FFIC FLUSHING Financial Corporation

4Q17 Earnings Conference Call

January 31, 2018

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, 2016, 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.**

Year ended and Quarter ended December 31, 2017 Highlights

- **For the year, achieved record net interest income through executing our strategic plan**
  - Loan growth for the year was 7.1%
  - Yield on loan originations increased 31 bps during the year
- **Loan growth for fourth quarter of 2017 was 2.2% (not annualized) with the yield increasing 34bps from the fourth quarter of 2016**
- **Yield on fourth quarter of 2017 loan originations exceeded the quarterly yield on the loan portfolio for the second straight quarter**
- **Reduced future credit risk by charging off the taxi medallion portfolio by $11.2 million to $6.8 million**
  - Attendant provision for loan losses totaled $6.6 million
- **Reduced future interest rate risk by entering into $400 million of five year forward swaps**
  - Start at various points in 2018 and 2019
- **Improved scalability of branch network expenses**
  - Opened two renovated and converted branches in the Flushing market to the Universal Banker model
  - Average savings of 20% compensation in converted branches

4Q17 Operating Results and Highlights

	4Q17	3Q17	4Q16
Earnings ($MM, except EPS data)			
Net Interest Income	$43.1	$43.0	$42.4
Net Income	$6.0	$10.2	$14.3
Core Net Income[1]	$9.6	$10.9	$11.6
EPS	$0.21	$0.35	$0.50
Core EPS[1]	$0.33	$0.37	$0.40
Profitability Ratios			
ROAA	0.38%	0.65%	0.95%
ROAE	4.44%	7.59%	11.15%
Net Interest Margin	2.90%	2.90%	2.96%
Efficiency Ratio[2]	55.35%	56.51%	59.63%
Capitalization Ratios			
Tangible Common Equity	8.22%	8.39%	8.24%
Dividend Payout	85.71%	51.43%	34.00%

4Q17 Operating Highlights

- Core ROAE = 7.17%
- Core ROAA = 0.62%
- Efficiency ratio improving as expenses remain well managed
- Deferred tax revaluation negatively impacted EPS by $0.13

[1] Excludes effects of net gains/losses from fair value adjustments, gains/losses on sale of securities, prepayment penalties from the extinguishment of debt, gain on sale of buildings and gain from life insurance proceeds. Core earnings presented in 4Q17 press release.

[2] Calculated by dividing non-interest expense (excl. OREO expense, prepayment penalties from the extinguishment of debt 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, net gains/losses from the sale of securities, life insurance proceeds, and sale of buildings).

2017 Operating Results and Highlights

	2017	2016
Earnings ($MM, except EPS data)		
Net Interest Income	$173.1	$167.1
Net Income	$41.1	$64.9
Core Net Income[1]	$45.8	$44.0
EPS	$1.41	$2.24
Core EPS[1]	$1.57	$1.52
Profitability Ratios		
ROAA	0.66%	1.10%
ROAE	7.75%	13.07%
Net Interest Margin	2.93%	2.97%
Efficiency Ratio[2]	57.90%	56.94%
Capitalization Ratios		
Tangible Common Equity	8.22%	8.24%
Dividend Payout	51.06%	30.36%

2017 Operating Highlights

- Core ROAE = 8.63%
- Core ROAA = 0.74%
- Efficiency ratio improving as expenses remain well managed
- Deferred tax revaluation negatively impacted EPS by $0.13

Balance Sheet Highlights

- Total deposits up 4.2% YoY
- Total loans up 7.1% YoY
- Asset quality remains pristine
  - Nonaccrual loans of $15.7MM decreased 25.3% YoY
  - Nonperforming assets of $18.1MM decreased 17.4% YoY
  - Delinquent loans totaled $28.8MM compared to $36.8MM at 12/31/2016

[1] Excludes effects of net gains/losses from fair value adjustments, gains/losses on sale of securities, prepayment penalties from the extinguishment of debt, gain on sale of buildings and gain from life insurance proceeds. Core earnings presented in 4Q17 press release.

[2] Calculated by dividing non-interest expense (excl. OREO expense, prepayment penalties from the extinguishment of debt 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, net gains/losses from the sale of securities, life insurance proceeds, and sale of buildings).

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 ▪ Market to our ethnic communities, particularly in 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

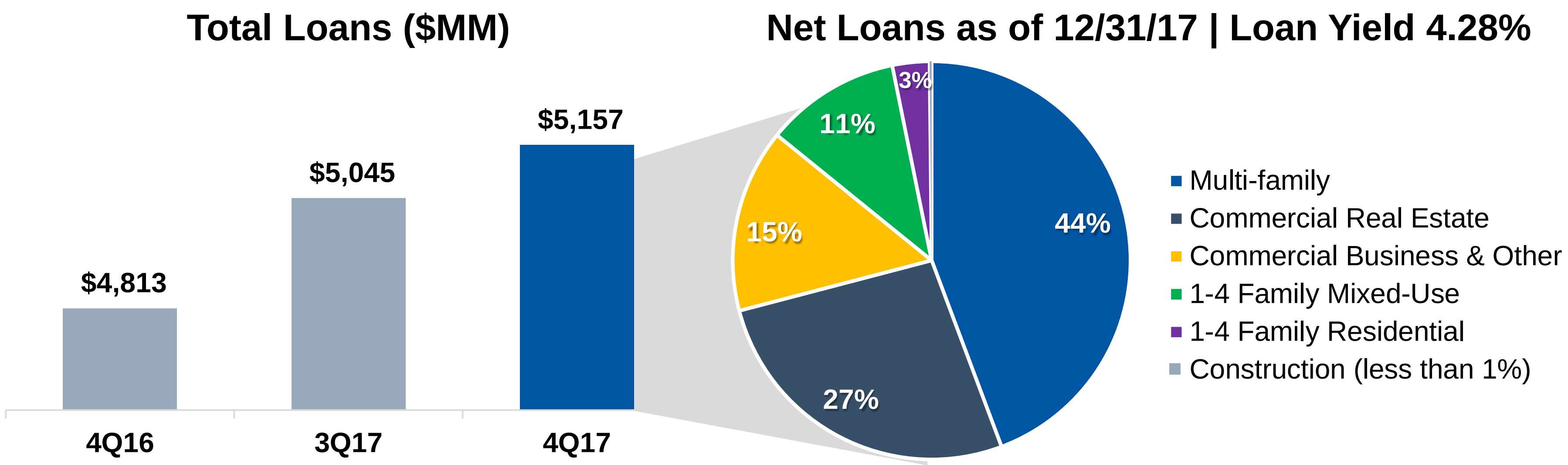
Increase Net Interest Income by Leveraging Loan Pricing Opportunities and Portfolio Mix

Enhance Core Earnings Power by Improving Scalability and Efficiency

Manage Credit Risk

Remain Well Capitalized

Loans

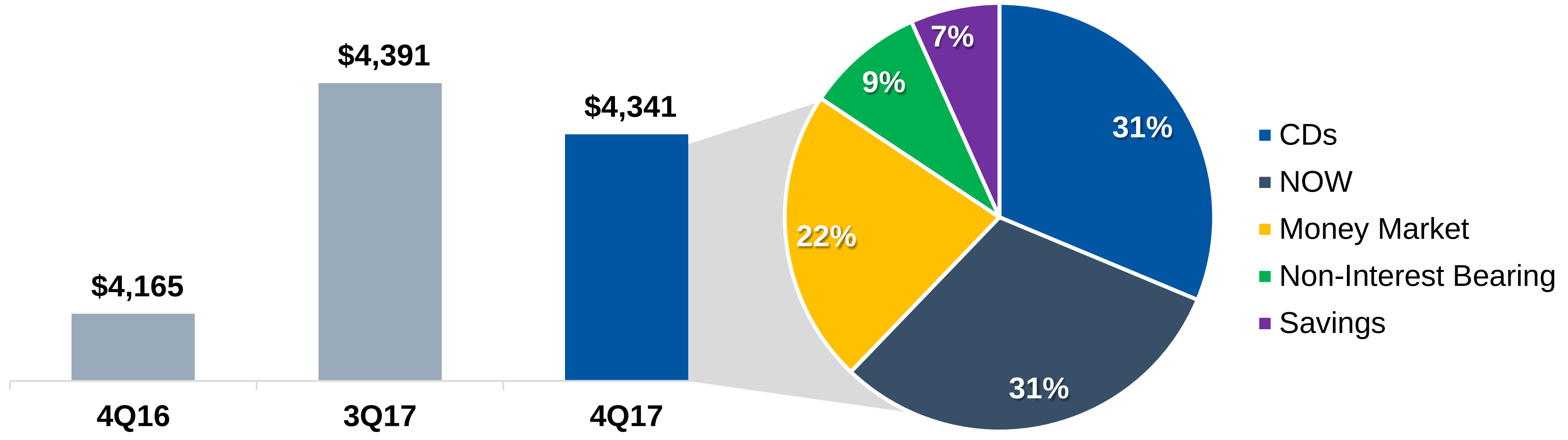


4Q17 Highlights

- Total loans were $5,157MM reflecting an increase of 2.2% QoQ (not annualized) and an increase of 7.1% YoY
  - Loans growth was driven mainly by increases in small business, multi-family and commercial loans
- Loan production totaled $328.8MM, at an average rate of 4.15%
- Loan originations and purchases of multi-family, commercial real estate and commercial business loans totaled 89.3% of loan production
- Loan pipeline totaled $359.8MM at December 31, 2017, compared to $417.0MM at September 30, 2017 and $310.9MM at December 31, 2016
- Loan-to-value ratio on real estate dependent loans as of December 31, 2017 totaled 39.1%

Deposits

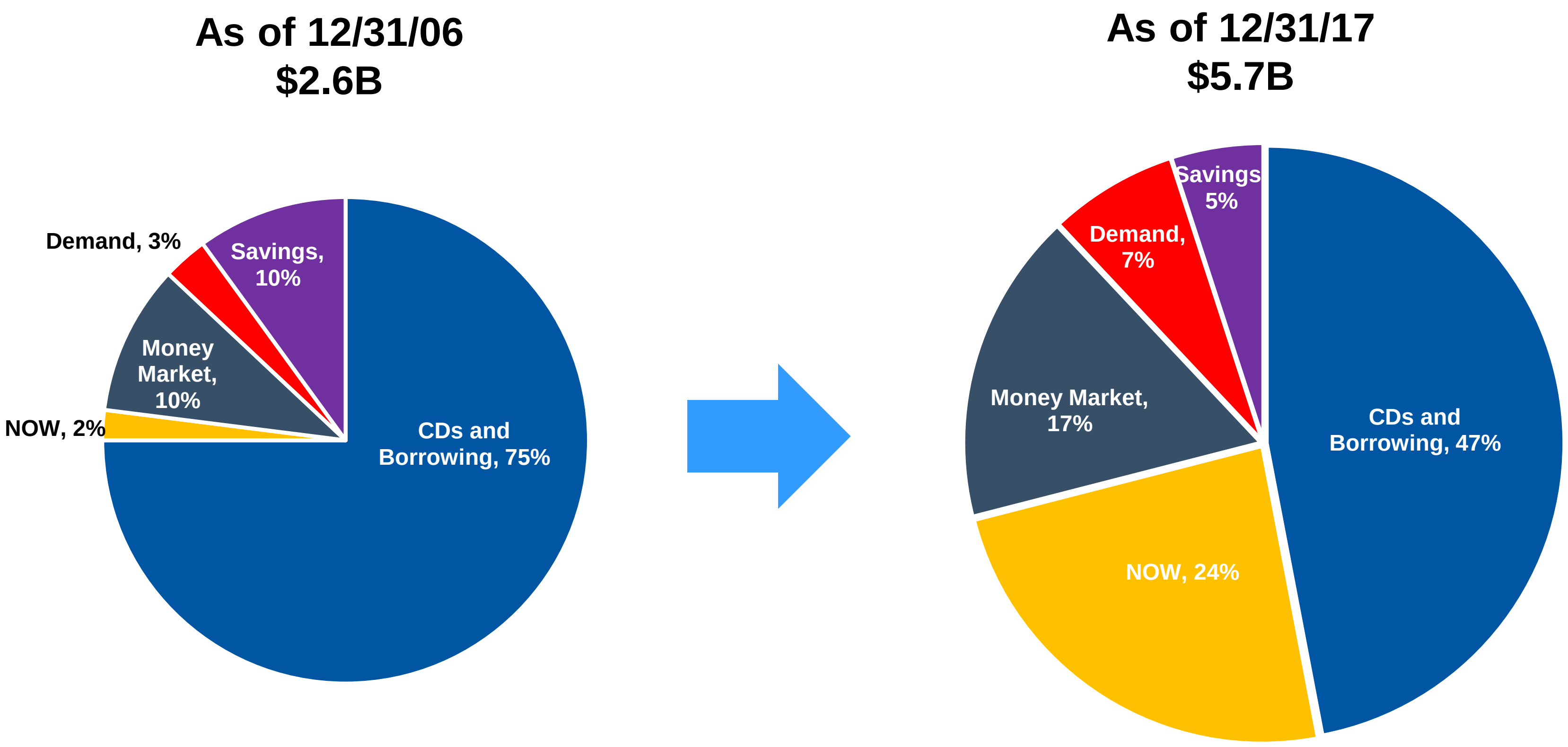
Deposits ($MM) **Deposits as 12/31/17 | *Cost of Deposits: 1.02%***



4Q17 Highlights

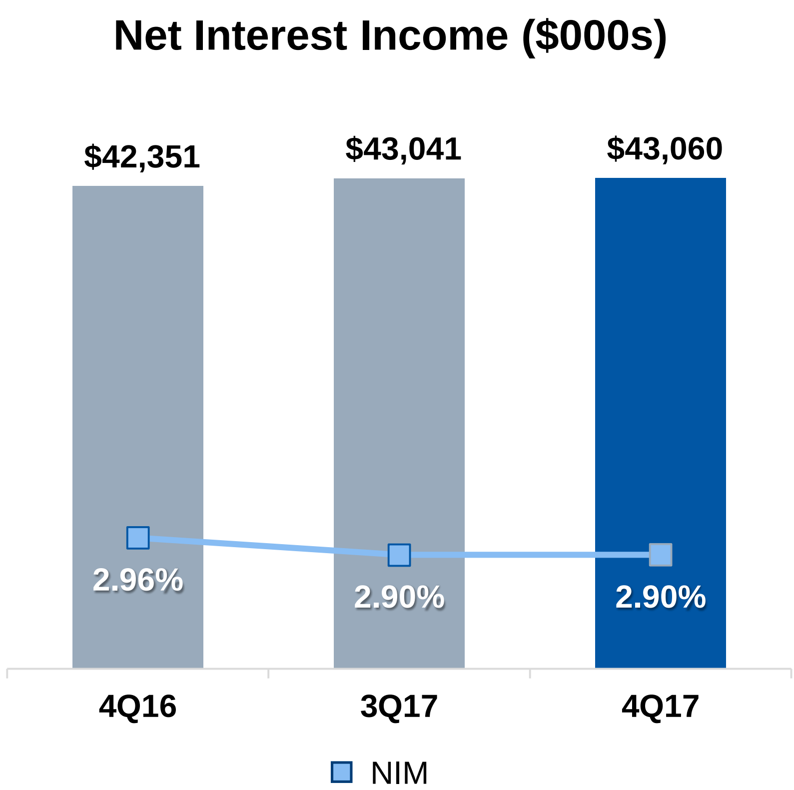
- Deposits increased 4.2% YoY but declined 1.1% QoQ
- YoY growth driven primarily by money market, non-interest bearing and savings accounts
- QoQ decline due to CDs, savings and money market accounts
- Core deposits increased 7% YoY and flat QoQ

Continuing to Shift to Lower-cost Funding Sources



Progress Made…More to Come

Strong Net Interest Income

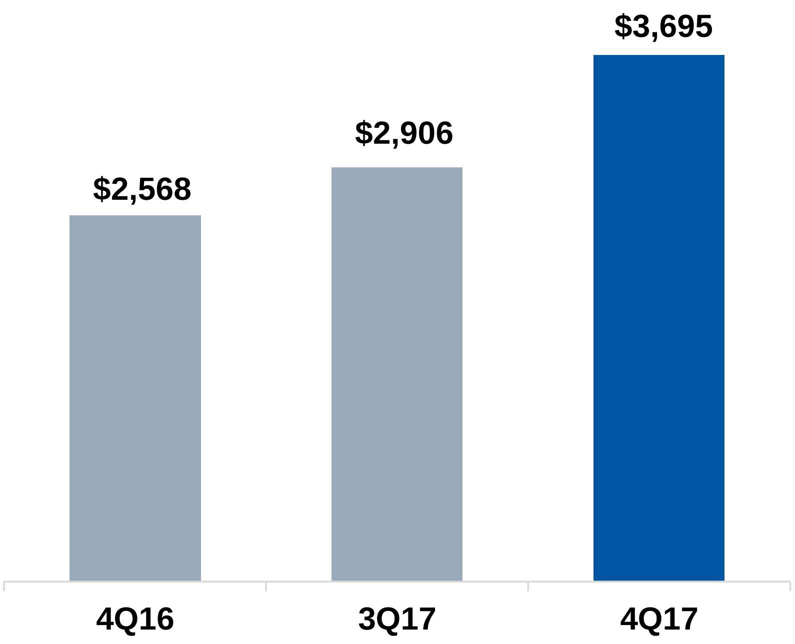


4Q17 Highlights

- Net interest income was up 1.7% YoY and flat QoQ
- NIM of 2.90%, decreased 6bps YoY and flat QoQ
- Excluding prepayment penalty income from loans and securities and recovered interest from nonaccrual loans, NIM would have been 2.77% in 4Q17, compared with 2.81% in 4Q16 and unchanged QoQ
- Cost of funds of 1.17% increased 16bps YoY and 2bps QoQ, driven by increases in rates paid on CDs, government deposits and short-term borrowings resulting from increases in the Fed Funds rate during 2017
- Entered into $400 million of five year forward swaps:
  - $200 million beginning January 2018
  - $100 million beginning July 2018
  - $100 million beginning January 2019

Core Non-Interest Income

Core Non-Interest Income ($000s)[1]



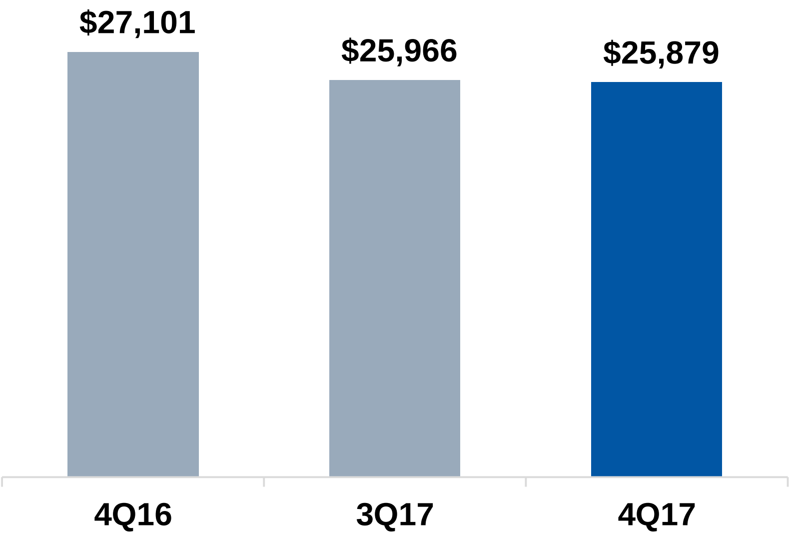
4Q17 Highlights

- Non-interest income was $3.1MM but core was $3.7MM excluding net loss from fair value adjustments
- Banking services fee income was $1.4MM in 4Q17, compared to $0.9MM for 3Q17 and $1.0MM for 4Q16
- Net losses from fair value adjustments in 4Q17 were $0.6MM, compared to $1.3MM for 3Q17 and $0.5MM for 4Q16

[1] Excludes effects of net gains/losses for fair value adjustments, gains/losses on sale of securities, gain on sale of buildings and gain from life insurance proceeds.

Controlling Non-Interest Expense

Core Non-Interest Expense ($000s) [1]

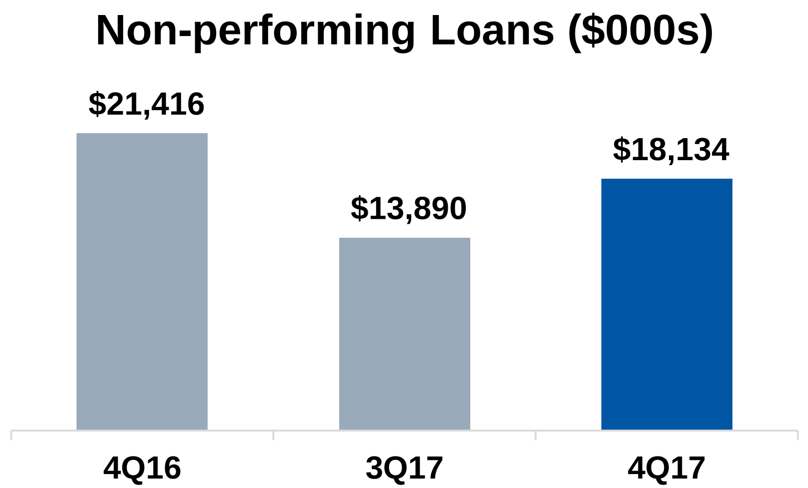


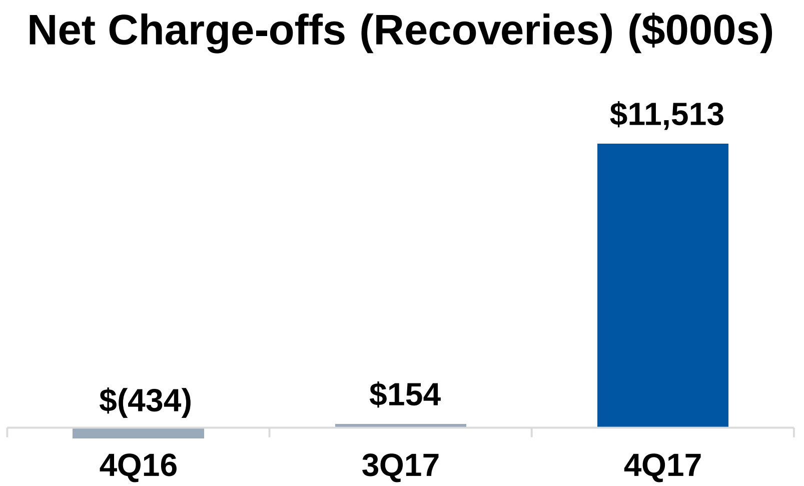
4Q17 Highlights

- Core non-interest expense was $25.9MM, a decrease of 4.5% YoY and 0.3% QoQ
- YoY improvement driven by decreased salaries and benefits, foreclosure expense due to continued improvement in asset quality and a reduction in FDIC insurance expense
- Lower costs associated with FDIC insurance and foreclosure expense should be sustainable
- The efficiency ratio was 55.4% in 4Q17 compared to 59.6% in 4Q16 and 56.5% in 3Q17

[1] Excludes effects of prepayment penalties from extinguishment of debt. As part of a balance sheet restructure, 4Q16 reported expenses included a non-recurring pre-payment penalty on borrowings of $8.3 million.

Credit Quality

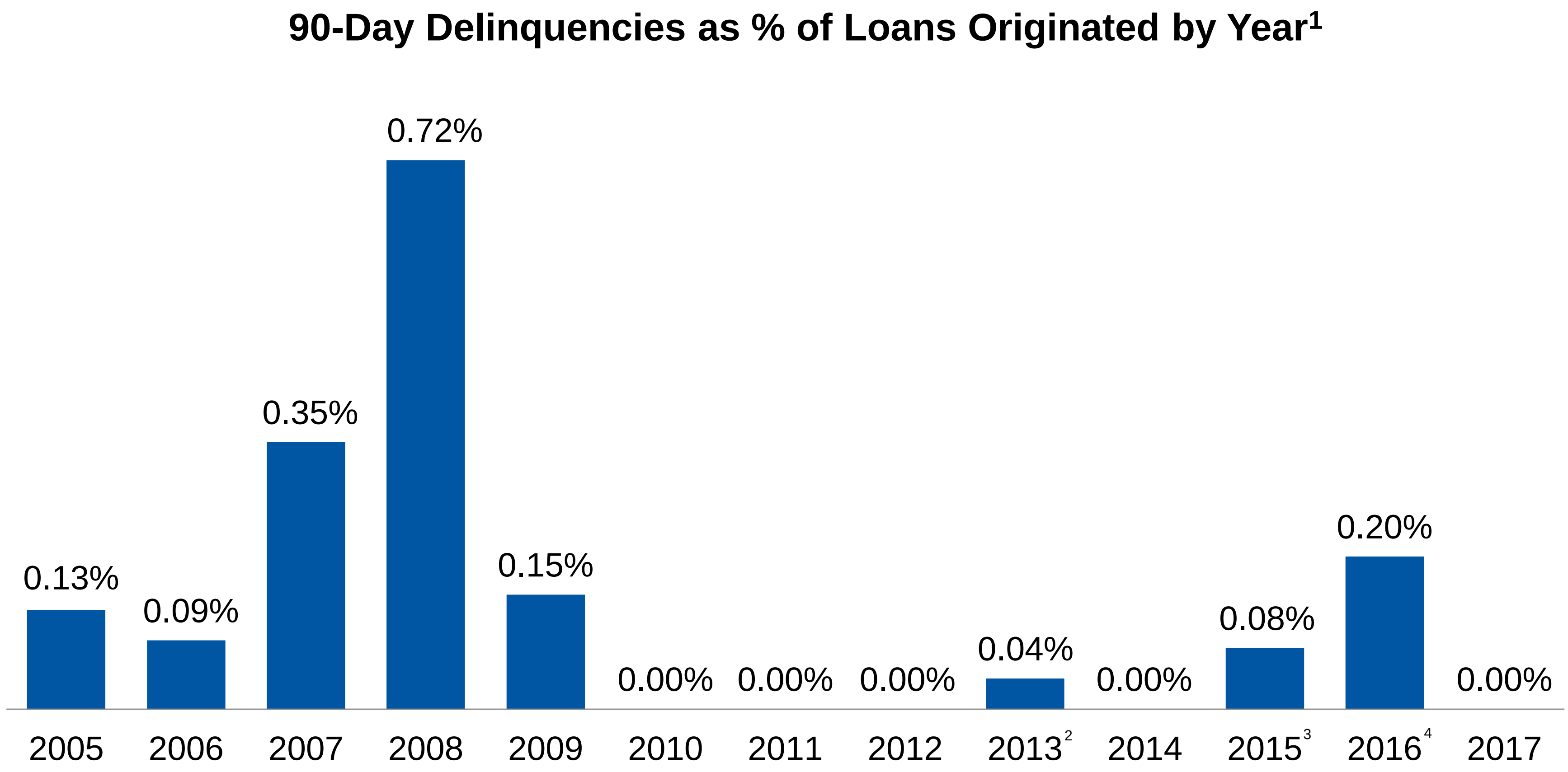




4Q17 Highlights

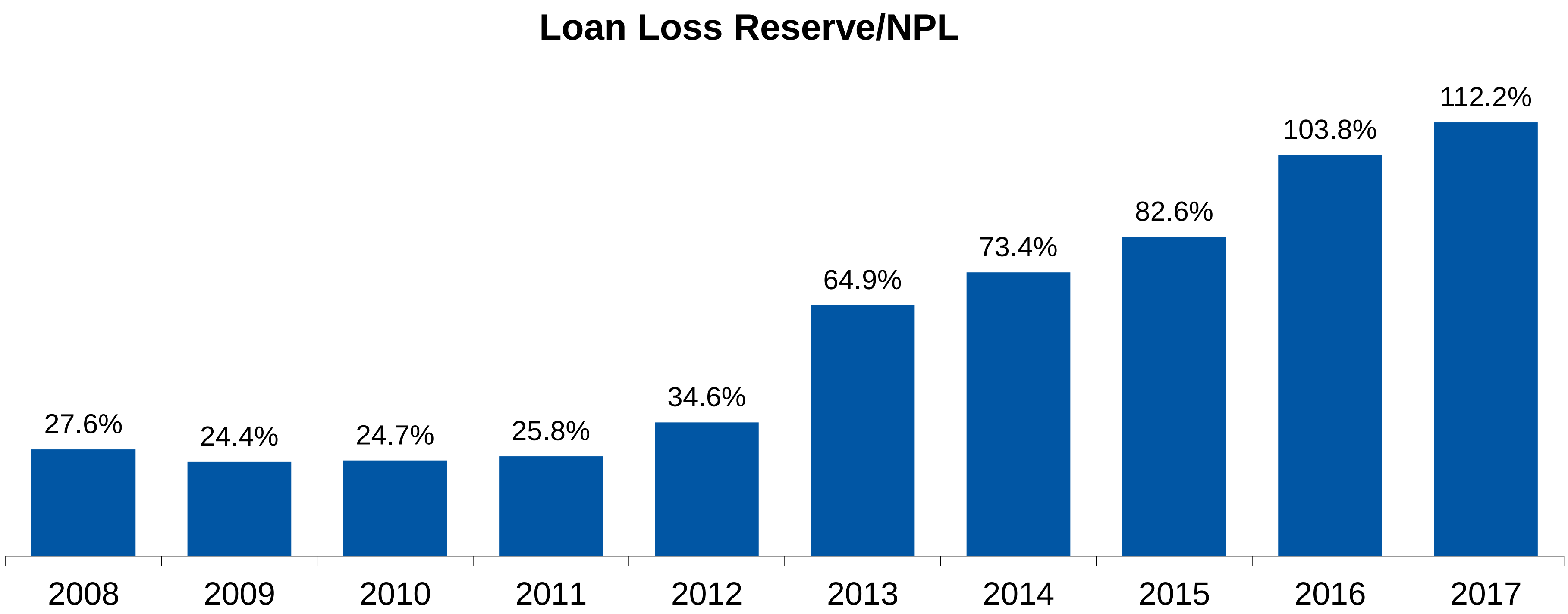
- Non-performing loans totaled $18.1MM, a decrease of 15.3% YoY despite an increase of 30.6% QoQ due to an increase in commercial loans, which are past their contractual maturity, and nonaccrual multi-family loans
- Average loan-to-value for non-performing loans collateralized by real estate at December 31, 2017 was only 39.8%
- Net charge-offs totaled $11.5 million during 4Q17 compared to net recoveries of $0.4 million for 4Q16
- During 4Q17, the charge-offs primarily related to taxi medallion loans totaled $11.2 million
- Book value of taxi medallion loan portfolio is $6.8 million, or an average of $164,000 per New York City corporate medallion

Minimal Delinquencies on the Total Portfolio



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

Increasing Coverage Ratio



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

Why Flushing Financial

Well Positioned for Strategic Growth

- Well capitalized for growth
- Growing multi-family and C&I loan portfolio
- Well-managed credit
  - Charge-offs below industry averages
- Managing our funding costs
- NYC market represents significant opportunity
- Nimble and responsive to industry shifts
  - Re-entry into non multi-family CRE
- Opportunities in the digital environment enable us to demonstrate our unique value

Maximizing Shareholder Value

- Solid 2017 Performance
  - ROAE of 7.75%
  - ROAA of 0.66%
  - Core ROAE of 8.63%
  - Core ROAA of 0.74%
- Returning cash to shareholders: 2.62%[1] dividend yield and active share repurchases
- Shareholder base is over 80% institutional investors
- 5-year TSR of 108%[1]

[1] As of 12/31/17

Small enough to know you.

Large enough to help you.

FFIC FLUSHING Financial Corporation

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			Twelve Months Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
GAAP income before income taxes	$ 13,650	$ 15,470	$ 22,402	$ 66,134	$ 106,019
Net loss from fair value adjustments	631	1,297	509	3,465	3,434
Net loss (gain) on sale of securities	-	186	839	186	(1,524)
Gain from life insurance proceeds	-	(238)	(2)	(1,405)	(460)
Net gain on sale of buildings	-	-	(14,204)	-	(48,018)
Prepayment penalty on borrowings	-	-	8,274	-	10,356
Core income before taxes	14,281	16,715	17,818	68,380	69,807
Provision for income taxes for core income	4,652	5,812	6,227	22,613	25,855
Core net income	$ 9,629	$ 10,903	$ 11,591	$ 45,767	$ 43,952
GAAP diluted earnings per common share	$ 0.21	$ 0.35	$ 0.50	$ 1.41	$ 2.24
Net loss from fair value adjustments, net of tax	0.01	0.03	0.01	0.07	0.07
Net loss (gain) on sale of securities, net of tax	-	-	0.02	-	(0.03)
Gain from life insurance proceeds	-	(0.01)	-	(0.05)	(0.02)
Net gain on sale of buildings, net of tax	-	-	(0.29)	-	(0.95)
Prepayment penalty on borrowings	-	-	0.17	-	0.21
Federal tax reform of 2017	0.13	-	-	0.13	-
Core diluted earnings per common share*	$ 0.33	$ 0.37	$ 0.40	$ 1.57	$ 1.52
Core net income, as calculated above	$ 9,629	$ 10,903	$ 11,591	$ 45,767	$ 43,952
Average assets	6,243,686	6,239,321	6,003,125	6,217,746	5,913,534
Average equity	537,201	536,468	512,317	530,300	496,820
Core return on average assets**	0.62%	0.70%	0.77%	0.74%	0.74%
Core return on average equity**	7.17%	8.13%	9.05%	8.63%	8.85%

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