

Piper Sandler East Coast Financial Services Conference



November 11, 2021

Small enough to know you.
Large enough to help you.®

FFIC FLUSHING
Financial Corporation

Safe Harbor Statement

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: Statements in this Presentation 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, 2020 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.

Key Messages

- ▶ **Leading Community Bank** in the Greater NYC Area
- ▶ Well Diversified and Low Risk **Loan Portfolio**
- ▶ **History of Sound Credit Quality** since IPO in 1995
- ▶ **Asian Banking Niche**
- ▶ **Beneficiary of a Steepening Yield Curve**

Conservative Underwriting with History of Solid Value Creation

Returns Strengthened From Pre-Pandemic Levels

	YTD 2021	YTD 2020	Full Year 2020	Full Year 2019
Reported Results				
EPS	\$2.02	\$1.08	\$1.18	\$1.44
ROAA	1.04 %	0.58 %	0.48 %	0.59 %
ROAE	13.24	7.30	5.98	7.35
NIM FTE	3.22	2.77	2.85	2.47
Core¹ Results				
EPS	\$2.14	\$1.11	\$1.70	\$1.65
ROAA	1.11 %	0.60 %	0.68 %	0.68 %
ROAE	14.09	7.47	8.58	8.42
NIM FTE	3.15	2.81	2.87	2.49

- GAAP diluted EPS \$2.02 YTD21 compared to \$1.08 a year ago; Core diluted EPS of \$2.14, up 93% YoY
- GAAP ROAA and ROAE of 1.04% and 13.24%, respectively YTD21; Core ROAA and ROAE of 1.11% and 14.09%, respectively, and improved significantly YoY
- YTD21 GAAP NIM increased 45 bps YoY; Core NIM up 34 bps YoY
- Loans, excluding PPP, increased 12% YoY and were flat QoQ
- 3Q21 average non-interest bearing deposits increased 58% YoY
- Credit quality remains solid with NPAs at 25 bps of assets and only 6 bps of NCOs YTD21
- Tangible book value per share of \$21.13; TCE/TA of 8.04% at September 30, 2021

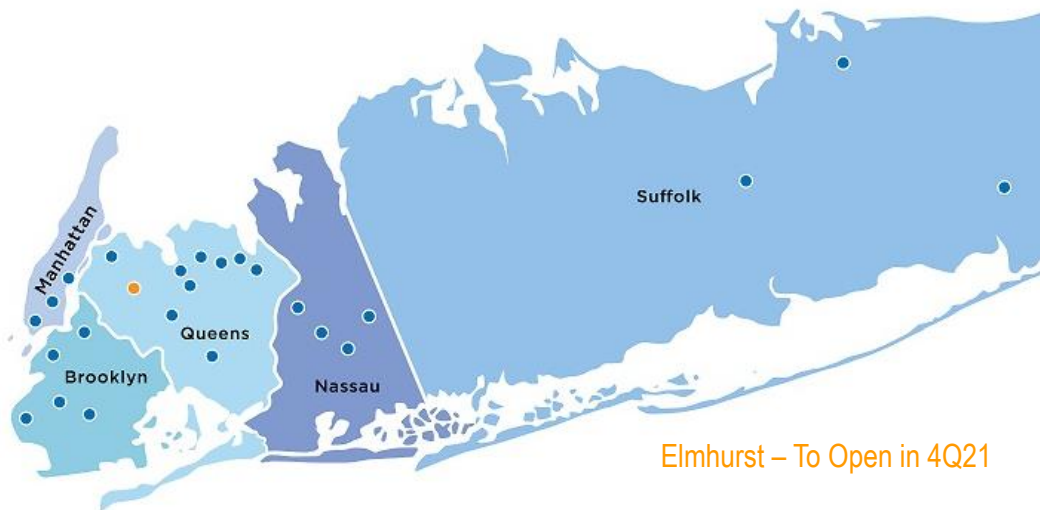
Flushing Financial Snapshot (NASDAQ: FFIC)

3Q21 Key Statistics

Balance Sheet		Performance	
Assets	\$8.1B	GAAP/Core ROAA	1.26%/1.38% ²
Loans	\$6.6B	GAAP/Core ROAE	15.42%/16.88% ²
Deposits	\$6.5B ¹	Efficiency Ratio	52.3% ²
Equity	\$0.7B	Tangible Book Value	\$21.13
		Dividend Yield	3.5% ³

Footprint

Deposits primarily from 24 branches in multi-cultural neighborhoods and our online division, consisting of iGObanking.com® and BankPurely®



Competitive Advantages

Strong Franchise and Diverse Business Mix

- **Diversified loan portfolio** with focus on commercial business loans, multifamily mortgages, and commercial real estate
- Current/historical **strong credit** and capital positions

Track Record of Long Term Outperformance

- Of the 69 publicly traded banks in Flushing's markets in 1995, only 9 remain; **FFIC has a total return of 1048%** compared to 863% for the peer median⁴ and 1067% for the S&P 500 Total Return⁴
- Relative to peers⁵, FFIC has outperformed since its IPO date of 11/21/95 or the IPO of its peers by 494 percentage points and the BKX by 488 percentage points

Strategic Opportunities

- Increase customer usage of **mobile and online banking technology platform**
- **Optimizing funding mix** through internet banks and Asian initiatives
- Proactively managing balance sheet to **enhance net interest income**

Experienced Executive Leadership Team



John Buran
President
and CEO

FFIC: 21 years
Industry: 44 years



Maria Grasso
SEVP, COO,
Corporate Secretary

15 years
35 years



Susan Cullen
SEVP, CFO,
Treasurer

6 years
31 years



Francis Korzekwinski
SEVP, Chief of
Real Estate

28 years
32 years



Michael Bingold
SEVP, Chief Retail and Client
Development Officer

8 years
38 years



Allen Brewer
SEVP, Chief Information Officer

13 years
47 years



Tom Buonaiuto
SEVP, Chief of Staff, Deposit
Channel Executive

14 years¹
29 years



Vincent Giovinco
EVP, Commercial Real Estate
Lending

2 years
23 years



Jeoung Jin
EVP, Residential
and Mixed Use

23 years
28 years



Theresa Kelly
EVP, Business
Banking

15 years
37 years



Patricia Mezeul
EVP, Director of
Government Banking

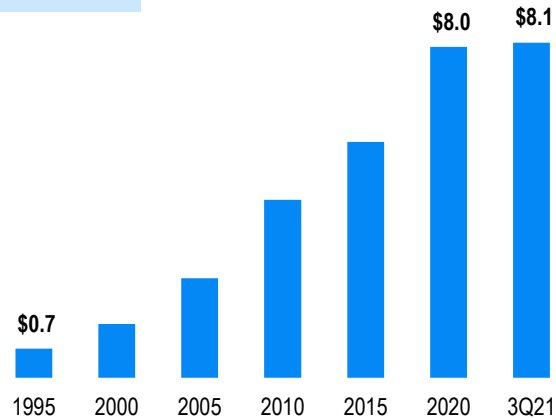
14 years
41 years

Executive Compensation and Insider Stock Ownership (5.4%²) Aligned with Shareholder Interests

25 Year Track Record of Steady Growth

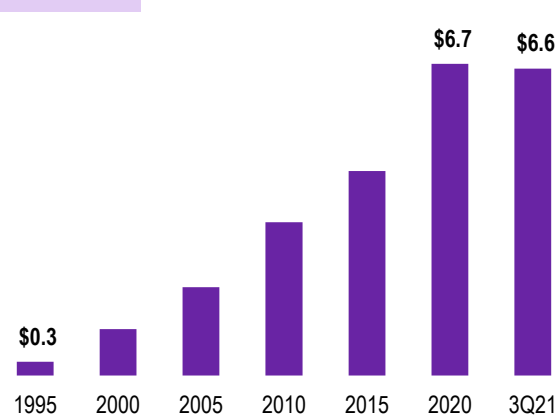
Assets (\$B)

10% CAGR



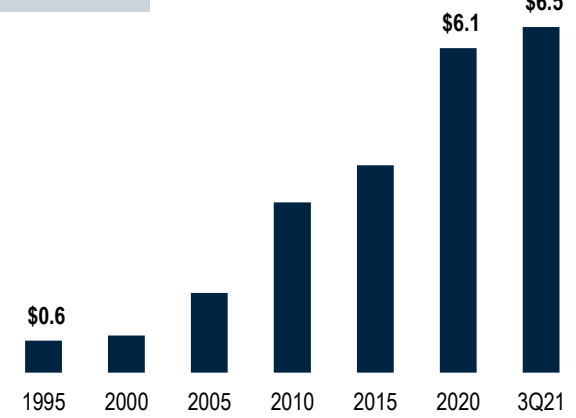
Total Gross Loans (\$B)

13% CAGR



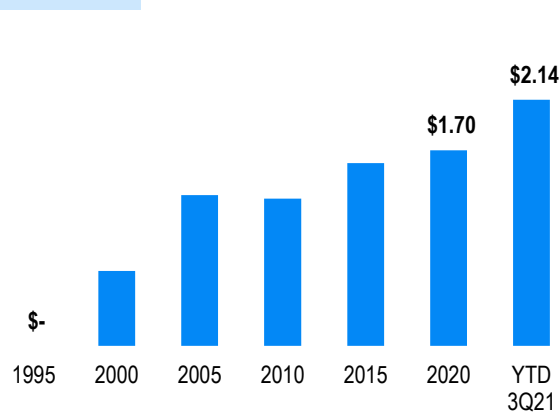
Total Deposits (\$B)¹

10% CAGR



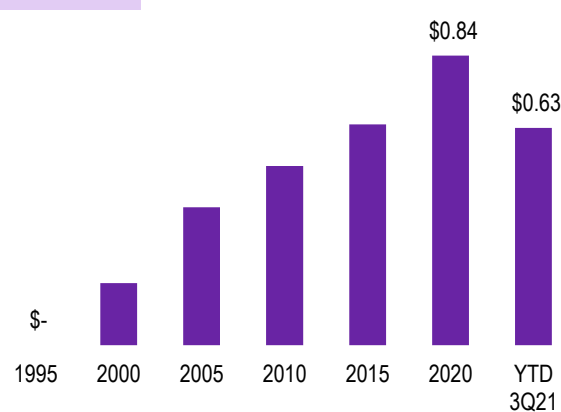
Core EPS (\$)

8% CAGR²



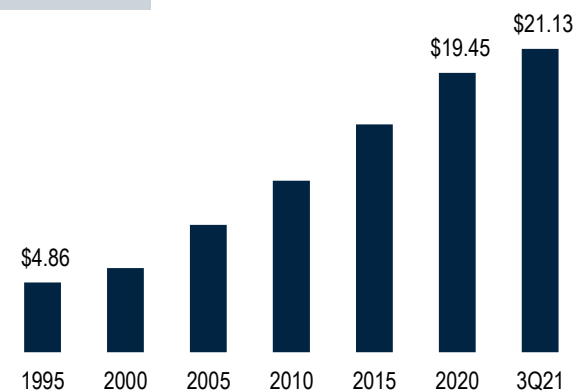
Dividends per Share (\$)

16% CAGR²

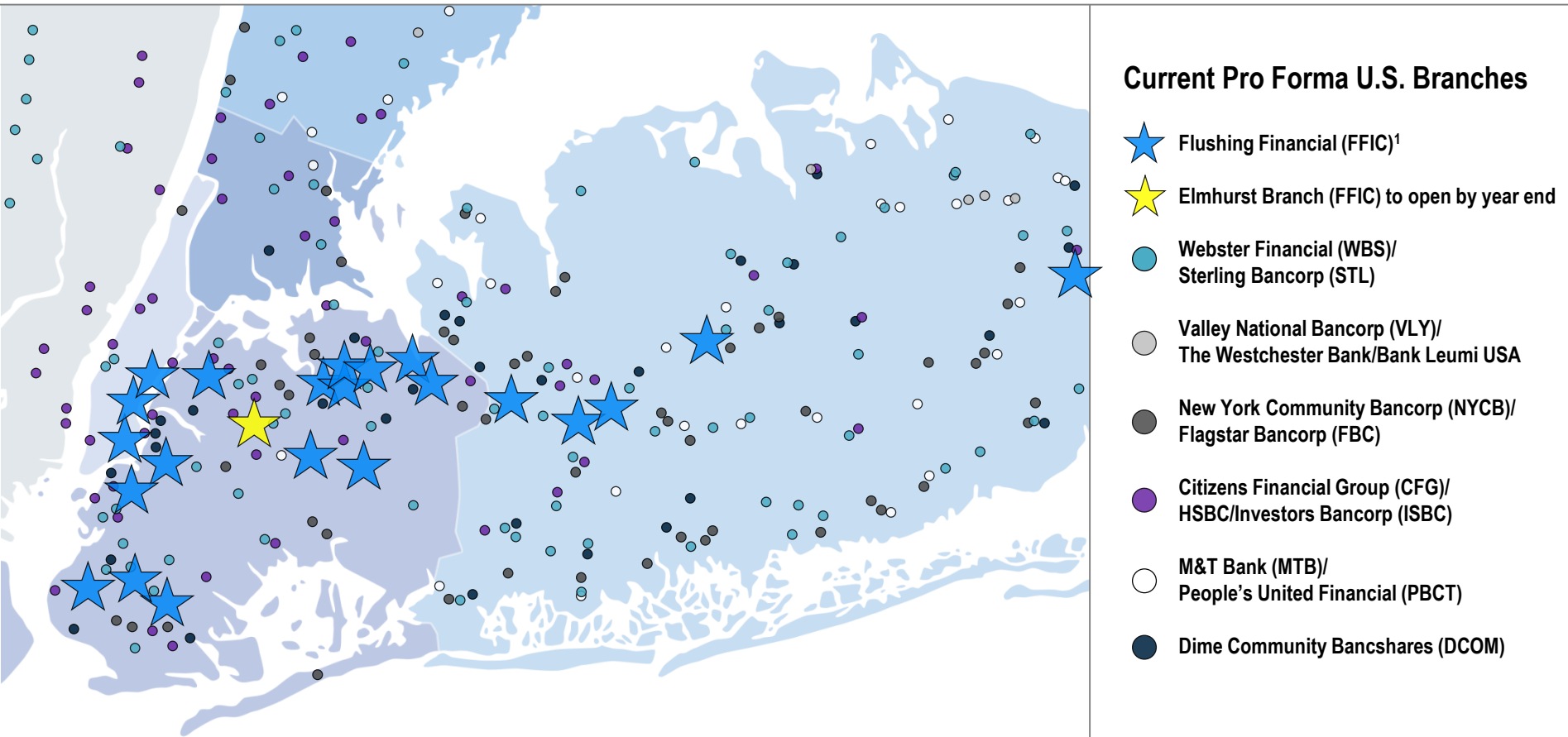


Tangible Book Value per Share (\$)

6% CAGR



Well-positioned to Benefit from Industry Merger Disruption



- **8 bank mergers** have been announced or closed involving Long Island area Banks²
- **Out of the \$328B of total industry deposits** in Nassau, Queens, Kings, and Suffolk Counties, \$60B or 18% involve a merger participant³
- **93% of FFIC's deposits** are in the Long Island market.

Achieved Empire Goals One Year After Closing

Announced Target	Results
EPS accretion of 20%	<ul style="list-style-type: none"> • Accretion target met
Earn back of 3.2 years	<ul style="list-style-type: none"> • Tangible book value per share of \$21.13 increased 5% since 3Q20 • TCE exceeds 8%
Improved cost of deposits and loan to deposit ratio	<ul style="list-style-type: none"> • Cost of deposits have decreased 28 bps YoY • Average non-interest bearing deposits increased 58% YoY • Loan to deposit ratio improved to 102% at 3Q21 from 120% in 3Q20
Cost saves of approximately 50% with 75% in year 1 and 100% thereafter	<ul style="list-style-type: none"> • Achieved costs saves slightly above announced goal within one year of closing
Expand Flushing Bank's presence into Suffolk County	<ul style="list-style-type: none"> • Suffolk County remains a focus market

Strong Asian Banking Market Focus

Asian Communities – Total Loans \$693MM
and Deposits \$892M

Multilingual Branch Staff Serves Diverse Customer Base in NYC
Metro Area

Growth Aided by the Asian Advisory Board

Sponsorships of Cultural Activities Support New and Existing
Opportunities

Expansion into Elmhurst by year end

14%
of Total Deposits

\$32B
Market Potential
(~3% Market Share¹)

6.9%
FFIC 5 Year Asian Market
CAGR vs 3.4%¹ for the
Comparable Asian
Markets

Digital Banking Initiatives

39%

Increase in Monthly Mobile
Active Users
YoY



~22,000

Active Online Banking Users

51%

YoY Growth



23%

Digital Banking
Enrollment
YoY Growth



JAM FINTOP

Early Look at Emerging
Technology



Numerated

Improving Customer
Experience through
Automated Approval and
Origination

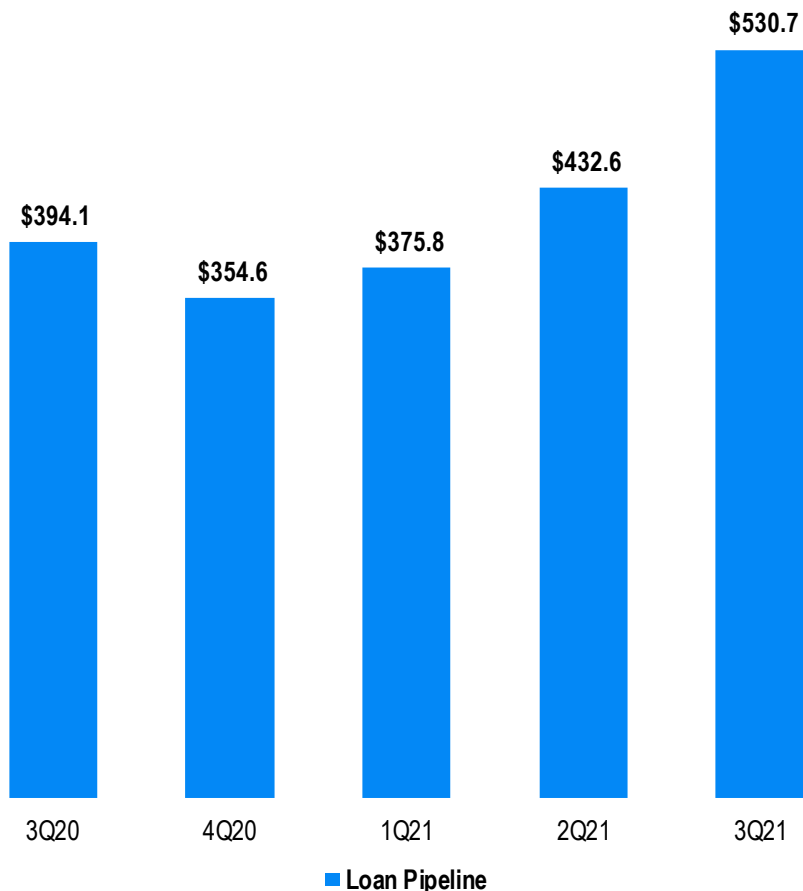


More Technology Enhancements to Come

Positive Loan Growth Outlook

Loan Pipeline at Record Level; Up 34.7% YoY

(\$MM)



Drivers of Future Growth:

- **Expected market disruption**
 - 8 bank mergers announced within footprint
 - Strong organic growth opportunity
- **Metropolitan New York is coming back**
 - Asian market activities and events are restarting as restrictions are lifted
 - Apartment rents trending upwards with vacancy rates returning to pre-pandemic levels
- **Key lending areas accelerated post Great Recession**
 - 2010-2015 CAGRs:
 - Multifamily loans: 10.4%
 - Commercial Real Estate: 8.6%
 - Commercial Business: 22.0%

Significant Organic Growth Opportunity; Positive Loan Growth Expected

Executing Strategic Objectives Resulting In 3Q21 GAAP EPS \$0.81 and Record Core EPS of \$0.88

GAAP ROAA and ROAE 1.26% and 15.42%; Core¹ ROAA and ROAE 1.38% and 16.88% in 3Q21

1 Ensure appropriate risk-adjusted returns for loans while optimizing costs of funds

- Sixth consecutive quarter of record net interest income totaling \$63.4MM; record core net interest income of \$62.1MM
- GAAP NIM increased 20 bps; Core NIM up 13 bps QoQ
- Average noninterest deposits increased 58% YoY
- Loan yields up 10 bps QoQ and 8 bps YoY; Core Loan yields stable

2 Maintain strong historical loan growth

- Loans, excluding PPP, grew 12% YoY and were flat QoQ
- Loan pipeline increased 35% YoY to a record \$530.7MM
- ~\$179MM of PPP forgiveness over life of program (\$67MM in 3Q21); \$131MM PPP loans remain

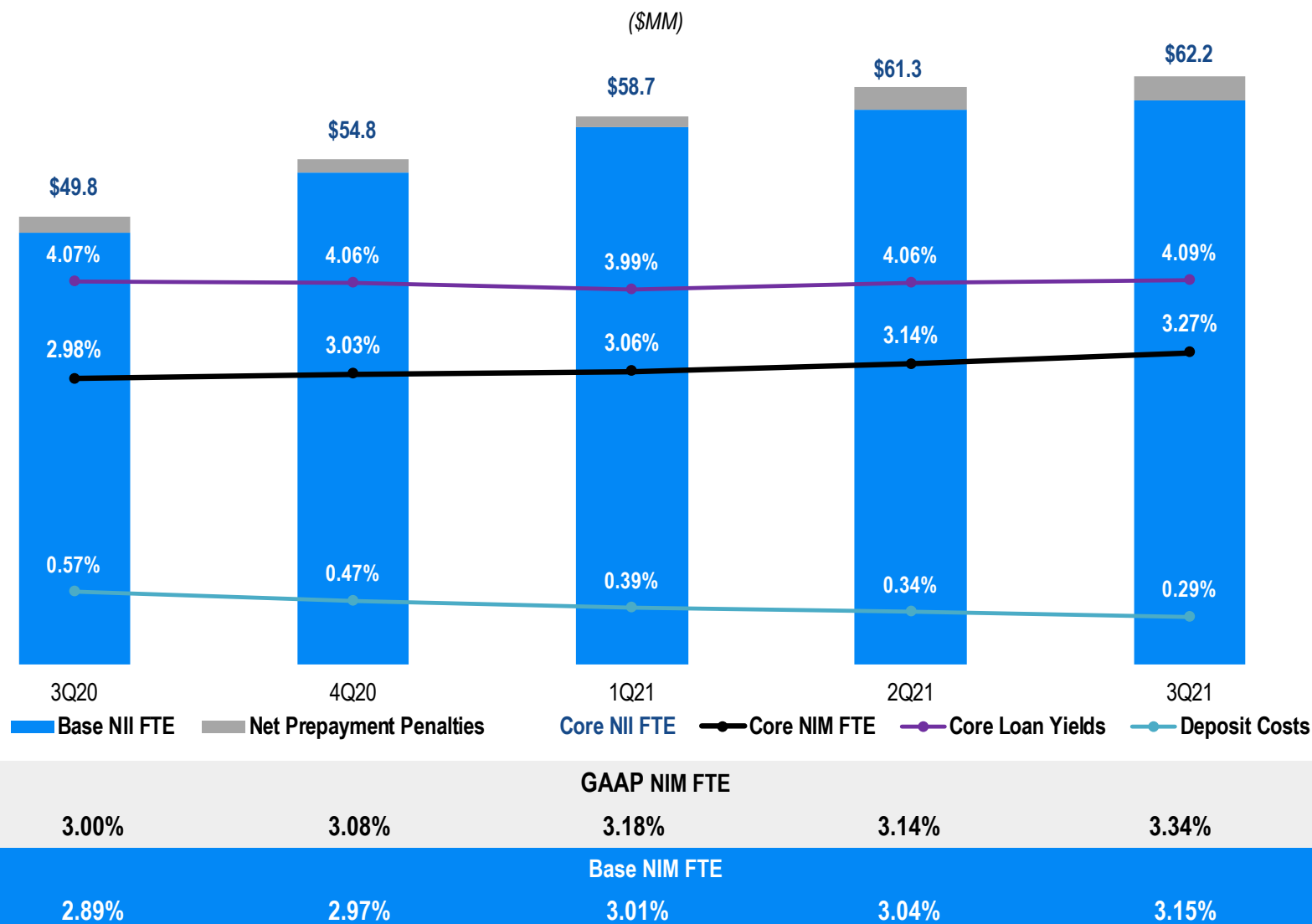
3 Enhance core earnings power by improving scalability and efficiency

- GAAP EPS \$0.81 vs \$0.50 YoY
- Record Core¹ EPS \$0.88 vs \$0.56 YoY
- PPNR² and Core PPNR² increased 17% and 4% QoQ, respectively
- Continued digital adoption gains
- Efficiency ratio improved YoY to 52.3%

4 Manage asset quality with consistently disciplined underwriting

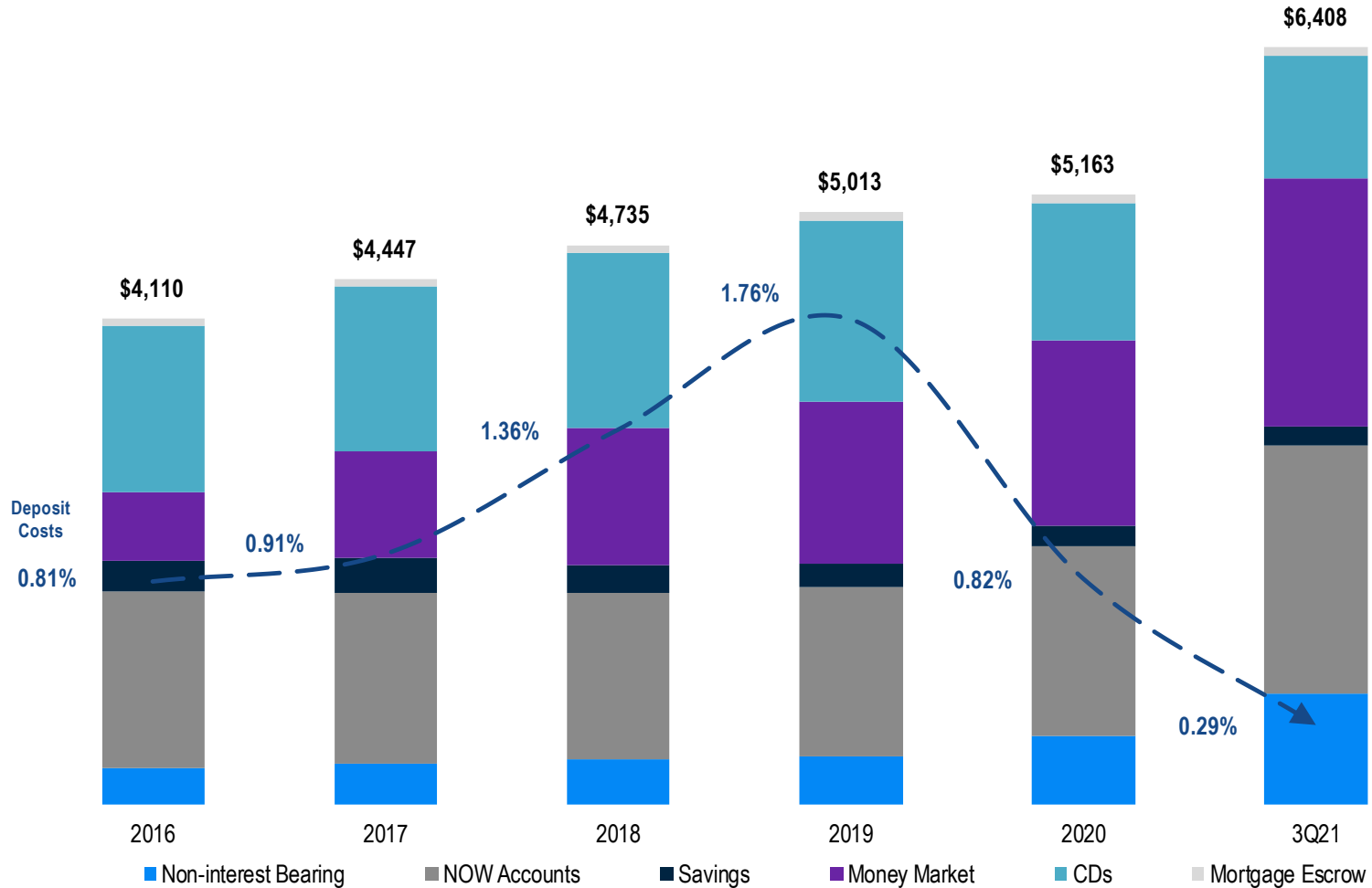
- 25 bps NPAs/Assets
- 4 bps of net recoveries
- Average real estate LTV is <38%
- \$6.9MM benefit for loan losses

Record Core Net Interest Income FTE for the Sixth Consecutive Quarter



Deposit Mix Improves; Costs Continue to Fall

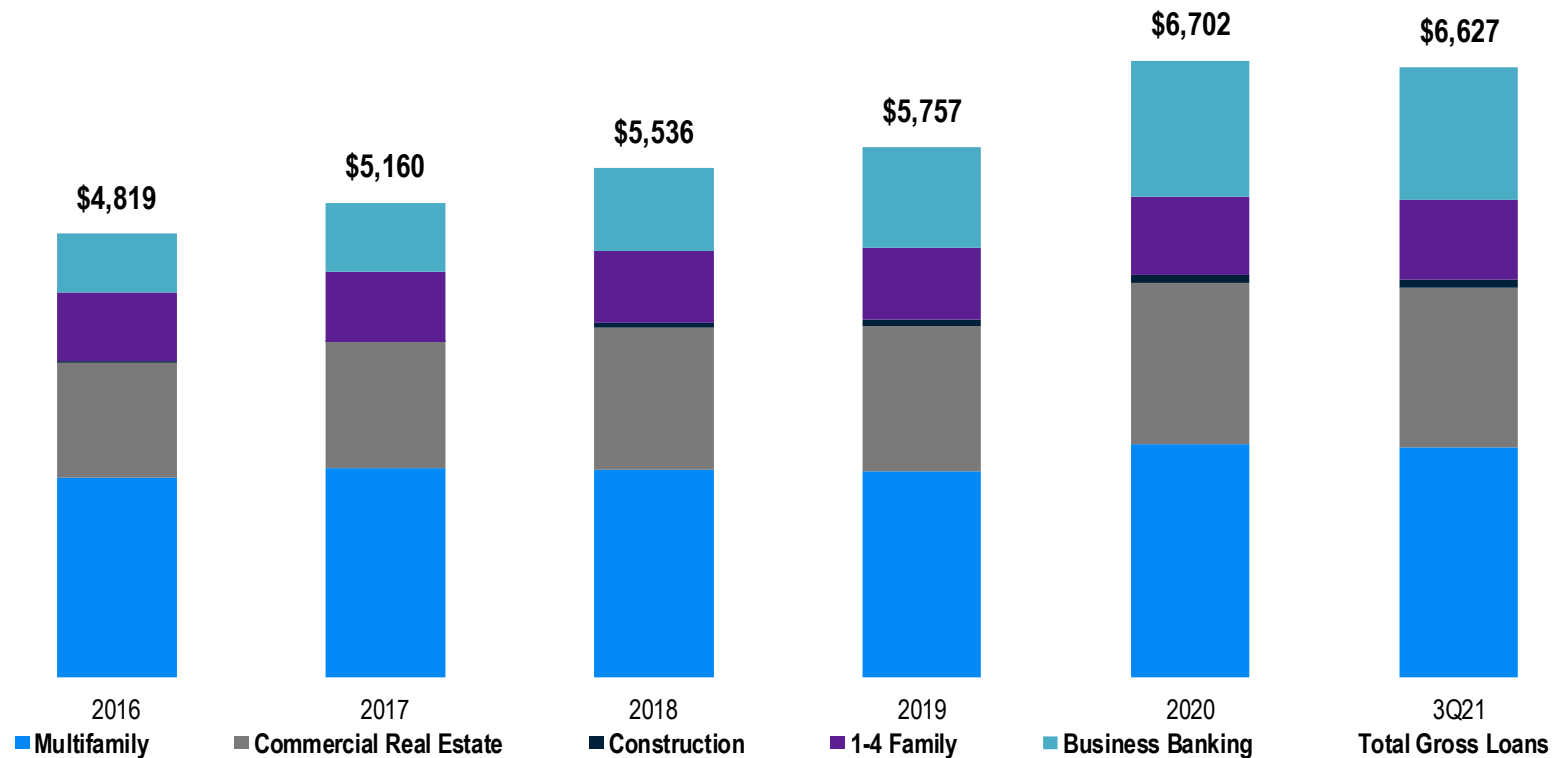
Average Deposits Composition¹
(\$MM)



Diversified Loan Mix; Relatively Stable Yields

Loan Composition

Period End Loans (\$MM)



Core Loan Yields

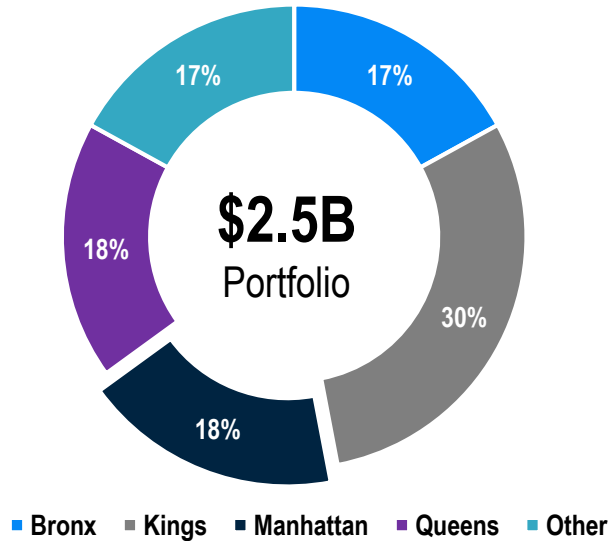
4.24%	4.20%	4.38%	4.51%	4.14%	4.05%
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Base Loan Yields

4.07%	4.07%	4.25%	4.39%	4.07%	3.94%
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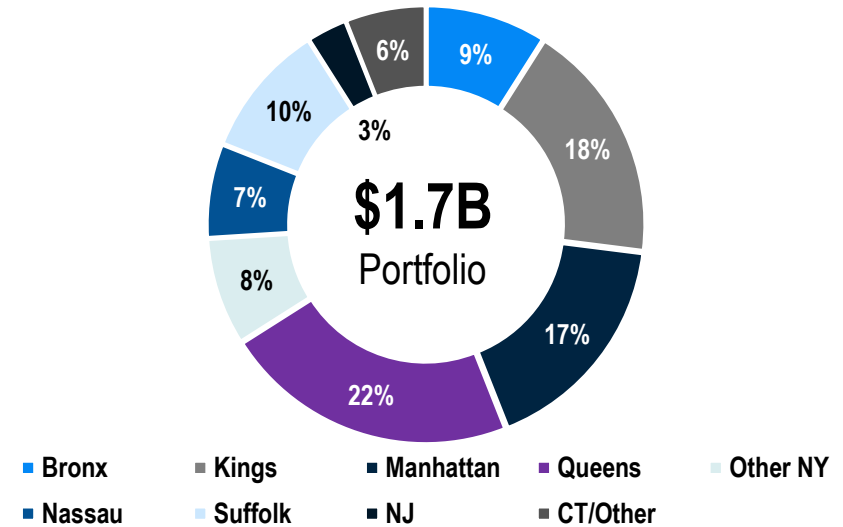
Well Secured Multifamily and CRE Portfolios with DCR of 1.8x

Multifamily Geography



- Average loan size: \$1.1MM
- Average monthly rent of **\$1,307 vs \$2,839¹** for the market
- Weighted average LTV² is 46%, only \$11MM of loans with an LTV above 75% LTV
- Weighted average DCR is ~1.8x³
- Borrowers typically do not sell properties, but refinance to buy more properties

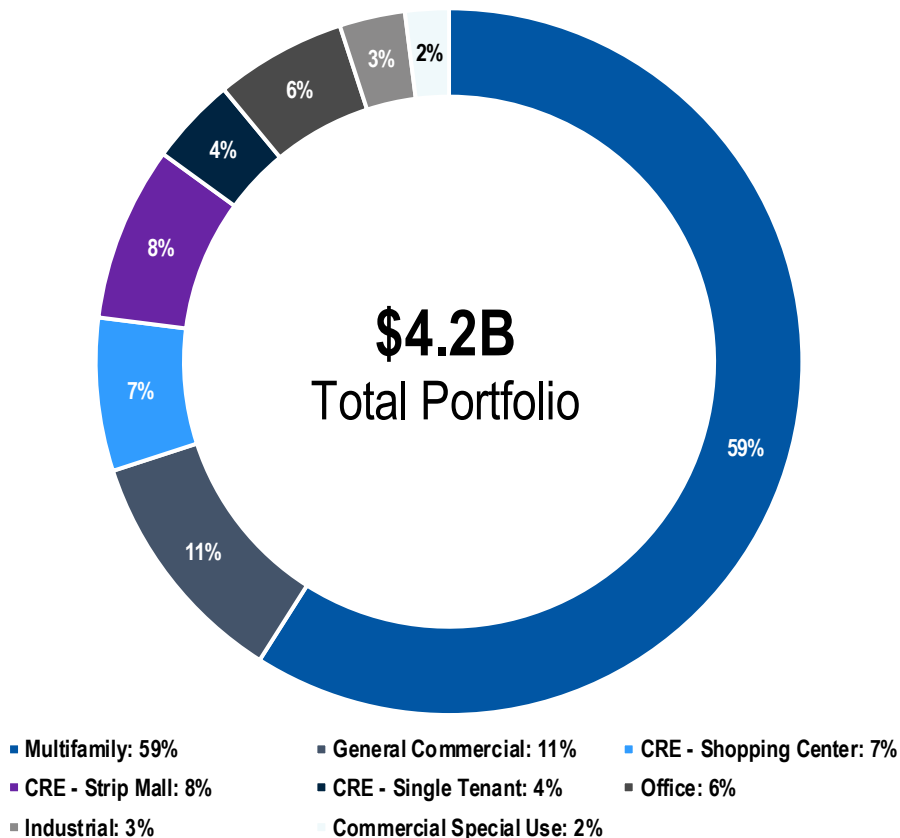
Non-Owner Occupied CRE Geography



- Average loan size: \$2.2MM
- Weighted average LTV² is 50%, no loans with an LTV above 75%
- Weighted average DCR is ~1.8x³
- Borrowers have ~50% equity
- Require primary operating accounts

Underwrite Real Estate Loans with a Cap Rate in Mid-5s and Stress Test Each Loan

Loans Secured by Real Estate Have an Average LTV of <38%



Multifamily

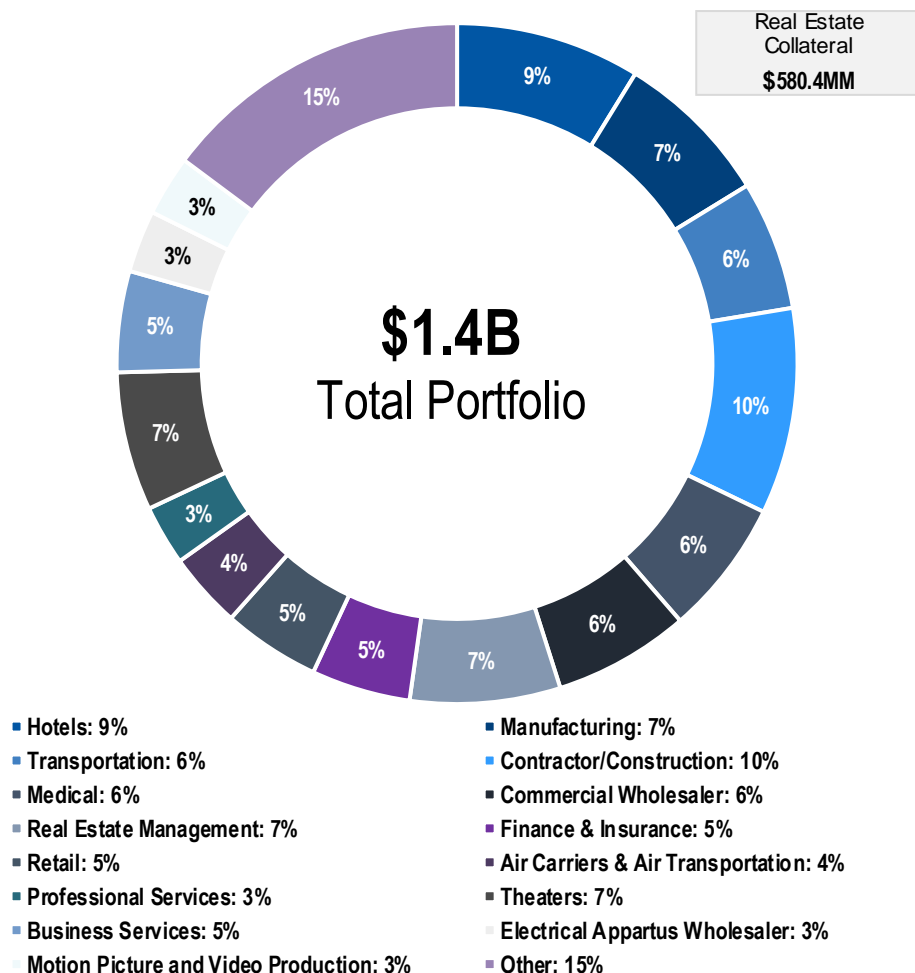
- In market lending
- Review net operating income and the collateral plus the financial resources and income level of the borrower (including experience in managing or owning similar properties)
- ARMs adjust each 5-year period with terms up to 30 years and comprise 81% of the portfolio; prepayment penalties are reset for each 5-year period

Commercial Real Estate

- Secured by in market office buildings, hotels/motels, small business facilities, strip shopping centers, and warehouses
- Similar underwriting standards as multifamily
- ARMs adjust each 5-year period with terms up to 30 years and comprise 80% of the portfolio

Well Secured and Diversified Real Estate Portfolio

Well Diversified Commercial Business Portfolio



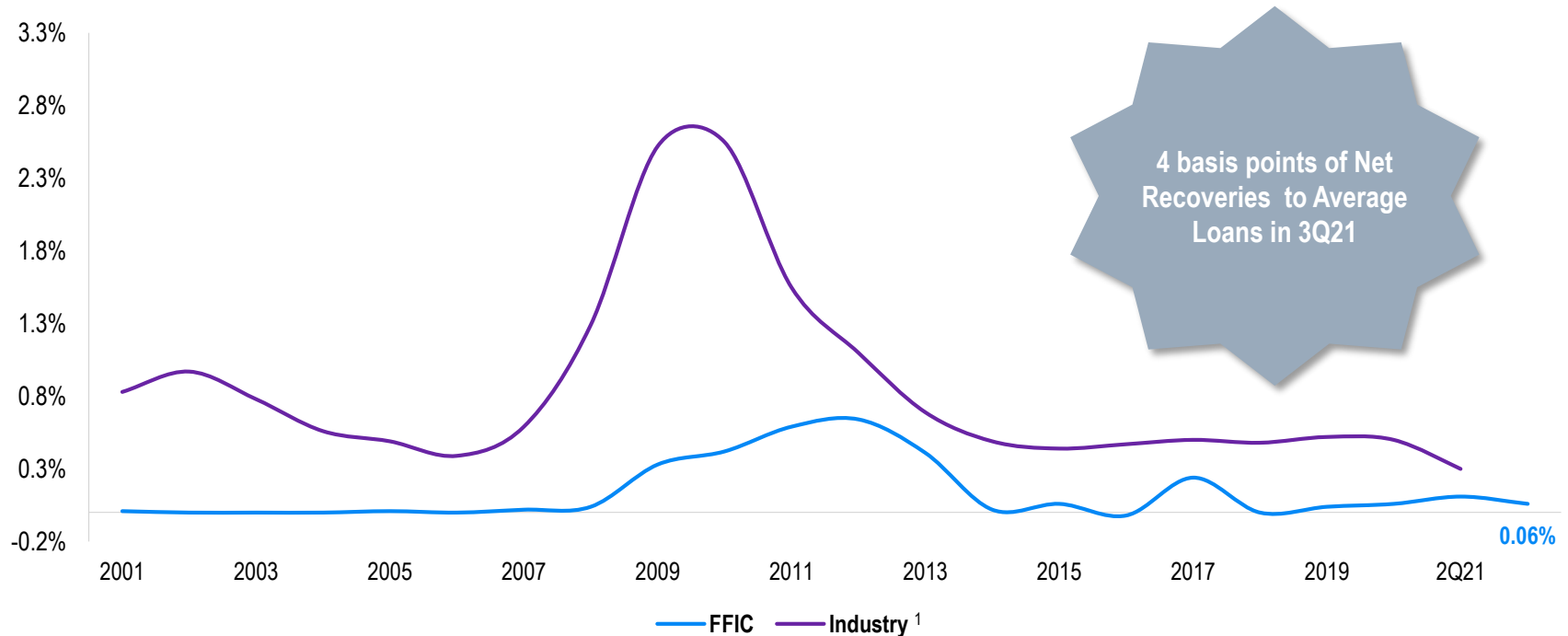
Commercial Business

- In market lending
- Annual sales up to \$250MM
- Lines of credit and term loans including owner occupied mortgages
- Loans secured by business assets, including account receivables, inventory, equipment and real estate and generally required personal guarantees
- Originations are generally \$100,000 to \$10MM
- Adjustable rate loans with adjustment periods of five years for owner occupied mortgages and for lines of credit the adjustment period is generally monthly
- Generally not subject to limitations on interest rate increases but have interest rate floors

Average loan size of \$1MM, excluding PPP¹

Net Charge-offs Significantly Better Than the Industry

NCOs / Average Loans

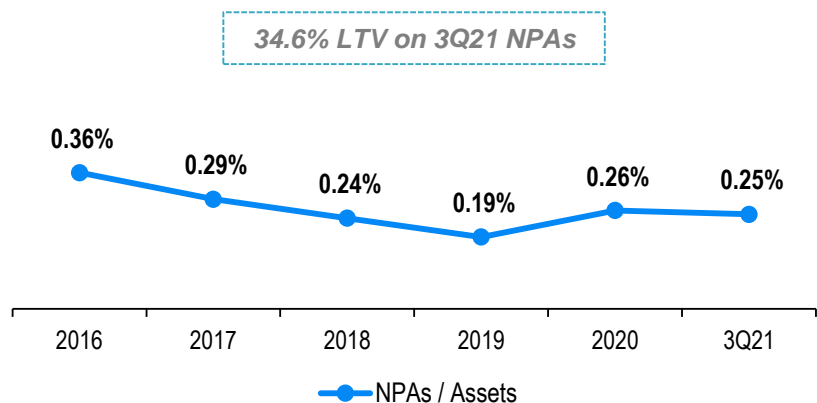


4 basis points of Net Recoveries to Average Loans in 3Q21

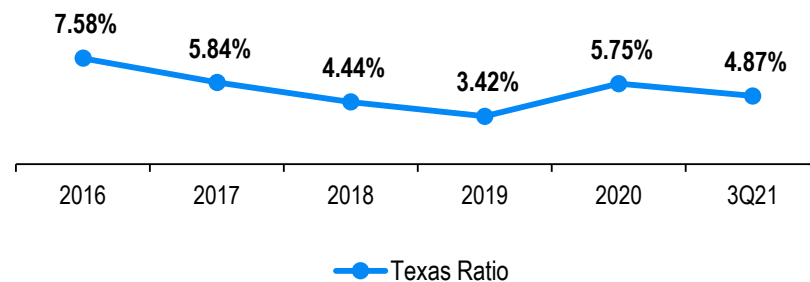
- Over two decades and multiple credit cycles, Flushing has a history of better than industry credit quality
- Average LTVs on the Real Estate portfolio is <38%²
 - Only \$30.1MM of real estate loans (0.5% of loans) with an LTV of 75% or more²

Continued Strong Credit Quality

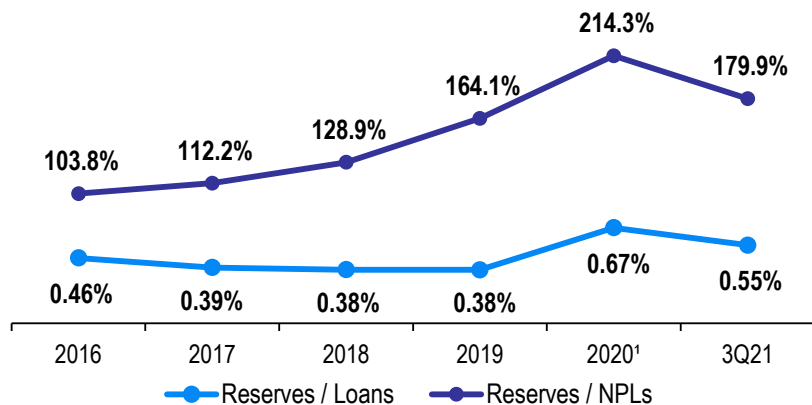
NPAs / Assets



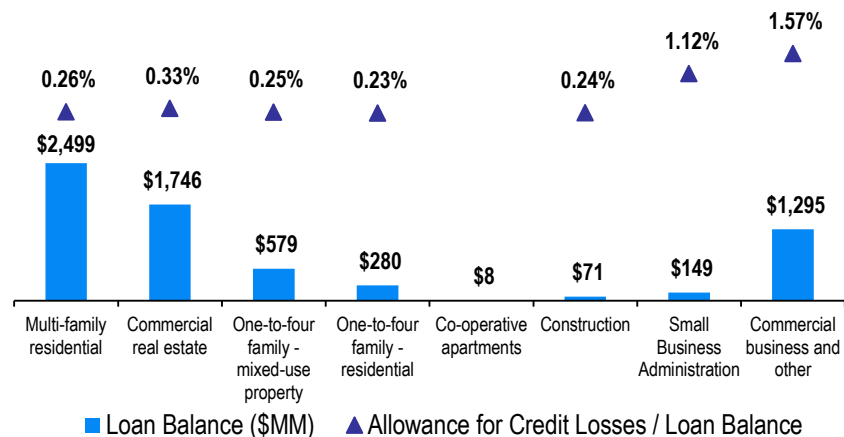
Texas Ratio



Reserves / Gross Loans & Reserves / NPLs

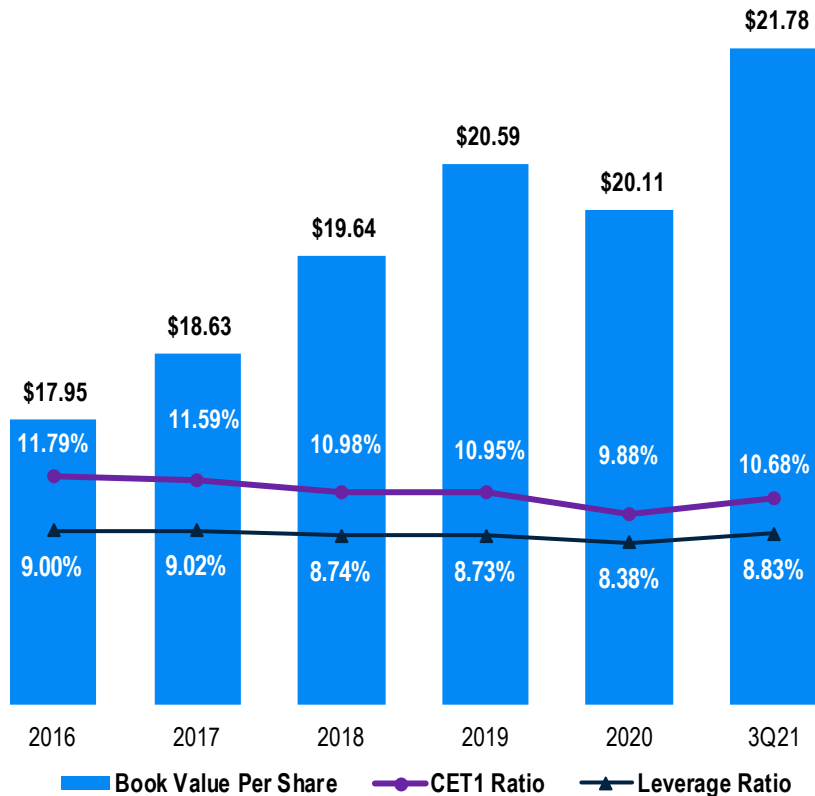


ACL by Loan Segment (3Q21)

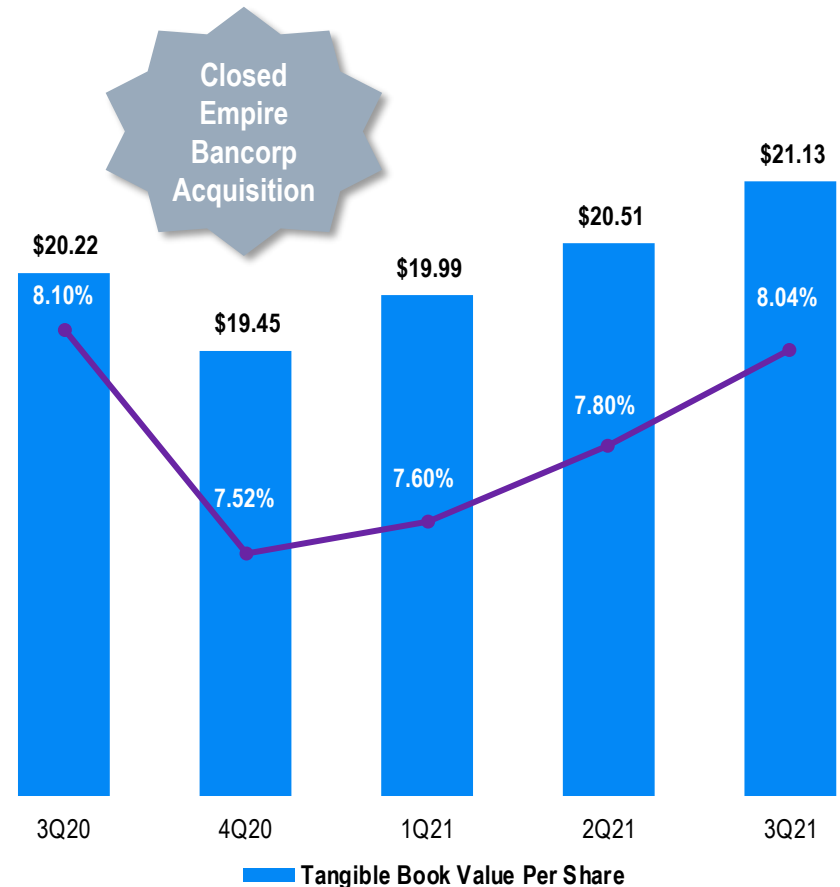


Achieved 8% TCE Target Early; 3.5% Dividend Yield¹

5% Book Value Per Share Growth YoY



TCE Target Achieved Within 1 Year



Share Repurchase Restarted; 51% of 3Q21 Earnings Returned

Outlook and Key Messages

- **Anticipated benefit from merger activity in market**
 - Approximately 18% of industry deposits are in our Long Island market
 - Opportunity to obtain lending business
 - Availability of lending teams and staff
- **Positive loan growth, excluding PPP, expected in 4Q21 and into 2022**
 - Loan pipeline at record levels
 - Metropolitan New York economy continues to normalize
- **Core Net Interest Income driven more by volume than rate**
 - Expect positive loan growth into 2022
 - Continue to manage cost of funds
 - Stable loan yields

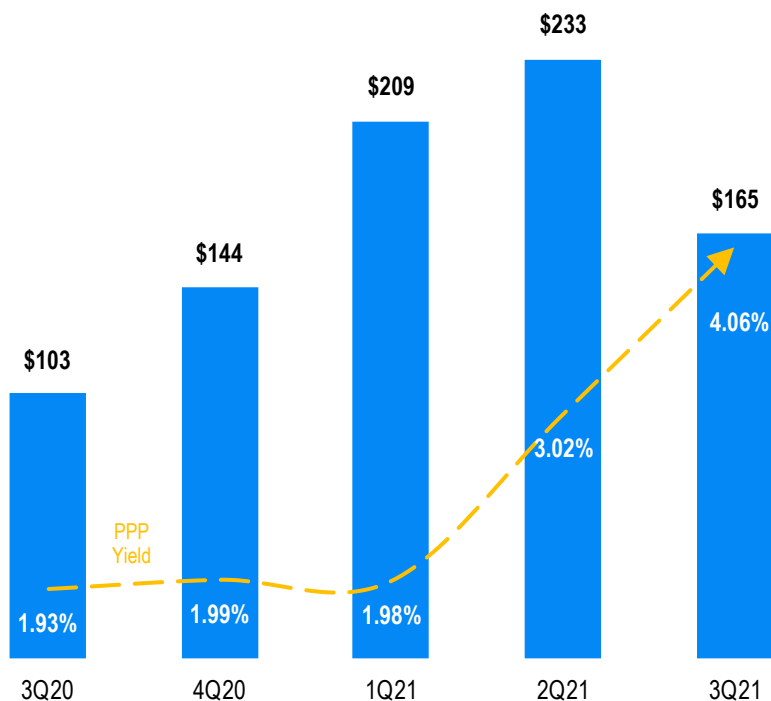
- **Tangible common equity reached 8% target**
 - Capital priorities remain:
 - Profitably grow the balance sheet
 - Return dividends to shareholders
 - Opportunistically repurchase shares
- **Low risk business model; 3.5%¹ dividend yield**
 - Average LTV on real estate loans totals <38%
 - Historical strong credit metrics
 - No changes to underwriting process
- **Exceeded through-the-cycle goals (ROAA ≥1% and ROAE ≥10%)**
 - GAAP and Core basis returns were above through-the-cycle goals without the benefit for credit losses

Appendix



PPP: Forgiveness Increases and Should Continue

Average PPP Loans
(\$MM)



Period End PPP Loans (\$MM)

\$111.6 \$151.9 \$251.0 \$197.3 \$130.8

PPP NIM Benefit/(Drag)

(0.02)% (0.03)% (0.04)% 0.00% 0.02%

- Lifetime originations and acquisitions of \$310MM with a balance of \$130.8MM at 3Q21
- Remaining unamortized net fees of \$3.2MM
- Forgiveness of \$66.5MM in 3Q21, \$69.2MM in 2Q21, and \$24.1MM in 1Q21
- Lifetime forgiveness of \$178.5MM
- \$38.8MM of PPP loans are in the process of forgiveness as of September 30, 2021
- Forgiveness expected to continue in 4Q21 and into 2022
- SBA can take up to 90 days to approve forgiveness

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

Core Net Income, Core Diluted EPS, Core ROAE, Core ROAA, Core Net Interest Income FTE, Core Net Interest Margin FTE, Base Net Interest Income FTE, Base Net Interest Margin FTE, Core Interest Income and Yield on Total Loans, Base Interest Income and Yield on Total Loans, Core Non-interest Income, Core Non-interest Expense and Tangible Book Value per common share are each non-GAAP measures used in this presentation. 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 non-interest 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.

Reconciliation of GAAP Earnings and Core Earnings

	Years Ended					Three Months Ended		Nine Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<i>(Dollars In thousands, except per share data)</i>									
GAAP income (loss) before income taxes	\$ 45,182	\$ 53,331	\$ 65,485	\$ 66,134	\$ 106,019	\$ 34,812	\$ 18,820	\$ 86,452	\$ 41,304
Day 1, Provision for Credit Losses - Empire transaction	1,818	—	—	—	—	—	—	—	—
Net (gain) loss from fair value adjustments	2,142	5,353	4,122	3,465	3,434	2,289	2,225	7,855	(1,987)
Net (gain) loss on sale of securities	701	15	1,920	186	(1,524)	10	—	(113)	91
Life insurance proceeds	(659)	(462)	(2,998)	(1,405)	(460)	—	—	—	(659)
Net gain on sale or disposition of assets	—	(770)	(1,141)	—	(48,018)	—	—	(621)	—
Net (gain) loss from fair value adjustments on qualifying hedges	1,185	1,678	—	—	—	(194)	(230)	(957)	2,208
Accelerated employee benefits upon Officer's death	—	455	149	—	—	—	—	—	—
Prepayment penalty on borrowings	7,834	—	—	—	10,356	—	—	—	—
Net amortization of purchase accounting adjustments	80	—	—	—	—	(958)	—	(2,165)	—
Merger expense	6,894	1,590	—	—	—	2,096	422	2,579	1,545
Core income before taxes	65,177	61,190	67,537	68,380	69,807	38,055	21,237	93,030	42,502
Provision for income taxes for core income	15,428	13,957	11,960	22,613	25,855	10,226	5,069	25,234	10,537
Core net income	\$ 49,749	\$ 47,233	\$ 55,577	\$ 45,767	\$ 43,952	\$ 27,829	\$ 16,168	\$ 67,796	\$ 31,965
GAAP diluted earnings (loss) per common share	\$ 1.18	\$ 1.44	\$ 1.92	\$ 1.41	\$ 2.24	\$ 0.81	\$ 0.50	\$ 2.02	\$ 1.08
Day 1, Provision for Credit Losses - Empire transaction, net of tax	0.05	—	—	—	—	—	—	—	—
Net (gain) loss from fair value adjustments, net of tax	0.06	0.14	0.10	0.07	0.07	0.05	0.06	0.18	(0.05)
Net (gain) loss on sale of securities, net of tax	0.02	—	0.05	—	(0.03)	—	—	—	—
Life insurance proceeds	(0.02)	(0.02)	(0.10)	(0.05)	(0.02)	—	—	—	(0.02)
Net gain on sale or disposition of assets, net of tax	—	(0.02)	(0.03)	—	(0.95)	—	—	(0.01)	—
Net (gain) loss from fair value adjustments on qualifying hedges, net of tax	0.03	0.05	—	—	—	—	(0.01)	(0.02)	0.06
Accelerated employee benefits upon Officer's death, net of tax	—	0.01	—	—	—	—	—	—	—
Federal tax reform 2017	—	—	—	0.13	—	—	—	—	—
Prepayment penalty on borrowings, net of tax	0.20	—	—	—	0.21	—	—	—	—
Net amortization of purchase accounting adjustments, net of tax	—	—	—	—	—	(0.02)	—	(0.05)	—
Merger expense, net of tax	0.18	0.04	—	—	—	0.05	0.01	0.06	0.04
NYS tax change	—	—	—	—	—	—	—	(0.02)	—
Core diluted earnings per common share⁽¹⁾	\$ 1.70	\$ 1.65	\$ 1.94	\$ 1.57	\$ 1.52	\$ 0.88	\$ 0.56	\$ 2.14	\$ 1.11
Core net income, as calculated above	\$ 49,749	\$ 47,233	\$ 55,577	\$ 45,767	\$ 43,952	\$ 27,829	\$ 16,168	\$ 67,796	\$ 31,965
Average assets	7,276,022	6,947,881	6,504,598	6,217,746	5,913,534	8,072,918	7,083,028	8,161,121	7,131,850
Average equity	580,067	561,289	534,735	530,300	496,820	659,288	576,512	641,354	570,198
Core return on average assets ⁽²⁾	0.68 %	0.68 %	0.85 %	0.74 %	0.74 %	1.38 %	0.91 %	1.11 %	0.60 %
Core return on average equity ⁽²⁾	8.58 %	8.42 %	10.39 %	8.63 %	8.85 %	16.88 %	11.22 %	14.09 %	7.47 %

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

² Ratios are calculated on an annualized basis

Reconciliation of GAAP Revenue & Pre-Provision Pre-Tax Net Revenue

	Years Ended					Three Months Ended		Nine Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<i>(Dollars in thousands)</i>									
GAAP Net interest income	\$ 195,199	\$ 161,940	\$ 167,406	\$ 173,107	\$ 167,086	\$ 63,364	\$ 49,924	\$ 185,295	\$ 139,467
Net (gain) loss from fair value adjustments on qualifying hedges	1,185	1,678	—	—	—	(194)	(230)	(957)	2,208
Net amortization of purchase accounting adjustments	(11)	—	—	—	—	(1,100)	—	(2,587)	—
Core Net interest income	<u>\$ 196,373</u>	<u>\$ 163,618</u>	<u>\$ 167,406</u>	<u>\$ 173,107</u>	<u>\$ 167,086</u>	<u>\$ 62,070</u>	<u>\$ 49,694</u>	<u>\$ 181,751</u>	<u>\$ 141,675</u>
GAAP Non-interest income	\$ 11,043	\$ 9,471	\$ 10,337	\$ 10,362	\$ 57,536	\$ 866	\$ 1,351	\$ 3,967	\$ 12,224
Net (gain) loss from fair value adjustments	2,142	5,353	4,122	3,465	3,434	2,289	2,225	7,855	(1,987)
Net (gain) loss on sale of securities	701	15	1,920	186	(1,524)	10	—	(113)	91
Life insurance proceeds	(659)	(462)	(2,998)	(1,405)	(460)	—	—	—	(659)
Net gain on disposition of assets	—	(770)	(1,141)	—	(48,018)	—	—	(621)	—
Core Non-interest income	<u>\$ 13,227</u>	<u>\$ 13,607</u>	<u>\$ 12,240</u>	<u>\$ 12,608</u>	<u>\$ 10,968</u>	<u>\$ 3,165</u>	<u>\$ 3,576</u>	<u>\$ 11,088</u>	<u>\$ 9,669</u>
GAAP Non-interest expense	\$ 137,931	\$ 115,269	\$ 111,683	\$ 107,474	\$ 118,603	\$ 36,345	\$ 29,985	\$ 108,515	\$ 91,120
Prepayment penalty on borrowings	(7,834)	—	—	—	(10,356)	—	—	—	—
Accelerated employee benefits upon Officer's death	—	(455)	(149)	—	—	—	—	—	—
Net amortization of purchase accounting adjustments	(91)	—	—	—	—	(142)	—	(422)	—
Merger expense	(6,894)	(1,590)	—	—	—	(2,096)	(422)	(2,579)	(1,545)
Core Non-interest expense	<u>\$ 123,112</u>	<u>\$ 113,224</u>	<u>\$ 111,534</u>	<u>\$ 107,474</u>	<u>\$ 108,247</u>	<u>\$ 34,107</u>	<u>\$ 29,563</u>	<u>\$ 105,514</u>	<u>\$ 89,575</u>
Net interest income	\$ 195,199	\$ 161,940	\$ 167,406	\$ 173,107	\$ 167,086	\$ 63,364	\$ 49,924	\$ 185,295	\$ 139,467
Non-interest income	11,043	9,471	10,337	10,362	57,536	866	1,351	3,967	12,224
Non-interest expense	(137,931)	(115,269)	(111,683)	(107,474)	(118,603)	(36,345)	(29,985)	(108,515)	(91,120)
Pre-provision pre-tax net revenue	<u>\$ 68,311</u>	<u>\$ 56,142</u>	<u>\$ 66,060</u>	<u>\$ 75,995</u>	<u>\$ 106,019</u>	<u>\$ 27,885</u>	<u>\$ 21,290</u>	<u>\$ 80,747</u>	<u>\$ 60,571</u>
Core:									
Net interest income	\$ 196,373	\$ 163,618	\$ 167,406	\$ 173,107	\$ 167,086	\$ 62,070	\$ 49,694	\$ 181,751	\$ 141,675
Non-interest income	13,227	13,607	12,240	12,608	10,968	3,165	3,576	11,088	9,669
Non-interest expense	(123,112)	(113,224)	(111,534)	(107,474)	(108,247)	(34,107)	(29,563)	(105,514)	(89,575)
Pre-provision pre-tax net revenue	<u>\$ 86,488</u>	<u>\$ 64,001</u>	<u>\$ 68,112</u>	<u>\$ 78,241</u>	<u>\$ 69,807</u>	<u>\$ 31,128</u>	<u>\$ 23,707</u>	<u>\$ 87,325</u>	<u>\$ 61,769</u>
Efficiency Ratio	58.7 %	63.9 %	62.1 %	57.9 %	59.6 %	52.3 %	55.4 %	54.7 %	59.1 %

Efficiency ratio, a non-GAAP measure, was calculated by dividing non-interest expenses (excluding merger expenses, OREO expense, prepayment penalty on borrowings, the net gain/loss from the sale of OREO and net amortization of purchase accounting adjustment) 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 non-interest income (excluding life insurance proceeds, net gains and losses from the sale or disposition of securities, assets and fair value adjustments)

Reconciliation of GAAP NII & NIM to CORE and Base NII & NIM

	For the three months ended					For the nine months ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
<i>(Dollars in thousands)</i>							
GAAP net interest income	\$ 63,364	\$ 61,039	\$ 60,892	\$ 55,732	\$ 49,924	\$ 185,295	\$ 139,467
Net (gain) loss from fair value adjustments on qualifying hedges	(194)	664	(1,427)	(1,023)	(230)	(957)	2,208
Net amortization of purchase accounting adjustments	(1,100)	(565)	(922)	(11)	—	(2,587)	—
Tax equivalent adjustment	113	113	111	114	117	337	394
Core net interest income FTE	<u>\$ 62,183</u>	<u>\$ 61,251</u>	<u>\$ 58,654</u>	<u>\$ 54,812</u>	<u>\$ 49,811</u>	<u>\$ 182,088</u>	<u>\$ 142,069</u>
Prepayment penalties received on loans and securities, net of reversals and recoveries of interest from non-accrual loans	(2,136)	(2,046)	(948)	(1,093)	(1,518)	(5,130)	(3,483)
Base net interest income FTE	<u>\$ 60,047</u>	<u>\$ 59,205</u>	<u>\$ 57,706</u>	<u>\$ 53,719</u>	<u>\$ 48,293</u>	<u>\$ 176,958</u>	<u>\$ 138,586</u>
Total average interest-earning assets ⁽¹⁾	\$ 7,616,332	\$ 7,799,176	\$ 7,676,833	\$ 7,245,147	\$ 6,675,896	\$ 7,697,229	\$ 6,734,979
Core net interest margin FTE	3.27 %	3.14 %	3.06 %	3.03 %	2.98 %	3.15 %	2.81 %
Base net interest margin FTE	3.15 %	3.04 %	3.01 %	2.97 %	2.89 %	3.07 %	2.74 %
GAAP interest income on total loans, net	\$ 69,198	\$ 67,999	\$ 69,021	\$ 66,120	\$ 60,367	\$ 206,218	\$ 182,033
Net (gain) loss from fair value adjustments on qualifying hedges	(194)	664	(1,427)	(1,023)	(230)	(957)	2,208
Net amortization of purchase accounting adjustments	(1,126)	(624)	(728)	(356)	—	(2,478)	—
Core interest income on total loans, net	<u>\$ 67,878</u>	<u>\$ 68,039</u>	<u>\$ 66,866</u>	<u>\$ 64,741</u>	<u>\$ 60,137</u>	<u>\$ 202,783</u>	<u>\$ 184,241</u>
Prepayment penalties received on loans, net of reversals and recoveries of interest from non-accrual loans	(2,135)	(2,046)	(947)	(1,093)	(1,443)	(5,128)	(3,408)
Base interest income on total loans, net	<u>\$ 65,743</u>	<u>\$ 65,993</u>	<u>\$ 65,919</u>	<u>\$ 63,648</u>	<u>\$ 58,694</u>	<u>\$ 197,655</u>	<u>\$ 180,833</u>
Average total loans, net ⁽¹⁾	\$ 6,642,434	\$ 6,697,103	\$ 6,711,446	\$ 6,379,429	\$ 5,904,051	\$ 6,683,412	\$ 5,881,858
Core yield on total loans	4.09 %	4.06 %	3.99 %	4.06 %	4.07 %	4.05 %	4.18 %
Base yield on total loans	3.96 %	3.94 %	3.93 %	3.99 %	3.98 %	3.94 %	4.10 %

¹ Excludes purchase accounting average balances for the quarters ended September 30, 2021, June 30, 2021, March 31, 2021, and December 31, 2020 and the nine months ended September 30, 2021

Calculation of Tangible Stockholders' Common Equity to Tangible Assets

<i>(Dollars in thousands)</i>	September 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total Equity	\$ 668,096	\$ 618,997	\$ 579,672	\$ 549,464	\$ 532,608	\$ 513,853
Less:						
Goodwill	(17,636)	(17,636)	(16,127)	(16,127)	(16,127)	(16,127)
Core deposit Intangibles	(2,708)	(3,172)	—	—	—	—
Intangible deferred tax liabilities	287	287	292	290	291	389
Tangible Stockholders' Common Equity	<u>\$ 648,039</u>	<u>\$ 598,476</u>	<u>\$ 563,837</u>	<u>\$ 533,627</u>	<u>\$ 516,772</u>	<u>\$ 498,115</u>
Total Assets	\$ 8,077,334	\$ 7,976,394	\$ 7,017,776	\$ 6,834,176	\$ 6,299,274	\$ 6,058,487
Less:						
Goodwill	(17,636)	(17,636)	(16,127)	(16,127)	(16,127)	(16,127)
Core deposit Intangibles	(2,708)	(3,172)	—	—	—	—
Intangible deferred tax liabilities	287	287	292	290	291	389
Tangible Assets	<u>\$ 8,057,277</u>	<u>\$ 7,955,873</u>	<u>\$ 7,001,941</u>	<u>\$ 6,818,339</u>	<u>\$ 6,283,438</u>	<u>\$ 6,042,749</u>
Tangible Stockholders' Common Equity to Tangible Assets	<u>8.04 %</u>	<u>7.52 %</u>	<u>8.05 %</u>	<u>7.83 %</u>	<u>8.22 %</u>	<u>8.24 %</u>

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