FFIC FLUSHING Financial Corporation

Small enough to know you.

Large enough to help you.

1Q18 Earnings Conference Call

April 25, 2018

contact: susan.cullen@flushingbank.com | phone: (516) 209-3622 | website: www.flushingbank.com

Safe Harbor Statement

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: **The 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 year ended December 31, 2017, and in other documents filed by the Company with the Securities and Exchange Commission from time to time. The Company has no obligation to update these forward-looking statements.**

1Q18 Operating Results and Highlights

	1Q18	4Q17	1Q17
Earnings ($MM, except EPS data)			
Net Interest Income	$42.6	$43.1	$43.4
Net Income	$11.4	$6.0	$12.3
Core Net Income[1]	$10.7	$9.6	$11.7
EPS	$0.39	$0.21	$0.42
Core EPS[1]	$0.37	$0.33	$0.40
Profitability Ratios			
ROAA	0.71%	0.38%	0.79%
ROAE	8.62%	4.44%	9.47%
Net Interest Margin	2.79%	2.90%	2.95%
Efficiency Ratio[2]	69.34%	55.35%	63.98%
Capitalization Ratios			
Tangible Common Equity	8.03%	8.22%	8.20%
Dividend Payout	51.28%	85.71%	42.86%

1Q18 Operating Highlights

- Core ROAE = 8.09%
- Core ROAA = 0.67%
- Record C&I originations of $141MM, 41% of total production
- 11 of 18 branches have been converted to more efficient Universal Banker model

Balance Sheet Highlights

- Total deposits up 6.6% YoY and 6.8% QoQ
- Total loans up 6.9% YoY and 2.6% QoQ
- Asset quality remains pristine
  - Nonaccrual loans of $15.0MM decreased 4.7% YTD
  - Nonperforming assets of $17.4MM decreased 4.1% YTD
  - Delinquent loans totaled $22.9MM compared to $28.8MM at 12/31/2017

[1] Excludes effects of net gains/losses from fair value adjustments and gain from life insurance proceeds. Core earnings presented in 1Q18 press release.
[2] Calculated by dividing non-interest expense (excl. OREO expense and the net gain/loss from the sale of OREO) by the total of net interest income and non-interest income (excl. net gains/losses from fair value adjustments and life insurance proceeds).

Key Messages

Exceeding Customer Expectations	▪ Committed to being the preeminent community financial services company in our multicultural market area ▪ Competitive strength as a commercial real estate lender ▪ Broad array of products and services delivered through customers' preferred channels ▪ Market to our ethnic communities, particularly in the Asian community in Queens ▪ Staff branches and lending units with seasoned, multi-lingual professionals
Enhancing Earnings Power	▪ Manage cost of funds ▪ Increase rate received on loans to drive net interest income ▪ Improve scalability and efficiency of operating expense base ▪ Manage yield through loan portfolio mix
Strengthening Our Commercial Bank Balance Sheet	▪ Focus on the origination of multi-family mortgage, commercial business and commercial real estate loans while remaining nimble and responsive to industry shifts ▪ Shift funding sources to core deposits from CDs and borrowings ▪ Continue to add key talent with commercial expertise
Maintaining Our Strong Risk Management Philosophy	▪ Remain well capitalized at all times ▪ Maintain sufficient sources of liquid assets and contingency funding ▪ Strong cyber and physical security measures to safeguard Company and customer assets and information ▪ Adequate loan loss reserve ▪ Conservative underwriting standards

Strategic Objectives

Increase Core Deposits and Continue to Improve Funding Mix to Manage Cost of Funds

Increase Net Interest Income by Leveraging Loan Pricing Opportunities and Portfolio Mix

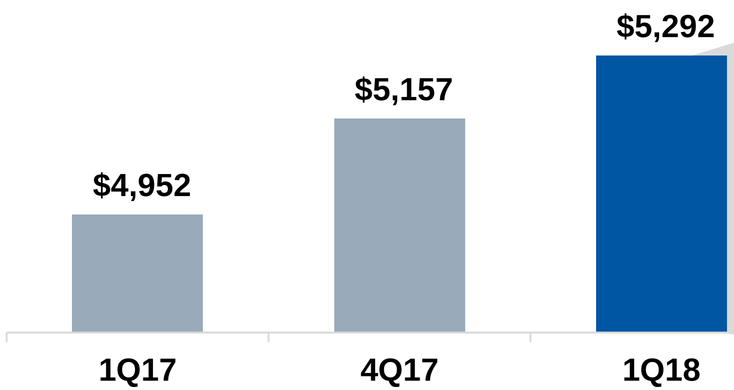
Enhance Core Earnings Power by Improving Scalability and Efficiency

Manage Credit Risk

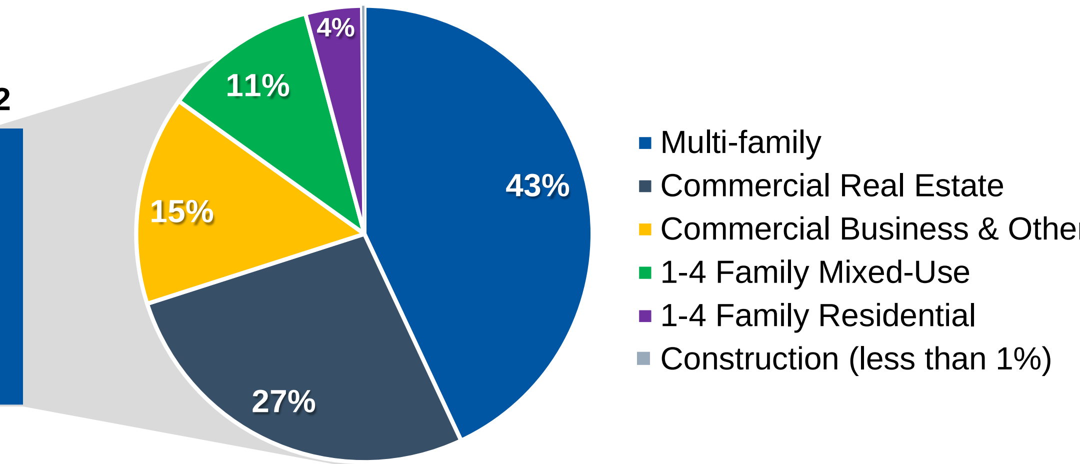
Remain Well Capitalized

Loans

Net Loans ($MM)



Net Loans as of 3/31/18 | Loan Yield 4.25%

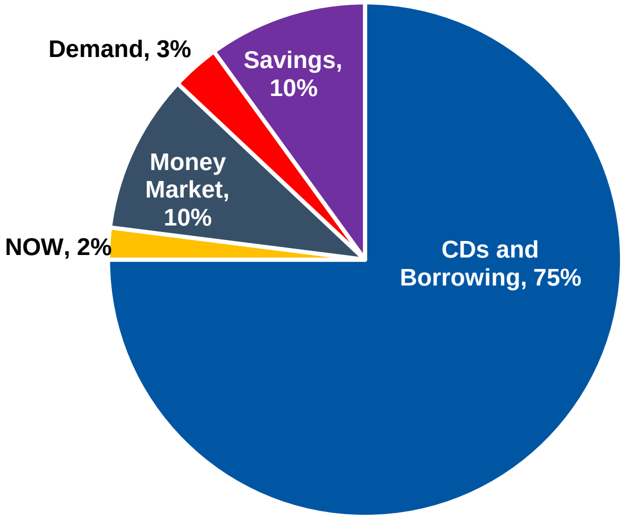


1Q18 Highlights

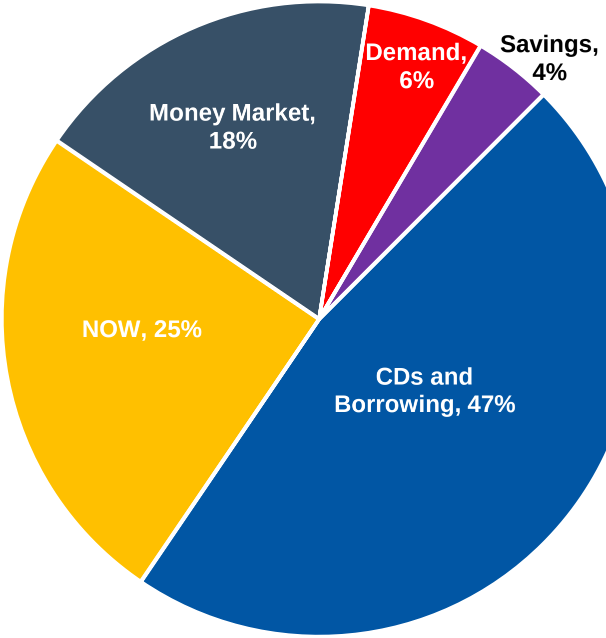
- Total loans were $5,292MM reflecting an increase of 2.6% QoQ (not annualized) and an increase of 6.9% YoY
  - Loan growth was driven mainly by increases in commercial loans, small business and multi-family loans
  - Loan growth for 2018 expected in the high single to low double digit range
- Loan production totaled $341.8MM, at an average rate of 4.27%, an increase of 12 bps QoQ and 42 bps YoY
- Loan originations and purchases of multi-family, commercial real estate and commercial business loans totaled 85.5% of loan production
  - Record commercial business loan originations of $141.0MM; over 40% of total production
- Loan pipeline totaled $325.6MM at March 31, 2018, compared to $359.8MM at December 31, 2017 and $303.1MM at March 31, 2017
- Loan-to-value ratio on real estate dependent loans as of March 31, 2018 totaled 39.1%

Continuing to Increase Core Deposits and Improve Funding Mix

As of 12/31/06
$2.6B

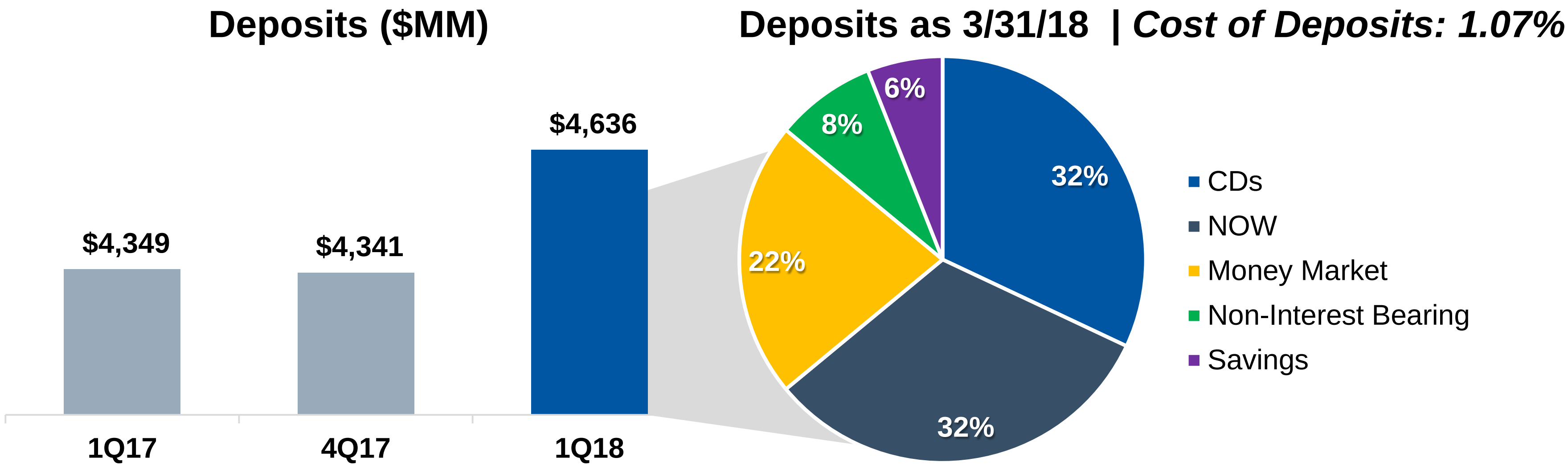


As of 3/31/18
$5.9B



Progress Made…More to Come

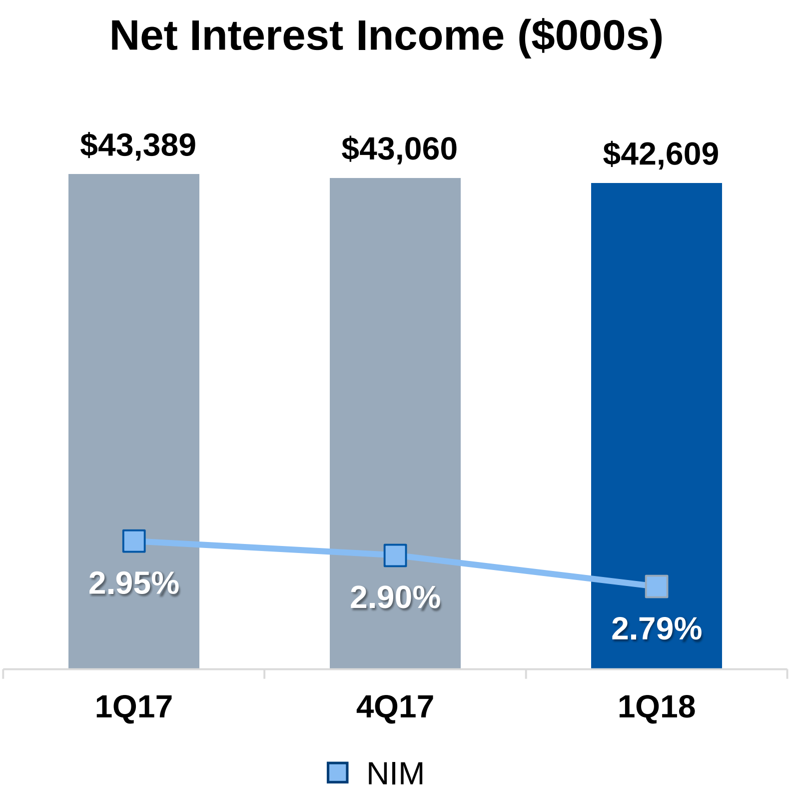
Deposits



1Q18 Highlights

- Deposits increased 6.6% (not annualized) YoY and 6.8% QoQ
- YoY growth driven primarily by money market, CDs and non-interest bearing accounts
- QoQ increase due to CDs, NOW and money market accounts
- Core deposits increased 6.8% YoY and 4.9% QoQ
- Due to deposit growth, loan to deposit ratio decreased 5% QoQ to 113%

Net Interest Income



1Q18 Highlights

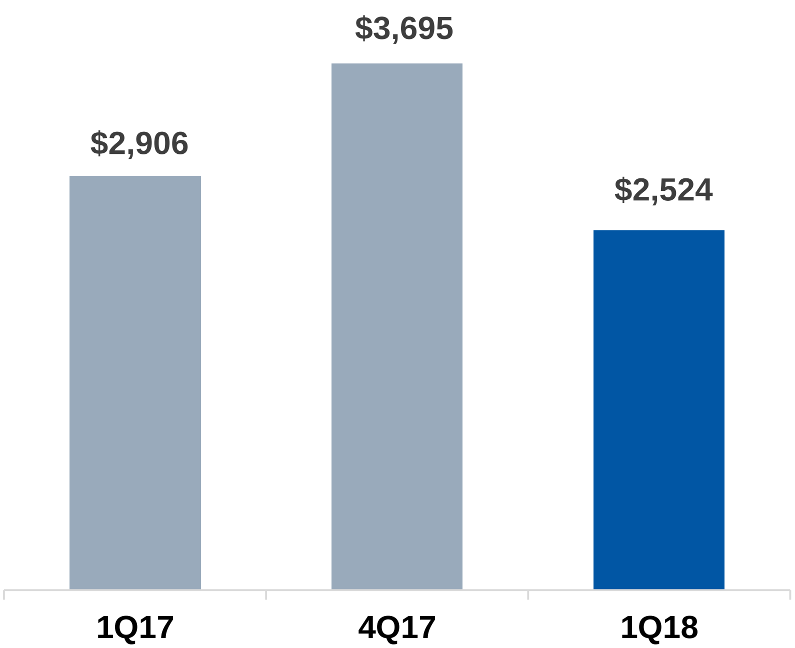
- Net interest income was down 1.8% YoY and 1.0% QoQ
- NIM of 2.79%, decreased 16bps YoY and 11bps QoQ
- Excluding prepayment penalty income from loans and securities and recovered interest from delinquent loans, NIM would have been 2.72% in 1Q18, compared with 2.85% in 1Q17 and 2.77% in 4Q17
- Cost of funds of 1.27% increased 26bps YoY and 10bps QoQ, driven by an increase in rates paid on money markets and CDs

Mitigation Strategies for Cost of Funds Increases

- For the third consecutive quarter, the yield on loan originations exceeded the quarterly yield on the portfolio, net of prepayment penalties and recovered interest from delinquent loans
- Entered into approximately $400 million of forward swaps using FHLB borrowings which we believe will be beneficial to net income
- Loan origination yields have increased 12 bps from the linked quarter and 42 bps from the first quarter of 2017
- Originations of commercial business loans, which are primarily adjustable rate loans, totaled over 40% of the current quarter originations and now comprise 15% of the loan portfolio
- The loan swaps provided a minimal effect on the net interest margin in the current quarter but we project that these swaps will enhance earnings as rates continue to rise

Core Non-Interest Income

Core Non-Interest Income ($000s)[1]



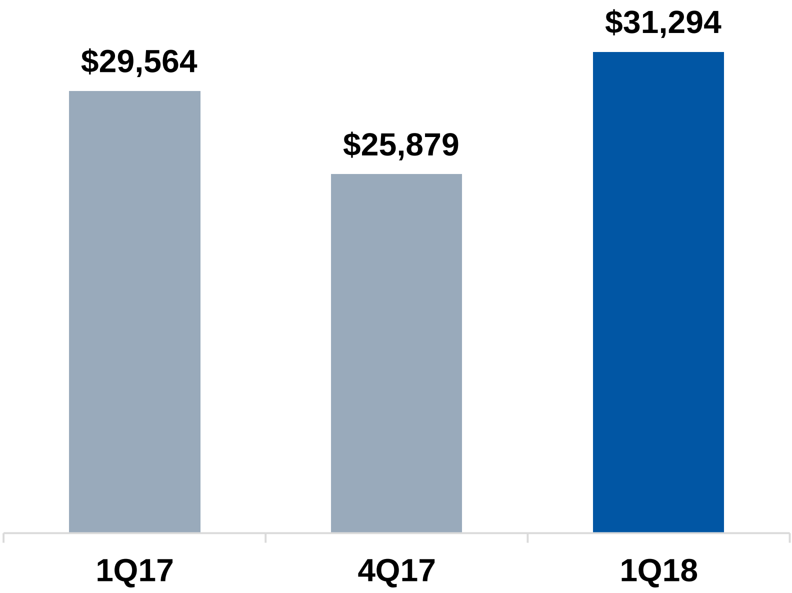
1Q18 Highlights

- Non-interest income was $3.2MM but core was $2.5MM excluding gain from life insurance proceeds and the net loss from fair value adjustments
- Net losses from the sale of loans of $0.3MM in 1Q18, compared to net gains from the sale of loans of $0.2 million in both 4Q17 and 1Q17
- Banking services fee income was $0.9MM in 1Q18, compared to $1.4MM for 4Q17 and $0.9MM for 1Q17
- Net losses from fair value adjustments in 1Q18 were $0.1MM, compared to $0.6MM for 4Q17 and $0.4MM for 1Q17

[1] Excludes effects of net gains/losses for fair value adjustments and gains from life insurance proceeds.

Controlling Non-Interest Expense

Core Non-Interest Expense ($000s)

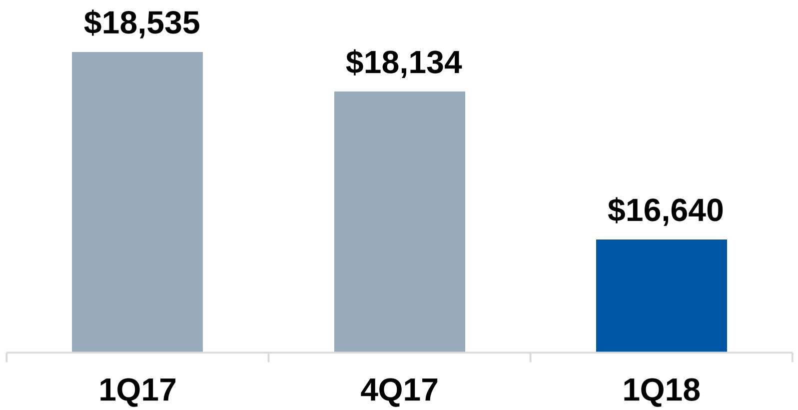


1Q18 Highlights

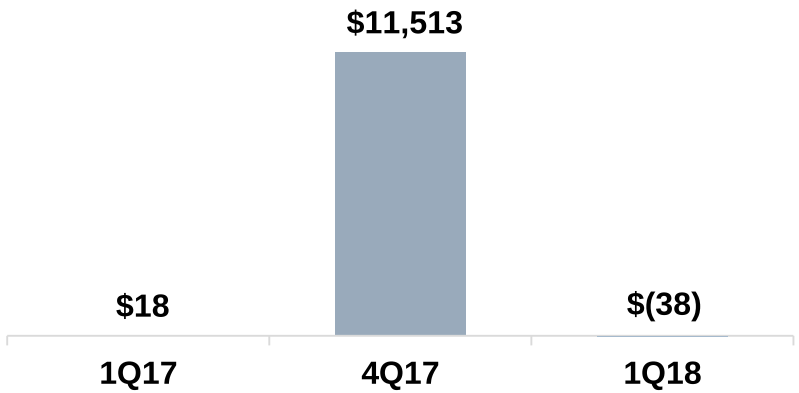
- Core non-interest expense was $31.3MM, an increase of 5.9% YoY and 20.9% QoQ
- YoY increase primarily driven by increased salaries and benefits, depreciation and data processing expense due to continued conversion of new model branches
- The efficiency ratio was 69.34% in 1Q18 compared to 63.98% in 1Q17 and 55.35% in 4Q17
- Current quarter non-interest expense includes $3.8 million of compensation and non-recurring consultant expenses
- Non-interest expenses projected annual increase of 3% to 5% over 2017 amounts

Credit Quality

Non-performing Loans ($000s)



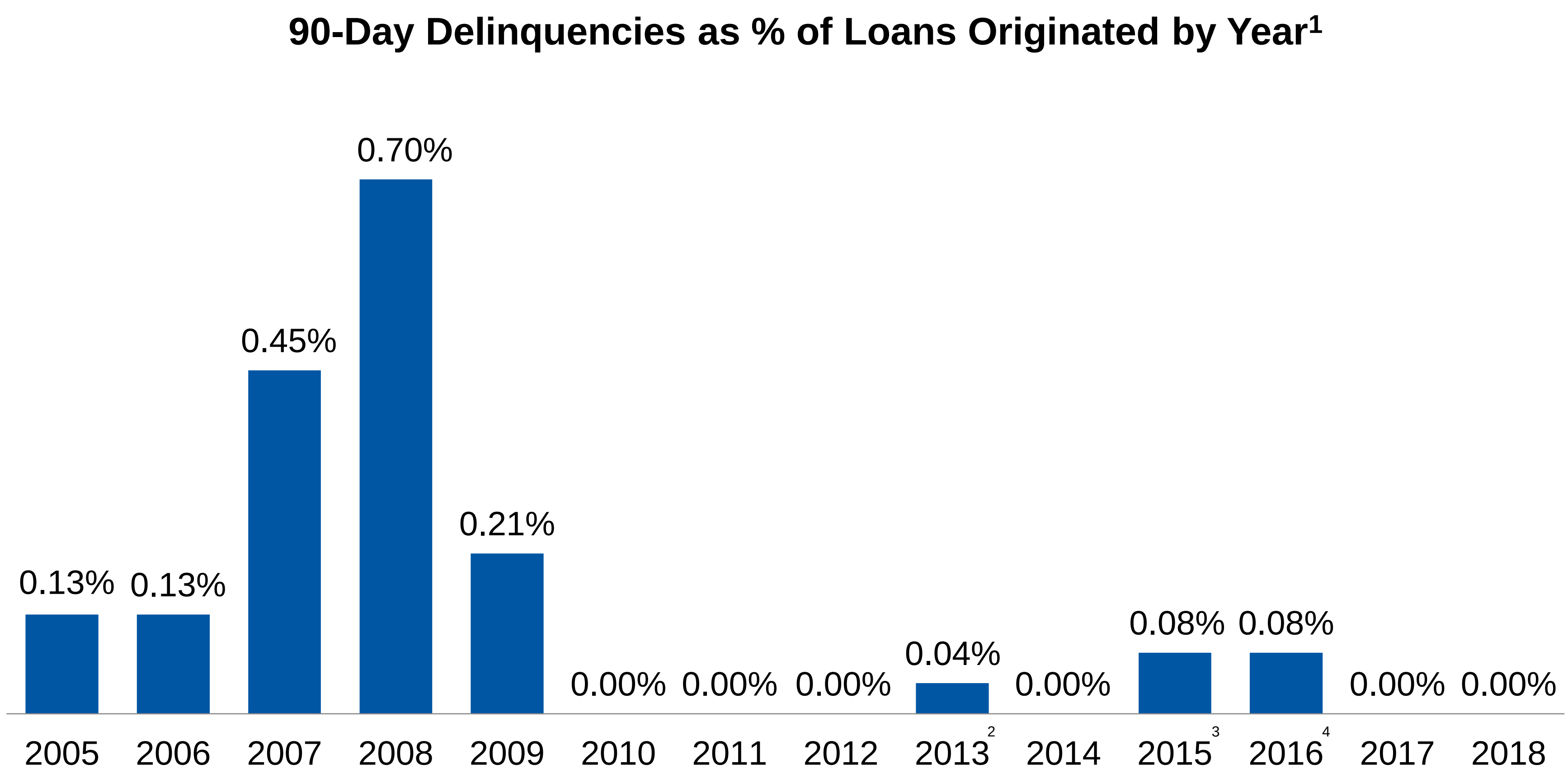
Net Charge-offs (Recoveries) ($000s)



1Q18 Highlights

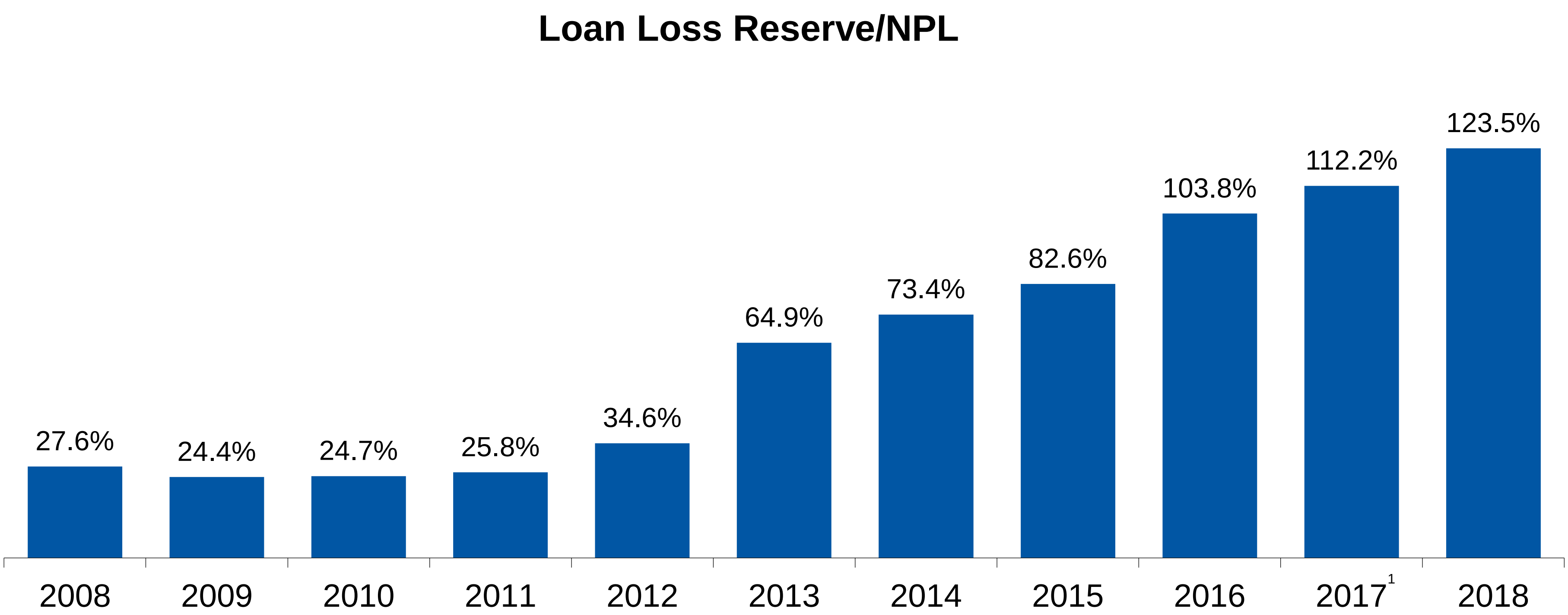
- Non-performing loans totaled $16.6MM, a decrease of 10.2% YoY and 8.2% QoQ
- Average loan-to-value for non-performing loans collateralized by real estate at March 31, 2018 was only 36.7%
- Net recoveries totaled $38,000 during 1Q18 compared to net charge-offs of $18,000 for 1Q17

Minimal Delinquencies on the Total Portfolio



[1] Calculated by dividing current 90-day delinquencies by total loans originated by vintage period.
[2] Represents one multi-family loan.
[3] Represents one 1-4 family loan.
[4] Represents one multi-family loan.

Increasing Coverage Ratio



- Will continue to reserve given loan portfolio growth

[1] Provision for loan losses of $6.6 million was recorded during 4Q17, as the estimated fair value of NYC corporate taxi medallions were lowered based on most recent sales data.

Positioning for Strategic and Profitable Growth

- Core NIM decreased 5 bps from 4Q17
  - Core NIM is net of prepayment penalties on loans, accretion of called securities, and recovery of interest on delinquent loans
  - Compared to 4Q17, the core yield on interest earning assets increased 2bps, instead of down 3bps

- Net decrease from amortization of premiums of $162,000 on $17.6 million of prepayments on participations. Loans had a yield with a “3” handle. We could redeploy the loan proceeds into higher yielding assets

- Loss on Sale of Non-Performing Loan
  - Sold a non-performing TDR as we believed the cost to hold the asset until disposition would exceed the loss recognized in the quarter

- Salaries increased 7.9% YoY however, adjusted for the tax bonus and other one-time items, the increase is 3.4%

Why Flushing Financial

Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 1,073% total return since IPO in 1995[1]
- Positive earnings through the cycle and every quarter since IPO
- Consistent EPS and dividend growth

Attractive Markets & Customers

- Premium location in high growth, high income NYC area markets
- Leading community bank market-share in footprint; competitive strength as a CRE lender
- Growth in commercial business customers
- Strong Asian customer base

Executing Strategic Objectives

- NIM optimization through loan rate improvement and cost of funds management
- Yield management through strategic loan portfolio mix
- Leverage technology to reduce expense base, while enhancing the customer experience

Strong Financial Performance

- Attractive return profile with low historical return volatility
- Well capitalized balance sheet
- Sufficient liquidity and contingency funding
- Exceptionally well reserved given superior credit and underwriting standards

FLUSHING
Commercial ▪ Business ▪ Consumer

[1] As of March 31, 2018.

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Appendix

Non-GAAP Measures

Core Diluted EPS, Core ROAE, Core ROAA, tangible book value per share and tangible common stockholders’ equity are each non-GAAP measures used in this presentation. A reconciliation to the most directly comparable GAAP financial measures appears in tabular form at the end of this presentation. The Company believes that these measures are useful for both investors and management to understand the effects of certain 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 share and tangible common stockholders’ equity are 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.

Non-GAAP to GAAP Reconciliation

	Three Months Ended		
	March 31, 2018	December 31, 2017	March 31, 2017
GAAP income before income taxes	$ 14,362	$ 13,650	$ 17,514
Net loss from fair value adjustments	100	631	378
Gain from life insurance proceeds	(776)	-	(1,161)
Core income before taxes	13,686	14,281	16,731
Provision for income taxes for core income	2,982	4,652	5,020
Core net income	$ 10,704	$ 9,629	$ 11,711
GAAP diluted earnings per common share	$ 0.39	$ 0.21	$ 0.42
Net loss from fair value adjustments, net of tax	-	0.01	0.01
Gain from life insurance proceeds	(0.03)	-	(0.04)
Federal tax reform of 2017	-	0.13	-
Core diluted earnings per common share*	$ 0.37	$ 0.33	$ 0.40
Core net income, as calculated above	$ 10,704	$ 9,629	$ 11,711
Average assets	6,403,396	6,243,686	6,168,848
Average equity	529,281	537,201	517,800
Core return on average assets**	0.67%	0.62%	0.76%
Core return on average equity**	8.09%	7.17%	9.05%

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

** Ratios are calculated on an annualized basis.

Contact Details: Flushing Financial Corporation

Susan Cullen

SEVP, CFO & Treasurer
(516) 209-3622
susan.cullen@flushingbank.com

NASDAQ: FFIC

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