FFIC FLUSHING
Financial Corporation

Small enough to know you.

Large enough to help you.

2Q20 Earnings Conference Call

July 22, 2020

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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, 2019, 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.**

Adaptability and Flexibility in COVID-19 Environment

TEAM MEMBERS

- **Safety and health of employees** is our top priority
- 85% of back office staff working remotely on any given day; capability for **nearly all employees to work remotely**
- **Granted additional PTO** and expanded paid family leave and medical leave benefits adhering to government regulations
- **No furloughs**; no job discontinuances; no pay decreases

CUSTOMERS

- SBA **PPP loan closings** **$93.2MM** at June 30, 2020
- **Active loan forbearances** with outstanding balance of **~$1.3B** (as of 6/30/2020)
- **37 Forbearances totaling** $91.9MM completed deferral, resume making payments
- **Enhanced digital capabilities** through recent improvement of mobile and on-line banking
- **19% of retail account** openings in second quarter were completed online

COMMUNITIES

- **Delivering food to hospitals** in support of healthcare workers on the frontlines in our communities
- **Set up appointment banking** to service clients without the need to overcrowd branches and practice social distancing
- **Waiving ATM fees** for customers and non-customers
- **Waiving late fees** on loans
- Participating in State of New York **Main Street Lending Program**
- Participating in **FHLBNY Small Business Recovery Grant**

Consistent with Our History of Supporting Communities, Customers and Employees with Superior Customer Service, Flushing is Committed to Providing Flexibility to All that We Serve in this Time of Need

Strong Quarterly Results

- **GAAP diluted EPS rose to $0.63 and Core diluted EPS increased 89% to $0.36**
- **Record net interest income totaled $49MM, increased 19% from 1Q20, driven by an improvement in cost of funds**
- **Pre-provision pre-tax net revenue increased $28.1MM from 1Q20**
- **NIM improved 43 bps for the quarter**
  - Cost of funds decreased by 62 bps
- **Loan closings totaled $234MM in 2Q20**
  - SBA Paycheck Protection Program ("PPP") closings totaled $93.2MM
  - Commercial business loans, multi-family loans and commercial real estate totaled $126.9MM, or 90.3% of loan production, excluding PPP closings
- **Well seasoned loan portfolio**
  - 88% of portfolio real estate backed
  - LTV of mortgage loan portfolio less than 40%
  - Multi-family portfolio represents 38% of gross loans (primarily rent regulated buildings in NYC area)
  - Commercial real estate represents 28% of loan portfolio (limited exposure to big box retail)
- **Increased provision for credit losses**
  - Recorded $9.6MM provision, or $0.25 per share, after-tax in 2Q20
  - Impact of negative economic environment primarily due to the COVID-19 pandemic reflected in provision
- **Recognized non-cash fair value adjustment of $10.3MM or $0.27 per diluted common share on junior subordinated debt**

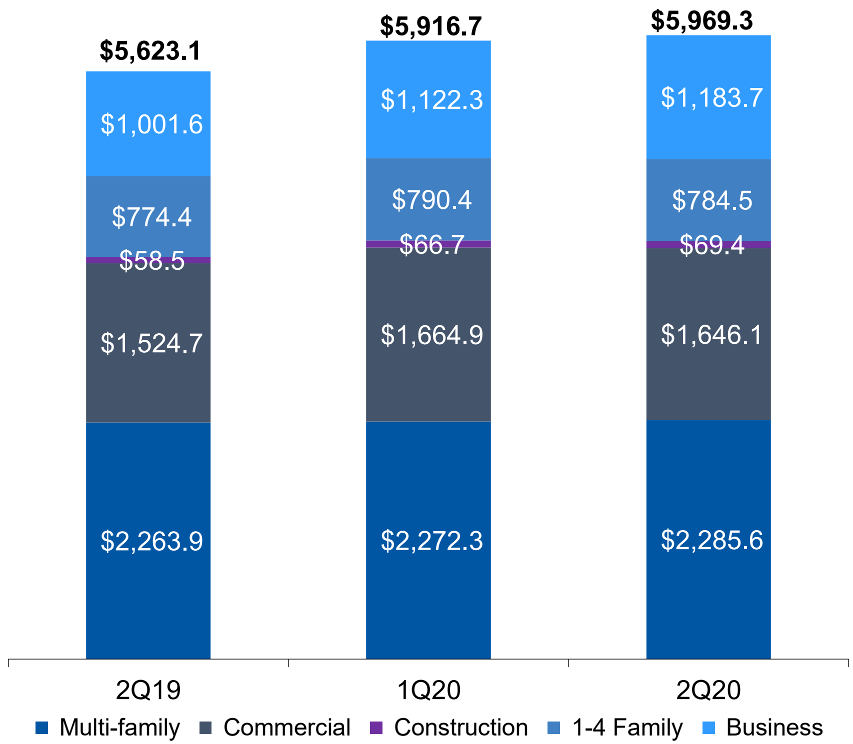
Loans Grew by 1% and Cost of Deposits[1] decreased 69 bps

- Yield on loans decreased 15 bps QoQ
- Core yield on loans decreased 23 bps QoQ

- Core deposits, excluding escrow balances, increased 7% QoQ and non-interest bearing deposits are 12% of total deposits

Total Loans: +1% QoQ

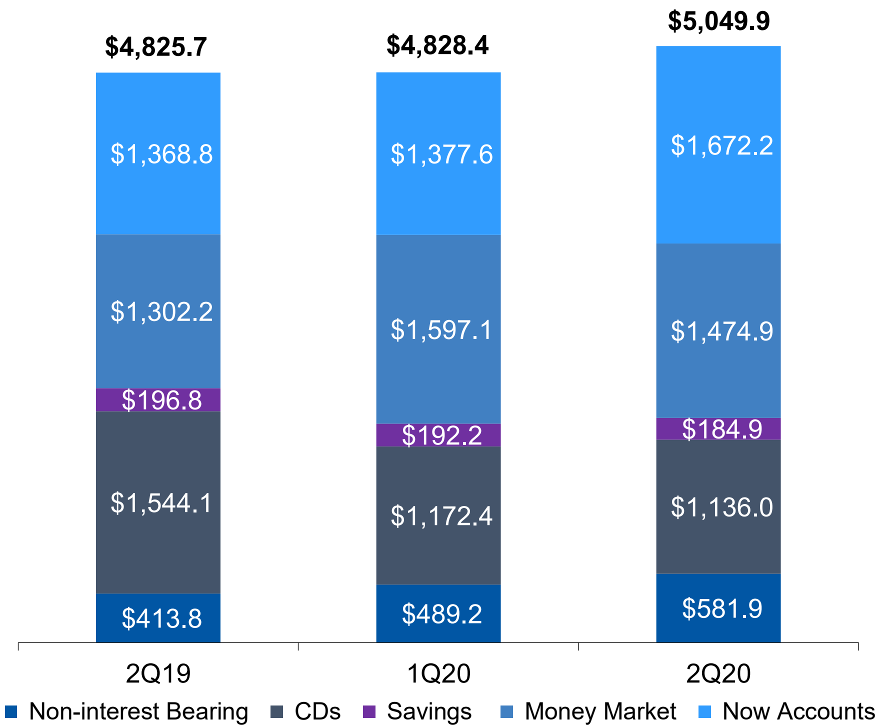
Loans ($MM)



Loan Portfolio Yield		
4.48%	4.22%	4.07%

Total Deposits: +5% QoQ

Deposits[1] ($MM)



Deposit[1] Cost		
1.82%	1.49%	0.80%

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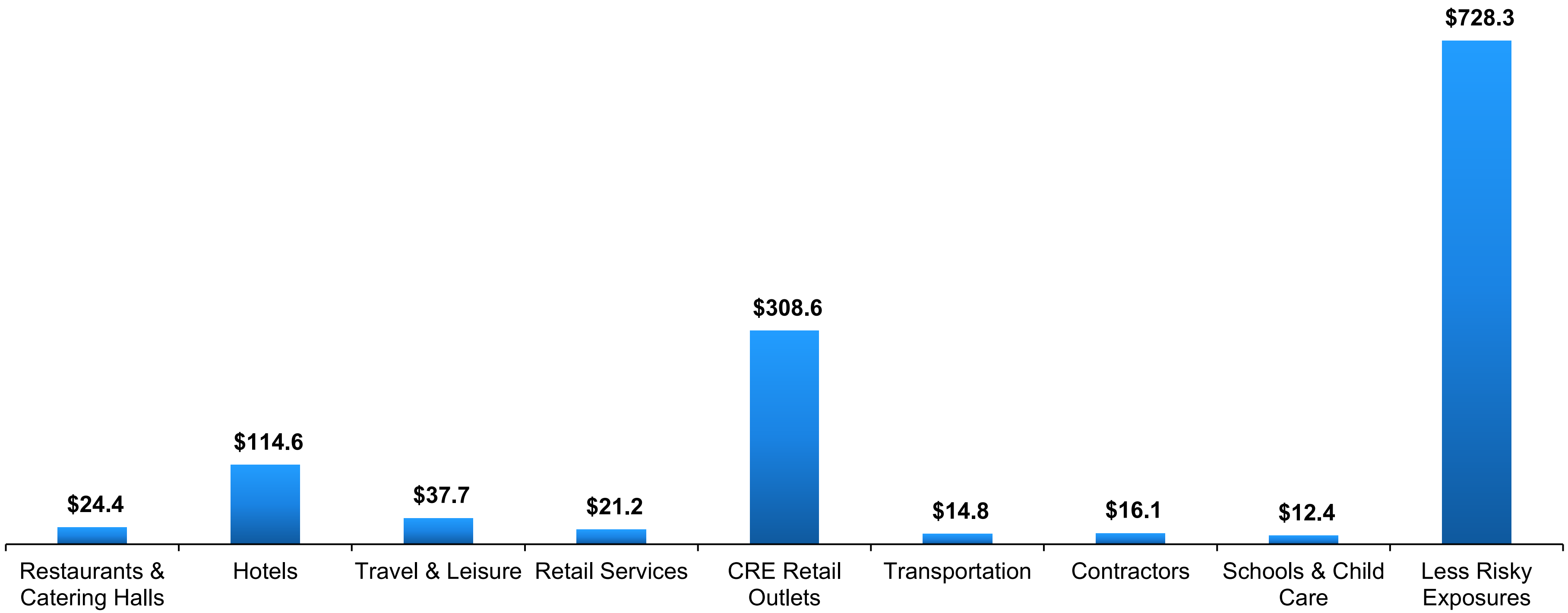
[1] Excludes escrow balance.

Outstanding Loans in Forbearance

- Forbearances are primarily backed by mortgages
- Forbearances are either deferral of principal and interest, principal, or escrow or combination thereof
- Repayment of deferred principal and interest is generally not due until loan maturity

As of 6/30/20 ($MM)



COVID-19 Impact on Retail

- **FB portfolio stabilizing as many tenants were able to operate at some capacity during lockdown**
  - Limited exposure to national chains
  - Gradual opening of New York economy allowed more business to operate
    - Shopping centers and local strip malls began to recover in Phases 2 and 3
  - Our portfolio remains driven by essential needs tenancy less affected by on-line retail
  - Landlords willing to work with tenants to reopen businesses and providing modified lease terms
  - Properties largely located in populated neighborhoods
  - Tenancy of typical center generally longer-term tenants at or below market rental terms
- **Recently inspected 42% of Retail Outlet properties across the portfolio**
  - Stores largely open for business
  - Customer traffic appears to be returning
- **All properties appeared to be well maintained and stores appeared to be well stocked**

Forbearance Process

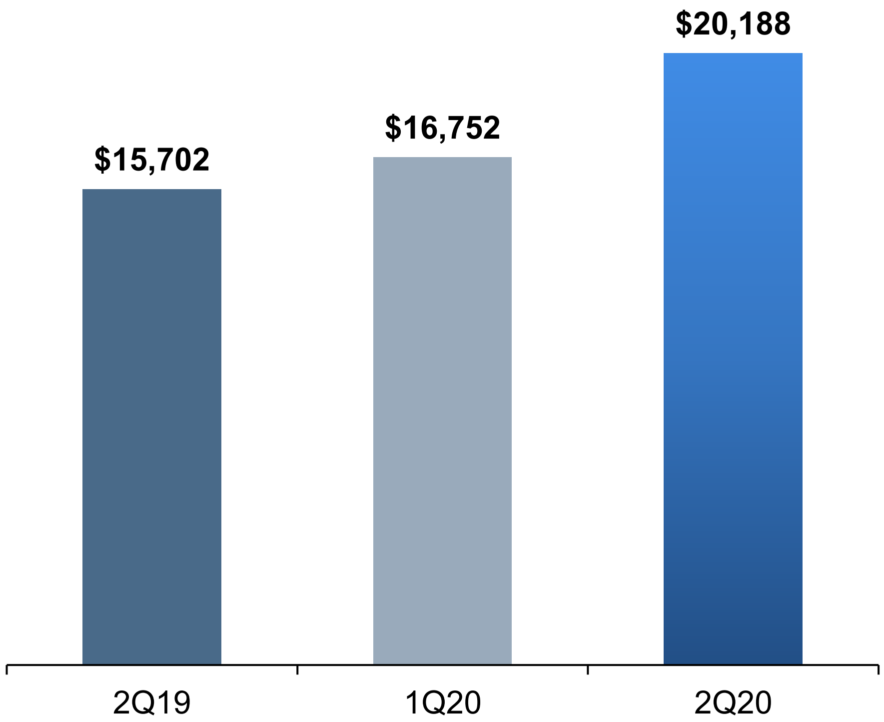
- **Independent team monitors progress of loans granted forbearance during COVID-19**
- **Focused on the following:**
  - Maintaining customer contact
  - Site visits
  - Follow up for current financial data
  - Review regular reporting to assess rent collection activity
  - Evaluate loan performance and make recommendations on need for assistance
  - Provide reporting and tracking of assistance plans due to expire
- **Results to date**
  - As of July 10, 2020, of the expiring forbearances with an outstanding balance of $146.3MM, $91.9MM have returned to regularly scheduled payment
  - Site inspections performed on loans secured by retail properties with total exposure of $286MM
- **Overall results indicate that borrowers are working with tenants to stabilize operations**
  - Concessions in form of moderately reduced rents during early months of pandemic
  - Granting of extended lease terms in order to recover past due rent
  - Delinquent rents are collected over time with borrowers paying current rents

Credit Quality

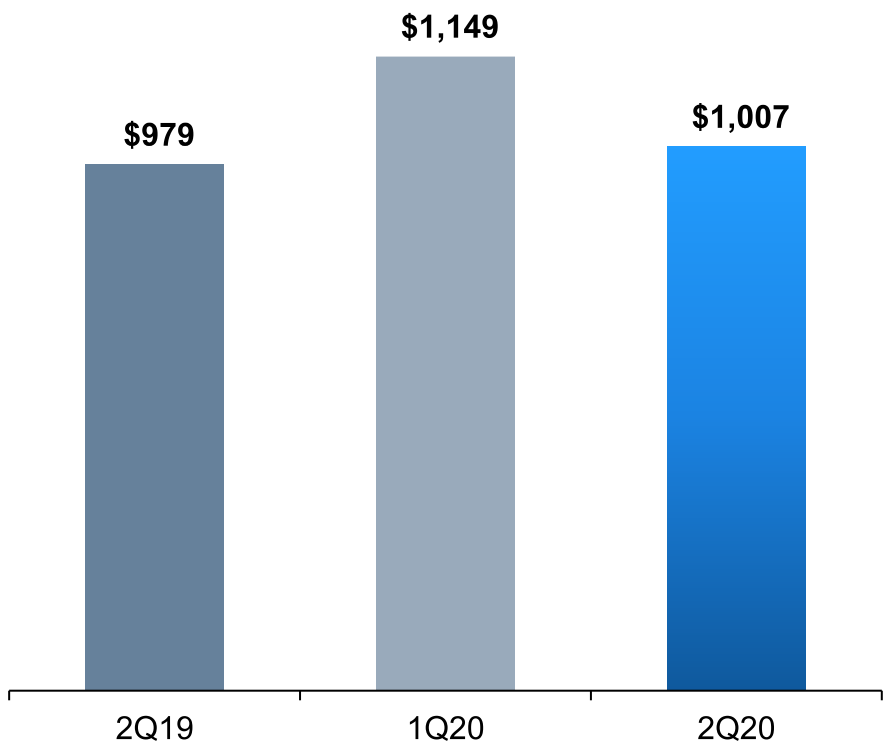
2Q20 Highlights

- Non-performing loans totaled $20.2MM, an increase of 20.5% QoQ and 28.6% YoY
- Loan-to-value ratio on real estate dependent loans as of June 30, 2020 totaled 38.1%
- Average loan-to-value for non-performing loans collateralized by real estate at June 30, 2020 was 30.3%

Non-performing Loans ($000s)



Net Charge-offs ($000s)



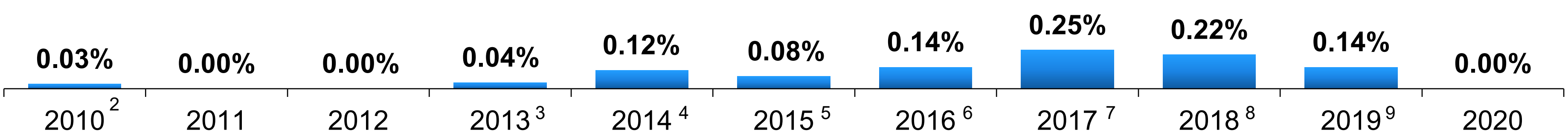
Credit Outlook

- **Strong credit history**
- **Our loan portfolio is 88% collateralized by real estate with an average LTV of 38%**
- **Minimal 90+ delinquencies representing 32 bps of gross loans**
- **Forbearance down 13% from intra-period peak**
- **New York is beginning to open up**
  - Pace of forbearance requests has declined

Minimal Delinquencies on the Total Portfolio

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

Seventeen delinquent loans for vintage years covering over 10 years of originations



[1] Calculated by dividing current 90-day delinquencies by total loans originated by vintage period. [2] Represents one home equity loan. [3] Represents one 1-4 family and one small business loan. [4] Represents five taxi medallion. [5] Represents one 1-4 family. [6] Represents one 1-4 family and one multi-family. [7] One SBA loan and two small business loans. [8] Represents one multi-family real estate loan and one mixed use loans. [9] Represents one commercial loan.

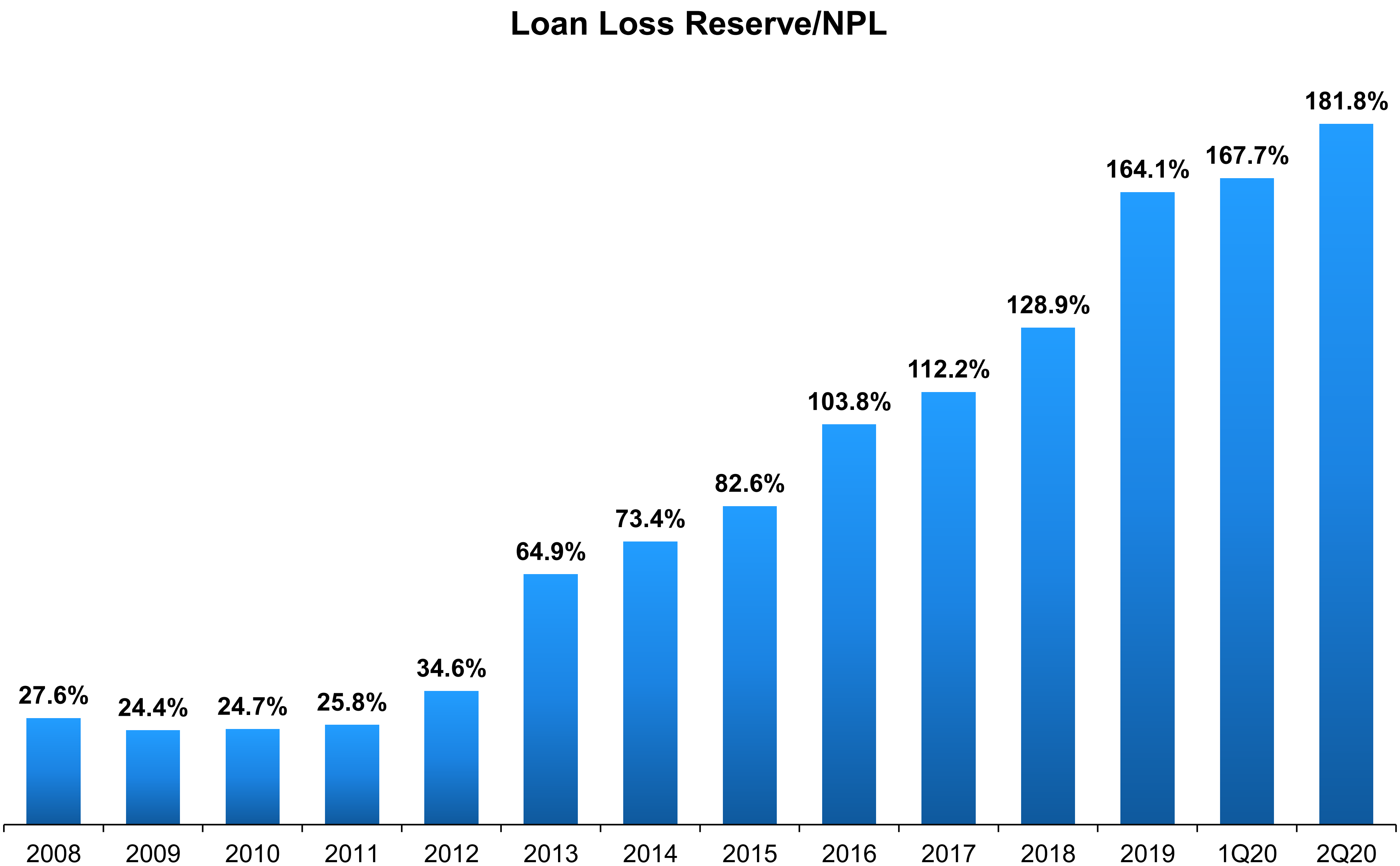
2Q20 COVID-19 Reserve Building

Allowance for Loan Losses ($MM)

- **2Q20 economic outlook included annualized GDP decline and elevated unemployment**
  - 2Q20 provision includes the impact of the macroeconomic environment and a qualitative assessment of sectors and loans most impacted by COVID-19, including loan forbearances
- **Use the Oxford Economic Forecast Model**
- **Our model assumes it will take three quarters to return to our historical loss pattern**

[1] Does not reflect adoption impact related to HTM securities and off-balance exposures.

Increasing Coverage Ratio



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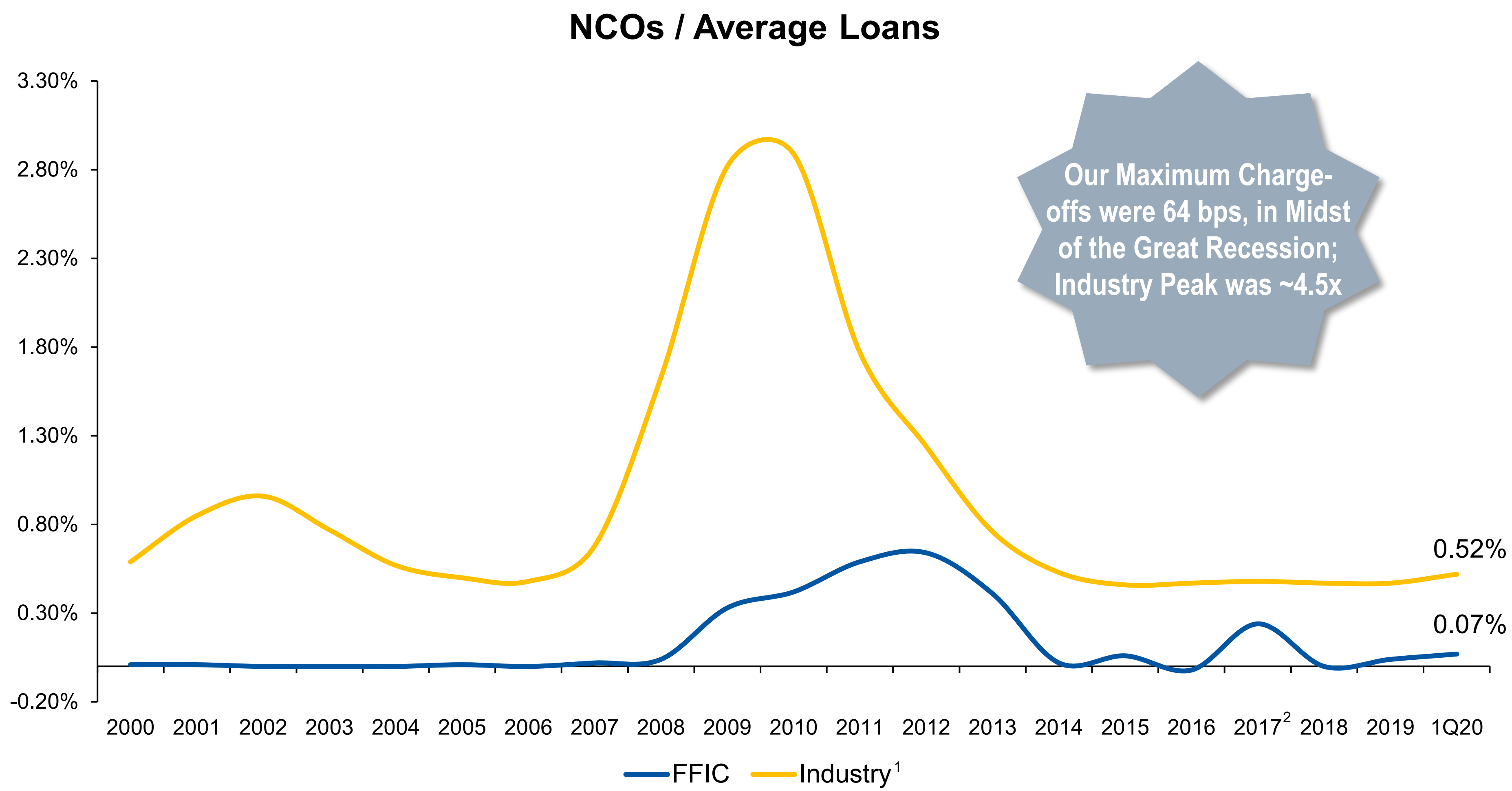
Credit Discipline Paramount

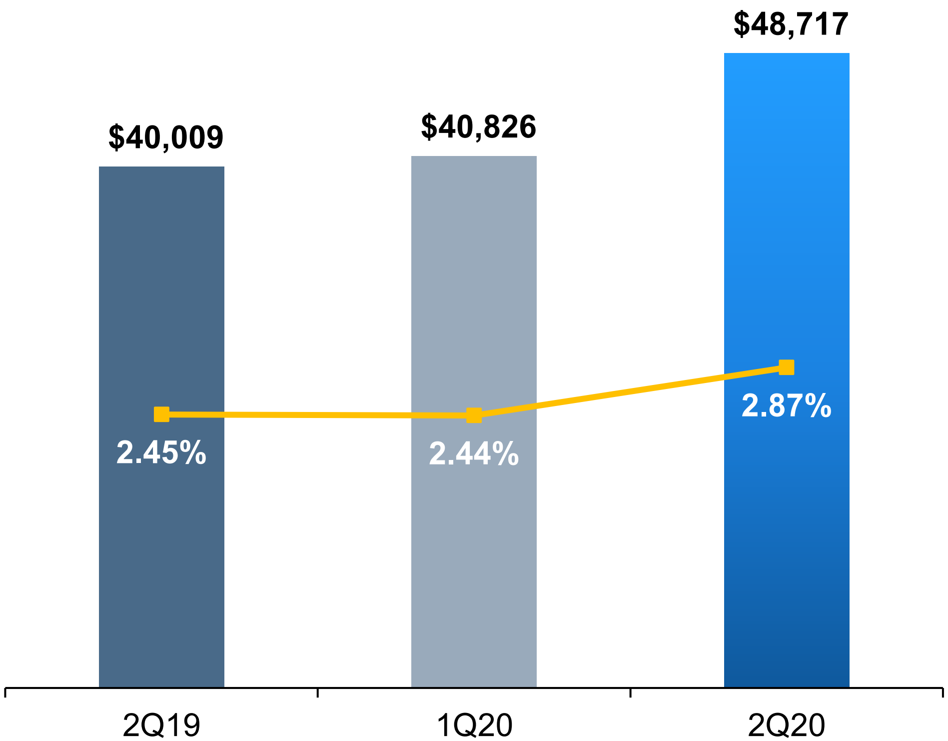
- Over two decades and multiple credit cycles, Flushing has a history of better than industry credit
- Since the Great Recession, construction loans have decreased by 32% and mixed use by 21%
  - LTV has improved to 38% from 48%



Source: SNL Financial. Financial data as of 1Q20. [1] “Industry” includes the ~400 banks that compose the SNL U.S. Bank and Thrift Index. [2] Includes $11.2MM in taxi medallion write-offs.

Record Net Interest Income

Net Interest Income ($000s)



Core NIM

2Q19	1Q20	2Q20
2.40%	2.49%	2.85%

2Q20 Highlights

- NIM increased 43 bps QoQ and 42 bps YoY
- NIM increase driven by improvement in cost of funds
- Cost of funds decreased 62 bps QoQ and 91 bps YoY
- Core yield on total loans decreased 23 bps QoQ and 37 bps YoY

[1] Core NIM excluding prepayment penalties from loans and securities, recovered interest from delinquent loans and losses from fair value adjustments on qualifying hedges.

Opportunity to Reduce Funding Costs with Maturing CDs

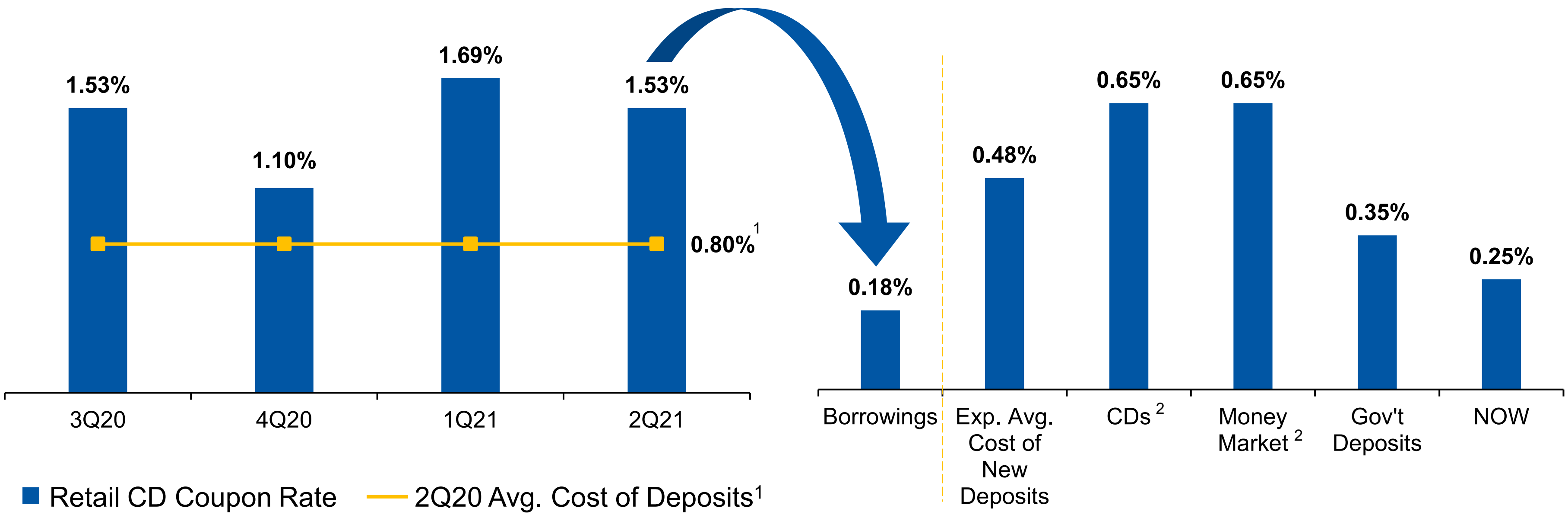
- ~$800MM of Retail CDs are scheduled to mature through 2Q21, representing 16% of total deposits as of 2Q20, at a weighted average cost of 1.40%

CDs Maturing

- Yields rolling off exceed current market deposit costs

Replacement Funding

- Current deposit costs of replacement products significantly lower than maturing CD rates



Amount Maturing ($MM)			
$263.1	$313.9	$178.0	$47.2

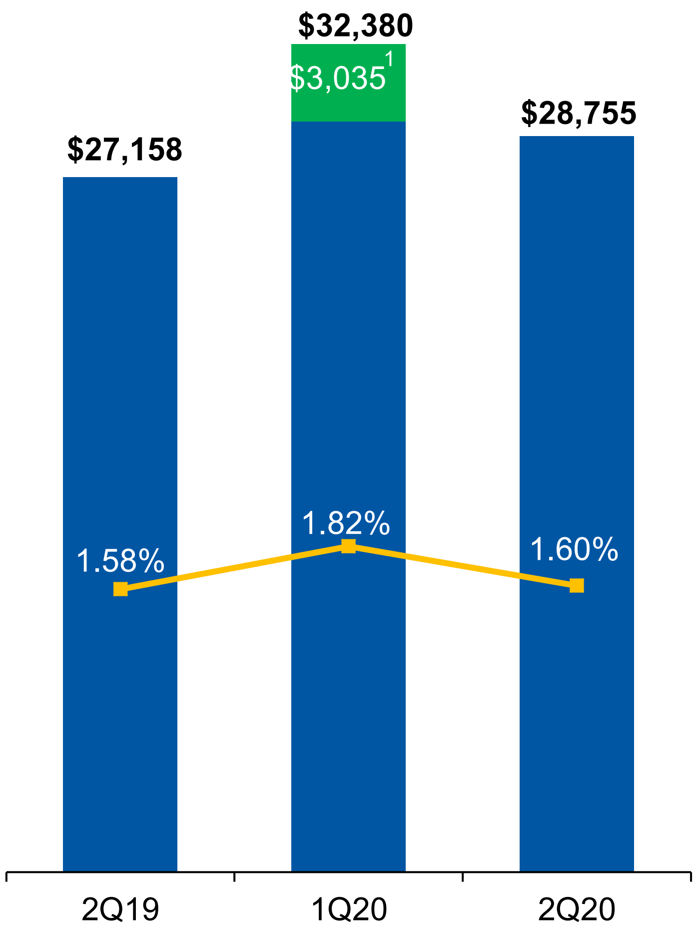
[1] Excluding Escrow. [2] Represents promotional or highest tier rate.

Protection on Asset Rates

- ~20% of real estate portfolio reprices annually
- Individual loans contain floors
- Expect limited movement in floating rate portfolio, which totals $589MM barring any interest rate fluctuation

Controlling Non-Interest Expense

Non-Interest Expense ($000s)



2Q20 Highlights

- Non-interest expense decreased $3.6MM, or 11.2% QoQ
- Efficiency ratio was 54.9% for 2Q20 compared to 68.2% for 1Q20 and 61.1% for 2Q19
- Includes legal expenses related to the Empire merger of $0.2MM for 2Q20 and $0.9MM for 1Q20
- Non-interest expense to average assets improved to 1.60% from 1.82% in 1Q20
- Increased YoY due to growing the business

[1] Seasonal expenses.

Why Flushing Financial

1 Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 453% total return since IPO in 1995[1]
- Positive core earnings through the cycle and every quarter since IPO
- Consistent dividend payouts

2 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

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Commercial ▪ Business ▪ Consumer

3 Strong Financial Performance

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

4 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

[1] As of June 30, 2020.

Appendix

2Q20 Operating Results

	2Q20	1Q20	2Q19
Earnings ($MM, except EPS data)			
GAAP Net Interest Income	$48.7	$40.8	$40.0
Net Income (Loss)	$18.3	($1.4)	$10.6
Core Net Income[1]	$10.3	$5.5	$12.1
EPS	$0.63	($0.05)	$0.37
Core EPS	$0.36	$0.19	$0.42
Profitability Ratios			
ROAA	1.01%	-0.08%	0.61%
ROAE	13.11%	-0.96%	7.53%
Net Interest Margin	2.87%	2.44%	2.45%
Efficiency Ratio[2]	54.92%	68.21%	61.06%
Capitalization Ratios			
Tangible Common Equity	7.78%	7.38%	7.93%
Dividend Payout	33.33%	N/A	56.76%

[1] Excludes effects of net gains/losses from fair value adjustments, net gains/losses on sale of securities, net gains/losses from sale of asset, life insurance proceeds, merger expense and net gain/ losses from fair value adjustments of qualifying hedges. Core earnings presented in 2Q20 press release. [2] Efficiency ratio, a non-GAAP measure, was calculated by dividing non-interest expense (excluding accelerated employee benefits upon officers death, merger expense, OREO expense and the net gain/loss from the sale of OREO) by the total of net interest income (excluding net losses from fair value adjustments on qualifying hedges) and non-interest income (excluding net gains and losses from the sale of securities, assets and fair value adjustments and life insurance proceeds).

Non-cash Fair Value Adjustments to GAAP Earnings

The variance in GAAP and core earnings is primarily due to 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 Diluted EPS, Core ROAE, Core ROAA, Pre-provision Pre-tax Net Revenue, Core Net Interest Income, Core Yield on Total Loans, Core Net Interest Margin 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 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

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
GAAP income (loss) before income taxes	$ 24,080	$ (1,596)	$ 13,828	$ 22,484	$ 23,183
Net (gain) loss from fair value adjustments	(10,205)	5,993	1,956	(4,212)	4,036
Net loss on sale of securities	54	37	15	91	15
Life insurance proceeds	(659)	—	—	(659)	(43)
Net gain on sale of assets	—	—	(770)	—	(770)
Net loss from fair value adjustments on qualifying hedges	365	2,073	818	2,438	1,455
Accelerated employee benefits upon Officer's death	—	—	—	—	455
Merger expense	194	929	—	1,123	—
Core income before taxes	13,829	7,436	15,847	21,265	28,331
Provision for income taxes for core income	3,532	1,936	3,771	5,468	6,804
Core net income	$ 10,297	$ 5,500	$ 12,076	$ 15,797	$ 21,527
GAAP diluted earnings (loss) per common share	$ 0.63	$ (0.05)	$ 0.37	$ 0.58	$ 0.61
Net (gain) loss from fair value adjustments, net of tax	(0.27)	0.15	0.05	(0.11)	0.10
Net loss on sale of securities, net of tax	—	—	—	—	—
Life insurance proceeds	(0.02)	—	—	(0.02)	—
Net gain on sale of assets, net of tax	—	—	(0.02)	—	(0.02)
Net loss from fair value adjustments on qualifying hedges, net of tax	0.01	0.05	0.02	0.06	0.04
Accelerated employee benefits upon Officer's death, net of tax	—	—	—	—	0.01
Merger expense, net of tax	0.01	0.02	—	0.03	—
Core diluted earnings per common share[1]	$ 0.36	$ 0.19	$ 0.42	$ 0.55	$ 0.75
Core net income, as calculated above	$ 10,297	$ 5,500	$ 12,076	$ 15,797	$ 21,527
Average assets	7,206,059	7,106,998	6,891,541	7,156,529	6,879,905
Average equity	557,414	576,597	560,624	567,006	556,645
Core return on average assets[2]	0.57 %	0.31 %	0.70 %	0.44 %	0.63 %
Core return on average equity[2]	7.39 %	3.82 %	8.62 %	5.57 %	7.73 %

[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 and PRE-PROVISION PRE-TAX NET REVENUE

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net interest income	$ 48,717	$ 40,826	$ 40,009	$ 89,543	$ 81,812
Non-interest income (loss)	13,737	(2,864)	2,451	10,873	3,394
Non-interest expense	(28,755)	(32,380)	(27,158)	(61,135)	(59,577)
Pre-provision pre-tax net revenue [1]	$ 33,699	$ 5,582	$ 15,302	$ 39,281	$ 25,629

[1] Includes non-cash net gains and (losses) from fair value adjustments totaling $9.8 million, ($8.1) million and ($2.8) million for the three months ended June 30, 2020, March 31, 2020 and June 30, 2019, respectively and $1.8 million and ($5.5) million for the six months ended June 30, 2020 and 2019, respectively.

Reconciliation of GAAP NII & NIM to CORE NII & NIM

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
GAAP net interest income	$ 48,717	$ 40,826	$ 40,009	$ 89,543	$ 81,812
Net loss from fair value adjustments on qualifying hedges	365	2,073	818	2,438	1,455
Core net interest income	$ 49,082	$ 42,899	$ 40,827	$ 91,981	$ 83,267
GAAP interest income on total loans, net	$ 60,557	$ 61,109	$ 62,273	$ 121,666	$ 124,603
Net loss from fair value adjustments on qualifying hedges	365	2,073	818	2,438	1,455
Prepayment penalties received on loans	(702)	(753)	(1,120)	(1,455)	(1,925)
Net recoveries of interest from non-accrual loans	(74)	(436)	(519)	(510)	(1,233)
Core interest income on total loans, net	$ 60,146	$ 61,993	$ 61,452	$ 122,139	$ 122,900
Average total loans, net	$ 5,946,412	$ 5,794,866	$ 5,565,057	$ 5,870,640	$ 5,554,919
Core yield on total loans	4.05 %	4.28 %	4.42 %	4.16 %	4.42 %
Net interest income tax equivalent	$ 48,852	$ 40,968	$ 40,134	$ 89,820	$ 82,062
Net loss from fair value adjustments on qualifying hedges	365	2,073	818	2,438	1,455
Prepayment penalties received on loans and securities	(702)	(753)	(1,120)	(1,455)	(1,925)
Net recoveries of interest from non-accrual loans	(74)	(436)	(519)	(510)	(1,233)
Net interest income used in calculation of Core net interest margin	$ 48,441	$ 41,852	$ 39,313	$ 90,293	$ 80,359
Total average interest-earning assets	$ 6,809,835	$ 6,719,857	$ 6,540,134	$ 6,764,846	$ 6,530,692
Core net interest margin	2.85 %	2.49 %	2.40 %	2.67 %	2.46 %

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