FFIC FLUSHING
Financial Corporation

Small enough
to know you.

Large enough
to help you.

2Q19 Earnings Conference Call

July 24, 2019

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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, 2018, 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.**

2Q19 Operating Results and Highlights

	2Q19	1Q19	2Q18
Earnings ($MM, except EPS data)			
GAAP Net Interest Income	$40.0	$41.8	$42.6
Net Income	$10.6	$7.1	$13.9
Core Net Income[1]	$12.1	$9.5	$14.1
EPS	$0.37	$0.25	$0.48
Core EPS	$0.42	$0.33	$0.49
Profitability Ratios			
ROAA	0.61%	0.41%	0.86%
ROAE	7.53%	5.12%	10.47%
Net Interest Margin	2.45%	2.57%	2.77%
Efficiency Ratio[2]	61.06%	70.37%	59.58%
Capitalization Ratios			
Tangible Common Equity	7.93%	7.94%	8.09%
Dividend Payout	56.76%	84.00%	41.67%

2Q19 Highlights

- Core ROAE = 8.62%
- Core ROAA = 0.70%
- Record C&I loan closings
- Loan closings increased 50% QoQ to $296MM
- Loan pipeline totaled $424MM at June 30, 2019

Balance Sheet Highlights

- Branch retail deposits increased $120MM in 2019 and $48MM QoQ
- Total net loans up 5.7% YoY and 0.9% QoQ
- C&I loans totaled 18% of net loans

[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 and net gain/ losses from fair value of qualifying hedges. Core earnings presented in 2Q19 press release.
[2] Efficiency ratio, a non-GAAP measure, was calculated by dividing non-interest expense (excluding accelerated employee benefits upon officers death, 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).

New York City Multi-Family Housing Market

RENT REGULATION REFORM

BACKGROUND

- June 2019 NYS approved sweeping reforms to existing rent regulations
- New rules tighten owner's ability to obtain future rent increases above the annual increases recommended by the Rent Guidelines Board (RGB)
- Affected loan balances total $1.6B

POTENTIAL RISKS

- Declining valuations
- Higher cap rates
- Slower rental growth
- Lower capital re-investments

MITIGANTS

- ✓ Flushing Bank Multifamily loan portfolio is diversified and granular
- ✓ Includes both rent regulated housing (apartment buildings with 5+ units) and free market housing (includes mixed-use residential)
- ✓ Multifamily portfolio remains conservative
  - Avg. LTV less than 50% with strong avg. debt coverage ratio in excess of 1.75
- ✓ Existing properties well maintained with significant capital improvements already completed
- ✓ Loans approved based on current cash flow at underwriting
- ✓ Typical borrower is established multifamily owner/manager with more than one property
- ✓ Little exposure to institutional ownership
- ✓ All loans individually stress tested at approval assuming conservative rental growth of 2-3% annually

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 yield through loan portfolio mix
- Manage cost of funds
- Improve scalability and efficiency of operating expense base

Strengthening Our Commercial Bank Balance Sheet

- Focus on the origination of C&I loans which total over 53% in this quarter and total 18% of our total portfolio 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

Summary of Strategic Objectives

Increase Core Deposits, with an Emphasis on Non-Interest Bearing DDA, and Continue to Improve Funding Mix	Manage Net Loan Growth and Focus on Yield with an Emphasis on Assets with the Best Risk-Adjusted Returns	Enhance Core Earnings Power by Improving Scalability and Efficiency Through Executional Excellence
Profitable Growth and Expansion through New Distribution Channels and Business Lines	Manage Credit Risk	Remain Well Capitalized



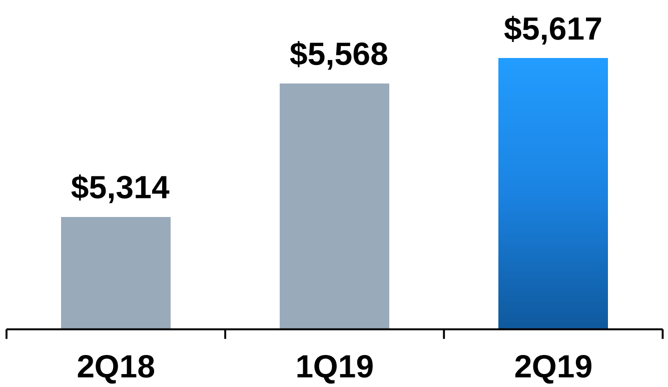


Loans

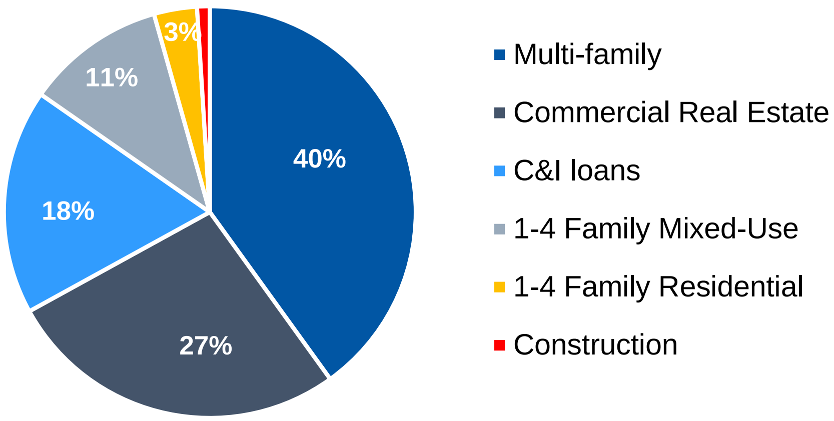
2Q19 Highlights

- Total net loans were $5,617MM reflecting an increase of 0.9% QoQ (not annualized) and 5.7% YoY
  - Loan growth for 2Q19 was driven mainly by record C&I loan closings
- Loan production totaled $296MM, at an average rate of 4.89%, which exceeds the portfolio rate
- Over 60% of loan closings in 2Q19 were non-brokered loans
- Loan pipeline totaled $424MM at June 30, 2019 with an average rate of 4.63% which exceeds the portfolio rate

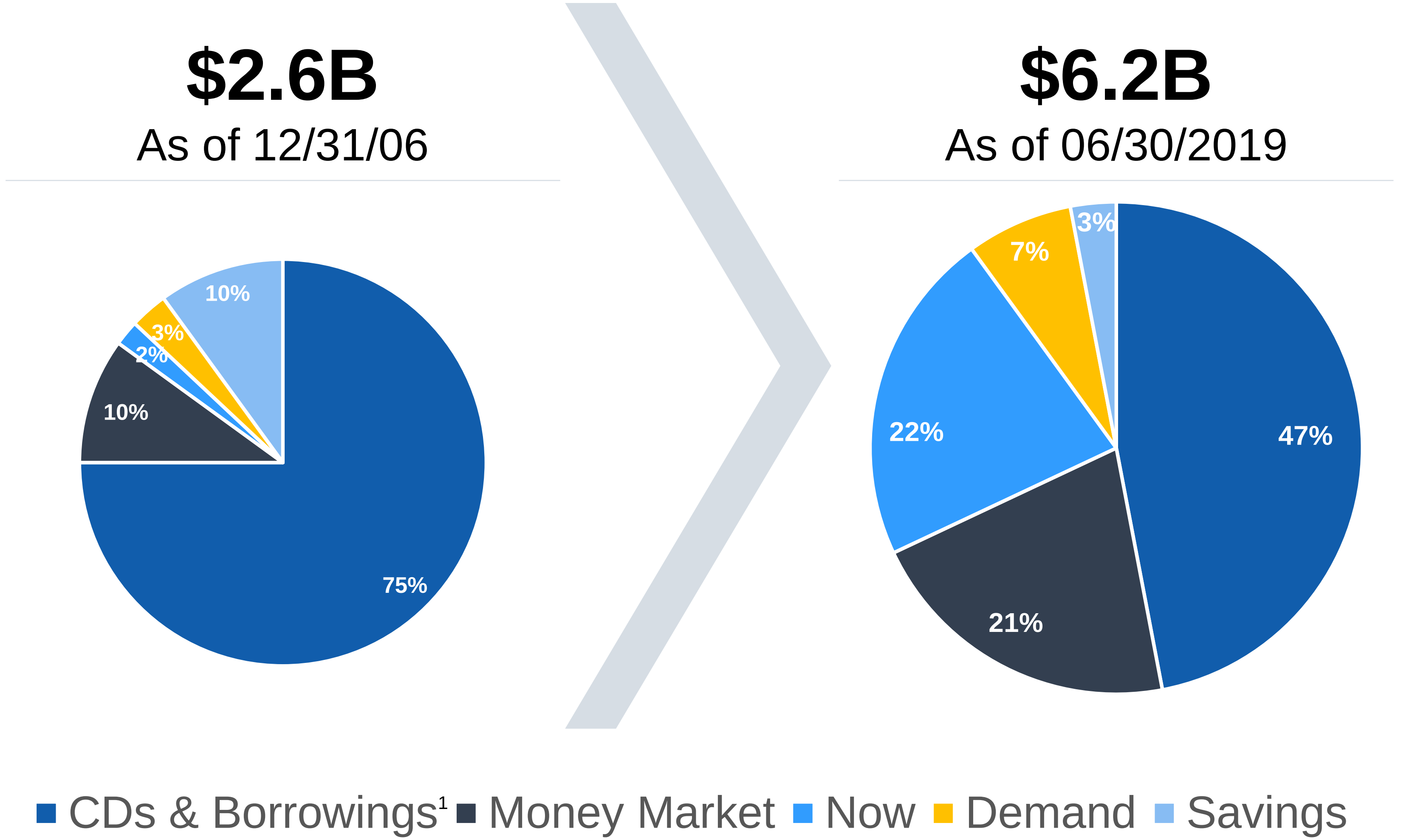
Net Loans ($MM)



Net Loans as of 06/30/19
Quarterly Loan Yield 4.48%



Continuing to Improve Funding Mix



Progress Made…More to Come

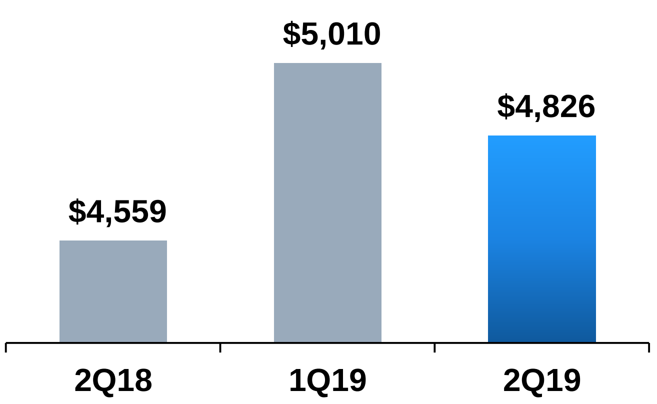
[1] Includes Mortgagors' escrow

Deposits

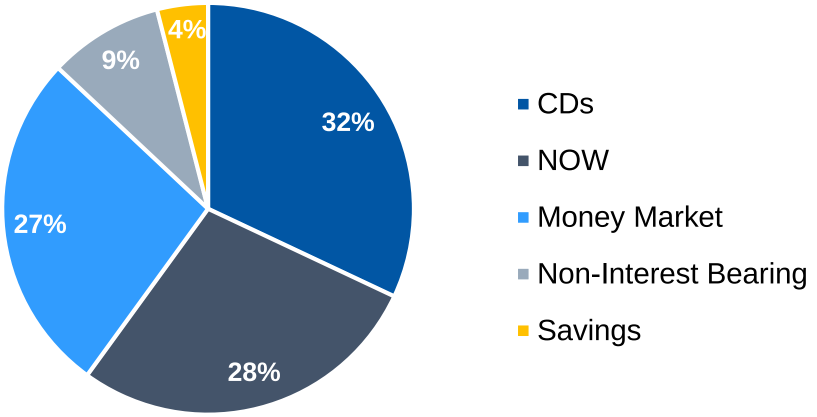
2Q19 Highlights

- Deposits decreased 3.7% (not annualized) QoQ but increased 5.9% YoY
  - QoQ decrease primarily due to seasonal outflows of municipal deposits
  - YoY increase due to money market, CDs, and non-interest bearing accounts
- Core deposits decreased 6.2% QoQ but increased 5.6% YoY
- Loan to deposit ratio totaled 116% compared to 110% at March 31, 2019 and 116% at June 30, 2018

Deposits ($MM)

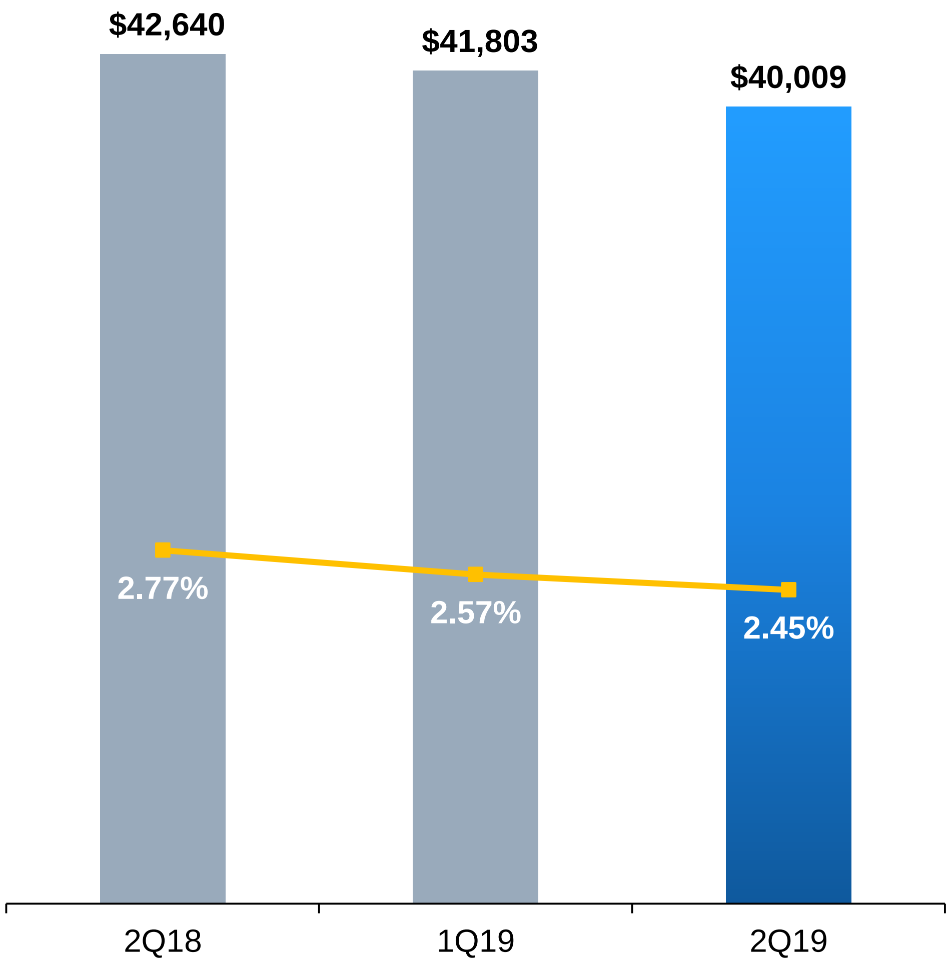


Deposits as of 06/30/19
Quarterly Cost of Deposits: 1.80%



Net Interest Income

Net Interest Income ($000s)



2Q19 Highlights

- NIM decreased 12bps QoQ and 32bps YoY
- NIM decrease driven by increases in the cost of funds of 10bps QoQ and 53bps YoY
- Core NIM[1] totaled 2.40% in 2Q19, 2.52% in 1Q19 and 2.66% in 2Q18
- Yield on interest-earning assets decreased 3bps QoQ but increased 15bps YoY

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

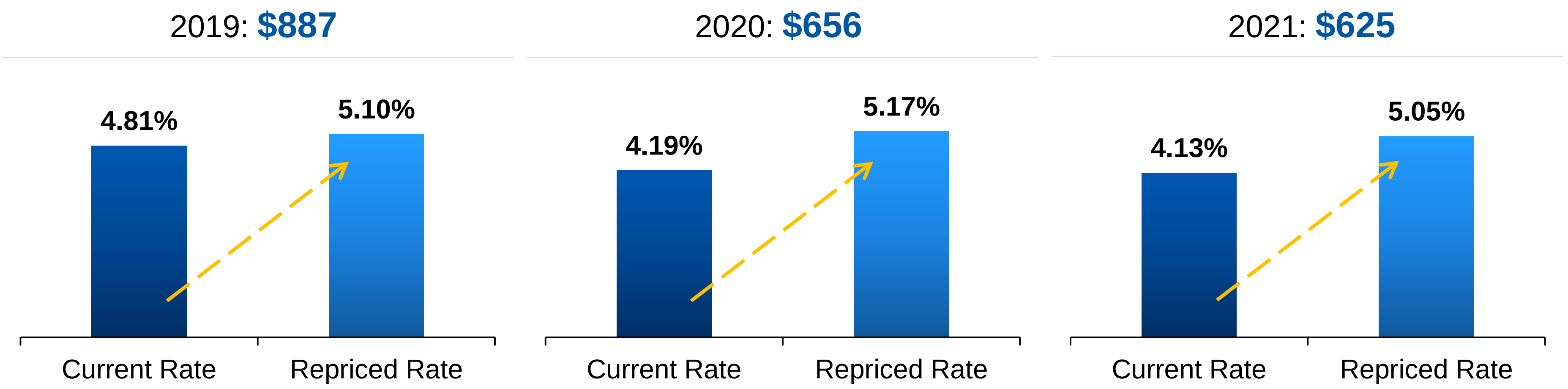
Net Interest Margin Opportunities

Highlights

- Loan origination yield exceeds the portfolio yield
- Interest rate swaps totaling $824MM provided 4bps of benefit to core NIM
- C&I loans which are primarily adjustable total 18% of the loan portfolio
- Long-term goal of moving towards being interest rate risk neutral

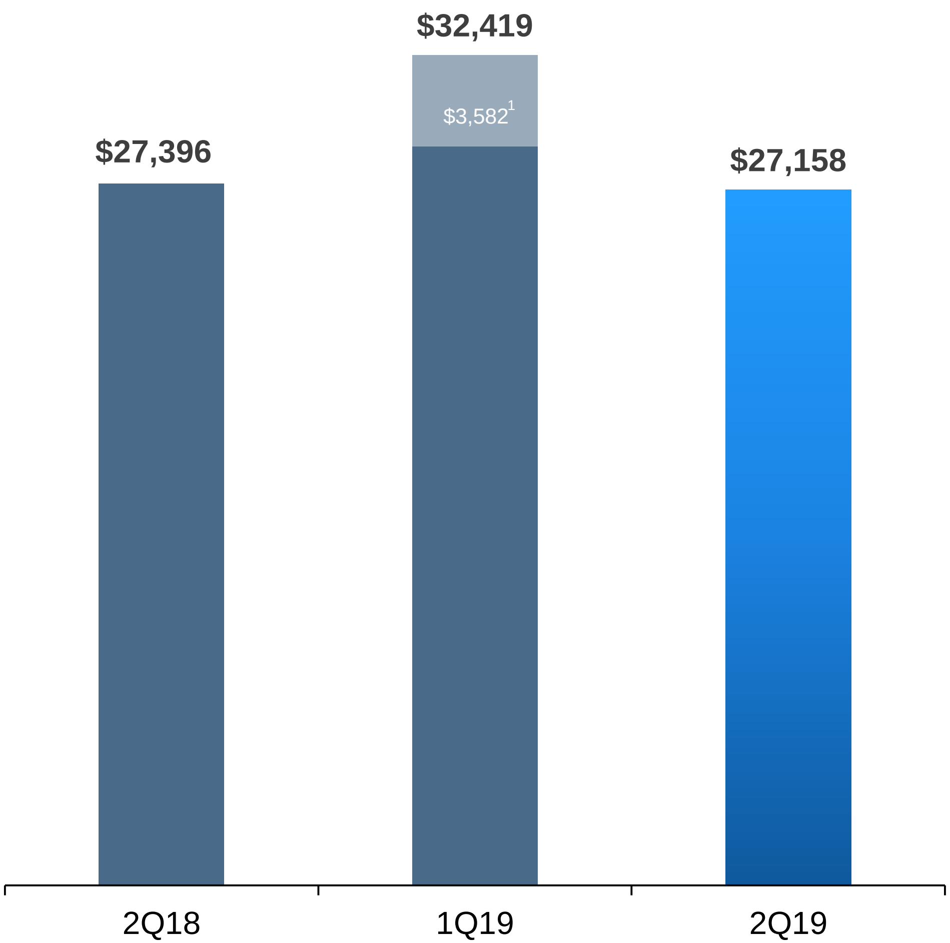
Yield on Loans Repricing Opportunity

(Amount Repricing $MM)



Controlling Non-Interest Expense

Non-Interest Expense ($000s)

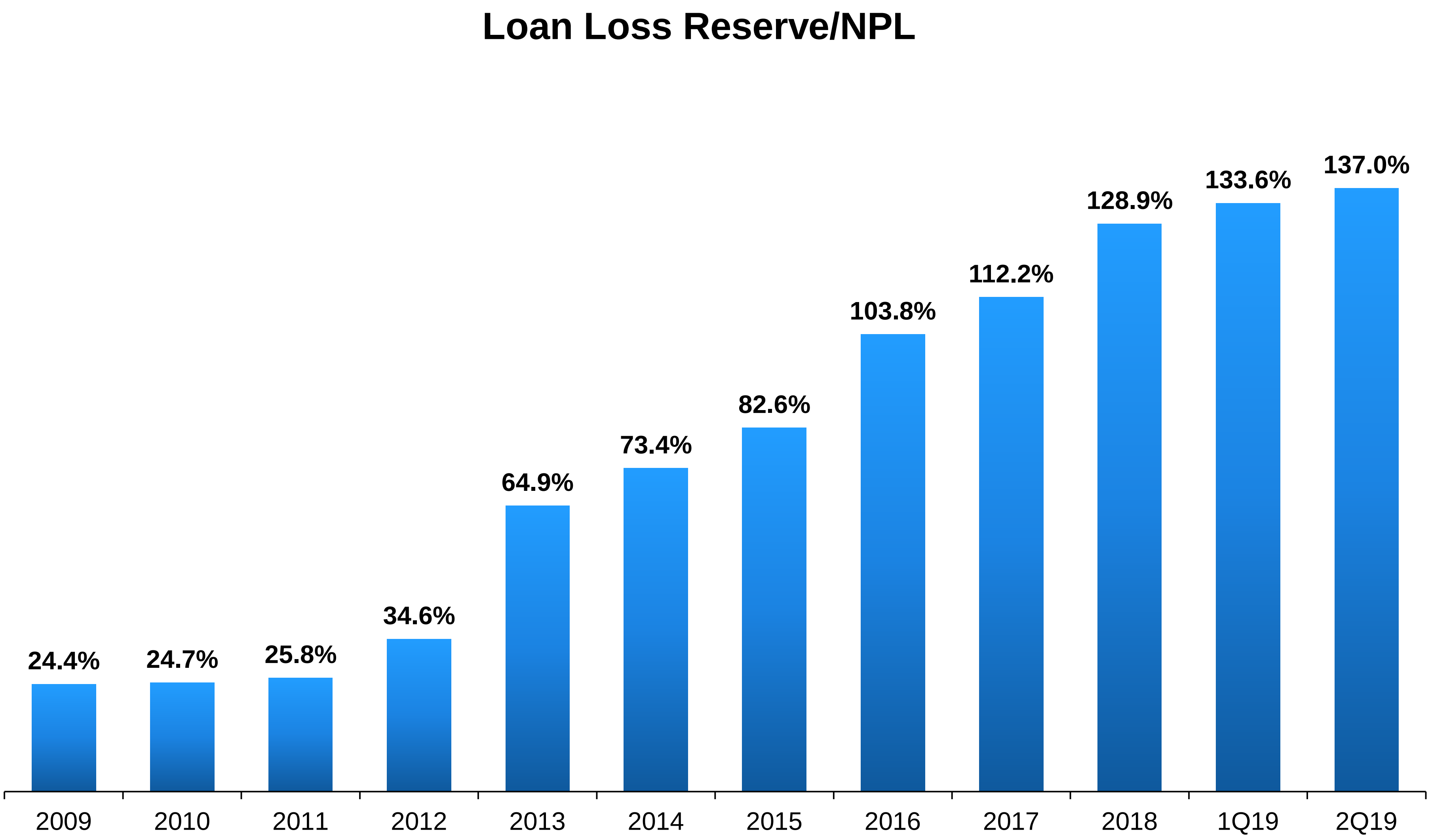


2Q19 Highlights

- Expenses declined 0.9% YoY, 16.2% QoQ and 5.8% QoQ excluding 1Q19 seasonal expenses and one-time expenses totaling $3.6 million
- Decrease due to focus on expenses and on-going evaluation of accruals
- The ratio of non-interest expense to average assets was 1.58% in 2Q19, 1.89% in 1Q19 and 1.69% in 2Q18
- Efficiency ratio 61.1% in 2Q19, 70.4% in 1Q19 and 59.6% in 2Q18

[1] Represents first quarter seasonal and one-time expenses.

Increasing Coverage Ratio

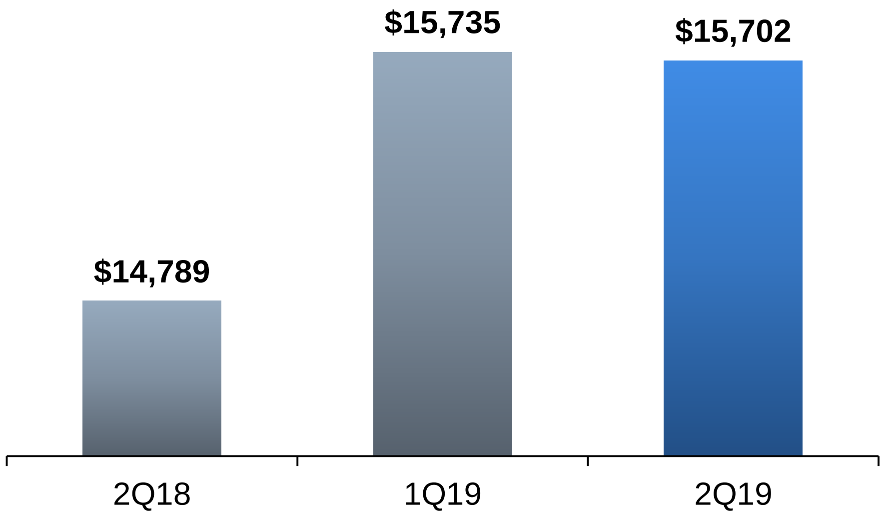


Credit Quality

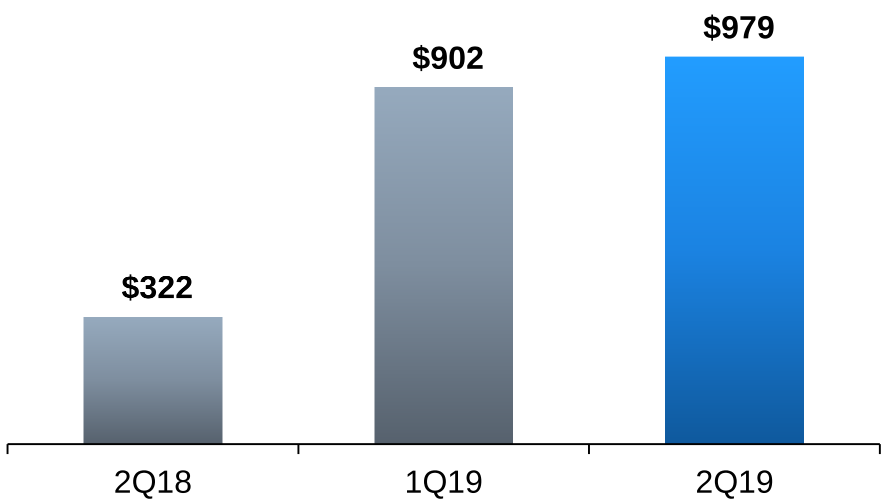
2Q19 Highlights

- Non-performing loans totaled $15.7MM, a decrease of 0.2% QoQ but an increase of 6.2% YoY
- Loan-to-value ratio on real estate dependent loans as of June 30, 2019 totaled 38.4%
- Average loan-to-value for non-performing loans collateralized by real estate at June 30, 2019 was 35.4%
- Charge-off in 2Q19 related primarily to one previously identified commercial business loan relationship which was partially charged off 1Q19

Non-performing Loans ($000s)



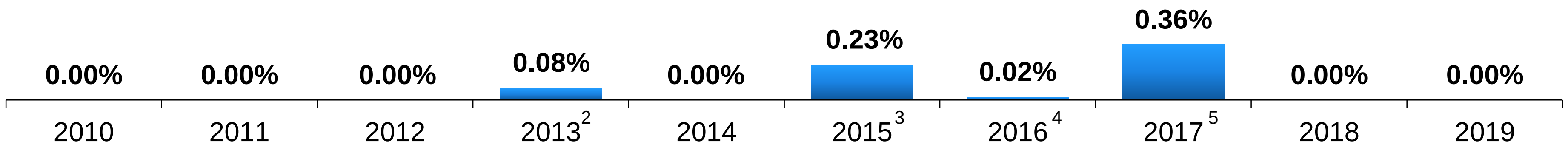
Net Charge-offs ($000s)



Minimal Delinquencies on the Total Portfolio

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

Eleven delinquent loans for vintage years covering over nine years of originations



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[1] Calculated by dividing current 90-day delinquencies by total loans originated by vintage period. [2] Represents one mixed use loan and one commercial business Loan. [3] Represents one 1-4 family, two multifamily loans and two commercial business loan. [4] Represents two commercial business loans. [5] Represents one SBA Loan and one commercial business loan.

Why Flushing Financial

1 Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 909% total return since IPO in 1995[1]
- Positive earnings through the cycle and every quarter since IPO
- Consistent EPS and dividend growth

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

3 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

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

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Commercial ▪ Business ▪ Consumer

[1] As of June 30, 2019.

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Appendix

Non-GAAP Measures

Core Diluted EPS, Core ROAE, Core ROAA, 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

($000s, except per share data)	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
GAAP income before income taxes	$ 13,828	$ 9,355	$ 18,412	$ 23,183	$ 32,774
Net loss from fair value adjustments	1,956	2,080	267	4,036	367
Net loss on sale of securities	15	-	-	15	-
Life insurance proceeds	-	(43)	-	(43)	(776)
Net gain on sale of assets	(770)	-	-	(770)	-
Net losses from fair value adjustments on qualifying hedges	818	637	-	1,455	-
Accelerated employee benefits upon Officer's death	-	455	-	455	-
Core income before taxes	15,847	12,484	18,679	28,331	32,365
Provision for income taxes for core income	3,771	3,033	4,573	6,804	7,555
Core net income	$ 12,076	$ 9,451	$ 14,106	$ 21,527	$ 24,810
GAAP diluted earnings per common share	$ 0.37	$ 0.25	$ 0.48	$ 0.61	$ 0.88
Net loss from fair value adjustments, net of tax	0.05	0.05	0.01	0.10	0.01
Net loss on sale of securities, net of tax	-	-	-	-	-
Life insurance proceeds	-	-	-	-	(0.03)
Net gain on sale of assets, net of tax	(0.02)	-	-	(0.02)	-
Net losses from fair value adjustments on qualifying hedges, net of tax	0.02	0.02	-	0.04	-
Accelerated employee benefits upon Officer's death, net of tax	-	0.01	-	0.01	-
Core diluted earnings per common share[1]	$ 0.42	$ 0.33	$ 0.49	$ 0.75	$ 0.86
Core net income, as calculated above	$ 12,076	$ 9,451	$ 14,106	$ 21,527	$ 24,810
Average assets	6,891,541	6,868,140	6,484,882	6,879,905	6,444,364
Average equity	560,624	552,621	532,027	556,645	530,662
Core return on average assets[2]	0.70%	0.55%	0.87%	0.63%	0.77%
Core return on average equity[2]	8.62%	6.84%	10.61%	7.73%	9.35%

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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 NII & NIM to CORE NII & NIM

($000s)	Three Months Ended June 30, 2019	Three Months Ended March 31, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
GAAP net interest income	$ 40,009	$ 41,803	$ 42,640	$ 81,812	$ 85,249
Net losses from fair value adjustments on qualifying hedges	818	637	-	1,455	-
Core net interest income	$ 40,827	$ 42,440	$ 42,640	$ 83,267	$ 85,249
GAAP interest income on total loans, net	$ 62,273	$ 62,330	$ 57,322	$ 124,603	$ 112,339
Net losses from fair value adjustments on qualifying hedges	818	637	-	1,455	-
Prepayment penalties received on loans	(1,120)	(805)	(1,451)	(1,925)	(2,364)
Net recoveries of interest from non-accrual loans	(519)	(714)	(248)	(1,233)	(414)
Core interest income on total loans, net	$ 61,452	$ 61,448	$ 55,623	$ 122,900	$ 109,561
Average total loans, net	$ 5,565,057	$ 5,544,667	$ 5,316,033	$ 5,554,919	$ 5,273,939
Core yield on total loans	4.42%	4.43%	4.19%	4.42%	4.15%
Net interest income tax equivalent	$ 40,134	$ 41,928	$ 42,868	$ 82,062	$ 85,704
Net losses from fair value adjustments on qualifying hedges	818	637	-	1,455	-
Prepayment penalties received on loans and securities	(1,120)	(805)	(1,553)	(1,925)	(2,466)
Net recoveries of interest from non-accrual loans	(519)	(714)	(248)	(1,233)	(414)
Net interest income used in calculation of Core net interest margin	$ 39,313	$ 41,046	$ 41,067	$ 80,359	$ 82,824
Total average interest-earning assets	$ 6,540,134	$ 6,521,142	$ 6,181,186	$ 6,530,692	$ 6,140,173
Core net interest margin	2.40%	2.52%	2.66%	2.46%	2.70%

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NASDAQ: FFIC

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