FFIC FLUSHING
Financial Corporation

Small enough
to know you.

Large enough
to help you.

4Q20 Earnings Conference Call

January 29, 2021

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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, 2019 and in other documents filed by the Company with the Securities and Exchange Commission from time to time, as well as the possibility that the proposed expected benefits of the Empire merger may not materialize in the timeframe expected or at all, or may be more costly to achieve. These proposed risks, as well as other risks associated with the transaction, are more fully discussed in the proxy statement/prospectus that is included in the registration statement on Form S-4 filed with the SEC in connection with the transaction, as amended and supplemented 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.

4Q20 Highlights: NIM Increased 8 Basis Points

	4Q19		3Q20		4Q20		Y/Y Change		LQ Change	
Reported Results:										
EPS	$0.45		$0.50		$0.11		(75.6)	%	NM	%
ROA	0.73	%	0.81	%	0.18	%	(55)	bps	(63)	bps
ROE	9.11		9.94		2.27		(684)		(767)	
NIM FTE	2.48		3.00		3.08		60		8	
Core Results:										
EPS	$0.41		$0.56		$0.58		41.5	%	3.6	%
ROA	0.67	%	0.91	%	0.92	%	25	bps	1	bps
ROE	8.36		11.22		11.67		331		45	
NIM FTE	2.33		2.89		2.97		64		8	

- Core diluted EPS of $0.58, up 41.5%,GAAP diluted EPS totaled $0.11 compared to $0.45 a year ago
- Core ROA and ROE were 0.92% and 11.67%, respectively, and improved year over year
- Core NIM improved 8 bps during 4Q20 to 2.97%; funding costs declined more than asset yields
- Net period end loans, excluding Empire, rose 3.9% from a year ago
- Average deposits rose 9.5%, with Empire driving most of the growth
- Credit quality remains solid as net charge-offs and NPAs improved linked quarter
- Tangible book value per share of $19.45; TCE/TA of 7.52%

Merger Related and Balance Sheet Restructuring Charges

Two Largest Items that Impacted Our 4Q20 Results

1. **Merger Related Charges**
   Empire Bancorp transaction closed on October 31, 2020 resulting in provision for loan losses, merger charges, and purchase accounting accretion totaling $7.2MM or $0.19 per share

2. **Balance Sheet Restructuring**
   Previously announced balance sheet restructuring charges of debt prepayment penalties and losses on sales of securities netted $8.4MM or $0.22 per share

Strategic Objectives

Manage cost of funds and continue to improve funding mix

Manage credit risk

Resume historical loan growth while achieving appropriate risk adjusted returns

Enhance core earnings power by improving scalability and efficiency

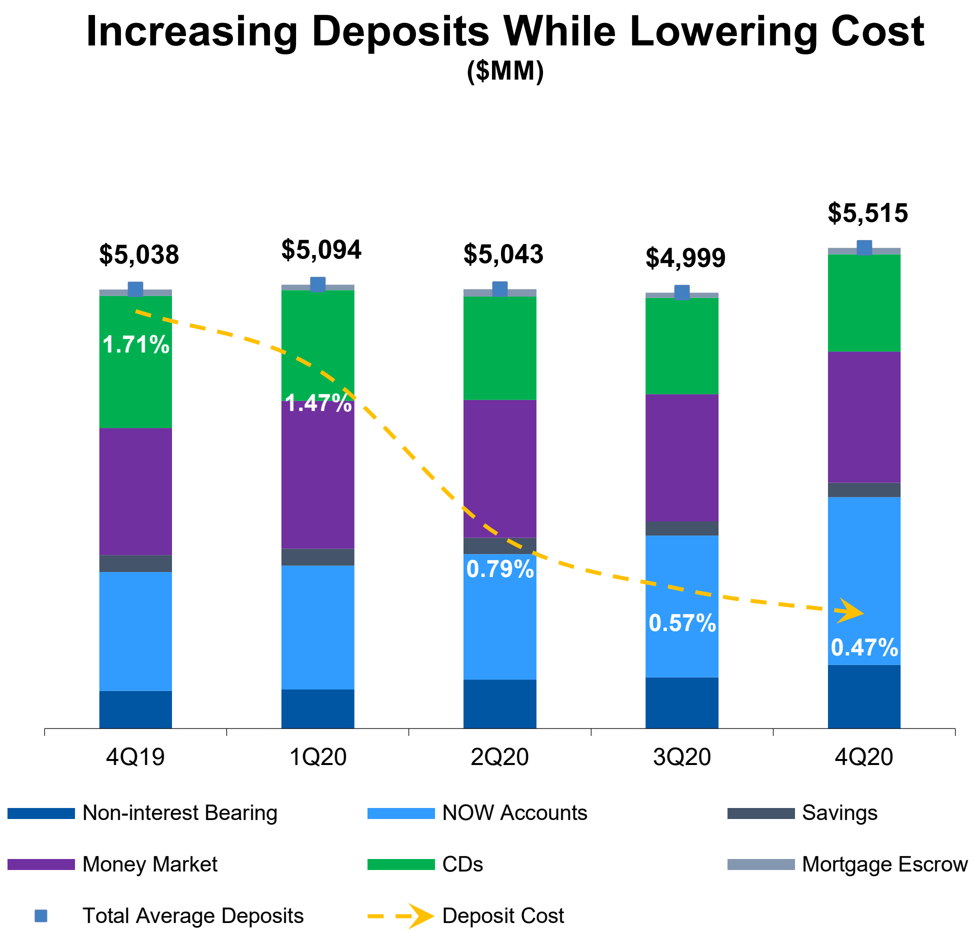
Remain well capitalized





Deposits Rise While Costs Fall

- Strategic Objective #1: Manage cost of funds and continue to improve funding mix



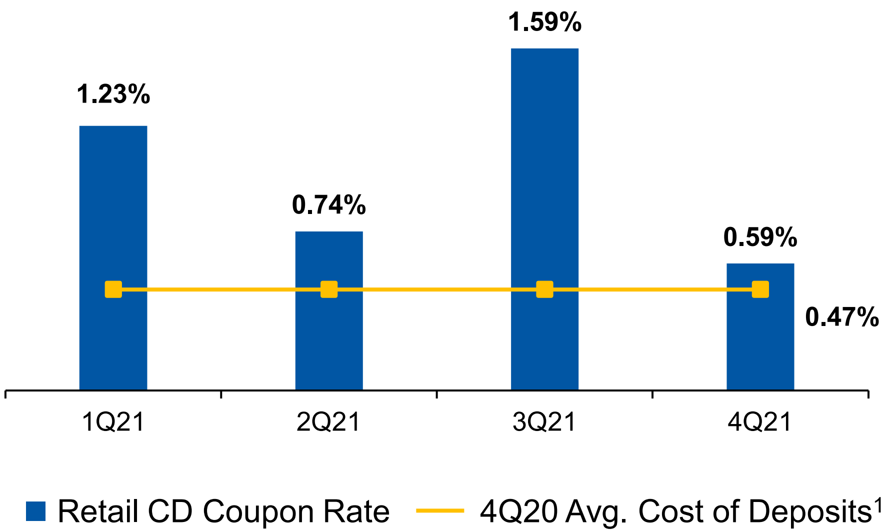
- Average deposits rose 9.5% year over year in 4Q20
- Empire drove most of this growth
- Non-interest bearing deposits are 13.3% of average deposits up, from 8.6% a year ago
- Core deposits increased to 79.8% of average deposits, up from 69.9% a year ago
- The cost of deposits declined 10 bps during the quarter and 124 bps year over year

Opportunities To Reprice Deposits Lower

- Strategic Objective #1: Manage cost of funds and continue to improve funding mix

CDs Maturing

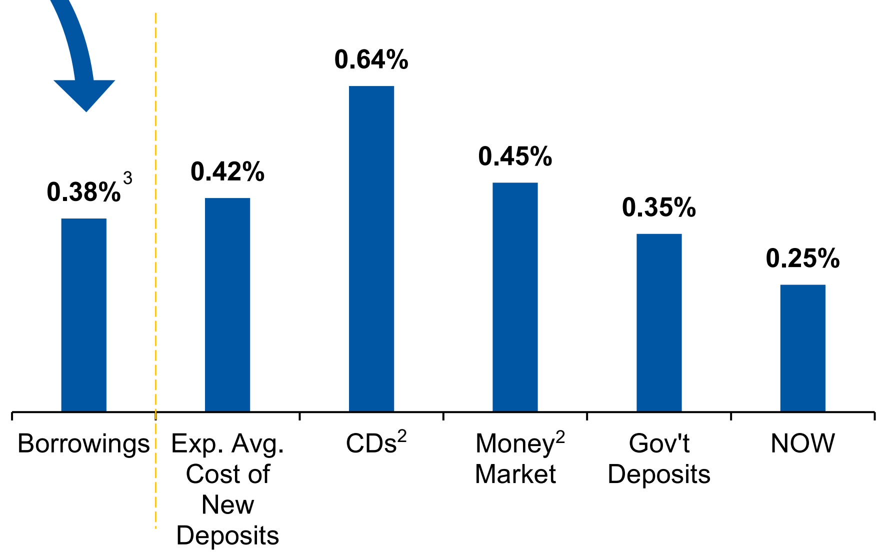
- Yields rolling off exceed current market deposit costs



Amount Maturing ($MM)			
$342.0	$183.4	$86.6	$136.1

Replacement Funding

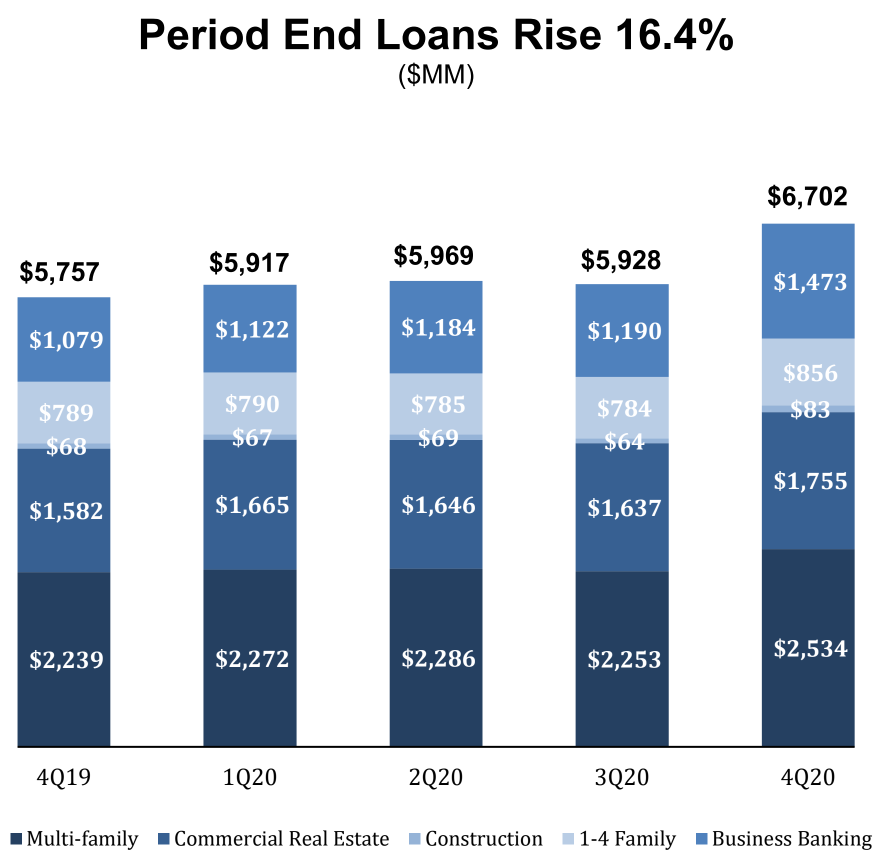
- Current deposit costs of replacement products significantly lower than maturing CD rates



[1] Excluding Escrow. [2] Represents promotional or highest tier rate. [3] FHLB Overnight Rate as of 1/27/21

Loan Growth Improves

- Strategic Objective #2: Resume historical loan growth while achieving appropriate risk adjusted returns

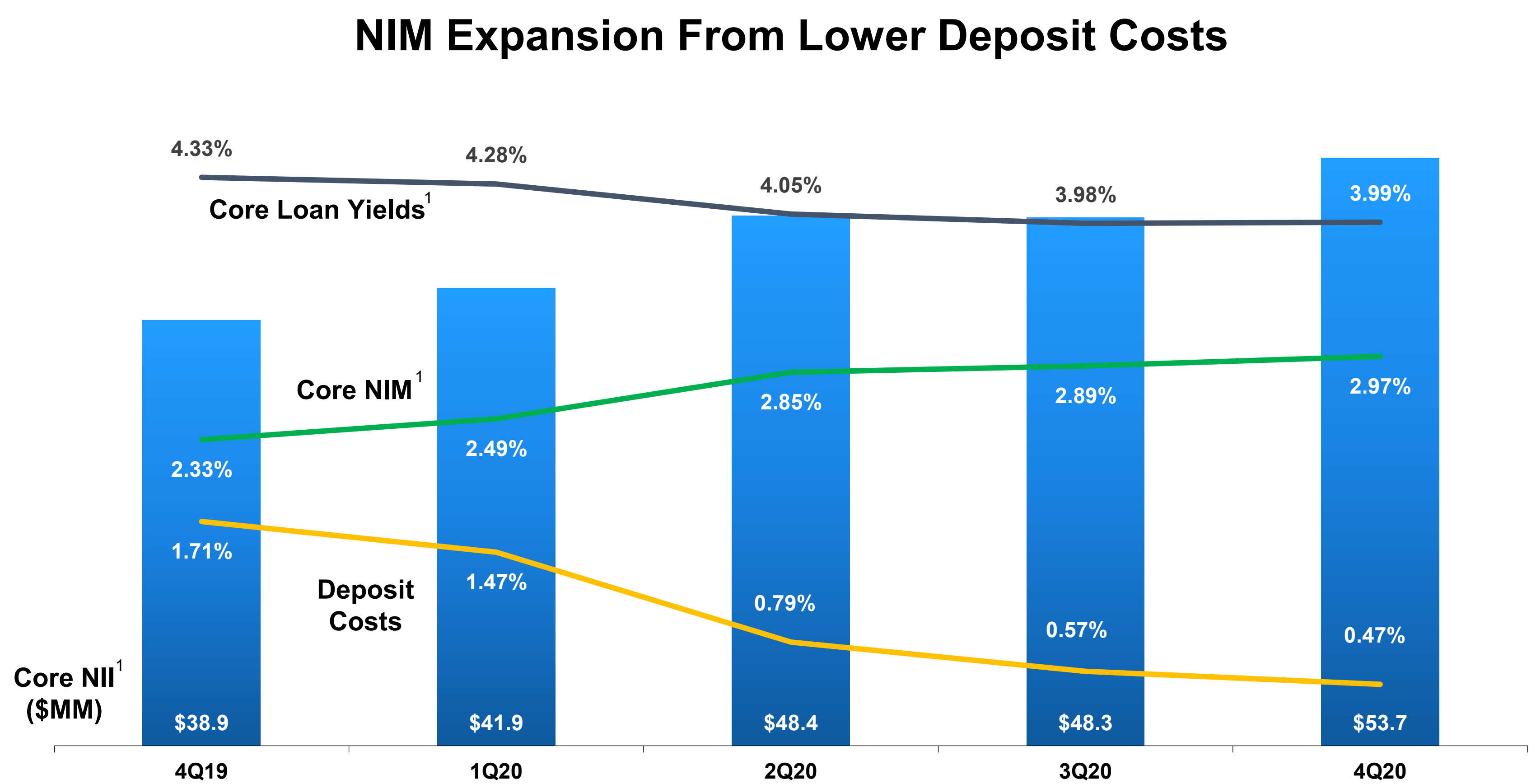


Core Loan Yields				
4.33%	4.28%	4.05%	3.98%	3.99%

- Loans rose 16.4% year over year
- Excluding Empire, net loans rose 4% year over year and 5% (annualized) quarter over quarter
- PPP loans in process were about \$115MM from January 19th - 22nd
- Core loan yields were up 1 bp in 4Q20 but down 34 bps year over year
- New originations on real estate loans have yields in the low 3s so we expect some pressure on overall yields as loans grow

NIM Expansion From Lower Deposit Costs

- Stable asset yields with declining cost of funds



[1] Core NII, Loan Yields and NIM exclude prepayment penalties from loans and securities, recovered interest from delinquent loans, net gains and losses from fair value adjustments on qualifying hedges, and net amortization of purchase accounting adjustments.

Benefits of Balance Sheet Restructuring

- NIM Benefit Of 7 Basis Points Expected

- **December balance sheet restructuring**
  - Prepaid $291MM of borrowings
    - Weighted average rate of 1.93% and maturities ranging from 0.8-2.9 years
    - Replaced with short term funding
    - Incurred $7.8MM prepayment penalty ($0.20/share)
  - Sold $89.5MM of investment securities
    - Reinvested in higher yielding securities
    - Reported $0.6MM loss on sale ($0.02/share)
  - Net benefit of these transactions is a 7 bps improvement in NIM

- **Will continue to be opportunistic in optimizing the balance sheet**

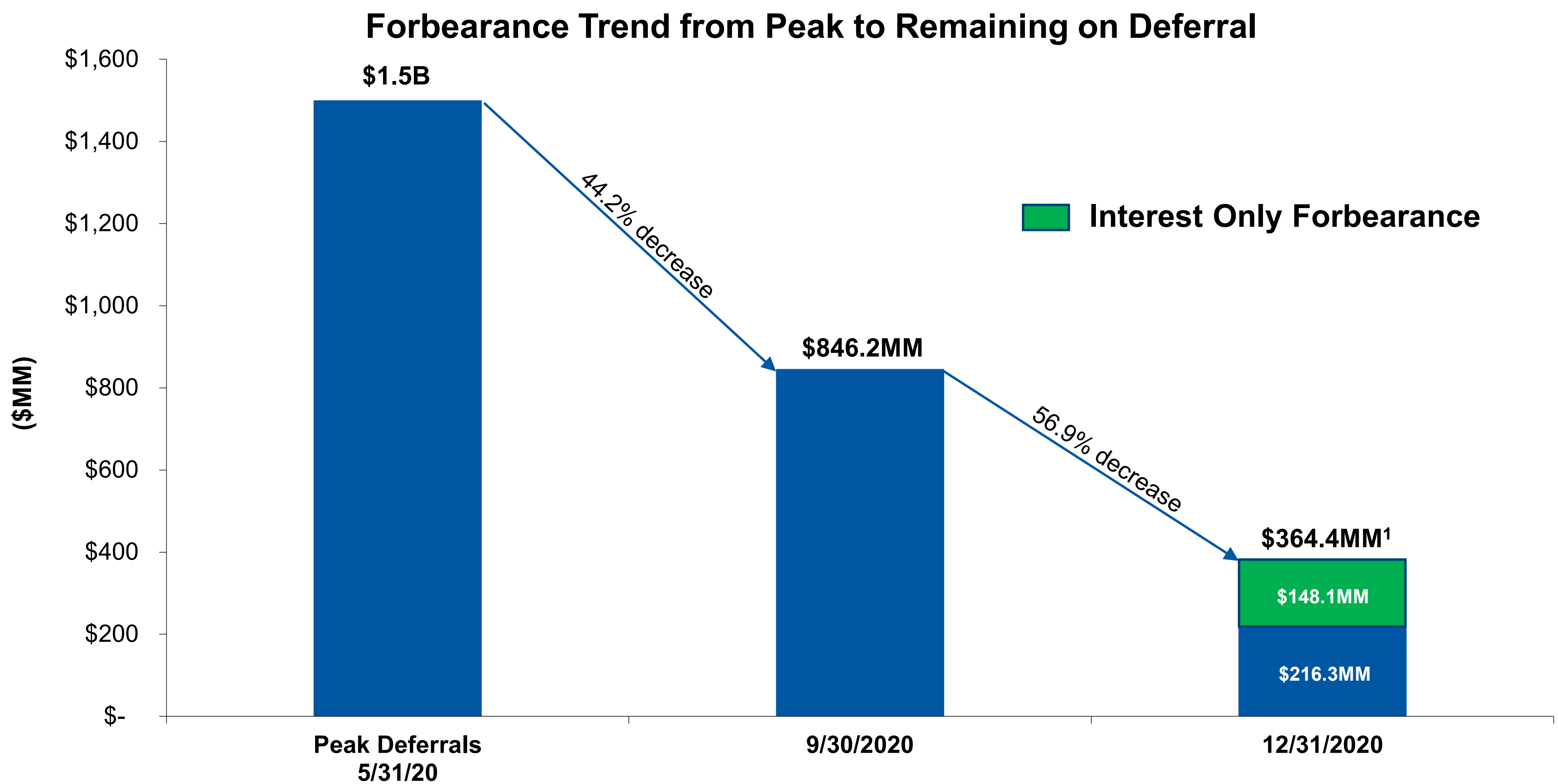
20% Earnings Accretion From Empire Expected

- Strategic Objective #3: Enhance core earnings power by improving scalability and efficiency

- **Closed the Empire transaction on October 31, 2020**
  - This added $982MM of assets, $685MM of loans and $854MM of deposits
  - Recorded goodwill of $1.5MM, CDI of $3.3MM and approximately 2.0% loan portfolio purchase accounting mark
  - Systems conversion completed in November
  - Targeted costs savings are $7MM after-tax, most of which will start in 1Q21
  - Merger costs were approximately $5.0MM. Overall, the deal is in line with expectations and we are confident in achieving 20% earnings accretion in 2021
  - The system conversion and integration are complete

Forbearance Loans Decline 57% From 3Q20

- Strategic Objective #4: Manage credit risk



% of Total Loan Portfolio	25.3%	14.2%	5.4%

- Loans granted forbearance have declined from a peak of $1.5B to $364MM
  - Loans paying interest only comprise about 40% of the remaining balance
- LTVs on loans under forbearance collateralized by real estate are 44.5%
- Borrowers cash flows have been temporarily impacted by the pandemic
- Most of the hotel portfolio operates in the boroughs of Manhattan

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[1] Represents dollar amount granted at modification.

Increased Allowance To Loans Ratio

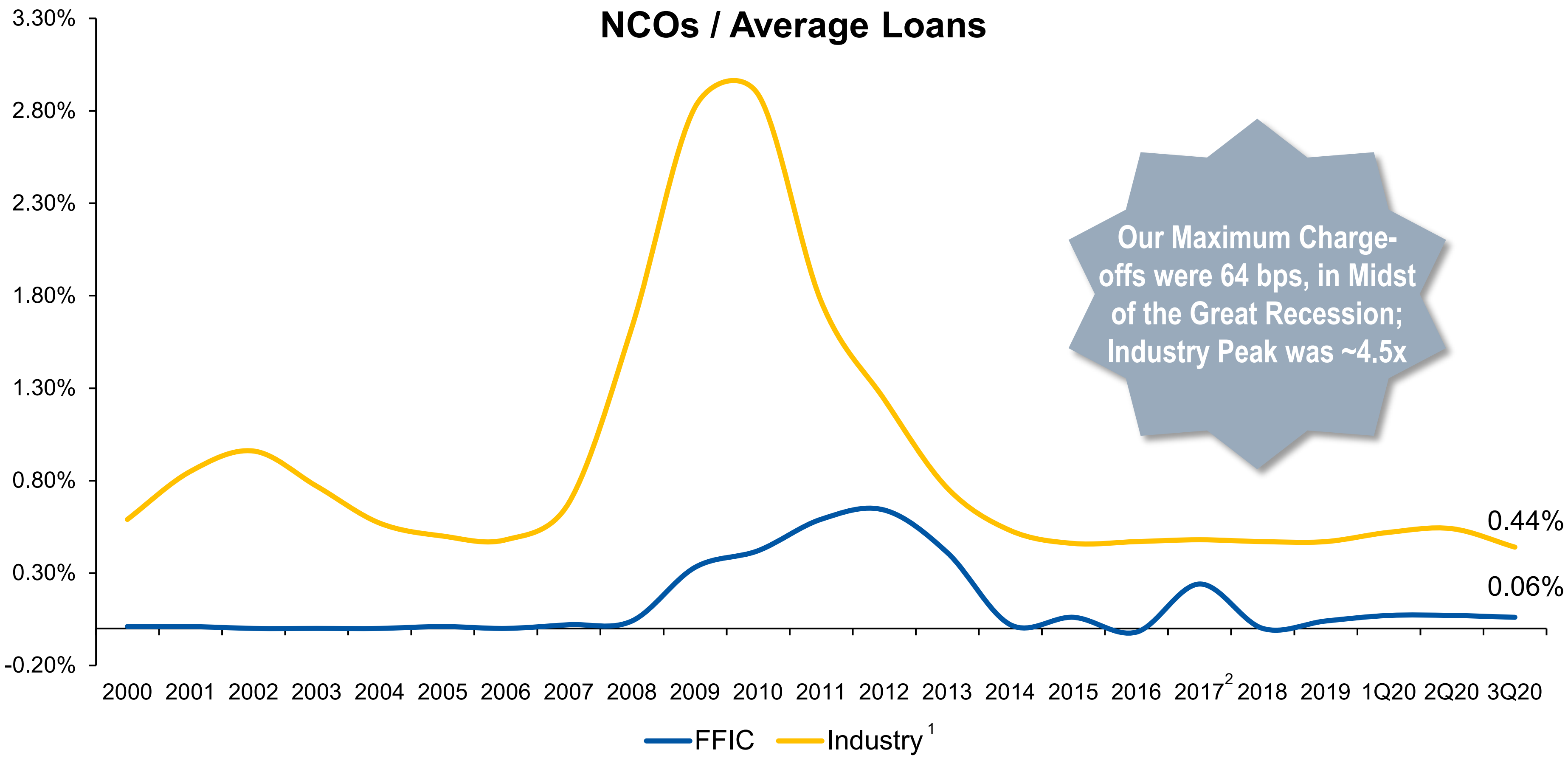
- Strategic Objective #4: Manage credit risk

Allowance for Loan Losses Analysis ($MM)

- $1.8MM CECL provision for Empire loans
- Regular CECL provision of $2.0MM for the entire portfolio
- A $16MM fair value mark on the Empire loan portfolio
  - $3.5MM net was reclassified into allowance for loan losses due to the Empire transaction
  - No income statement impact

Low Historical Net Charge-offs

- Strategic Objective #4: Manage credit risk



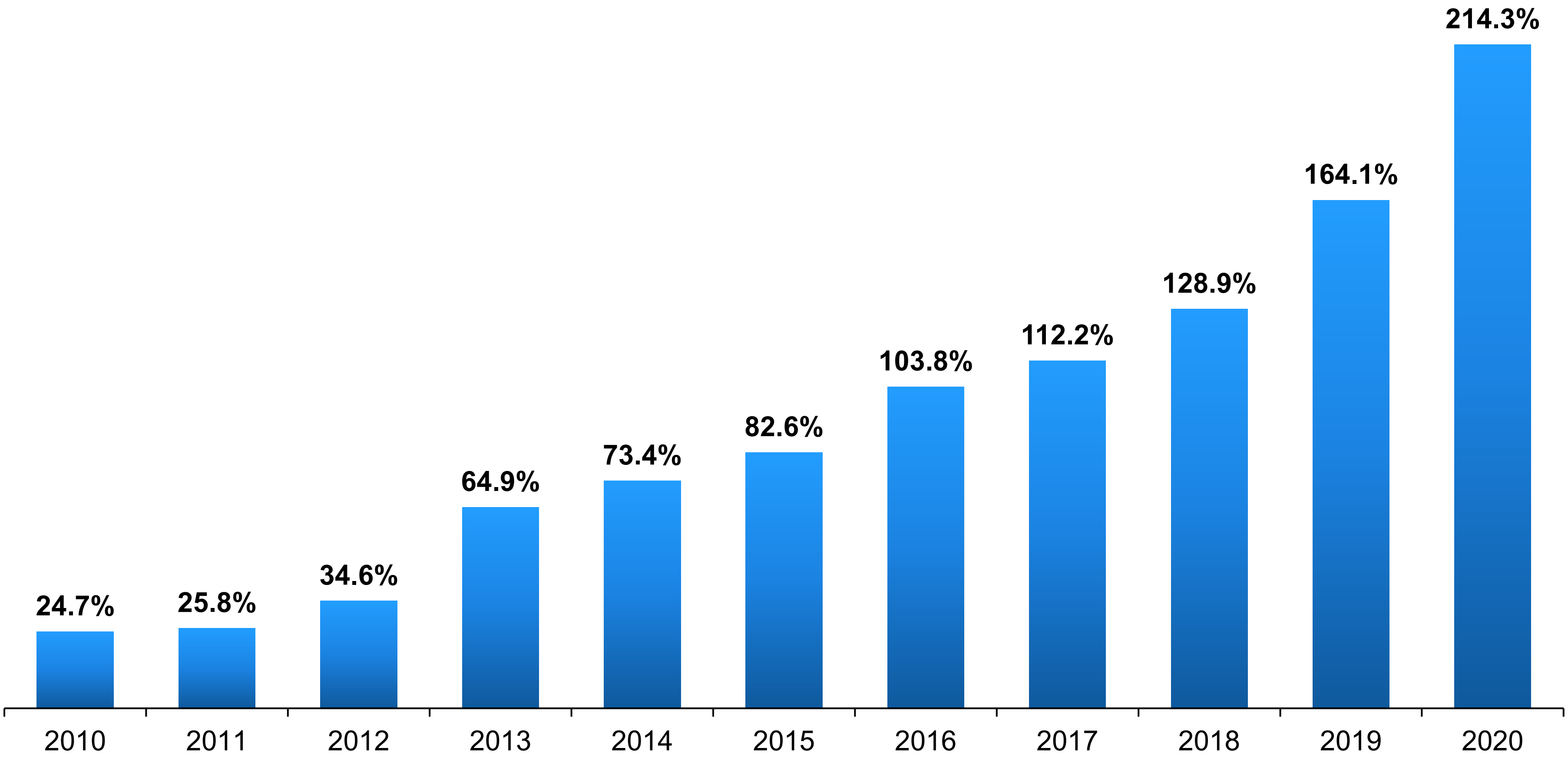
- Over two decades and multiple credit cycles, Flushing has a history of better than industry credit
- Since the Great Recession, construction loans and mixed use have decreased by 19% each
  - LTV has improved to 38% from 48%

Source: SNL Financial. Financial data as of January 7, 2021. [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.

Increased Coverage Ratio

- Strategic Objective #4: Manage credit risk

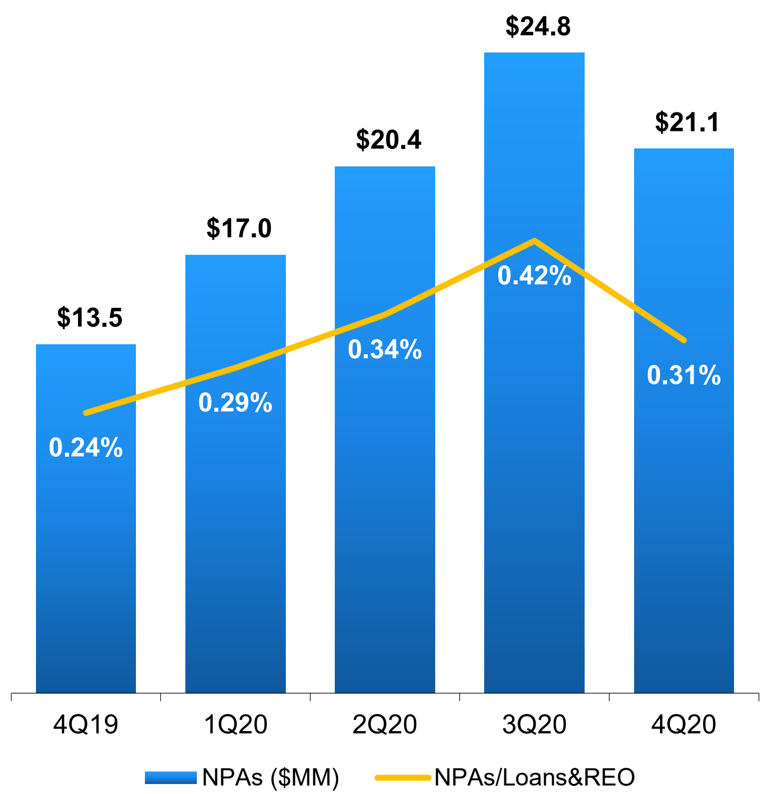
Loan Loss Reserve/NPL



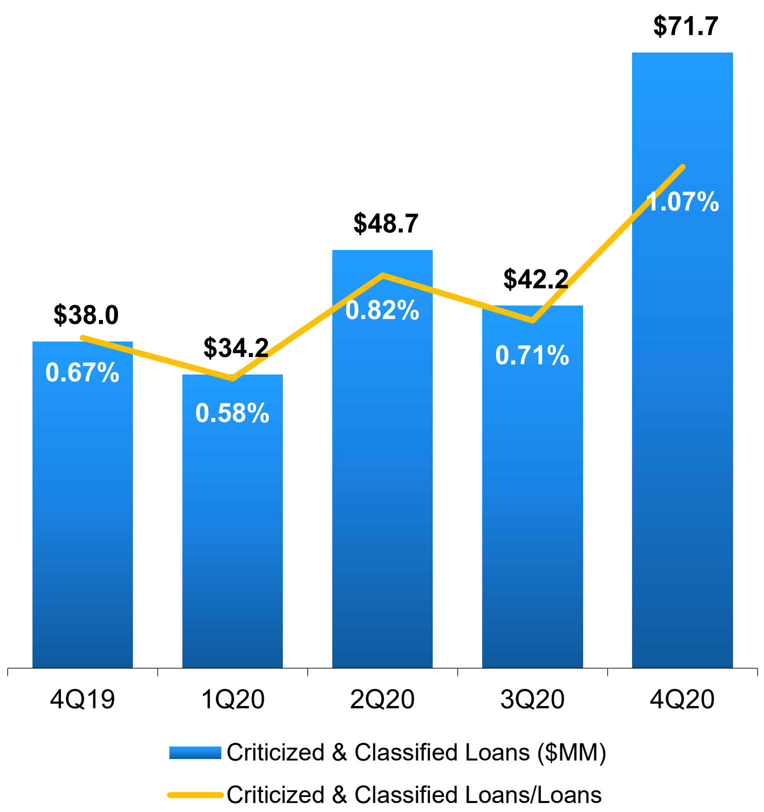
NPAs Fall; Criticized & Classified Rise But Remain Manageable

- Strategic Objective #4: Manage credit risk

NPAs Remain Low and Fell in 4Q20



Criticized & Classified Loans Rise Mostly From Empire Acquisition



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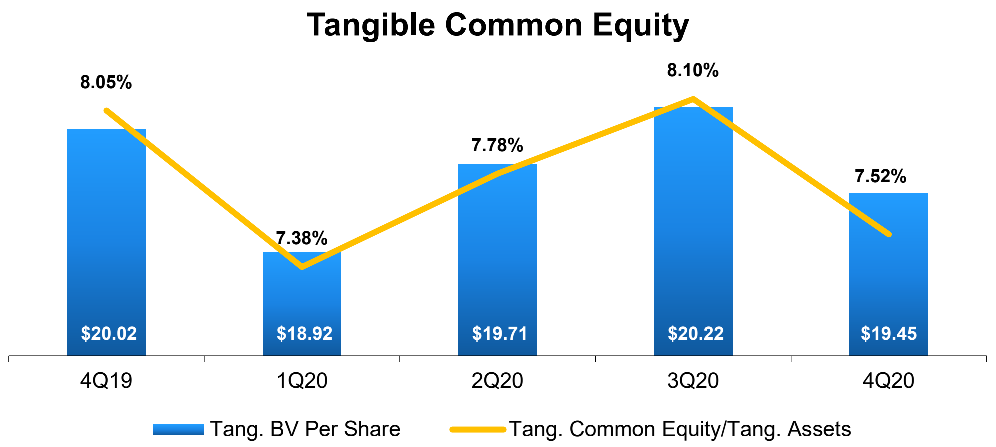
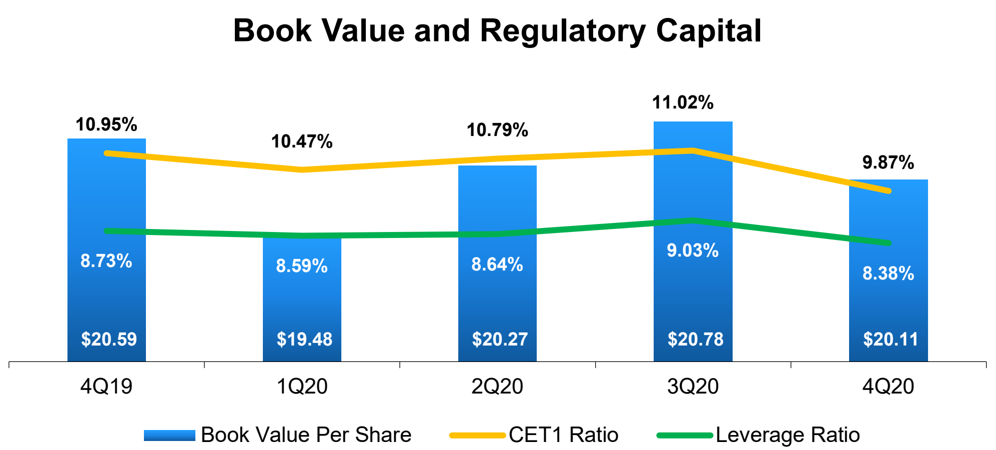
Tangible Book Value of $19.45 With 4.5% Dividend Yield

- Strategic Objective #5: Remain well capitalized





- Book value and tangible book value are $20.11 and $19.45, respectively
- TCE declined to 7.52%, should approach 8% over the next year
- Capital will be used to support customers and any excess will be returned to shareholders over time
- Dividend yield of 4.5% based on a closing price of $18.74 on January 26, 2021

Outlook

- **We are cautiously optimistic about the operating environment**
  - Steeper yield curve
  - Fiscal stimulus and vaccine roll out should have a positive impact on the economy and borrowers
- **We are concerned about**
  - Rising COVID cases near term and what that might mean for the local economy
  - New administration and what it might mean for tax policy and regulation
- **Loan pipelines are solid**
- **Empire integration is complete and performance is in line with expectations**
- **We remain very comfortable with our credit profile**
- **Overall, we are on the right path to reach our LT goals of having an ROA ≥1% and ROE ≥10%**

Appendix

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 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

	Three Months Ended			Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP income before income taxes	$ 3,878	$ 18,820	$ 16,888	$ 45,182	$ 53,331
Day 1, Provision for Credit Losses - Empire transaction	1,818	—	—	1,818	—
Net (gain) loss from fair value adjustments	4,129	2,225	(807)	2,142	5,353
Net loss on sale of securities	610	—	—	701	15
Life insurance proceeds	—	—	(419)	(659)	(462)
Net gain on sale of assets	—	—	—	—	(770)
Net (gain) loss from fair value adjustments on qualifying hedges	(1,023)	(230)	(1,039)	1,185	1,678
Accelerated employee benefits upon Officer's death	—	—	—	—	455
Prepayment Penalty on Borrowings	7,834	—	—	7,834	—
Net amortization of purchase accounting adjustments	80	—	—	80	—
Merger expense	5,349	422	1,080	6,894	1,590
Core income before taxes	22,675	21,237	15,703	65,177	61,190
Provision for income taxes for core income	4,891	5,069	3,841	15,428	13,957
Core net income	$ 17,784	$ 16,168	$ 11,862	$ 49,749	$ 47,233
GAAP diluted earnings per common share	$ 0.11	$ 0.50	$ 0.45	$ 1.18	$ 1.44
Day 1, Provision for Credit Losses - Empire transaction, net of tax	0.05	—	—	0.05	—
Net (gain) loss from fair value adjustments, net of tax	0.11	0.06	(0.02)	0.06	0.14
Net loss on sale of securities, net of tax	0.02	—	—	0.02	—
Life insurance proceeds	—	—	(0.01)	(0.02)	(0.02)
Net gain on sale of assets, net of tax	—	—	—	—	(0.02)
Net (gain) loss from fair value adjustments on qualifying hedges, net of tax	(0.03)	(0.01)	(0.03)	0.03	0.05
Accelerated employee benefits upon Officer's death, net of tax	—	—	—	—	0.01
Prepayment Penalty on Borrowings, net of tax	0.20	—	—	0.20	—
Net amortization of purchase accounting adjustments, net of tax	—	—	—	—	—
Merger expense, net of tax	0.14	0.01	0.03	0.18	0.04
Core diluted earnings per common share[1]	$ 0.58	$ 0.56	$ 0.41	$ 1.70	$ 1.65
Core net income, as calculated above	$ 17,784	$ 16,168	$ 11,862	$ 49,749	$ 47,233
Average assets	7,705,407	7,083,028	7,057,094	7,276,022	6,947,881
Average equity	609,463	576,512	567,461	580,067	561,289
Core return on average assets[2]	0.92 %	0.91 %	0.67 %	0.68 %	0.68 %
Core return on average equity[2]	11.67 %	11.22 %	8.36 %	8.58 %	8.42 %

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[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

	Three Months Ended			Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Net interest income	$ 55,732	$ 49,924	$ 41,179	$ 195,199	$ 161,940
Non-interest income	(1,181)	1,351	5,038	11,043	9,471
Non-interest expense	(46,811)	(29,985)	(29,647)	(137,931)	(115,269)
Pre-provision pre-tax net revenue (1)	$ 7,740	$ 21,290	$ 16,570	$ 68,311	$ 56,142

(1) Includes non-cash net gains (losses) from fair value adjustments totaling ($3.1MM), ($2.0MM) and $1.8MM for the three months ended December 31, 2020, September 30, 2020 and December 31, 2019, respectively and ($3.3MM) and ($7.0MM) for the year ended December 31, 2020 and 2019, respectively.

Reconciliation of GAAP NII & NIM to CORE NII & NIM

	Three Months Ended			Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP net interest income	$ 55,732	$ 49,924	$ 41,179	$ 195,199	$ 161,940
Net (gain) loss from fair value adjustments on qualifying hedges	(1,023)	(230)	(1,039)	1,185	1,678
Net amortization of purchase accounting adjustments	(11)	—	—	(11)	—
Core net interest income	$ 54,698	$ 49,694	$ 40,140	$ 196,373	$ 163,618
GAAP interest income on total loans, net	$ 66,120	$ 60,367	$ 64,316	$ 248,153	$ 251,744
Net (gain) loss from fair value adjustments on qualifying hedges	(1,023)	(230)	(1,039)	1,185	1,678
Prepayment penalties received on loans	(857)	(1,357)	(926)	(3,669)	(4,548)
Net recoveries of interest from non-accrual loans	(236)	(86)	(428)	(832)	(1,953)
Net amortization of purchase accounting adjustments	(356)	—	—	(356)	—
Core interest income on total loans, net	$ 63,648	$ 58,694	$ 61,923	$ 244,481	$ 246,921
Average total loans, net [(1)]	$ 6,379,429	$ 5,904,051	$ 5,726,635	$ 6,007,857	$ 5,621,033
Core yield on total loans	3.99 %	3.98 %	4.33 %	4.07 %	4.39 %
Net interest income tax equivalent	$ 55,846	$ 50,041	$ 41,323	$ 195,707	$ 162,482
Net (gain) loss from fair value adjustments on qualifying hedges	(1,023)	(230)	(1,039)	1,185	1,678
Prepayment penalties received on loans and securities	(857)	(1,432)	(926)	(3,744)	(4,548)
Net recoveries of interest from non-accrual loans	(236)	(86)	(428)	(832)	(1,953)
Net amortization of purchase accounting adjustments	(11)	—	—	(11)	
Net interest income used in calculation of Core net interest margin	$ 53,719	$ 48,293	$ 38,930	$ 192,305	$ 157,659
Total average interest-earning assets [(1)]	$ 7,245,147	$ 6,675,896	$ 6,677,325	$ 6,864,145	$ 6,582,473
Core net interest margin	2.97 %	2.89 %	2.33 %	2.80 %	2.40 %

(1) Excludes purchase accounting average balances for three months and year ended December 31, 2020.

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