per share) in 2Q22
- Absent all above items and other immaterial adjustments, core noninterest income was \$3.5 million in 4Q22, down 27.4% YoY but up 4.7% QoQ
- Included in 4Q21 core noninterest income was a one-time \$2.0 million (\$0.05 per share, net of tax) dividend received on retirement plan investments; absent the effects of this dividend, core noninterest income increased 23% YoY

Noninterest expense totaled \$33.7 million in 4Q22 (a decrease of 13.1% YoY and 5.3% QoQ) compared to \$35.6 million in 3Q22, \$35.5 million in 2Q22, and \$38.8 million in both 1Q22 and 4Q21. Noninterest expense was \$143.7 million in 2022 compared to \$147.3 million in 2021.

- Salaries and employee benefits includes \$2.8 million benefit from a lower discount rate for certain benefit plans and \$1.4 million benefit from an Employee Retention Tax Credit refund in 4Q22
- Other operating expenses include \$0.6 million reduction in reserves for unfunded commitments in 3Q22
- Included in 1Q22 noninterest expense was \$4.3 million of seasonal compensation expense; 4Q21 noninterest expense included a one-time \$4.3 million of increased compensation and benefits for all employees due to a record earnings in 2021 and employee performance through the pandemic
- Noninterest expense included \$17 thousand pre-tax merger benefit (<\$0.01 per share, net of tax) in 4Q21
- Excluding the effects of the merger and other immaterial adjustments, core operating expenses were \$33.6 million in 4Q22, down 13.1% YoY and 5.3% QoQ; excluding the

Employee Retention Tax Credit refund and the benefit from the lower discount rate, 4Q22 core noninterest expense would have been \$37.9 million

- GAAP noninterest expense to average assets was 1.58% in 4Q22, 1.69% in 3Q22, 1.73% in 2Q22, 1.93% in 1Q22, and 1.92% in 4Q21

The **provision for income taxes** was \$2.6 million in 4Q22, compared to \$9.0 million in 3Q22, \$9.9 million in 2Q22, \$6.4 million in 1Q22, and \$4.7 million in 4Q21. Provision for income taxes was \$27.9 million in 2022 compared to \$27.5 million in 2021.

- The effective tax rate was 20.0% in 4Q22, 27.7% in 3Q22, 28.4% in 2Q22, 26.1% in 1Q22, and 20.8% in 4Q21; for the year, the effective tax rate was 26.6% compared to 25.2% in 2021
- The 4Q22 effective tax rate declined due to preferential tax items having a larger impact due to lower levels of pre-tax income
- The 2Q22 effective tax rate includes a loss of a certain state and city tax deductions and a resolution of certain examinations by taxing authorities
- The 4Q21 effective tax rate declined due to lower levels of taxable state income and higher percentage of permanent differences

Balance Sheet, Credit Quality, and Capital Highlights

	4Q22	3Q22	2Q22	1Q22	4Q21	YoY Change	QoQ Change
Average Loans And Deposits (\$MM)							
Loans	\$6,881	\$6,861	\$6,640	\$6,579	\$6,558	4.9 %	0.3 %
Deposits	6,678	6,277	6,441	6,410	6,459	3.4	6.4
Credit Quality (\$000s)							
Nonperforming Loans	\$32,382	\$29,003	\$27,948	\$14,066	\$14,934	116.8 %	11.7 %
Nonperforming Assets	53,363	49,984	48,929	14,066	14,934	257.3	6.8
Criticized and Classified Loans	68,092	61,684	57,145	59,548	57,650	18.1	10.4
Criticized and Classified Assets	89,073	82,665	78,125	80,527	78,628	13.3	7.8
Troubled Debt Restructured Loans	11,779	14,757	14,758	15,124	12,714	(7.4)	(20.2)
Allowance for Credit Losses/Loans (%)	0.58	0.59	0.58	0.57	0.56	2 bps	(1)bp
Capital							
Book Value/Share	\$22.97	\$22.47	\$22.38	\$22.26	\$22.26	3.2 %	2.2 %
Tangible Book Value/Share	22.31	21.81	21.71	21.61	21.61	3.2	2.3

Tang. Common Equity/Tang. Assets (%)	7.82	7.62	7.82	8.05	8.22	(40)bps	20 bps
Leverage Ratio (%)	8.61	8.74	8.91	9.05	8.98	(37)	(13)

Average loans were \$6.9 billion, an increase of 4.9% YoY and 0.3% QoQ. Average loans for 2022 were \$6.7 billion, an 1.5% increase from \$6.6 billion in 2021.

- Period end net loans totaled \$6.9 billion, up 4.4% YoY, but down 0.3% QoQ
- Total loan closings were \$225.2 million in 4Q22, \$463.7 million in 3Q22, \$503.8 million in 2Q22, \$329.3 million in 1Q22, and \$362.7 million in 4Q21
- The loan pipeline was \$252.2 million at December 31, 2022, down 41.3% YoY and 18.4% QoQ

Average Deposits totaled \$6.7 billion, increasing 3.4% YoY and 6.4% QoQ. Average deposits were \$6.5 billion in 2022, up 0.6% compared to \$6.4 billion in 2021.

- Average core deposits (non-CD deposits) were 79.8% of total average deposits (including escrow deposits) in 4Q22, compared to 85.3% a year ago
- Average noninterest bearing deposits increased 0.3% YoY in 4Q22, but decreased 6.7% QoQ and comprised 14.7% of total average deposits (including escrow deposits) in 4Q22 compared to 15.1% a year ago

Credit Quality: Nonperforming loans held at the end of each quarter totaled \$32.4 million at 4Q22, \$29.0 million at 3Q22, \$27.9 million at 2Q22, \$14.1 million at 1Q22, and \$14.9 million at 4Q21.

- Criticized and classified loans were 98 bps of gross loans at 4Q22 compared to 89 bps at 3Q22, 85 bps at 2Q22, 90 bps at 1Q22, and 87 bps at 4Q21
- Over 88% of gross loans are collateralized by real estate with an average loan-to-value ratio of <37% as of December 31, 2022
- Allowance for credit losses were 124.9% of nonperforming loans at 4Q22 compared to 142.3% at 3Q22 and 248.7% a year ago

Capital: Book value per common share was \$22.97 at 4Q22, up 2.2% QoQ and 3.2% YoY; tangible book value per common share, a non-GAAP measure, was \$22.31 at 4Q22, up 2.3% QoQ and 3.2% YoY.

- The Company paid a dividend of \$0.22 per share and repurchased 374,862 shares at an average price of \$20.16 in 4Q22
- At the end of 4Q22, 594,462 shares remain subject to repurchase under the authorized stock repurchase program, which has no expiration or maximum dollar limit
- Tangible common equity to tangible assets was 7.82% at 4Q22 compared to 7.62% at 3Q22 and 8.22% at 4Q21
- The Company and the Bank remain well capitalized under all applicable regulatory requirements
- The leverage ratio was 8.61% at 4Q22 compared to 8.74% at 3Q22 and 8.98% at 4Q21

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 Friday, January 27, 2023, at 9:30 AM (ET) to discuss the Company's fourth quarter and full year 2022 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=54kQH0yX>
- Dial-in for Replay: 1-877-344-7529; Canada 855-669-9658
- Replay Access Code: 8079034
- The conference call will be simultaneously webcast and archived

First Quarter 2023 Earnings Release Date:

The Company plans to release First Quarter 2023 financial results after the market close on April 25, 2023; followed by a conference call at 9:30 AM (ET) on April 26, 2023.

A detailed announcement will be issued prior to the first 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](https://www.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, 2021 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

#FF

- Statistical Tables Follow -

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Unaudited)

	At or for the three months ended					At or for the ye
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2022	2022	2022	2022	2021	2022
<i>(Dollars in thousands, except per share data)</i>						
Performance Ratios⁽¹⁾						
Return on average assets	0.48 %	1.11 %	1.22 %	0.91 %	0.89 %	0.93 %
Return on average equity	6.06	13.91	15.00	10.83	10.77	11.44
Yield on average interest-earning assets ⁽²⁾	4.44	4.10	3.85	3.77	3.77	4.05
Cost of average interest-bearing liabilities	2.11	1.25	0.60	0.50	0.58	1.13
Cost of funds	1.84	1.08	0.52	0.43	0.50	0.98
Net interest rate spread during period ⁽²⁾	2.33	2.85	3.25	3.27	3.19	2.92
Net interest margin ⁽²⁾	2.70	3.07	3.35	3.36	3.29	3.11
Noninterest expense to average assets	1.58	1.69	1.73	1.93	1.92	1.73
Efficiency ratio ⁽³⁾	59.55	55.68	52.27	58.87	58.66	55.22

Average
interest-
earning assets
to
average
interest-
bearing
liabilities

1.21 X

1.22 X

1.22 X

1.22 X

1.22 X

1.22 X

Average Balances

Total loans, net

\$ 6,881,245

\$ 6,861,463

\$ 6,640,331

\$ 6,578,680

\$ 6,558,285

\$ 6,741,590

\$ 6,741,590

Total interest-
earning assets

8,045,691

7,979,070

7,740,683

7,570,373

7,627,256

7,835,654

7,835,654

Total assets

8,518,019

8,442,657

8,211,763

8,049,470

8,090,701

8,307,137

8,307,137

Total due to
depositors

5,616,064

5,157,715

5,298,855

5,336,983

5,397,802

5,352,635

5,352,635

Total interest-
bearing

liabilities

6,662,209

6,553,087

6,337,374

6,220,510

6,276,221

6,444,805

6,444,805

Stockholders'

equity

676,165

674,282

667,456

673,012

671,474

672,742

672,742

Per Share Data

Book value per
common

share⁽⁴⁾

\$ 22.97

\$ 22.47

\$ 22.38

\$ 22.26

\$ 22.26

\$ 22.97

\$ 22.97

Tangible book
value per
common

share⁽⁵⁾

\$ 22.31

\$ 21.81

\$ 21.71

\$ 21.61

\$ 21.61

\$ 22.31

\$ 22.31

Stockholders' Equity

Stockholders'

equity

\$ 677,157

\$ 670,719

\$ 670,812

\$ 675,813

\$ 679,628

\$ 677,157

\$ 677,157

Tangible

stockholders'

equity

657,504

650,936

650,894

656,085

659,758

657,504

657,504

Consolidated Regulatory Capital Ratios

Tier 1 capital

\$ 746,880

\$ 749,526

\$ 739,776

\$ 731,536

\$ 726,174

\$ 746,880

\$ 746,880

Common
equity Tier 1

capital

698,258

701,532

686,258

675,434

671,494

698,258

698,258

Total risk-
based capital

975,709

979,021

903,047

892,861

885,469

975,709

975,709

Risk Weighted Assets	6,640,542	6,689,284	6,522,710	6,232,020	6,182,095	6,640,542	6,689,284
Tier 1 leverage capital (well capitalized = 5%)	8.61 %	8.74 %	8.91 %	9.05 %	8.98 %	8.61 %	8.74 %
Common equity Tier 1 risk-based capital (well capitalized = 6.5%)	10.52	10.49	10.52	10.84	10.86	10.52	10.49
Tier 1 risk-based capital (well capitalized = 8.0%)	11.25	11.20	11.34	11.74	11.75	11.25	11.20
Total risk-based capital (well capitalized = 10.0%)	14.69	14.64	13.84	14.33	14.32	14.69	14.64
Capital Ratios							
Average equity to average assets	7.94 %	7.99 %	8.13 %	8.36 %	8.30 %	8.10 %	8.13 %
Equity to total assets	8.04	7.84	8.04	8.27	8.45	8.04	7.84
Tangible common equity to tangible assets ⁽⁶⁾	7.82	7.62	7.82	8.05	8.22	7.82	7.62
Asset Quality							
Nonaccrual loans ⁽⁷⁾	\$ 29,782	\$ 27,003	\$ 27,848	\$ 14,066	\$ 14,933	\$ 29,782	\$ 27,003
Nonperforming loans	32,382	29,003	27,948	14,066	14,933	32,382	29,003
Nonperforming assets	53,363	49,984	48,929	14,066	14,933	53,363	49,984
Net charge-offs (recoveries)	811	290	(501)	935	(29)	1,535	290
Asset Quality Ratios							

Nonperforming loans to gross loans	0.47%	0.42%	0.41 %	0.21%	0.23 %	0.47%
Nonperforming assets to total assets	0.63	0.58	0.59	0.17	0.19	0.63
Allowance for credit losses to gross loans	0.58	0.59	0.58	0.57	0.56	0.58
Allowance for credit losses to nonperforming assets	75.79	82.56	80.57	266.12	248.66	75.79
Allowance for credit losses to nonperforming loans	124.89	142.29	141.06	266.12	248.66	124.89
Net charge-offs (recoveries) to average loans	0.05	0.02	(0.03)	0.06	—	0.02
Full-service customer facilities	25	25	25	24	24	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 noninterest expense (excluding merger expense, OREO expense, prepayment penalty on borrowings, the net gain/loss from the sale of OREO and net amortization of purchase accounting adjustments) by the total of net interest income (excluding net gains and losses from fair value adjustments on qualifying hedges and net amortization of purchase accounting adjustments) and noninterest income (excluding life insurance proceeds, net gains and losses from the sale or disposition of securities, assets and fair value adjustments).

(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 (goodwill, net of deferred taxes). 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.

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

(In thousands, except per share data)	For the three months ended					For the year ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2022	2022	2022	2022	2021	2022	2021
Interest and Dividend Income							
Interest and fees on loans	\$ 81,033	\$ 75,546	\$ 69,192	\$ 67,516	\$ 68,113	\$ 293,287	\$ 274,331
Interest and dividends on securities:							
Interest	6,511	5,676	4,929	3,745	3,536	20,861	13,999
Dividends	24	17	11	8	7	60	29
Other interest income	1,702	506	159	51	74	2,418	203
Total interest and dividend income	89,270	81,745	74,291	71,320	71,730	316,626	288,562
Interest Expense							
Deposits	27,226	11,965	4,686	3,408	3,975	47,285	20,324
Other interest expense	7,843	8,574	4,875	4,433	5,081	25,725	20,269
Total interest expense	35,069	20,539	9,561	7,841	9,056	73,010	40,593
Net Interest Income	54,201	61,206	64,730	63,479	62,674	243,616	247,969
Provision (benefit) for credit losses	(12)	2,145	1,590	1,358	761	5,081	(4,944)
Net Interest Income After Provision (Benefit) for Credit Losses	54,213	59,061	63,140	62,121	61,913	238,535	252,913
Noninterest Income (Loss)							
Banking services fee income	1,231	1,351	1,166	1,374	1,142	5,122	5,965
Net gain (loss) on sale of securities	(10,948)	—	—	—	—	(10,948)	113
Net gain on sale of loans	46	—	73	—	46	119	335
Net gain on disposition of assets	104	—	—	—	—	104	621

Net gain (loss) from fair value adjustments	(622)	5,626	2,533	(1,809)	(5,140)	5,728	(12,995)
Federal Home Loan Bank of New York stock dividends	658	538	407	397	417	2,000	2,097
Life insurance proceeds	286	—	1,536	—	—	1,822	—
Bank owned life insurance	1,126	1,132	1,115	1,114	1,023	4,487	4,044
Other income	467	348	523	237	2,232	1,575	3,507
Total noninterest income (loss)	(7,652)	8,995	7,353	1,313	(280)	10,009	3,687
Noninterest Expense							
Salaries and employee benefits	18,178	21,438	21,109	23,649	25,223	84,374	88,310
Occupancy and equipment	3,701	3,541	3,760	3,604	3,579	14,606	14,002
Professional services	2,130	2,570	2,285	2,222	1,152	9,207	7,439
FDIC deposit insurance	485	738	615	420	391	2,258	2,951
Data processing	1,421	1,367	1,383	1,424	1,757	5,595	7,044
Depreciation and amortization	1,535	1,488	1,447	1,460	1,521	5,930	6,425
Other real estate owned/foreclosure expense	35	143	32	84	129	294	323
Other operating expenses	6,257	4,349	4,891	5,931	5,055	21,428	20,828
Total noninterest expense	33,742	35,634	35,522	38,794	38,807	143,692	147,322
Income Before Provision for Income Taxes	12,819	32,422	34,971	24,640	22,826	104,852	109,278
Provision for Income Taxes	2,570	8,980	9,936	6,421	4,743	27,907	27,485
Net Income	<u>\$ 10,249</u>	<u>\$ 23,442</u>	<u>\$ 25,035</u>	<u>\$ 18,219</u>	<u>\$ 18,083</u>	<u>\$ 76,945</u>	<u>\$ 81,793</u>
Basic earnings per common share	\$ 0.34	\$ 0.76	\$ 0.81	\$ 0.58	\$ 0.58	\$ 2.50	\$ 2.59
Diluted earnings per common share	\$ 0.34	\$ 0.76	\$ 0.81	\$ 0.58	\$ 0.58	\$ 2.50	\$ 2.59

Dividends per common share	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.21	\$ 0.88	\$ 0.84
Basic average shares	30,420	30,695	30,937	31,254	31,353	30,823	31,550
Diluted average shares	30,420	30,695	30,937	31,254	31,353	30,823	31,550

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

<i>(Dollars in thousands)</i>	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
ASSETS					
Cash and due from banks	\$ 151,754	\$ 164,693	\$ 137,026	\$ 186,407	\$ 81,723
Securities held-to-maturity:					
Mortgage-backed securities	7,875	7,880	7,885	7,890	7,894
Other securities	65,836	66,032	66,230	66,327	49,974
Securities available for sale:					
Mortgage-backed securities	384,283	468,366	510,934	553,828	572,184
Other securities	351,074	351,495	346,720	286,041	205,052
Loans	6,934,769	6,956,674	6,760,393	6,607,264	6,638,105
Allowance for credit losses	(40,442)	(41,268)	(39,424)	(37,433)	(37,135)
Net loans	6,894,327	6,915,406	6,720,969	6,569,831	6,600,970
Interest and dividends receivable	45,048	42,571	38,811	37,308	38,698
Bank premises and equipment, net	21,750	22,376	22,285	22,752	23,338
Federal Home Loan Bank of New York stock	45,842	62,489	50,017	33,891	35,937
Bank owned life insurance	213,131	212,353	211,220	211,867	210,754
Goodwill	17,636	17,636	17,636	17,636	17,636
Core deposit intangibles	2,017	2,147	2,282	2,420	2,562
Right of use asset	43,289	44,885	46,687	48,475	50,200
Other assets	179,084	179,090	160,885	125,160	148,989
Total assets	<u>\$8,422,946</u>	<u>\$8,557,419</u>	<u>\$8,339,587</u>	<u>\$8,169,833</u>	<u>\$8,045,911</u>
LIABILITIES					
Deposits	\$6,437,183	\$6,054,761	\$6,350,000	\$6,373,400	\$6,333,532
Mortgagors' escrow deposits	48,159	70,544	57,577	79,495	51,913
Borrowed funds	1,052,973	1,572,830	1,089,621	877,122	815,544
Operating lease liability	46,125	48,330	50,346	52,292	54,155
Other liabilities	161,349	140,235	121,231	111,711	111,139
Total liabilities	<u>7,745,789</u>	<u>7,886,700</u>	<u>7,668,775</u>	<u>7,494,020</u>	<u>7,366,283</u>

STOCKHOLDERS' EQUITY

Preferred stock (5,000,000 shares authorized; none issued)	—	—	—	—	—
Common stock (\$0.01 par value; 100,000,000 shares authorized)	341	341	341	341	341
Additional paid-in capital	264,332	263,755	262,860	261,837	263,375
Treasury stock	(98,535)	(90,977)	(88,342)	(79,834)	(75,293)
Retained earnings	547,507	543,894	527,217	508,973	497,889
Accumulated other comprehensive loss, net of taxes	(36,488)	(46,294)	(31,264)	(15,504)	(6,684)
Total stockholders' equity	<u>677,157</u>	<u>670,719</u>	<u>670,812</u>	<u>675,813</u>	<u>679,628</u>
Total liabilities and stockholders' equity	<u>\$8,422,946</u>	<u>\$8,557,419</u>	<u>\$8,339,587</u>	<u>\$8,169,833</u>	<u>\$8,045,911</u>

(In thousands)

Issued shares	34,088	34,088	34,088	34,088	34,088
Outstanding shares	29,476	29,851	29,980	30,367	30,526
Treasury shares	4,612	4,237	4,108	3,721	3,561

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES AVERAGE BALANCE SHEETS (Unaudited)

	For the three months ended					For the year ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(In thousands)							
Interest-earning Assets:							
Mortgage loans, net	\$5,338,612	\$5,340,694	\$5,178,029	\$5,152,070	\$5,140,233	\$5,253,104	\$5,146,195
Other loans, net	<u>1,542,633</u>	<u>1,520,769</u>	<u>1,462,302</u>	<u>1,426,610</u>	<u>1,418,052</u>	<u>1,488,486</u>	<u>1,498,122</u>
Total loans, net	<u>6,881,245</u>	<u>6,861,463</u>	<u>6,640,331</u>	<u>6,578,680</u>	<u>6,558,285</u>	<u>6,741,590</u>	<u>6,644,317</u>
Taxable securities:							
Mortgage-backed securities	549,204	568,854	594,923	580,670	595,538	573,314	550,136
Other securities	<u>371,897</u>	<u>362,629</u>	<u>333,158</u>	<u>226,744</u>	<u>207,482</u>	<u>324,112</u>	<u>239,208</u>

Total taxable securities	<u>921,101</u>	<u>931,483</u>	<u>928,081</u>	<u>807,414</u>	<u>803,020</u>	<u>897,426</u>	<u>789,344</u>
Tax-exempt securities:							
Other securities	<u>67,022</u>	<u>67,211</u>	<u>67,315</u>	<u>57,611</u>	<u>50,834</u>	<u>64,822</u>	<u>50,831</u>
Total tax-exempt securities	<u>67,022</u>	<u>67,211</u>	<u>67,315</u>	<u>57,611</u>	<u>50,834</u>	<u>64,822</u>	<u>50,831</u>
Interest-earning deposits and federal funds sold	<u>176,323</u>	<u>118,913</u>	<u>104,956</u>	<u>126,668</u>	<u>215,117</u>	<u>131,816</u>	<u>188,462</u>
Total interest-earning assets	8,045,691	7,979,070	7,740,683	7,570,373	7,627,256	7,835,654	7,672,954
Other assets	<u>472,328</u>	<u>463,587</u>	<u>471,080</u>	<u>479,097</u>	<u>463,445</u>	<u>471,483</u>	<u>470,418</u>
Total assets	<u><u>\$8,518,019</u></u>	<u><u>\$8,442,657</u></u>	<u><u>\$8,211,763</u></u>	<u><u>\$8,049,470</u></u>	<u><u>\$8,090,701</u></u>	<u><u>\$8,307,137</u></u>	<u><u>\$8,143,372</u></u>
Interest-bearing Liabilities:							
Deposits:							
Savings accounts	\$ 146,598	\$ 154,545	\$ 156,785	\$ 156,592	\$ 154,471	\$ 153,605	\$ 157,640
NOW accounts	1,972,134	1,808,608	2,089,851	2,036,914	2,115,619	1,976,238	2,165,762
Money market accounts	2,146,649	2,136,829	2,231,743	2,253,630	2,177,928	2,191,768	2,059,431
Certificate of deposit accounts	<u>1,350,683</u>	<u>1,057,733</u>	<u>820,476</u>	<u>889,847</u>	<u>949,784</u>	<u>1,031,024</u>	<u>1,033,187</u>
Total due to depositors	5,616,064	5,157,715	5,298,855	5,336,983	5,397,802	5,352,635	5,416,020
Mortgagors' escrow accounts	<u>82,483</u>	<u>68,602</u>	<u>97,496</u>	<u>71,509</u>	<u>84,617</u>	<u>80,021</u>	<u>77,552</u>
Total interest-bearing deposits	5,698,547	5,226,317	5,396,351	5,408,492	5,482,419	5,432,656	5,493,572
Borrowings	<u>963,662</u>	<u>1,326,770</u>	<u>941,023</u>	<u>812,018</u>	<u>793,802</u>	<u>1,012,149</u>	<u>905,094</u>
Total interest-bearing liabilities	6,662,209	6,553,087	6,337,374	6,220,510	6,276,221	6,444,805	6,398,666
Noninterest-bearing	979,836	1,050,296	1,044,553	1,001,571	976,803	1,019,090	922,741

demand deposits							
Other liabilities	199,809	164,992	162,380	154,377	166,203	170,500	173,019
Total liabilities	7,841,854	7,768,375	7,544,307	7,376,458	7,419,227	7,634,395	7,494,426
Equity	676,165	674,282	667,456	673,012	671,474	672,742	648,946
Total liabilities and equity	<u>\$8,518,019</u>	<u>\$8,442,657</u>	<u>\$8,211,763</u>	<u>\$8,049,470</u>	<u>\$8,090,701</u>	<u>\$8,307,137</u>	<u>\$8,143,372</u>
Net interest-earning assets	<u>\$1,383,482</u>	<u>\$1,425,983</u>	<u>\$1,403,309</u>	<u>\$1,349,863</u>	<u>\$1,351,035</u>	<u>\$1,390,849</u>	<u>\$1,274,288</u>

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES
NET INTEREST INCOME AND NET INTEREST MARGIN
(Unaudited)

	For the three months ended					For the year ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2022	2022	2022	2022	2021	2022	2021
<i>(Dollars in thousands)</i>							
Interest Income:							
Mortgage loans, net	\$60,946	\$58,374	\$54,775	\$53,970	\$54,260	\$228,065	\$217,580
Other loans, net	<u>20,087</u>	<u>17,172</u>	<u>14,417</u>	<u>13,546</u>	<u>13,853</u>	<u>65,222</u>	<u>56,751</u>
Total loans, net	<u>81,033</u>	<u>75,546</u>	<u>69,192</u>	<u>67,516</u>	<u>68,113</u>	<u>293,287</u>	<u>274,331</u>
Taxable securities:							
Mortgage-backed securities	2,425	2,466	2,356	2,167	2,125	9,414	8,335
Other securities	<u>3,723</u>	<u>2,839</u>	<u>2,090</u>	<u>1,119</u>	<u>993</u>	<u>9,771</u>	<u>4,001</u>
Total taxable securities	<u>6,148</u>	<u>5,305</u>	<u>4,446</u>	<u>3,286</u>	<u>3,118</u>	<u>19,185</u>	<u>12,336</u>
Tax-exempt securities:							
Other securities	<u>489</u>	<u>492</u>	<u>625</u>	<u>591</u>	<u>538</u>	<u>2,197</u>	<u>2,142</u>
Total tax-exempt securities	<u>489</u>	<u>492</u>	<u>625</u>	<u>591</u>	<u>538</u>	<u>2,197</u>	<u>2,142</u>

Interest-earning deposits and federal funds sold	<u>1,702</u>	<u>506</u>	<u>159</u>	<u>51</u>	<u>74</u>	<u>2,418</u>	<u>203</u>
Total interest-earning assets	<u>89,372</u>	<u>81,849</u>	<u>74,422</u>	<u>71,444</u>	<u>71,843</u>	<u>317,087</u>	<u>289,012</u>
Interest Expense:							
Deposits:							
Savings accounts	\$ 59	\$ 53	\$ 50	\$ 49	\$ 53	\$ 211	\$ 255
NOW accounts	9,515	3,640	1,405	793	1,021	15,353	5,453
Money market accounts	10,532	5,280	1,952	1,275	1,428	19,039	7,271
Certificate of deposit accounts	<u>7,037</u>	<u>2,948</u>	<u>1,273</u>	<u>1,289</u>	<u>1,471</u>	<u>12,547</u>	<u>7,340</u>
Total due to depositors	27,143	11,921	4,680	3,406	3,973	47,150	20,319
Mortgagors' escrow accounts	<u>83</u>	<u>44</u>	<u>6</u>	<u>2</u>	<u>2</u>	<u>135</u>	<u>5</u>
Total interest-bearing deposits	27,226	11,965	4,686	3,408	3,975	47,285	20,324
Borrowings	<u>7,843</u>	<u>8,574</u>	<u>4,875</u>	<u>4,433</u>	<u>5,081</u>	<u>25,725</u>	<u>20,269</u>
Total interest-bearing liabilities	<u>35,069</u>	<u>20,539</u>	<u>9,561</u>	<u>7,841</u>	<u>9,056</u>	<u>73,010</u>	<u>40,593</u>
Net interest income- tax equivalent	<u>\$54,303</u>	<u>\$61,310</u>	<u>\$64,861</u>	<u>\$63,603</u>	<u>\$62,787</u>	<u>\$244,077</u>	<u>\$248,419</u>
Included in net interest income above:							
Prepayment penalties received on loans and securities and net of reversals and recovered interest from nonaccrual loans	\$ 1,080	\$ 1,368	\$ 2,281	\$ 1,716	\$ 1,497	\$ 6,445	\$ 6,627

Net gains/(losses) from fair value adjustments on qualifying hedges included in loan interest income	936	28	(60)	(129)	1,122	775	2,079
Purchase accounting adjustments	342	775	367	1,058	462	2,542	3,049
Interest-earning Assets							
Yields:							
Mortgage loans, net	4.57%	4.37%	4.23 %	4.19 %	4.22%	4.34%	4.23%
Other loans, net	<u>5.21</u>	<u>4.52</u>	<u>3.94</u>	<u>3.80</u>	<u>3.91</u>	<u>4.38</u>	<u>3.79</u>
Total loans, net	<u>4.71</u>	<u>4.40</u>	<u>4.17</u>	<u>4.11</u>	<u>4.15</u>	<u>4.35</u>	<u>4.13</u>
Taxable securities:							
Mortgage-backed securities	1.77	1.73	1.58	1.49	1.43	1.64	1.52
Other securities	<u>4.00</u>	<u>3.13</u>	<u>2.51</u>	<u>1.97</u>	<u>1.91</u>	<u>3.01</u>	<u>1.67</u>
Total taxable securities	<u>2.67</u>	<u>2.28</u>	<u>1.92</u>	<u>1.63</u>	<u>1.55</u>	<u>2.14</u>	<u>1.56</u>
Tax-exempt securities: ⁽¹⁾							
Other securities	<u>2.92</u>	<u>2.93</u>	<u>3.71</u>	<u>4.10</u>	<u>4.23</u>	<u>3.39</u>	<u>4.21</u>
Total tax-exempt securities	<u>2.92</u>	<u>2.93</u>	<u>3.71</u>	<u>4.10</u>	<u>4.23</u>	<u>3.39</u>	<u>4.21</u>
Interest-earning deposits and federal funds sold	<u>3.86</u>	<u>1.70</u>	<u>0.61</u>	<u>0.16</u>	<u>0.14</u>	<u>1.83</u>	<u>0.11</u>
Total interest-earning assets ⁽¹⁾	4.44%	4.10%	3.85 %	3.77 %	3.77%	4.05%	3.77%
Interest-bearing Liabilities							
Yields:							
Deposits:							

Savings accounts	0.16 %	0.14 %	0.13 %	0.13 %	0.14 %	0.14 %	0.16 %
NOW accounts	1.93	0.81	0.27	0.16	0.19	0.78	0.25
Money market accounts	1.96	0.99	0.35	0.23	0.26	0.87	0.35
Certificate of deposit accounts	<u>2.08</u>	<u>1.11</u>	<u>0.62</u>	<u>0.58</u>	<u>0.62</u>	<u>1.22</u>	<u>0.71</u>
Total due to depositors	1.93	0.92	0.35	0.26	0.29	0.88	0.38
Mortgagors' escrow accounts	<u>0.40</u>	<u>0.26</u>	<u>0.02</u>	<u>0.01</u>	<u>0.01</u>	<u>0.17</u>	<u>0.01</u>
Total interest-bearing deposits	1.91	0.92	0.35	0.25	0.29	0.87	0.37
Borrowings	<u>3.26</u>	<u>2.58</u>	<u>2.07</u>	<u>2.18</u>	<u>2.56</u>	<u>2.54</u>	<u>2.24</u>
Total interest-bearing liabilities	2.11 %	1.25 %	0.60 %	0.50 %	0.58 %	1.13 %	0.63 %
Net interest rate spread (tax equivalent) (1)	2.33 %	2.85 %	3.25 %	3.27 %	3.19 %	2.92 %	3.14 %
Net interest margin (tax equivalent) ⁽¹⁾	<u>2.70 %</u>	<u>3.07 %</u>	<u>3.35 %</u>	<u>3.36 %</u>	<u>3.29 %</u>	<u>3.11 %</u>	<u>3.24 %</u>
Ratio of interest-earning assets to interest-bearing liabilities	1.21 X	1.22 X	1.22 X	1.22 X	1.22 X	1.22 X	1.20 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

						2022 vs.	2022 vs.
	December 31,	September 30,	June 30,	March 31,	December 31,	2022 %	2021 %
<i>(Dollars in thousands)</i>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>
Noninterest bearing	\$ 921,238	\$ 992,378	\$1,081,208	\$1,041,027	\$ 967,621	(7.2)%	(4.8)%
Interest bearing:							
Certificate of deposit accounts	1,526,338	1,036,107	906,943	886,317	946,575	47.3	61.2
Savings accounts	143,641	150,552	154,670	158,542	156,554	(4.6)	(8.2)
Money market accounts	2,099,776	2,113,256	2,229,993	2,362,390	2,342,003	(0.6)	(10.3)
NOW accounts	<u>1,746,190</u>	<u>1,762,468</u>	<u>1,977,186</u>	<u>1,925,124</u>	<u>1,920,779</u>	<u>(0.9)</u>	<u>(9.1)</u>
Total interest- bearing deposits	<u>5,515,945</u>	<u>5,062,383</u>	<u>5,268,792</u>	<u>5,332,373</u>	<u>5,365,911</u>	<u>9.0</u>	<u>2.8</u>
Total deposits	<u>\$ 6,437,183</u>	<u>\$ 6,054,761</u>	<u>\$6,350,000</u>	<u>\$6,373,400</u>	<u>\$6,333,532</u>	<u>6.3 %</u>	<u>1.6 %</u>

Loan Composition

						2022 vs.	2022 vs.
	December 31,	September 30,	June 30,	March 31,	December 31,	2022 %	2021 %
<i>(Dollars in thousands)</i>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>
Multifamily residential	\$2,601,384	\$2,608,192	\$2,531,858	\$2,500,570	\$2,517,026	(0.3)%	3.4 %
Commercial real estate	1,913,040	1,914,326	1,864,507	1,764,927	1,775,629	(0.1)	7.7
One-to-four family — mixed-use property	554,314	560,885	561,100	563,679	571,795	(1.2)	(3.1)
One-to-four family — residential	235,067	233,469	242,729	248,226	268,255	0.7	(12.4)
Co-operative apartments	6,179	7,015	8,130	8,248	8,316	(11.9)	(25.7)
Construction	<u>70,951</u>	<u>63,651</u>	<u>72,148</u>	<u>68,488</u>	<u>59,761</u>	<u>11.5</u>	<u>18.7</u>

Mortgage Loans	5,380,935	5,387,538	5,280,472	5,154,138	5,200,782	(0.1)	3.5
Small Business Administration ⁽¹⁾	23,275	27,712	40,572	59,331	93,811	(16.0)	(75.2)
Commercial business and other	<u>1,521,548</u>	<u>1,532,497</u>	<u>1,431,417</u>	<u>1,387,155</u>	<u>1,339,273</u>	<u>(0.7)</u>	<u>13.6</u>
Nonmortgage loans	1,544,823	1,560,209	1,471,989	1,446,486	1,433,084	(1.0)	7.8
Net unamortized premiums and unearned loan fees ⁽²⁾	9,011	8,927	7,932	6,640	4,239	0.9	112.6
Allowance for credit losses	<u>(40,442)</u>	<u>(41,268)</u>	<u>(39,424)</u>	<u>(37,433)</u>	<u>(37,135)</u>	<u>(2.0)</u>	<u>8.9</u>
Net loans	<u>\$6,894,327</u>	<u>\$6,915,406</u>	<u>\$6,720,969</u>	<u>\$6,569,831</u>	<u>\$6,600,970</u>	<u>(0.3)%</u>	<u>4.4 %</u>

⁽¹⁾ Includes \$5.2 million, \$9.6 million, \$22.2 million, \$43.2 million, and \$77.4 million of PPP loans at December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, respectively.

⁽²⁾ Includes \$5.4 million, \$5.8 million, \$6.6 million, \$6.9 million, and \$8.0 million of purchase accounting unamortized discount resulting from the acquisition of Empire Bancorp at December 31, 2022, September 30, 2022, June 30, 2022, March 31, 2022, and December 31, 2021, respectively.

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

Loan Closings

	For the three months ended					For the year ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<i>(In thousands)</i>							
Multifamily residential	\$ 65,347	\$ 173,980	\$ 136,902	\$ 98,180	\$ 79,648	\$ 474,409	\$ 246,964
Commercial real estate	20,750	77,777	164,826	45,102	64,916	308,455	168,482
One-to-four family – mixed-use property	4,489	12,383	12,228	8,498	12,440	37,598	41,110

One-to-four family – residential	7,485	4,102	4,211	9,237	5,162	25,035	70,548
Co-operative apartments	—	—	—	24	413	24	413
Construction	<u>7,301</u>	<u>7,170</u>	<u>8,319</u>	<u>8,802</u>	<u>17,033</u>	<u>31,592</u>	<u>38,124</u>
Mortgage Loans	105,372	275,412	326,486	169,843	179,612	877,113	565,641
Small Business Administration ⁽¹⁾	665	46	2,750	—	270	3,461	143,363
Commercial business and other	<u>119,191</u>	<u>188,202</u>	<u>174,551</u>	<u>159,476</u>	<u>182,858</u>	<u>641,420</u>	<u>544,958</u>
Nonmortgage Loans	119,856	188,248	177,301	159,476	183,128	644,881	688,321
Total Closings	<u>\$ 225,228</u>	<u>\$ 463,660</u>	<u>\$ 503,787</u>	<u>\$ 329,319</u>	<u>\$ 362,740</u>	<u>\$ 1,521,994</u>	<u>\$ 1,253,962</u>

⁽¹⁾ Includes \$138.7 million of PPP closings for the year ended December 31, 2021.

Weighted Average Rate on Loan Closings

Loan type	For the three months ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Mortgage loans	5.59%	4.37%	3.76%	3.61%	3.77%
Nonmortgage loans	<u>6.57</u>	<u>4.93</u>	<u>4.21</u>	<u>3.27</u>	<u>3.24</u>
Total loans	<u>6.10%</u>	<u>4.60%</u>	<u>3.92%</u>	<u>3.44%</u>	<u>3.51%</u>

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

ASSET QUALITY

(Unaudited)

Allowance for Credit Losses

(Dollars in thousands)	For the three months ended					For the year ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Allowance for credit losses							

Beginning balances	\$41,268	\$39,424	\$37,433	\$37,135	\$36,363	\$37,135	\$45,153
Net loan charge-off (recoveries):							
Multifamily residential	132	—	(1)	—	—	131	33
Commercial real estate	—	—	—	—	—	—	64
One-to-four family – mixed-use property	—	—	—	—	1	—	(100)
One-to-four family – residential	17	2	(2)	(2)	(3)	15	(157)
Small Business Administration	(9)	(12)	13	1,015	(7)	1,007	(34)
Taxi medallion	—	—	(435)	(12)	—	(447)	1,301
Commercial business and other	671	300	(76)	(66)	(20)	829	2,012
Total	811	290	(501)	935	(29)	1,535	3,119
Provision (benefit) for loan losses	(15)	2,134	1,490	1,233	743	4,842	(4,899)
Ending balance	<u>\$40,442</u>	<u>\$41,268</u>	<u>\$39,424</u>	<u>\$37,433</u>	<u>\$37,135</u>	<u>\$40,442</u>	<u>\$37,135</u>
Gross charge-offs	\$ 1,938	\$ 324	\$ 50	\$ 1,036	\$ 7	\$ 3,348	\$ 5,134
Gross recoveries	1,127	34	551	101	36	1,813	2,015
Allowance for credit losses to gross loans	0.58 %	0.59 %	0.58 %	0.57 %	0.56 %	0.58 %	0.56 %
Net loan charge-offs (recoveries) to average loans	0.05	0.02	(0.03)	0.06	—	0.02	0.05

Nonperforming Assets

December 31,	September 30,	June 30,	March 31,	December 31,
--------------	---------------	----------	-----------	--------------

<i>(Dollars in thousands)</i>	2022	2022	2022	2022	2021
Loans 90 Days Or More Past Due and Still Accruing:					
Commercial real estate	\$ —	\$ 2,000	\$ —	\$ —	\$ —
Construction	2,600	—	—	—	—
Commercial business and other	—	—	100	—	—
Total	<u>2,600</u>	<u>2,000</u>	<u>100</u>	<u>—</u>	<u>—</u>
Nonaccrual Loans:					
Multifamily residential	3,206	3,414	3,414	3,414	2,431
Commercial real estate	237	1,851	242	5	613
One-to-four family - mixed-use property ⁽¹⁾	790	790	790	790	1,309
One-to-four family - residential	4,425	4,655	5,055	7,387	7,725
Construction	—	—	856	—	—
Small Business Administration	937	937	937	937	937
Commercial business and other ⁽¹⁾	20,187	15,356	16,554	1,533	1,918
Total	<u>29,782</u>	<u>27,003</u>	<u>27,848</u>	<u>14,066</u>	<u>14,933</u>
Total Nonperforming Loans (NPLs)	<u>32,382</u>	<u>29,003</u>	<u>27,948</u>	<u>14,066</u>	<u>14,933</u>
Total Nonaccrual HTM Securities	<u>20,981</u>	<u>20,981</u>	<u>20,981</u>	<u>—</u>	<u>—</u>
Total Nonperforming Assets	<u>\$ 53,363</u>	<u>\$ 49,984</u>	<u>\$ 48,929</u>	<u>\$ 14,066</u>	<u>\$ 14,933</u>
Nonperforming Assets to Total Assets	0.63 %	0.58 %	0.59 %	0.17 %	0.19 %
Allowance for Credit Losses to NPLs	124.9 %	142.3 %	141.1 %	266.1 %	248.7 %

⁽¹⁾ 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 and \$0.3 million each in 2Q22, 1Q22, 4Q21; nonaccrual performing TDR commercial business loans totaling less than \$0.1 million in 4Q22, \$2.9 million in 3Q22, \$2.8 million in 2Q22 and 1Q22, and less than \$0.1 million in 4Q21.

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 and swaps designated to protect against rising rates. As the swaps get closer to maturity, the volatility in fair value adjustments will dissipate. In a rising interest rate environment or a steepening of the yield curve, the loss position would experience an improvement. In a declining interest rate environment, the movement in the curve exaggerates our mark-to-market loss position.

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 these are measures 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					For the year
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	December 31, 2022
GAAP income before income taxes	\$ 12,819	\$ 32,422	\$ 34,971	\$ 24,640	\$ 22,826	\$ 104,852
Net (gain) loss from fair value adjustments (Noninterest income (loss))	622	(5,626)	(2,533)	1,809	5,140	(5,728)

Net (gain) loss on sale of securities (Noninterest income (loss))	10,948	—	—	—	—	10,948
Life insurance proceeds (Noninterest income (loss))	(286)	—	(1,536)	—	—	(1,822)
Net gain on disposition of assets (Noninterest income (loss))	(104)	—	—	—	—	(104)
Net (gain) loss from fair value adjustments on qualifying hedges (Interest and fees on loans)	(936)	(28)	60	129	(1,122)	(775)
Net amortization of purchase accounting adjustments (Various)	(219)	(650)	(237)	(924)	(324)	(2,030)
Merger (benefit) expense (Various)	—	—	—	—	(17)	—
Core income before taxes	22,844	26,118	30,725	25,654	26,503	105,341
Provision for income taxes for core income	5,445	7,165	9,207	6,685	5,535	28,502
Core net income	<u>\$ 17,399</u>	<u>\$ 18,953</u>	<u>\$ 21,518</u>	<u>\$ 18,969</u>	<u>\$ 20,968</u>	<u>\$ 76,839</u>
						??

GAAP diluted earnings per common share	\$ 0.34	\$ 0.76	\$ 0.81	\$ 0.58	\$ 0.58	\$ 2.50
Net (gain) loss from fair value adjustments, net of tax	0.02	(0.13)	(0.06)	0.04	0.13	(0.14)
Net loss on sale of securities, net of tax	0.27	—	—	—	—	0.26
Life insurance proceeds	(0.01)	—	(0.05)	—	—	(0.06)
Net gain on disposition of assets, net of tax	—	—	—	—	—	—
Net (gain) loss from fair value adjustments on qualifying hedges, net of tax	(0.02)	—	—	—	(0.03)	(0.02)
Net amortization of purchase accounting adjustments, net of tax	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.05)
Merger (benefit) expense, net of tax	—	—	—	—	—	—
NYS tax change	—	—	—	—	—	—
Core diluted earnings per common share ⁽¹⁾	<u>\$ 0.57</u>	<u>\$ 0.62</u>	<u>\$ 0.70</u>	<u>\$ 0.61</u>	<u>\$ 0.67</u>	<u>\$ 2.49</u>
Core net income, as calculated above	\$ 17,399	\$ 18,953	\$ 21,518	\$ 18,969	\$ 20,968	\$ 76,839

Average assets	8,518,019	8,442,657	8,211,763	8,049,470	8,090,701	8,307,137
Average equity	676,165	674,282	667,456	673,012	671,474	672,742
Core return on average assets ⁽²⁾	0.82 %	0.90 %	1.05 %	0.94 %	1.04 %	0.92 %
Core return on average equity ⁽²⁾	10.29 %	11.24 %	12.90 %	11.27 %	12.49 %	11.42 %

(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)

	For the three months ended					For the year ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2022	2022	2022	2022	2021	2022	2021
<i>(Dollars in thousands)</i>							
GAAP Net interest income	\$ 54,201	\$ 61,206	\$ 64,730	\$ 63,479	\$ 62,674	\$ 243,616	\$ 247,969
Net (gain) loss from fair value adjustments on qualifying hedges	(936)	(28)	60	129	(1,122)	(775)	(2,079)
Net amortization of purchase accounting adjustments	(342)	(775)	(367)	(1,058)	(462)	3,016	(3,049)
Core Net interest income	<u>\$ 52,923</u>	<u>\$ 60,403</u>	<u>\$ 64,423</u>	<u>\$ 62,550</u>	<u>\$ 61,090</u>	<u>\$ 245,857</u>	<u>\$ 242,841</u>
GAAP Noninterest income (loss)	\$ (7,652)	\$ 8,995	\$ 7,353	\$ 1,313	\$ (280)	\$ 10,009	\$ 3,687

Net (gain) loss from fair value adjustments	622	(5,626)	(2,533)	1,809	5,140	(5,728)	12,995
Net gain (loss) on sale of securities	10,948	—	—	—	—	10,948	(113)
Life insurance proceeds	(286)	—	(1,536)	—	—	(1,822)	—
Net gain on sale of assets	<u>(104)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(104)</u>	<u>(621)</u>
Core Noninterest income	<u>\$ 3,528</u>	<u>\$ 3,369</u>	<u>\$ 3,284</u>	<u>\$ 3,122</u>	<u>\$ 4,860</u>	<u>\$ 13,303</u>	<u>\$ 15,948</u>
GAAP Noninterest expense	\$ 33,742	\$ 35,634	\$ 35,522	\$ 38,794	\$ 38,807	\$ 143,692	\$ 147,322
Net amortization of purchase accounting adjustments	(123)	(125)	(130)	(134)	(138)	(578)	(560)
Merger expense (benefit)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17</u>	<u>—</u>	<u>(2,562)</u>
Core Noninterest expense	<u>\$ 33,619</u>	<u>\$ 35,509</u>	<u>\$ 35,392</u>	<u>\$ 38,660</u>	<u>\$ 38,686</u>	<u>\$ 143,114</u>	<u>\$ 144,200</u>
Net interest income	\$ 54,201	\$ 61,206	\$ 64,730	\$ 63,479	\$ 62,674	\$ 243,616	\$ 247,969
Noninterest income (loss)	(7,652)	8,995	7,353	1,313	(280)	10,009	3,687
Noninterest expense	<u>(33,742)</u>	<u>(35,634)</u>	<u>(35,522)</u>	<u>(38,794)</u>	<u>(38,807)</u>	<u>(143,692)</u>	<u>(147,322)</u>
Pre-provision pre-tax net revenue	<u>\$ 12,807</u>	<u>\$ 34,567</u>	<u>\$ 36,561</u>	<u>\$ 25,998</u>	<u>\$ 23,587</u>	<u>\$ 109,933</u>	<u>\$ 104,334</u>
Core:							
Net interest income	\$ 52,923	\$ 60,403	\$ 64,423	\$ 62,550	\$ 61,090	\$ 245,857	\$ 242,841
Noninterest income	3,528	3,369	3,284	3,122	4,860	13,303	15,948

Noninterest expense	<u>(33,619)</u>	<u>(35,509)</u>	<u>(35,392)</u>	<u>(38,660)</u>	<u>(38,686)</u>	<u>(143,114)</u>	<u>(144,200)</u>
Pre-provision pre-tax net revenue	<u>\$ 22,832</u>	<u>\$ 28,263</u>	<u>\$ 32,315</u>	<u>\$ 27,012</u>	<u>\$ 27,264</u>	<u>\$ 116,046</u>	<u>\$ 114,589</u>
Efficiency Ratio	59.6 %	55.7 %	52.3 %	58.9 %	58.7 %	55.2 %	55.7 %

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 year ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
<i>(Dollars in thousands)</i>	2022	2022	2022	2022	2021	2022	2021
GAAP net interest income	\$ 54,201	\$ 61,206	\$ 64,730	\$ 63,479	\$ 62,674	\$ 243,616	\$ 243,616
Net (gain) loss from fair value adjustments on qualifying hedges	(936)	(28)	60	129	(1,122)	(775)	(775)
Net amortization of purchase accounting adjustments	(342)	(775)	(367)	(1,058)	(462)	3,016	3,016
Tax equivalent adjustment	<u>102</u>	<u>104</u>	<u>131</u>	<u>124</u>	<u>113</u>	<u>461</u>	<u>461</u>
Core net interest income FTE	<u>\$ 53,025</u>	<u>\$ 60,507</u>	<u>\$ 64,554</u>	<u>\$ 62,674</u>	<u>\$ 61,203</u>	<u>\$ 246,318</u>	<u>\$ 246,318</u>
Total average interest-earning assets ⁽¹⁾	\$8,050,601	\$7,984,558	\$7,746,640	\$7,577,053	\$7,634,601	\$7,841,407	\$7,841,407

Core net interest margin FTE	2.63 %	3.03 %	3.33 %	3.31 %	3.21 %	3.14 %
GAAP interest income on total loans, net	\$ 81,033	\$ 75,546	\$ 69,192	\$ 67,516	\$ 68,113	\$ 293,287
Net (gain) loss from fair value adjustments on qualifying hedges	(936)	(28)	60	129	(1,122)	(775)
Net amortization of purchase accounting adjustments	(372)	(783)	(357)	(1,117)	(535)	2,628
Core interest income on total loans, net	<u>\$ 79,725</u>	<u>\$ 74,735</u>	<u>\$ 68,895</u>	<u>\$ 66,528</u>	<u>\$ 66,456</u>	<u>\$ 295,140</u>
Average total loans, net ⁽¹⁾	\$ 6,886,900	\$ 6,867,758	\$ 6,647,131	\$ 6,586,253	\$ 6,566,654	\$ 6,748,165
Core yield on total loans	4.63 %	4.35 %	4.15 %	4.04 %	4.05 %	4.37 %

⁽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)

	December 31,	September 30,	June 30,	March 31,	December 31,
<i>(Dollars in thousands)</i>	2022	2022	2022	2022	2021
Total Equity	\$ 677,157	\$ 670,719	\$ 670,812	\$ 675,813	\$ 679,628
Less:					
Goodwill	(17,636)	(17,636)	(17,636)	(17,636)	(17,636)

Core deposit					
Intangibles	(2,017)	(2,147)	(2,282)	(2,420)	(2,562)
Intangible					
deferred tax					
liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>328</u>	<u>328</u>
Tangible					
Stockholders'					
Common					
Equity	<u>\$ 657,504</u>	<u>\$ 650,936</u>	<u>\$ 650,894</u>	<u>\$ 656,085</u>	<u>\$ 659,758</u>
Total Assets	\$8,422,946	\$8,557,419	\$8,339,587	\$8,169,833	\$8,045,911
Less:					
Goodwill	(17,636)	(17,636)	(17,636)	(17,636)	(17,636)
Core deposit					
Intangibles	(2,017)	(2,147)	(2,282)	(2,420)	(2,562)
Intangible					
deferred tax					
liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>328</u>	<u>328</u>
Tangible Assets	<u>\$8,403,293</u>	<u>\$8,537,636</u>	<u>\$8,319,669</u>	<u>\$8,150,105</u>	<u>\$8,026,041</u>
Tangible					
Stockholders'					
Common Equity to					
Tangible Assets	<u>7.82 %</u>	<u>7.62 %</u>	<u>7.82 %</u>	<u>8.05 %</u>	<u>8.22 %</u>

☐

☐

Source: Flushing Financial Corporation