FFIC FLUSHING Financial Corporation

Small enough to know you.

Large enough to help you.

1Q20 Earnings Conference Call

April 29, 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

CONSUMERS

- SBA **PPP loan program**
- **Modification for loans** with outstanding balance of **~$839MM** (as of 4/17/2020)
- **Deferred payments for single family loans** for six months and other loans between one and six months
- **Enhanced digital capabilities** through digital transformation process through the recently enhanced mobile banking

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

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

Quarter Ended March 31, 2020 Results

- **Core net interest income increased 7% from 4Q19, driven by the cost of funds**
- **Core revenue before the provision for credit losses and taxes increased 5% from 4Q19**
- **Core NIM improved 16bps for the quarter**
  - Improvement in core NIM primarily due to cost of funds decreasing 22bps
- **Loan closings totaled $299MM in 1Q20**
  - Robust loan growth in 1Q20 of 2.7% (non-annualized)
  - March 31, 2020 pipeline remains strong at $324MM at an average rate of 4.10%
- **Well seasoned loan portfolio**
  - 87% of portfolio real estate backed
  - LTV of mortgage loan portfolio less than 40%
  - Multi-family portfolio represents 38% of loan portfolio (primarily rent regulated buildings in NYC area)
  - Commercial real estate represents 28% of loan portfolio (limited exposure to big box retail)
- **Adopted CECL in 1Q20**
  - Upon adoption recorded $1.3MM charge, including $0.6MM for off-balance sheet exposure
  - Recorded $7.2MM provision, or $0.18 per share, after-tax in 1Q20
  - Impact of negative economic environment primarily due to the COVID-19 pandemic reflected in provision
- **Recognized mark-to-market adjustments totaling $6.0MM (after-tax) for the quarter or $0.20 per diluted share**
  - Mark-to-market adjustment on swaps $0.15 per diluted share
  - Mark-to-market adjusted on debt carried at fair value $0.05 per diluted share

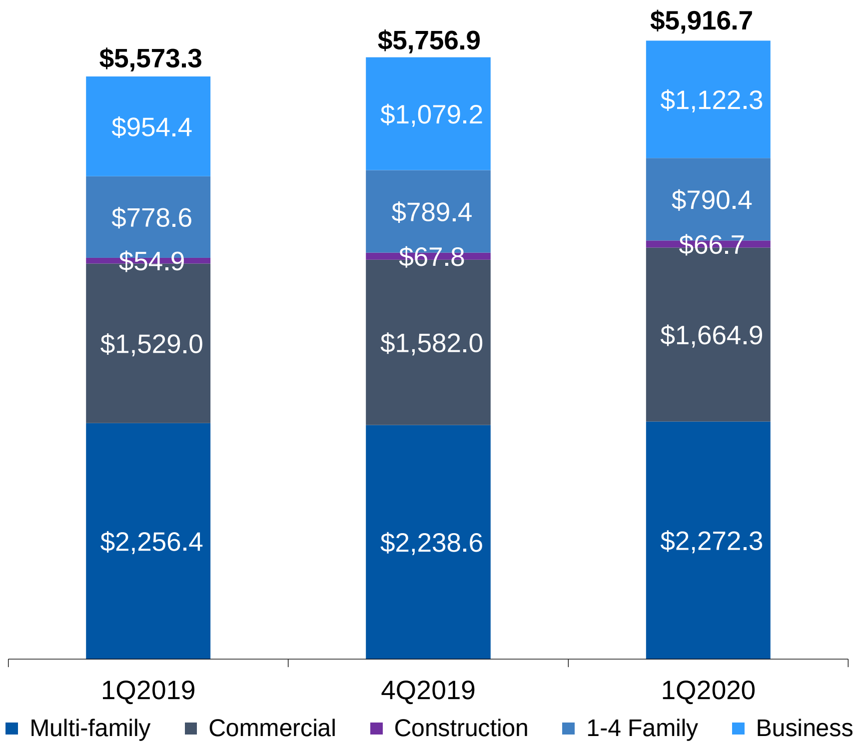
Loans and Deposits

- Yield on loans decreased 27 bps QoQ
- Core yield on loans decreased 5 bps QoQ

- Core deposits, excluding escrow balances, increased 2% QoQ and non-interest bearing deposits are 10% of total deposits
- Cost of deposits decreased 24 bps QoQ

Total Loans: +3% QoQ

Loans ($MM)

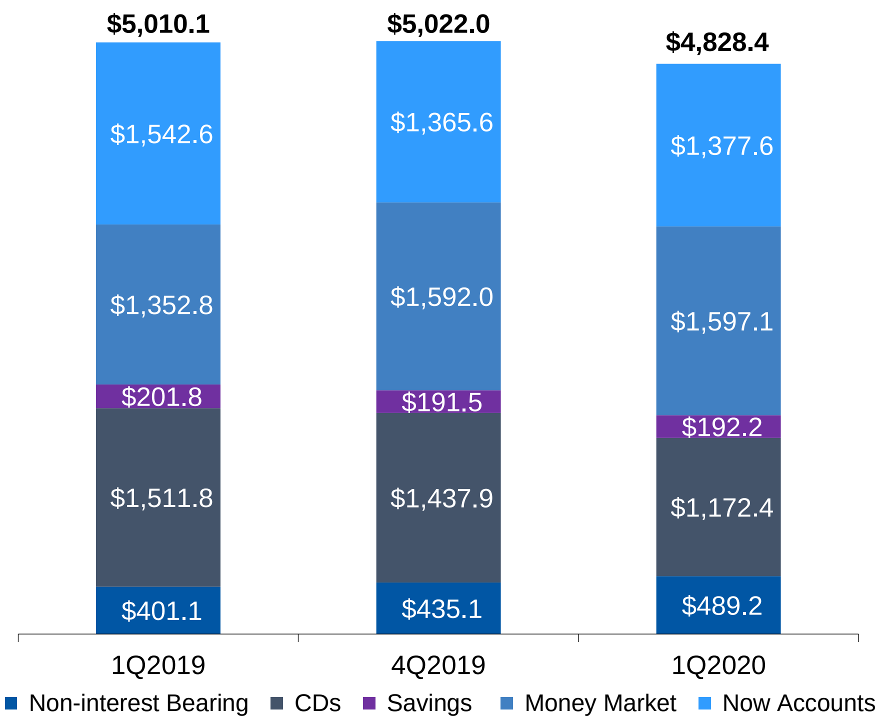


Loan Portfolio Yield

1Q2019	4Q2019	1Q2020
4.50%	4.49%	4.22%

Total Deposits: -4% QoQ

Deposits[1] ($MM)



Deposit Cost

1Q2019	4Q2019	1Q2020
1.70%	1.71%	1.47%

[1] Excludes escrow balance

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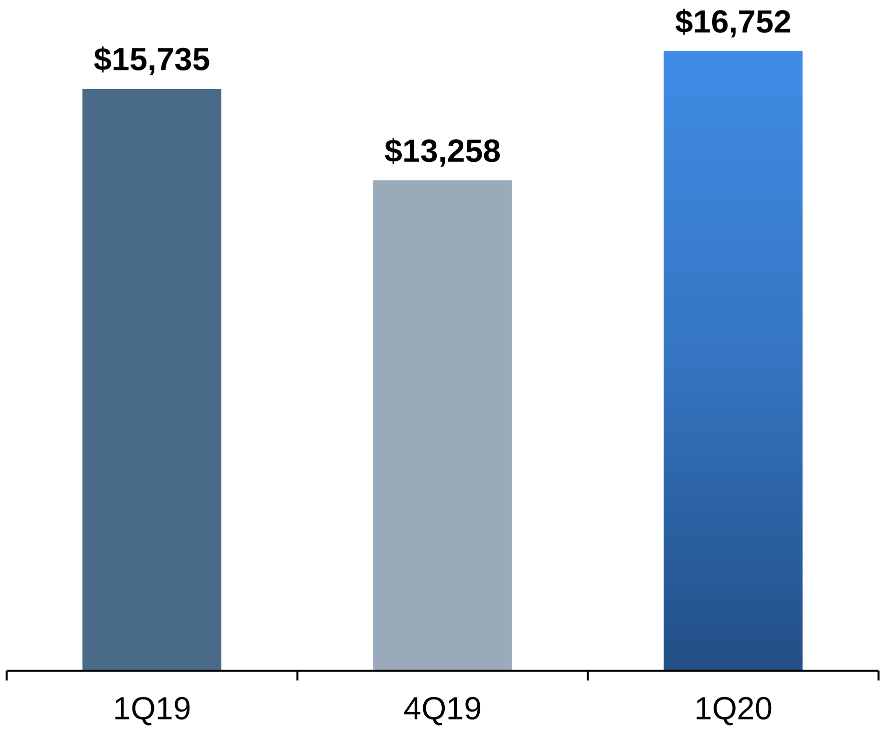
Credit Quality

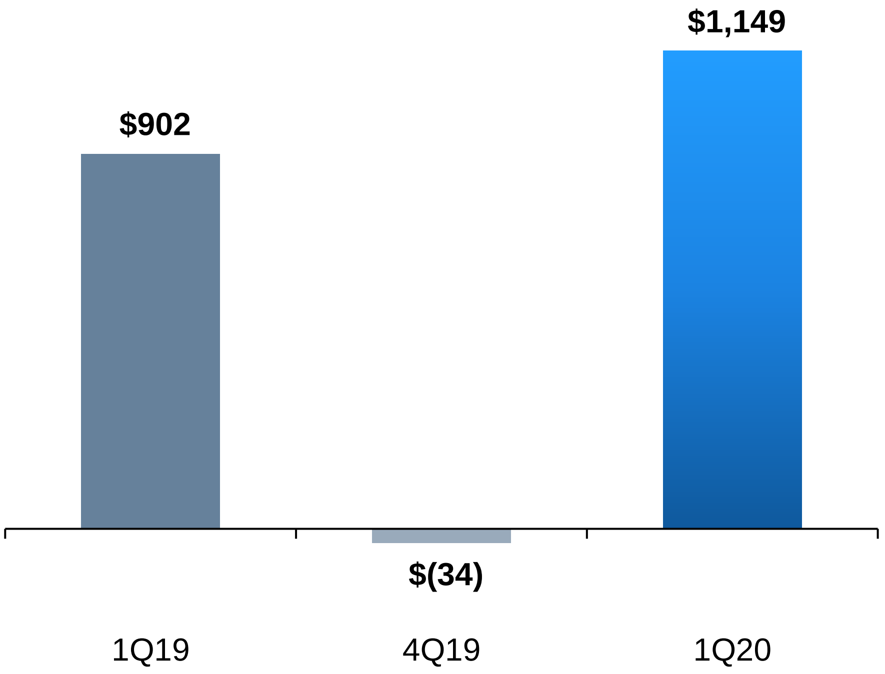
1Q20 Highlights

- Non-performing loans totaled $16.8MM, an increase of 26.4% QoQ and 6.5% YoY
- Loan-to-value ratio on real estate dependent loans as of March 31, 2020 totaled 38.2%
- Average loan-to-value for non-performing loans collateralized by real estate at March 31, 2020 was 28.9%
- Net charge-off in 1Q20 primarily relates to one C&I loan

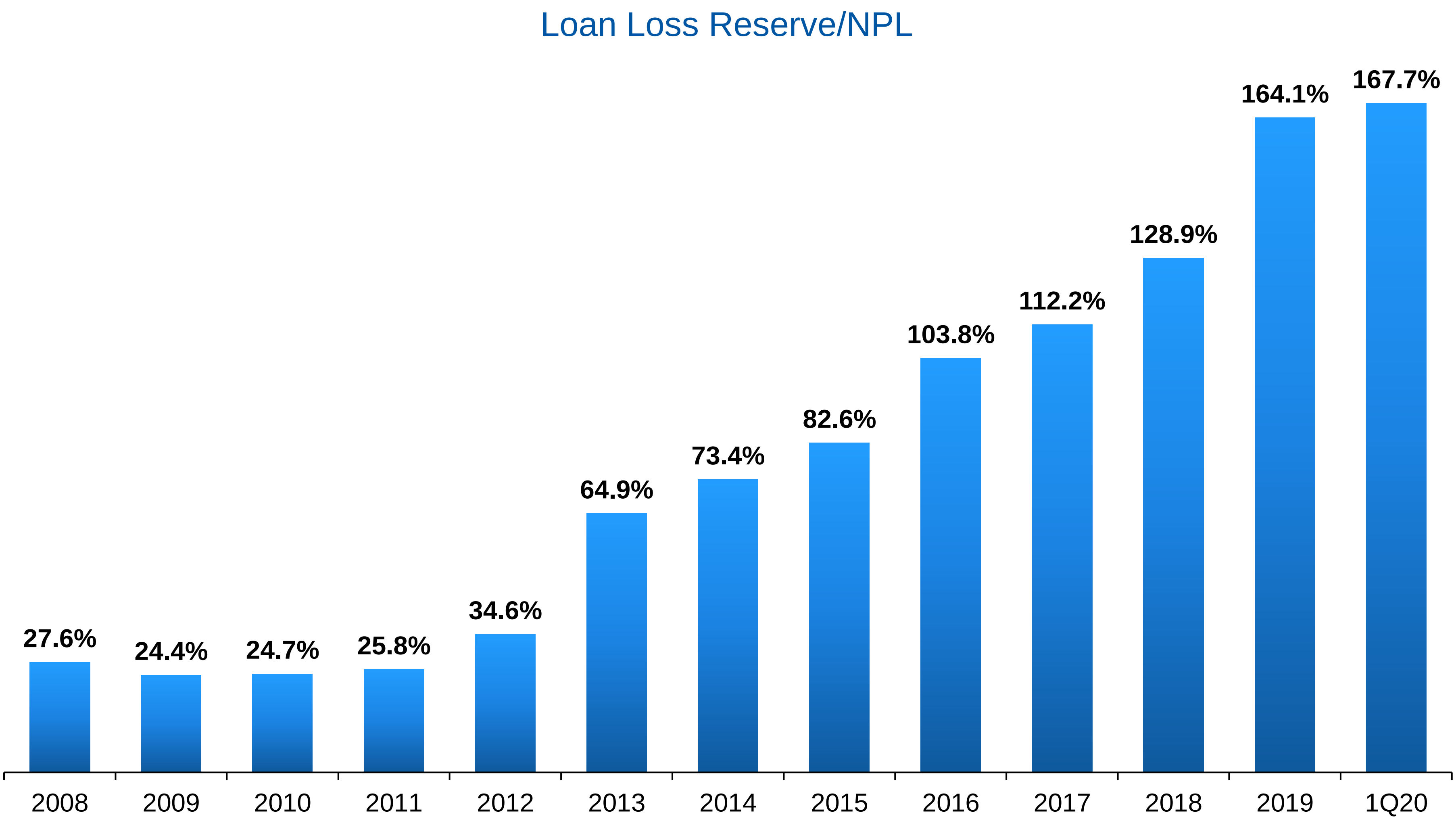
Non-performing Loans ($000s)



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



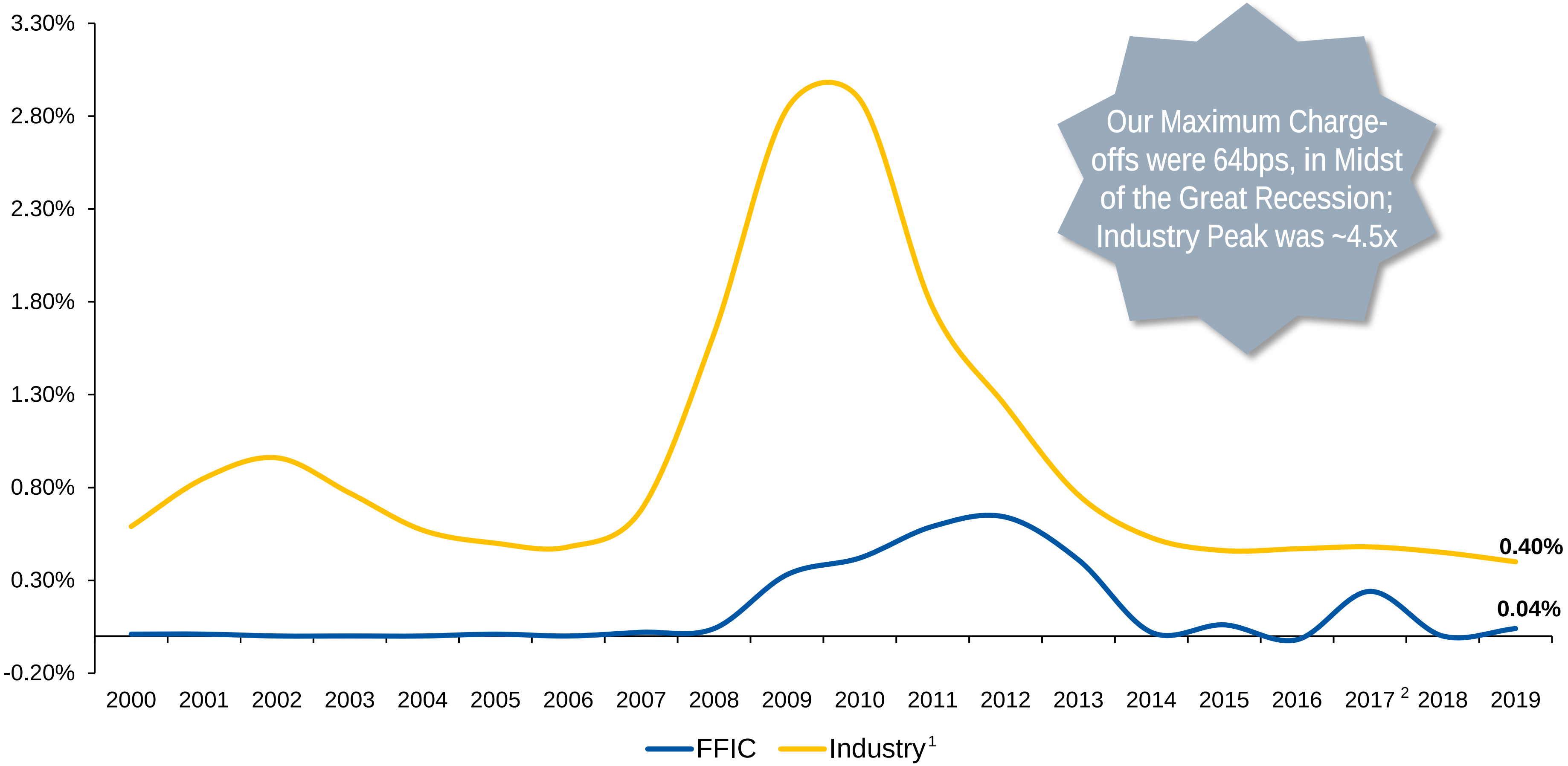
Increasing Coverage Ratio



Credit Discipline Paramount

- Over two decades and multiple credit cycles, Flushing has demonstrated superior credit metrics
- Industry net charge-offs have averaged ~7x our net charge-offs since 2000

NCOs / Average Loans



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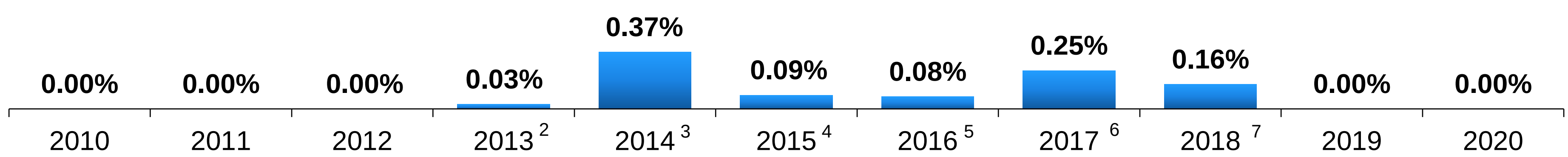
Source: SNL Financial. Financial data as of 2019. [1] "Industry" includes the ~400 banks that compose the SNL Bank and Thrift Index. [2] Includes $11.2MM in taxi medallion write-offs.

Minimal Delinquencies on the Total Portfolio

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

Fifteen 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 small business loan. [3] Represents one business loan and five taxi medallion loans. [4] Represents one 1-4 family and one small business loan. [5] Represents one 1-4 family. [6] SBA loan and three small business loans. [7] Represents one multi-family real estate loan.

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Credit Detail

- **COVID-19 – Exposure to impacted segments**

- **Portfolio Positioning vs prior recession**

- **Key Details**
  - Commercial Real Estate
  - Business Banking

Segment Information

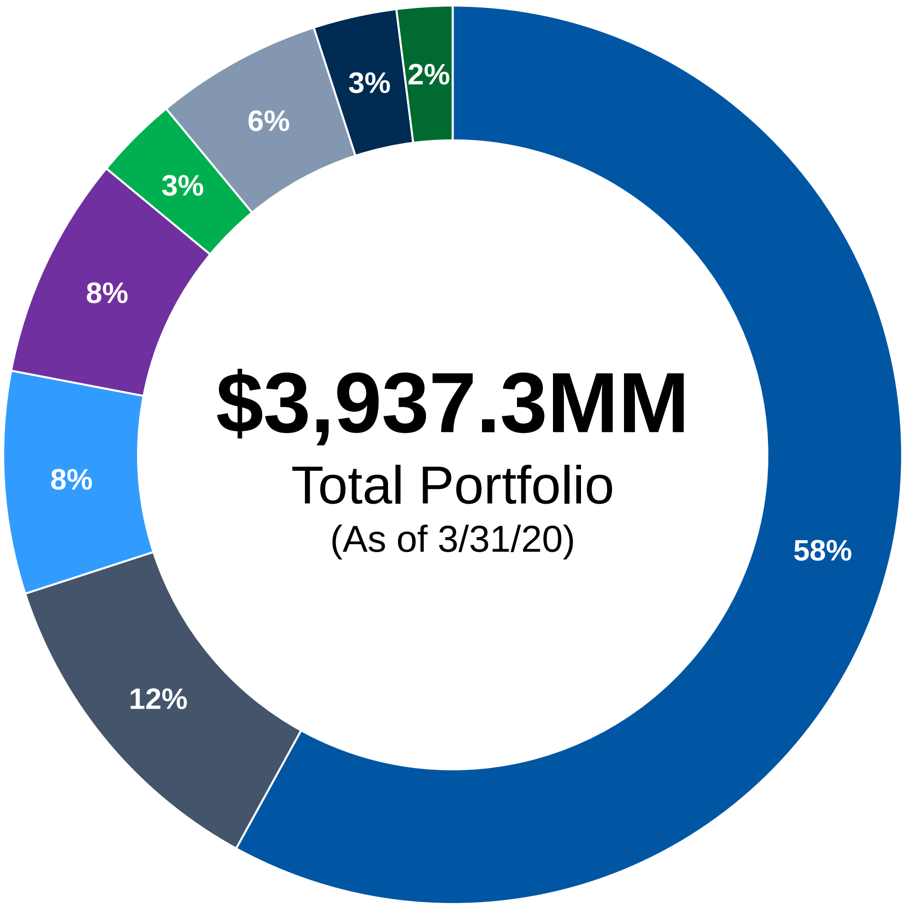
- Vulnerable segments represent 26% of the total portfolio
- Forbearances are primarily backed by mortgages
- Forbearances are either deferral of principal and interest, principal, or escrow or combination thereof

	Balances by Risk Rating				Forbearances		Backed by Mortgages	
($000s)	Pass	Criticized	Total	% of Total	Balance	$/Sector	Balance	% of Total
Restaurants & Catering Halls	$ 70,231	$ 1,781	$ 72,012	1%	$ 16,880	23%	$ 58,655	81%
Hotels	239,875	-	239,875	4%	64,039	27%	229,040	95%
Travel & Leisure	183,332	-	183,332	3%	27,703	15%	56,831	31%
Retail Services	81,080	-	81,080	2%	23,637	29%	37,894	47%
Retail – Shopping Center	255,522	-	255,522	4%	130,347	51%	255,522	100%
Retail – Single Tenant	103,443	8	103,451	2%	32,223	31%	103,451	100%
Retail – Strip Mall	263,149	-	263,149	4%	97,599	37%	263,149	100%
Transportation	99,985	3,811	103,796	2%	9,896	10%	28,411	27%
Contractors	177,863	4,180	182,043	3%	24,180	13%	120,624	66%
Schools & Child Care	40,084	-	40,084	1%	3,000	7%	31,541	79%
TOTAL	**$ 1,514,564**	**$ 9,780**	**$ 1,524,344**	**26%**	**$ 429,504**	**28%**	**$ 1,185,118**	**78%**

Repositioning of Our Portfolio

- **Real Estate Portfolio 87% of total loans**
  - 1.83 debt coverage ratio
  - Multifamily 38% of loans
  - 37% less construction exposure
  - 19% less mixed-use exposure
  - 38% loan to value today versus 48% loan to value during Great Recession
- **Well diversified business loan portfolio with approximately 40% real estate collateral**
- **Early intervention for borrowers during the business shut down with over $800 million of forbearance as of April 17**

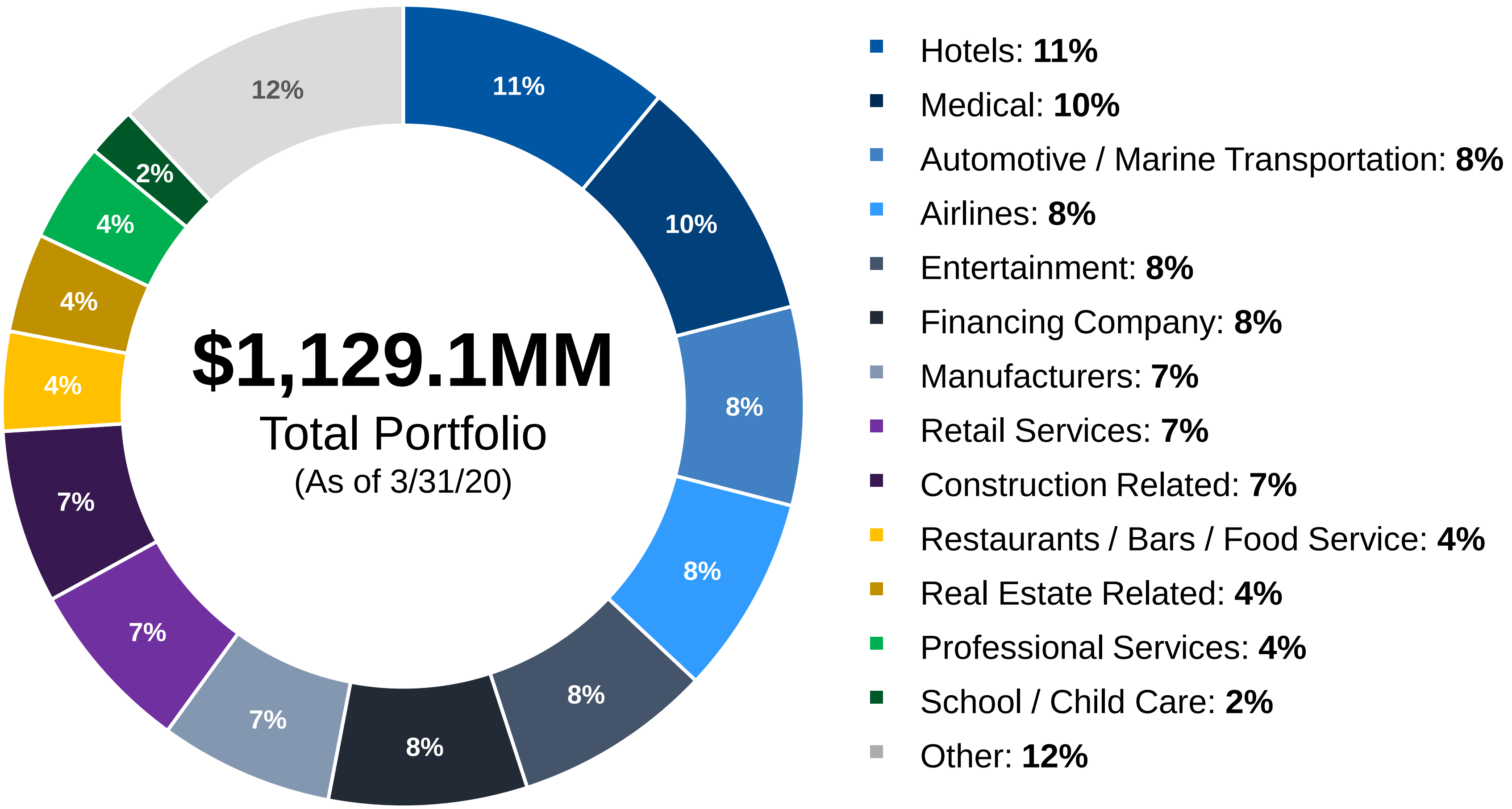
Composition of Our CRE Portfolio



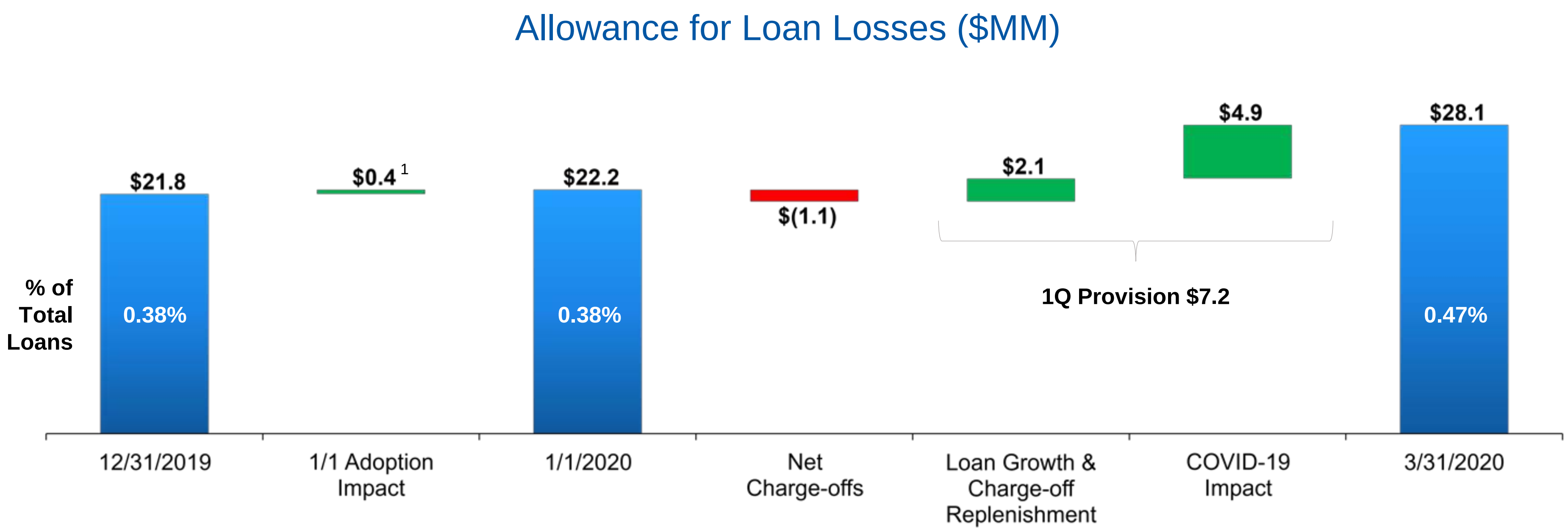
- Multi-Family: **58%**
- General Commercial: **12%**
- Retail – Shopping Center: **8%**
- Retail – Strip Mall: **8%**
- Retail – Single Tenant: **3%**
- Office: **6%**
- Commercial Special Use: **3%**
- Industrial: **2%**

Composition of Our Business Banking Portfolio

Real Estate Collateral
$464.8MM



1Q20 COVID-19 Reserve Building



- 1Q20 economic outlook included annualized GDP decline and increasing unemployment
  - 1Q20 provision includes $1.2MM related to $159.8MM in loan growth for the quarter; the remaining provision includes the impact of the macroeconomic environment and a qualitative assessment of sectors and loans most impacted by COVID-19, including loan forbearances
- Reasonable and supportable forecast period used was 2 quarters
  - Included a "V" shaped recession
- Six quarter straight-line reversion to historical losses
- Regulatory capital: elected to adopt and use the 5-year transition period

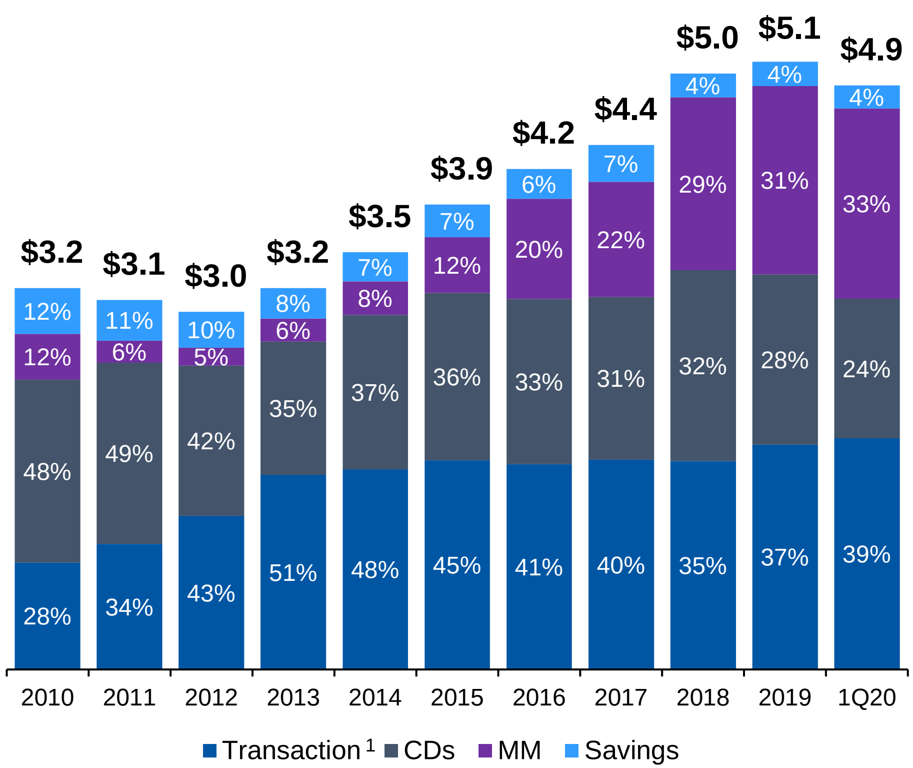
[1] Does not reflect adoption impact related to HTM securities and off-balance exposures.

Consistent Core Deposit Growth with Strong Liquidity

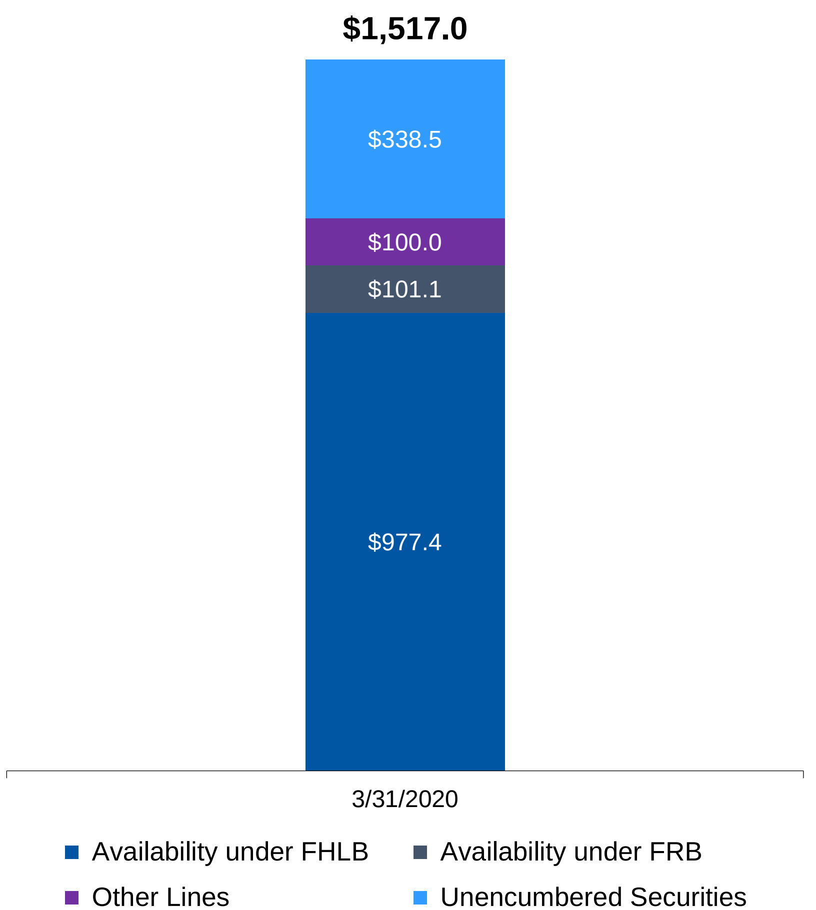
- Core deposits increased 5% YoY and 3% QoQ
- Non-interest bearing deposits increased 12% QoQ

Deposit Composition ($B)

1Q20 Cost of Total Deposits: 1.47%



Additional Liquidity Sources ($M)



[1] Includes NOW, demand and mortgagors' escrow deposits.

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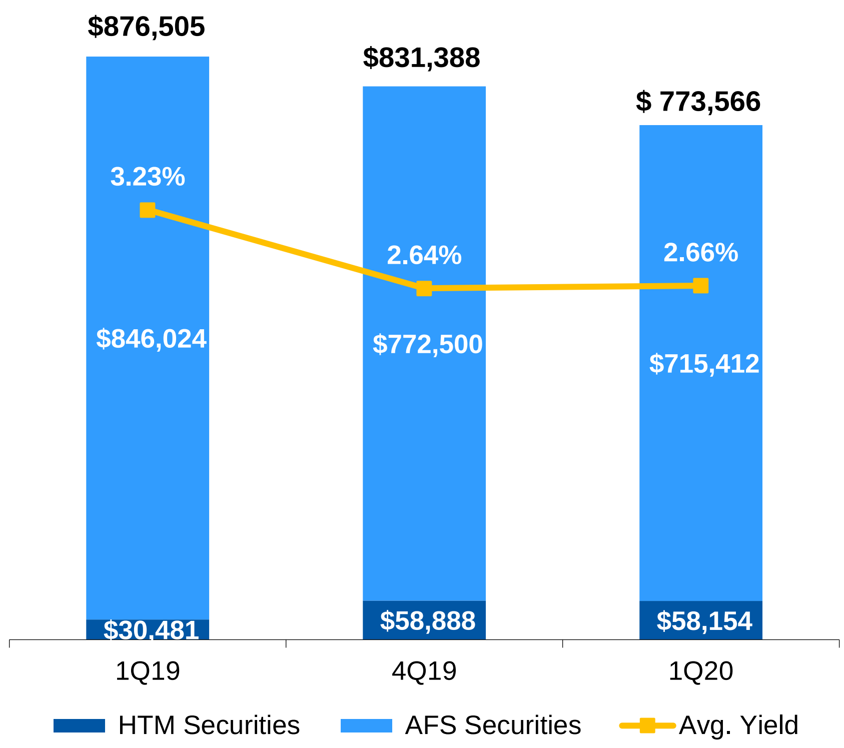
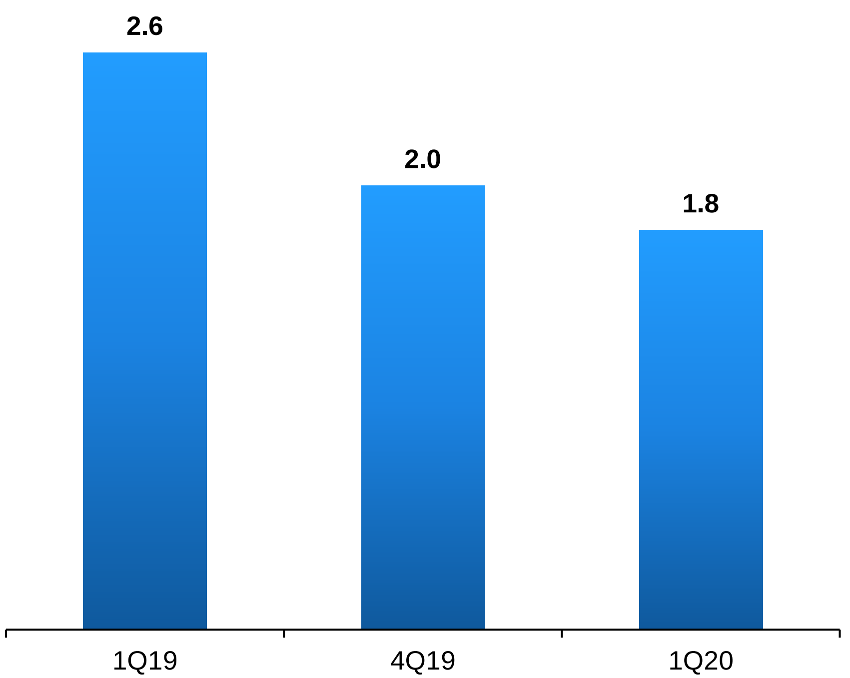
Investment Portfolio

- Investment portfolio primarily to provide liquidity
- Available for sale portfolio includes $20.6MM of unrealized loss compared to $5.8MM at Dec. 31, 2019
- Investment portfolio does not include unrealized gain on held-to-maturity securities totaling $2.3MM compared to $3.2MM at Dec. 31, 2019

Investment Securities ($000s)



Duration (years)



Capital Levels – Flushing Bank

	At Mar 31, 2020	At Dec 31, 2019	At Mar 31, 2019	Well Capitalized
Common Equity Tier 1 Risk-based Capital	**12.48%**	**13.02%**	**13.08%**	**6.5%**
Tangible Common Equity to Tangible Assets	**7.38%**	**8.05%**	**7.94%**	**-**
Tier 1 Leverage Capital	**9.51%**	**9.65%**	**9.64%**	**5.0%**
Tier 1 Risk-based Capital	**12.48%**	**13.02%**	**13.08%**	**8.0%**
Total Risk-based Capital	**12.98%**	**13.43%**	**13.49%**	**10.0%**

($000s)	Capital	Excess Over Well Capitalized
Common Equity Tier 1 Risk-based Capital	**$ 676,267**	**$ 324,027**
Tier 1 (Leverage) Capital	**676,267**	**320,715**
Tier 1 Risk-based Capital	**676,267**	**242,741**
Total Risk-based Capital	**$ 703,130**	**$ 161,222**

Earning Asset and Funding Mix

Earning Asset Mix					
($000s)	**Balance**	**Total %**	**Floating**	**Periodic**	**Fixed**
Securities	$ 773,566	12%	31%	3%	67%
Residential	198,267	3%	17%	68%	14%
Mixed Use	592,109	9%	0%	71%	29%
Multi-Family	2,272,343	34%	0%	79%	21%
CRE & Construction	1,731,661	26%	3%	67%	30%
Business Banking	1,122,324	17%	53%	4%	43%
TOTAL	**$ 6,690,270**	**100%**			

Funding Mix				
($000s)	**Balance**	**Total %**	**< 1 Year**	**>1 Year**
Non-interest Bearing	$ 489,198	8%	-	-
Savings	192,192	3%	-	-
NOW	1,377,555	21%	-	-
Money Market	1,597,109	25%	-	-
Time Deposits	1,172,381	18%	77%	23%
Borrowings	1,617,582	25%	73%	27%
TOTAL	**$ 6,446,017**	**100%**		

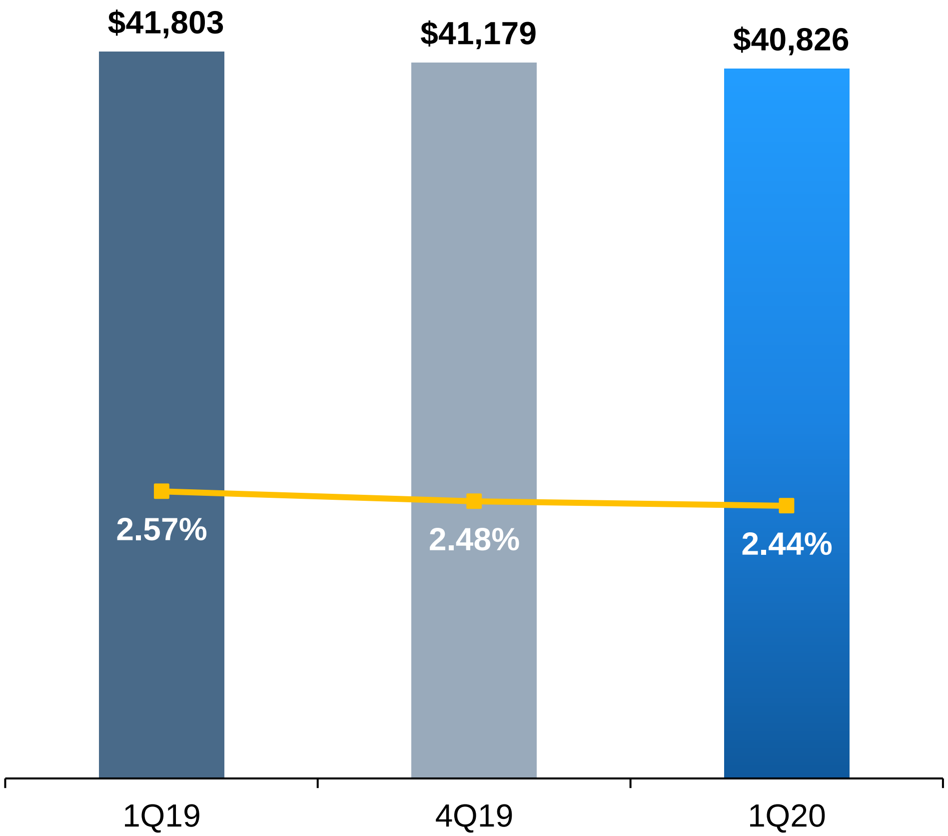
- Ability to reprice over 70% of time deposits and borrowings in less than a year
- Floating and periodic rate loans represent ~75% of total loans
  - Periodic rate loans represent ~60% of total loans
- Swaps associated with the loan portfolio total $323.5MM
  - Fixed to Customers, Company receives floating

Core NIM – Linked Quarter

($000s)	At March 31, 2020			Linked Quarter Variance		
	Avg. Balance	Interest	Avg. Yield/Cost	Avg. Balance	Interest	bps
Total Loans	$ 5,794,866	$ 61,993	4.28%	$ 68,231	$70	(5)
Total Securities	815,173	5,413	2.66%	(47,750)	(276)	2
Other	109,818	290	1.06%	22,051	(28)	(39)
Total Interest-earning Assets	**$ 6,719,857**	**$ 67,696**	**4.03%**	**$ 42,532**	**($ 234)**	**(4)**
Deposits	$ 4,644,296	$ 18,788	1.62%	$ 41,900	($ 2,739)	(25)
Borrowings	1,307,629	7,066	2.16%	(2,259)	(417)	(13)
Total Interest-bearing Liabilities	**$ 5,951,925**	**$ 25,844**	**1.74%**	**$ 39,641**	**($ 3,156)**	**(22)**
Net Interest Income		**$41,852**			**$ 2,922**	
Net Interest Margin			**2.49%**			**16**

Net Interest Income

Net Interest Income ($000s)



Core NIM

1Q19	4Q19	1Q20
2.52%	2.33%	2.49%

1Q20 Highlights

- NIM decreased 4bps QoQ and 13bps YoY
- NIM decrease driven by mark to market adjustments on qualifying hedges totaling $2.1MM in 1Q20
- Core NIM[1] was 2.49% in 1Q20, 2.33% in 4Q19 and 2.52% in 1Q19
- Cost of funds decreased 22bps from 4Q19
- Core yield on total loans decreased 5bps QoQ and 15bps YoY

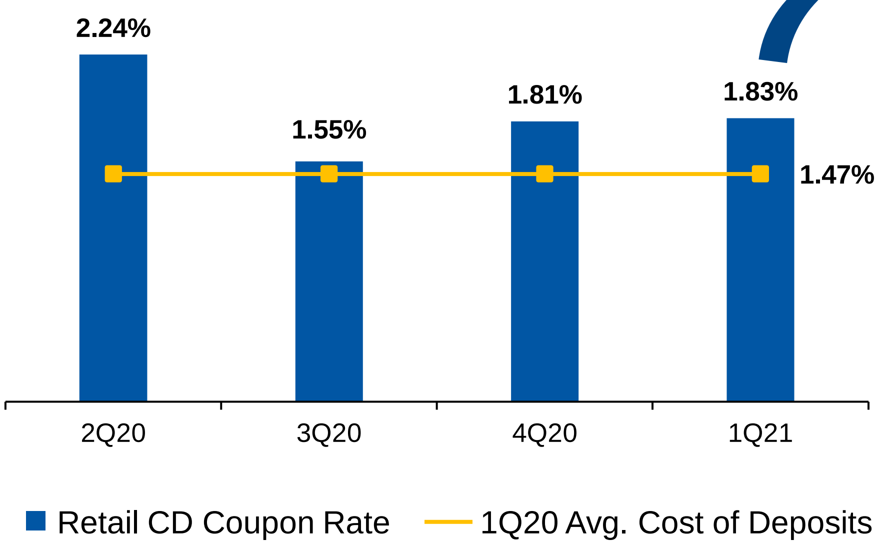
[1] Core NIM excluding prepayment penalties from loans and securities, recovered interest from delinquent loans and losses from fair value adjustments on qualifying hedges.

Opportunity to Reduce Funding Costs with Maturing CDs

- ~$900MM of Retail CDs are scheduled to mature through 1Q21, representing 19% of total deposits as of 1Q20, at a weighted average cost of 1.90%

CDs Maturing

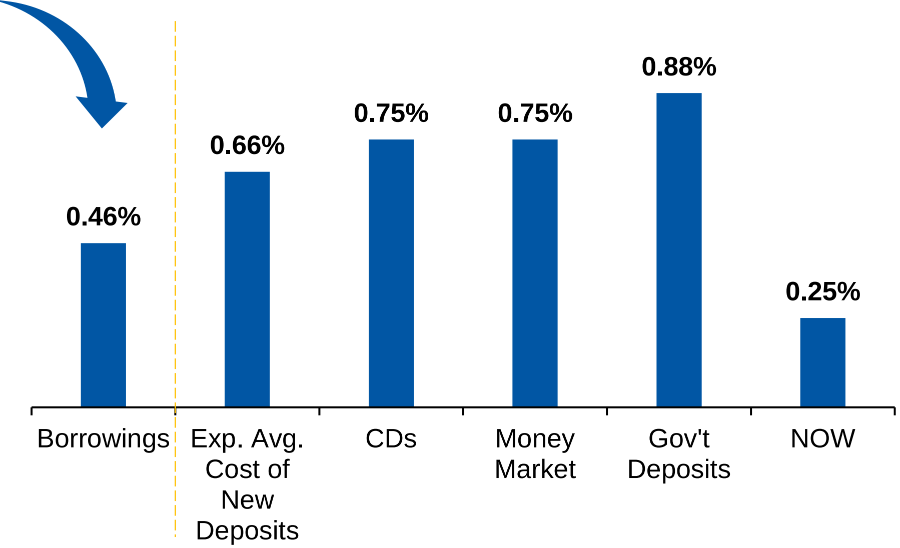
- Yields rolling off exceed current market deposit costs



Amount Maturing ($MM)			
$390.4	$257.2	$114.2	$185.6

Replacement Funding

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



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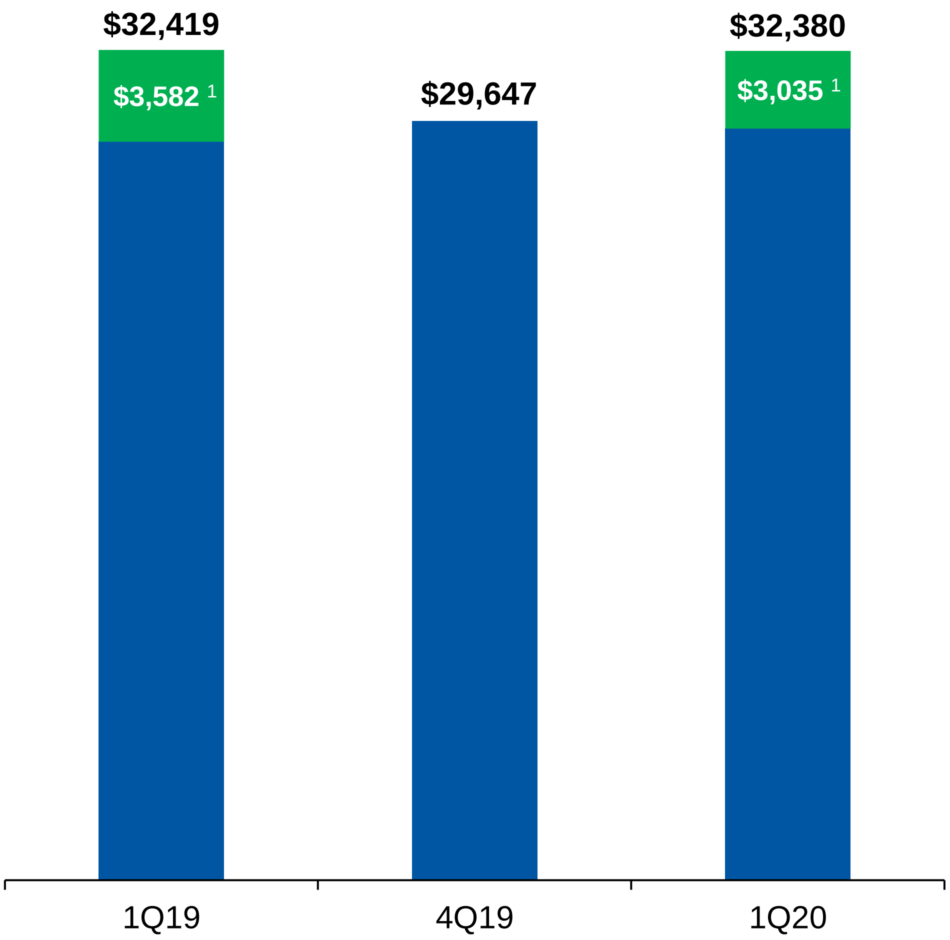
Controlling Non-Interest Expense

Non-Interest Expense ($000s)



1Q20 Highlights

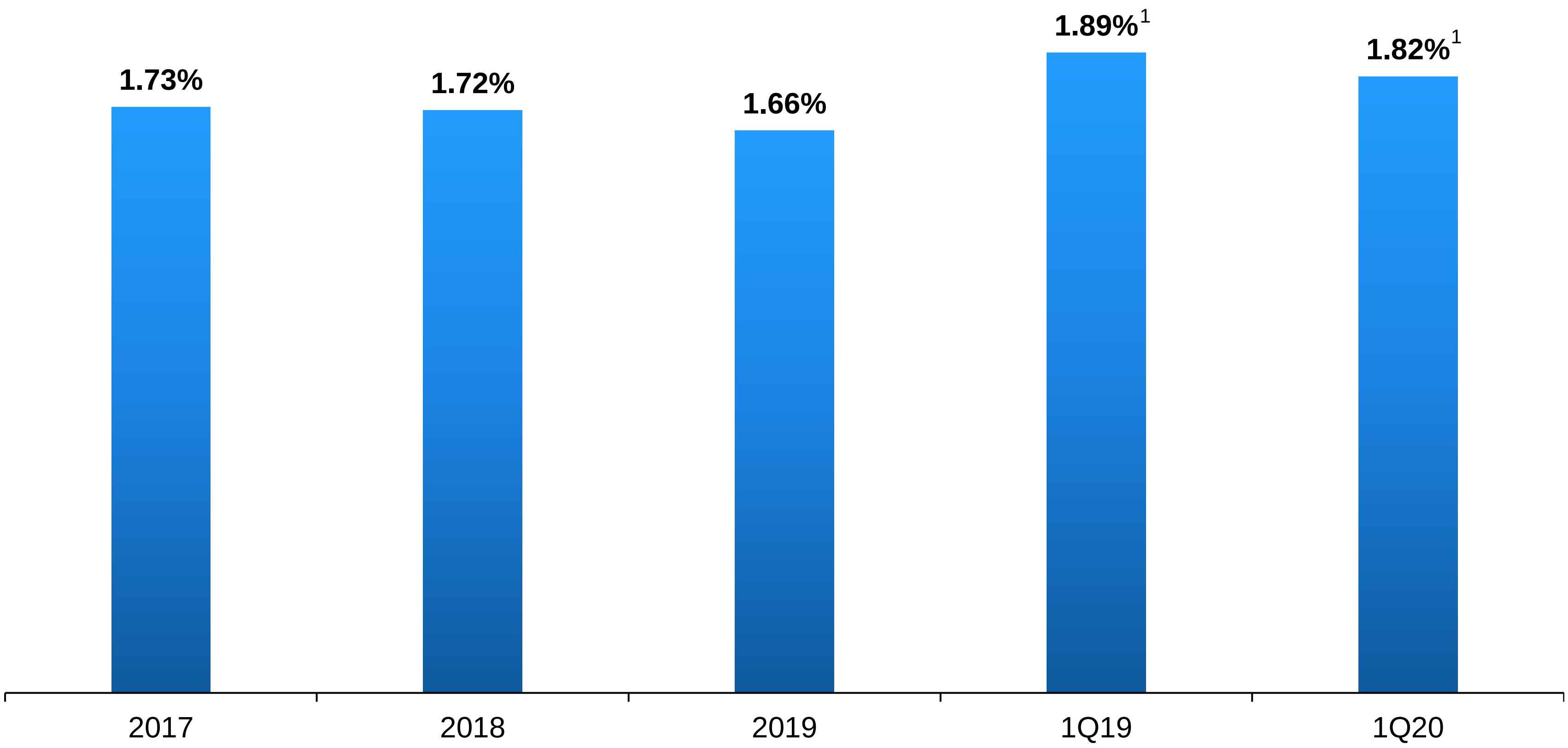
- Non-interest expense increased $2.7MM, or 9.2% QoQ
- Efficiency ratio was 68.2% for 1Q20 compared to 65.0% for 4Q19 and 70.4% for 1Q19
- Core[2] non-interest expense was $31.5MM in 1Q20, an increase of $2.9MM or 10.1% from 4Q19 and a decrease of $0.5MM or 1.6% from 1Q19
- Excluding seasonal expenses, non-interest expense decreased $0.3MM from 4Q19 and increased $0.5MM from 1Q19

[1] Seasonal expenses. [2] Core Non-Interest Expense excludes merger expenses and accelerated benefits upon the death of an officer.

Improved Expense Control

- First quarter non-interest expense includes increases in annual salaries and expenses
- Remain disciplined in controlling expenses

Non-Interest Expense / Average Assets



[1] Reflects seasonal expenses.

Why Flushing Financial

1 Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 529% 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

FLUSHING
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 March 31, 2020.

Appendix

1Q20 Operating Results

	1Q20	4Q19	1Q19
Earnings ($MM, except EPS data)			
GAAP Net Interest Income	$40.8	$41.2	$41.8
Net Income (Loss)	($1.4)	$12.9	$7.1
Core Net Income[1]	$5.5	$11.9	$9.5
EPS	($0.05)	$0.45	$0.25
Core EPS	$0.19	$0.41	$0.33
Profitability Ratios			
ROAA	-0.08%	0.73%	0.41%
ROAE	-0.96%	9.11%	5.12%
Net Interest Margin	2.44%	2.48%	2.57%
Efficiency Ratio[2]	68.21%	65.00%	70.37%
Capitalization Ratios			
Tangible Common Equity	7.38%	8.05%	7.94%
Dividend Payout	N/A	46.67%	84.00%

[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, accelerated employee benefit upon officer's death, merger expense and net gain/ losses from fair value adjustments of qualifying hedges. Core earnings presented in 1Q20 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

During 2020 and 2019, core earnings were higher than GAAP earnings primarily due to the impact of non-cash net losses from fair value adjustments. These fair value adjustments relate primarily to swaps designated to protect against rising rates. 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, Core Revenue before Provision for Credit Losses and Income Taxes, 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		
	March 31, 2020	December 31, 2019	March 31, 2019
GAAP income (loss) before income taxes	$ (1,596)	$ 16,888	$ 9,355
Net (gain) loss from fair value adjustments	5,993	(807)	2,080
Net loss on sale of securities	37	—	—
Life insurance proceeds	—	(419)	(43)
Net (gain) loss from fair value adjustments on qualifying hedges	2,073	(1,039)	637
Accelerated employee benefits upon Officer's death	—	—	455
Merger expense	929	1,080	—
Core income before taxes	7,436	15,703	12,484
Provision for income taxes for core income	1,936	3,841	3,033
Core net income	$ 5,500	$ 11,862	$ 9,451
GAAP diluted earnings (loss) per common share	$ (0.05)	$ 0.45	$ 0.25
Net (gain) loss from fair value adjustments, net of tax	0.15	(0.02)	0.05
Net loss on sale of securities, net of tax	—	—	—
Life insurance proceeds	—	(0.01)	—
Net (gain) loss from fair value adjustments on qualifying hedges, net of tax	0.05	(0.03)	0.02
Accelerated employee benefits upon Officer's death, net of tax	—	—	0.01
Merger expense, net of tax	0.02	0.03	—
Core diluted earnings per common share(1)	$ 0.19	$ 0.41	$ 0.33
Core net income, as calculated above	$ 5,500	$ 11,862	$ 9,451
Average assets	7,106,998	7,057,094	6,868,140
Average equity	576,597	567,461	552,621
Core return on average assets(2)	0.31 %	0.67 %	0.55 %
Core return on average equity(2)	3.82 %	8.36 %	6.84 %

(1) Core diluted earnings per common share may not foot due to rounding.
(2) Ratios are calculated on an annualized basis.

FFIC FLUSHING Financial Corporation

Reconciliation of GAAP Revenue and Core Revenue Before Provision For Credit Losses and Income Taxes

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
GAAP net interest income	$ 40,826	$ 41,179	$ 41,803
GAAP non-interest income (loss)	(2,864)	5,038	943
Net (gain) loss from fair value adjustments	5,993	(807)	2,080
Net loss on sale of securities	37	—	—
Life insurance proceeds	—	(419)	(43)
Net (gain) loss from fair value adjustments on qualifying hedges	2,073	(1,039)	637
Core revenue before the provision for credit losses and taxes	$ 46,065	$ 43,952	$ 45,420

Reconciliation of GAAP NII & NIM to CORE NII & NIM

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
GAAP net interest income	$ 40,826	$ 41,179	$ 41,803
Net (gain) loss from fair value adjustments on qualifying hedges	2,073	(1,039)	637
Core net interest income	$ 42,899	$ 40,140	$ 42,440
GAAP interest income on total loans, net	$ 61,109	$ 64,316	$ 62,330
Net (gain) loss from fair value adjustments on qualifying hedges	2,073	(1,039)	637
Prepayment penalties received on loans	(753)	(926)	(805)
Net recoveries of interest from non-accrual loans	(436)	(428)	(714)
Core interest income on total loans, net	$ 61,993	$ 61,923	$ 61,448
Average total loans, net	$ 5,794,866	$ 5,726,635	$ 5,544,667
Core yield on total loans	4.28 %	4.33 %	4.43 %
Net interest income tax equivalent	$ 40,968	$ 41,323	$ 41,928
Net (gain) loss from fair value adjustments on qualifying hedges	2,073	(1,039)	637
Prepayment penalties received on loans and securities	(753)	(926)	(805)
Net recoveries of interest from non-accrual loans	(436)	(428)	(714)
Net interest income used in calculation of Core net interest margin	$ 41,852	$ 38,930	$ 41,046
Total average interest-earning assets	$ 6,719,857	$ 6,677,325	$ 6,521,142
Core net interest margin	2.49 %	2.33 %	2.52 %

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NASDAQ: FFIC

FFIC FLUSHING
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