FFIC FLUSHING Financial Corporation

Small enough to know you.

Large enough to help you.

2Q18 Earnings Conference Call

July 25, 2018

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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.**

2Q18 Operating Results and Highlights

	2Q18	1Q18	2Q17
Earnings ($MM, except EPS data)			
Net Interest Income	$42.6	$42.6	$43.6
Net Income	$13.9	$11.4	$12.7
Core Net Income[1]	$14.1	$10.7	$13.5
EPS	$0.48	$0.39	$0.44
Core EPS[1]	$0.49	$0.37	$0.46
Profitability Ratios			
ROAA	0.86%	0.71%	0.82%
ROAE	10.47%	8.62%	9.61%
Net Interest Margin	2.76%	2.79%	2.95%
Efficiency Ratio[2]	59.58%	69.34%	55.80%
Capitalization Ratios			
Tangible Common Equity	8.09%	8.03%	8.27%
Dividend Payout	41.67%	51.28%	40.91%

2Q18 Operating Highlights

- Core ROAE = 10.61%
- Core ROAA = 0.87%
- Loan yield on originations increased 30bps from 1Q18
- Loan originations totaled $255.4MM

Balance Sheet Highlights

- Total deposits up 8.2% YoY and decreased 1.7% QoQ
- Total net loans up 5.8% YoY and 0.4% QoQ
- Asset quality remains pristine
  - Nonaccrual loans of $14.1MM decreased 10.5% YTD
  - Nonperforming assets of $14.8MM decreased 18.3% YTD
  - Delinquent loans totaled $30.8MM 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 2Q18 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 ▪ Strong presence in our ethnic communities, particularly 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

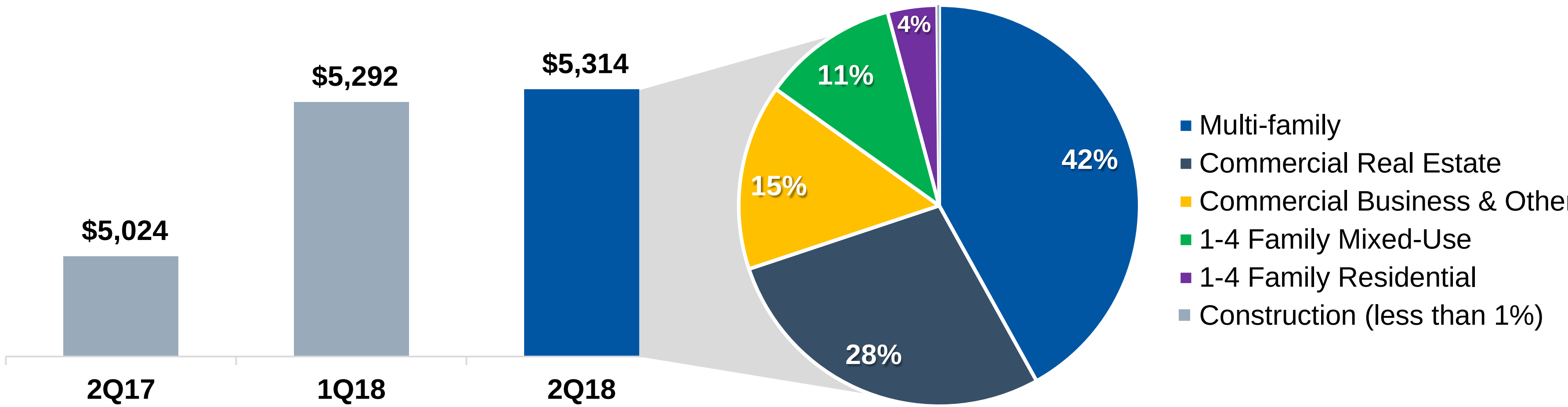
Enhance Core Earnings Power by Improving Scalability and Efficiency

Manage Credit Risk

Remain Well Capitalized

Loans

Net Loans ($MM) | Net Loans as of 6/30/18 | Loan Yield 4.35%

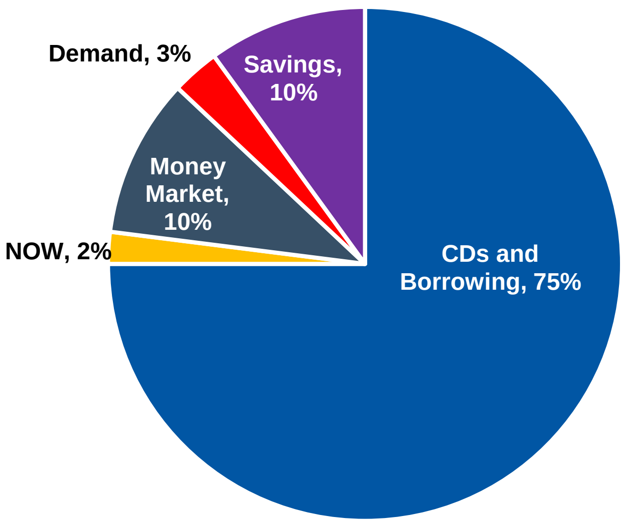


2Q18 Highlights

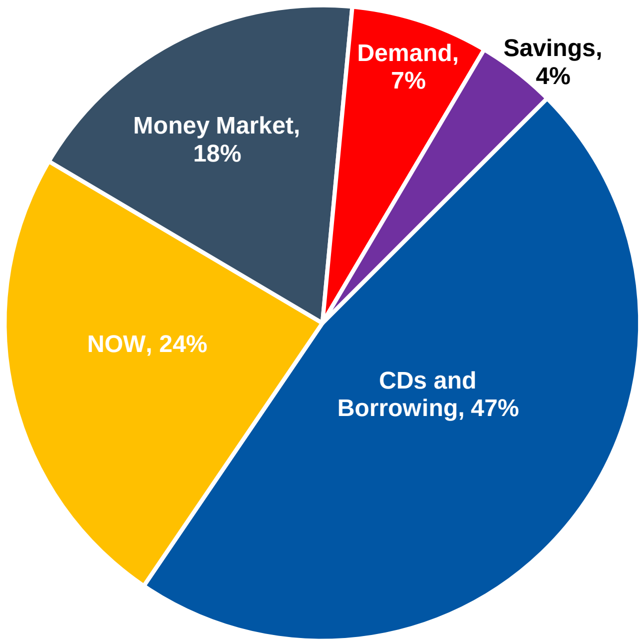
- Total loans were $5,314MM reflecting an increase of 0.4% QoQ (not annualized) and an increase of 5.8% YoY
  - Loan growth was driven mainly by increases in commercial business loans and commercial real estate loans
  - Loan growth for 2018 expected in the high single digit range
- Loan production totaled $255.4MM, at an average rate of 4.57%, an increase of 30bps QoQ and 53bps YoY
- Loan originations and purchases of multi-family, commercial real estate and commercial business loans totaled 87.9% of loan production
- Loan pipeline totaled $322.9MM at June 30, 2018 with an average rate of 4.67% compared to $325.6MM at 4.41% as of March 31, 2018, and $279.1MM at 4.17% as of June 30, 2017
- Loan-to-value ratio on real estate dependent loans as of June 30, 2018 totaled 38.9%

Continuing to Increase Core Deposits and Improve Funding Mix

As of 12/31/06
$2.6B

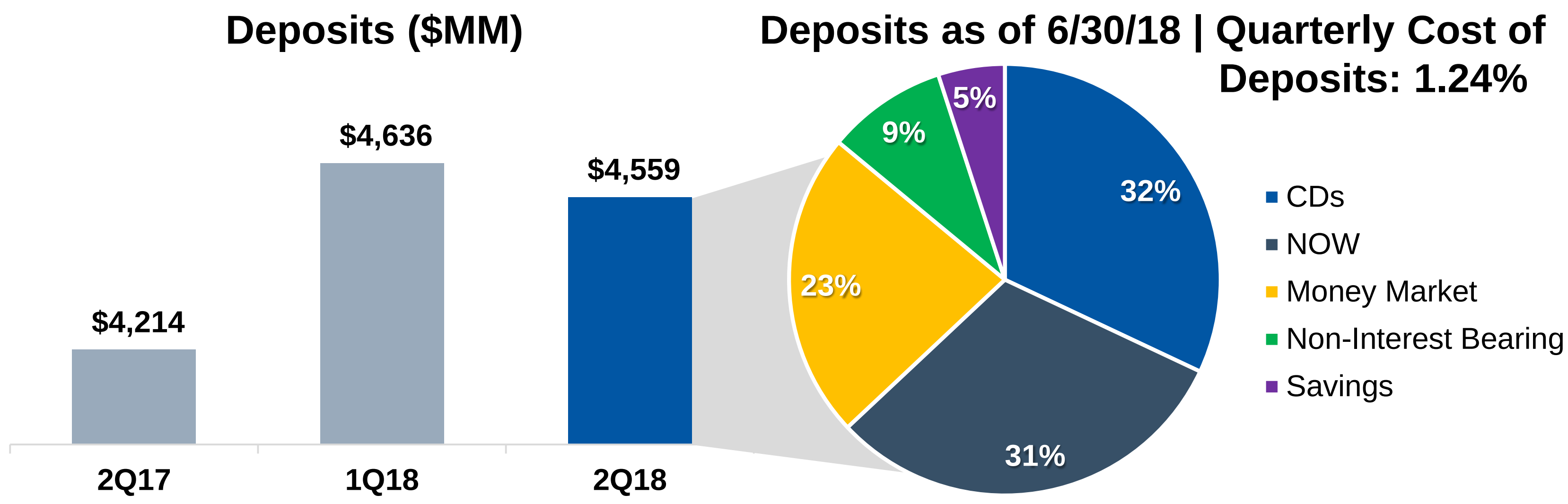


As of 6/30/18
$5.9B



Progress Made…More to Come

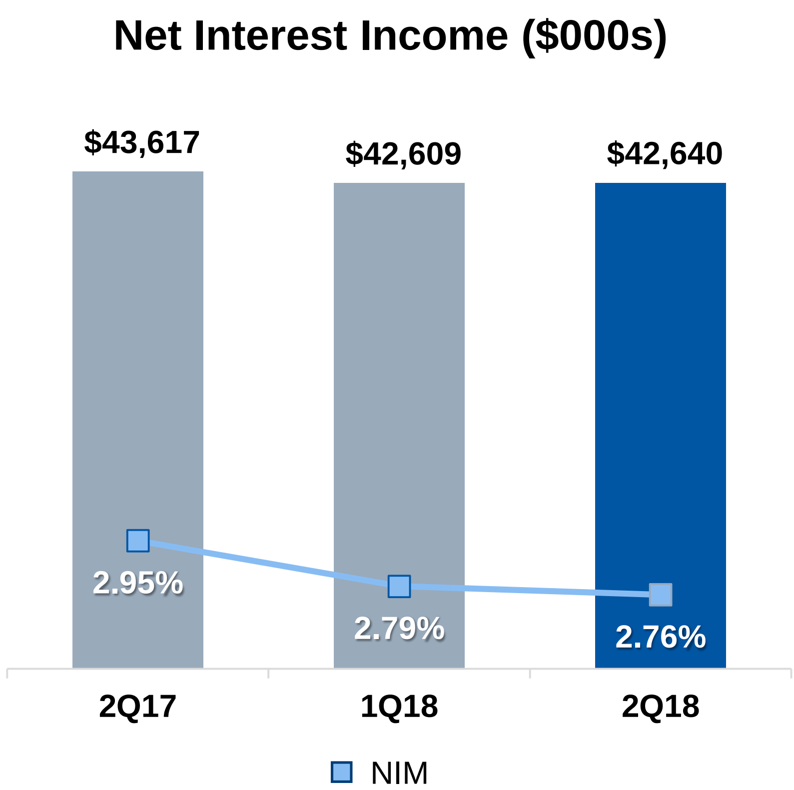
Deposits



2Q18 Highlights

- Deposits decreased 1.7% (not annualized) QoQ but increased 8.2% YoY
  - QoQ decrease due to NOW and CD accounts
  - YoY growth driven primarily by money market, CDs, and NOW accounts
- Core deposits decreased 0.9% QoQ and increased 7.8% YoY
- Loan to deposit ratio totaled 116% compared to 113% at March 31, 2018

Net Interest Income



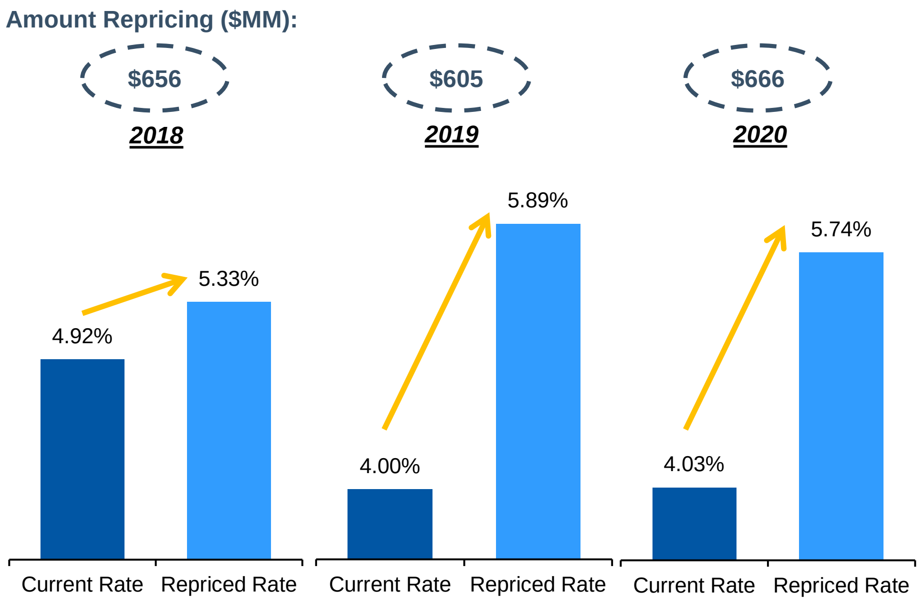
2Q18 Highlights

- Net interest income was relatively unchanged QoQ and down 2.2% YoY
- NIM decreased 3bps QoQ and 19bps YoY
- Excluding prepayment penalty income from loans and securities and recovered interest from delinquent loans, NIM would have been 2.64% in 2Q18, compared with 2.83% in 2Q17 and 2.72% in 1Q18
- Cost of funds of 1.41% increased 14bps QoQ and 36bps YoY, driven by an increase in rates paid on money markets and CDs

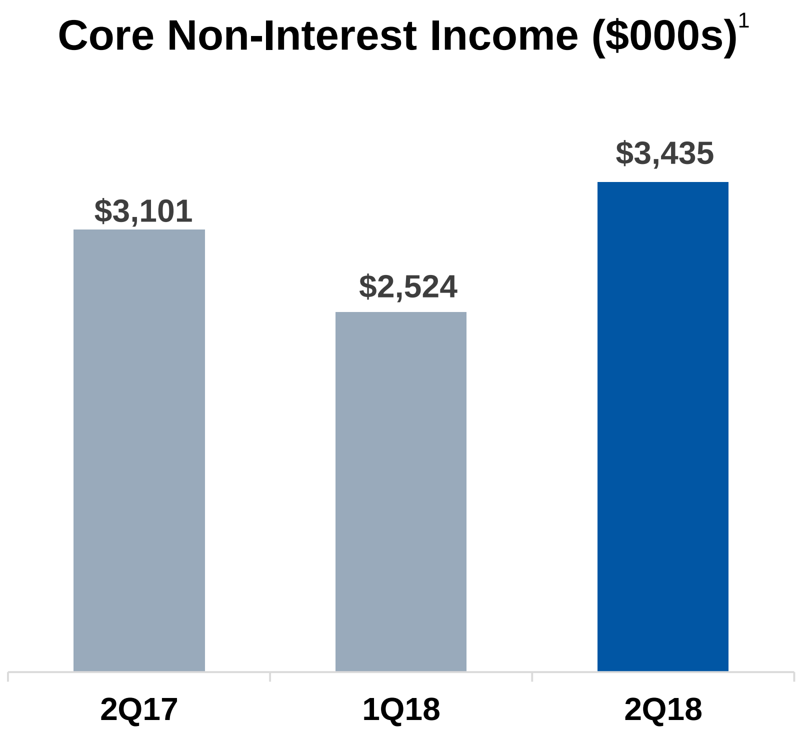
Mitigation Strategies for Cost of Funds Increases

- For the fourth consecutive quarter, the yield on loan originations exceeded the quarterly yield on the portfolio, net of prepayment penalties and recovered interest from delinquent loans
- Forward swaps totaling $442MM, of which $250MM have been funded as of June 30, 2018
- Loan origination yields have increased 30bps from the linked quarter and 53bps from the second quarter of 2017
- Originations of commercial business loans, which are primarily adjustable rate loans, totaled 35% of the current quarter originations and now comprise 15% of the loan portfolio
- 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

Yield on Loans Repricing through 2020 (~$2B to Reprice)



Core Non-Interest Income

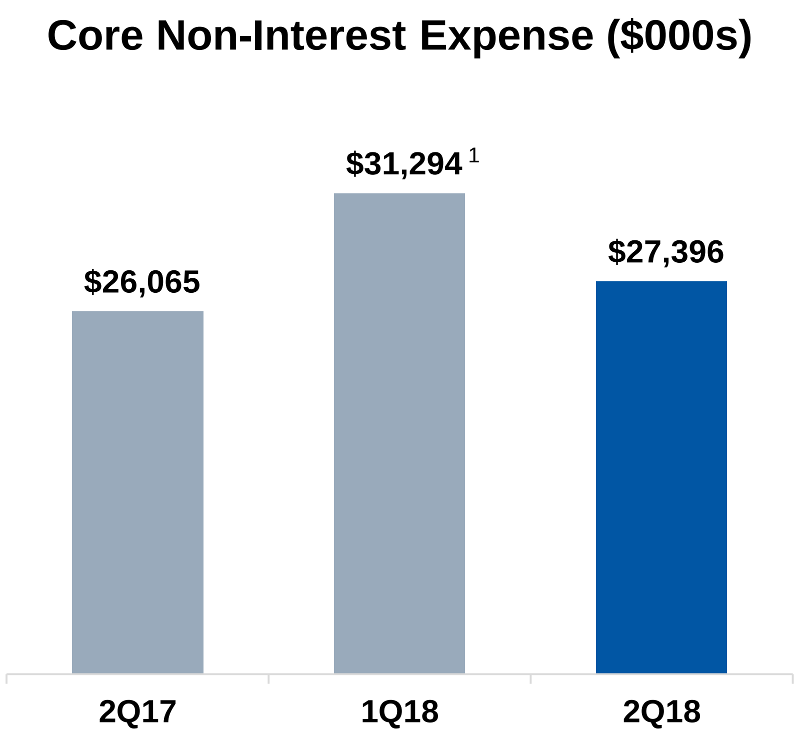


2Q18 Highlights

- Non-interest income was $3.2MM and core was $3.4MM excluding the net loss from fair value adjustments
- Net losses from fair value adjustments in 2Q18 were $0.3MM, compared to $0.1MM for 1Q18 and $1.2MM for 2Q17
- Net gains from the sale of loans of $0.4MM in 2Q18, compared to a net loss from the sale of loans of $0.3MM in 1Q18 and net gain of $34,000 in 2Q17
- Banking services fee income was $1.0MM in 2Q18, compared to $0.9MM for 1Q18 and $1.0MM for 2Q17

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

Controlling Non-Interest Expense

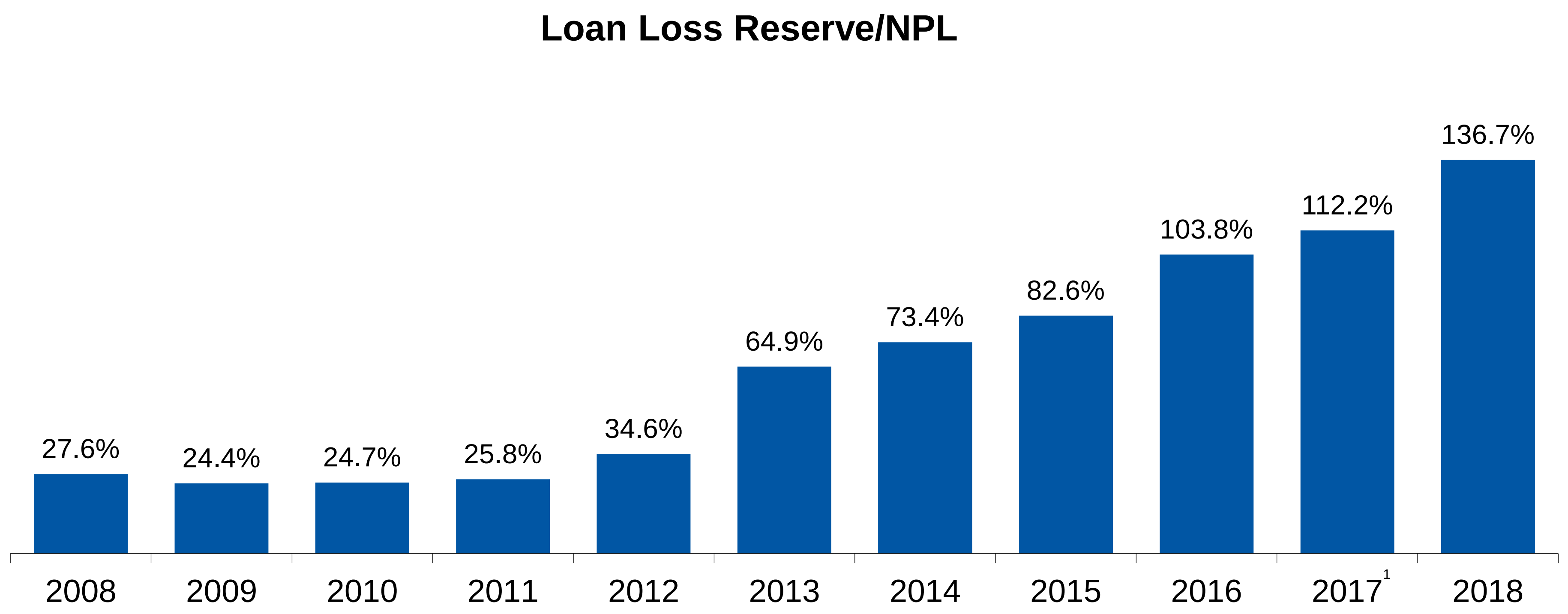


2Q18 Highlights

- Core non-interest expense was $27.4MM, a decrease of 12.5% QoQ and an increase of 5.1% YoY
- QoQ decrease due to impact of annual grants of employees and directors restricted stock unit awards in 1Q18
- YoY increase primarily driven by increased consulting, legal and depreciation expense due to the growth of the bank
- The efficiency ratio was 59.58% in 2Q18 compared to 69.34% in 1Q18 and 55.80% in 2Q17
- Non-interest expenses projected annual increase of 3% to 5% over 2017 amounts

[1] 1Q18 non-interest expense included $3.8MM of compensation and non-recurring consultant expenses.

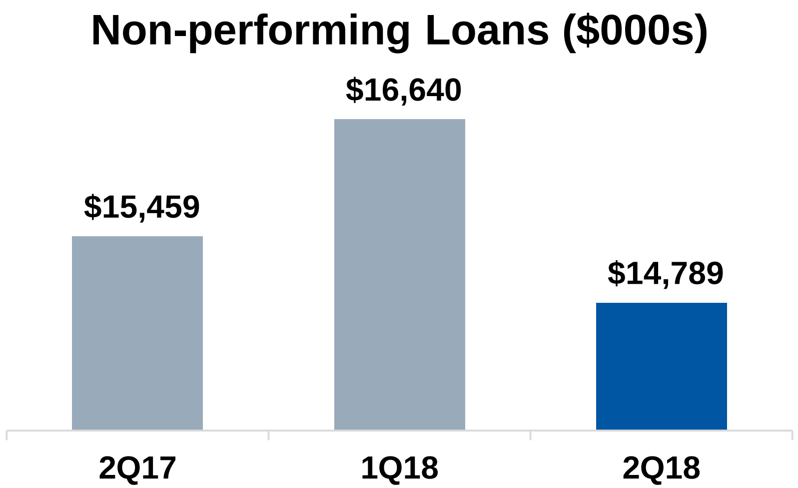
Increasing Coverage Ratio

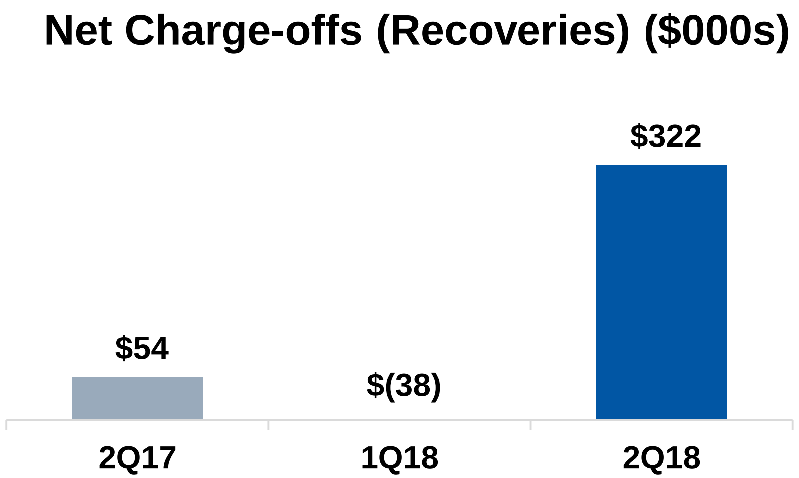


- **Will continue to reserve given loan portfolio growth**

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

Credit Quality



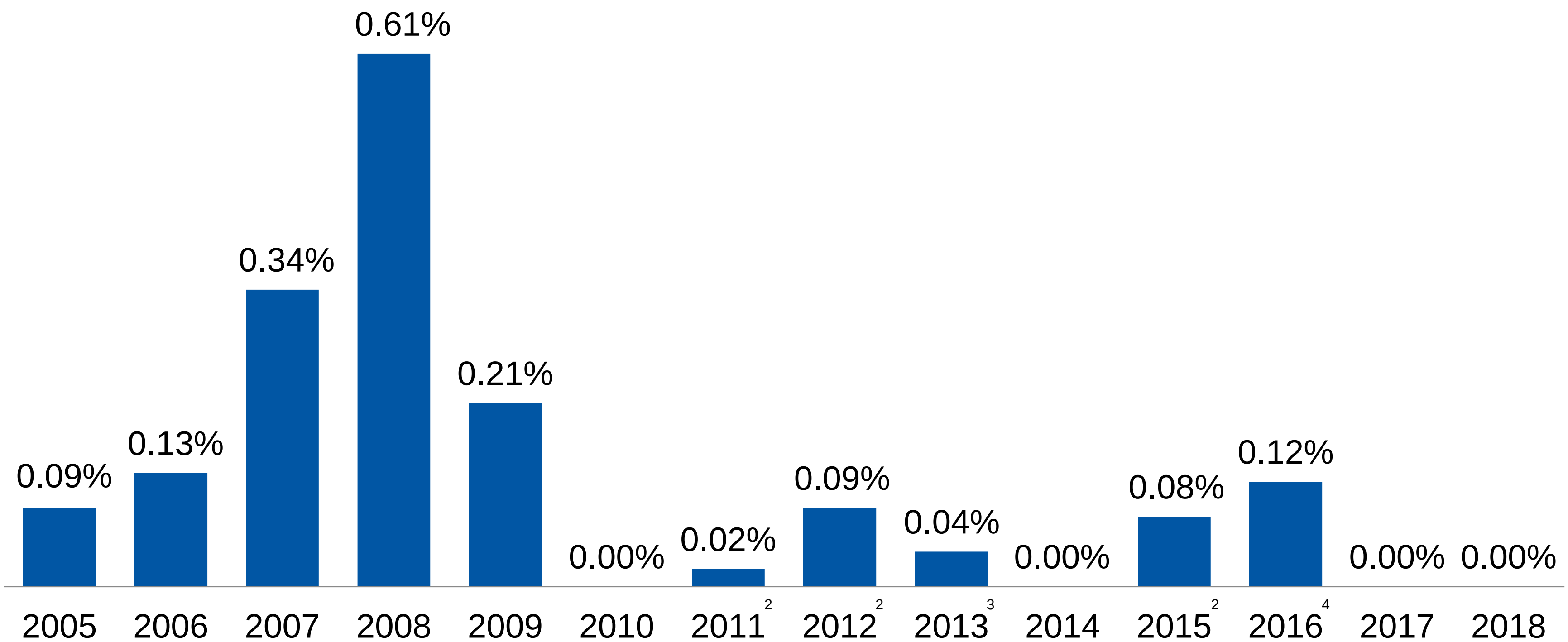


2Q18 Highlights

- Non-performing loans totaled $14.8MM, a decrease of 11.1% QoQ and 4.3% YoY
- Average loan-to-value for non-performing loans collateralized by real estate at June 30, 2018 was only 35.1%
- Net charge-offs in 2Q18 consisted primarily of reducing the carrying value of Chicago taxi medallion loans from $60,000 to $25,000 per medallion

Minimal Delinquencies on the Total Portfolio

90-Day Delinquencies as % of Loans Originated by Year[1]



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

Positioning for Strategic and Profitable Growth

- Core NIM decreased 8bps QoQ
  - Core NIM is net of prepayment penalties on loans and securities, accretion of called securities and recovery of interest on delinquent loans
  - Compared to 1Q18, the core yield on interest earning assets increased 7bps, instead of 11bps

- Salaries decreased 17.1% QoQ and 0.9% YoY

- Professional fees increased 11.6% QoQ and 27.1% YoY primarily due to legal fees associated with one lawsuit believed to be contained in 2Q18

Why Flushing Financial

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 1,044% total return since IPO in 1995[1]
- Positive earnings through the cycle and every quarter since IPO
- Consistent EPS and dividend growth

Management Culture & Track Record

- 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

Attractive Markets & Customers

FLUSHING
Commercial ▪ Business ▪ Consumer

- 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

Executing Strategic Objectives

- 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

Strong Financial Performance

[1] As of June 30, 2018.

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			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
GAAP income before income taxes	$ 18,412	$ 14,362	$ 19,500	$ 32,774	$ 37,014
Net loss from fair value adjustments	267	100	1,159	367	1,537
Gain from life insurance proceeds	-	(776)	(6)	(776)	(1,167)
Core income before taxes	18,679	13,686	20,653	32,365	37,384
Provision for income taxes for core income	4,573	2,982	7,129	7,555	12,149
Core net income	$ 14,106	$ 10,704	$ 13,524	$ 24,810	$ 25,235
GAAP diluted earnings per common share	$ 0.48	$ 0.39	$ 0.44	$ 0.88	$ 0.86
Net loss from fair value adjustments, net of tax	0.01	-	0.02	0.01	0.04
Gain from life insurance proceeds	-	(0.03)	-	(0.03)	(0.04)
Core diluted earnings per common share*	$ 0.49	$ 0.37	$ 0.46	$ 0.86	$ 0.87
Core net income, as calculated above	$ 14,106	$ 10,704	$ 13,524	$ 24,810	$ 25,235
Average assets	6,484,882	6,403,396	6,218,072	6,444,364	6,193,596
Average equity	532,027	529,281	529,451	530,662	523,658
Core return on average assets**	0.87%	0.67%	0.87%	0.77%	0.81%
Core return on average equity**	10.61%	8.09%	10.22%	9.35%	9.64%

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

** Ratios are calculated on an annualized basis.

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NASDAQ: FFIC

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