FFIC FLUSHING Financial Corporation

Small enough to know you.

Large enough to help you.

3Q18 Earnings Conference Call

October 24, 2018

contact: susan.cullen@flushingbank.com | phone: (516) 209-3622 | website: www.flushingbank.com

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, 2017, 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.**

3Q18 Operating Results and Highlights

	3Q18	2Q18	3Q17
Earnings ($MM, except EPS data)			
Net Interest Income	$41.5	$42.6	$43.0
Net Income	$17.3	$13.9	$10.2
Core Net Income[1]	$15.3	$14.1	$10.9
EPS	$0.61	$0.48	$0.35
Core EPS[1]	$0.54	$0.49	$0.37
Profitability Ratios			
ROAA	1.08%	0.86%	0.65%
ROAE	12.93%	10.47%	7.59%
Net Interest Margin	2.71%	2.76%	2.90%
Efficiency Ratio[2]	61.30%	59.58%	56.51%
Capitalization Ratios			
Tangible Common Equity	8.06%	8.09%	8.39%
Dividend Payout	32.79%	41.67%	51.43%

3Q18 Operating Highlights

- Core ROAE = 11.43%
- Core ROAA = 0.95%
- Loan yield increased 21 bps from 2Q18
- Loan originations totaled $308.8MM

Balance Sheet Highlights

- Total deposits up 6.1% YoY and 2.2% QoQ
- Total net loans up 6.2% YoY and 0.9% QoQ
- Asset quality remains pristine
  - Nonaccrual loans of $12.5MM decreased 20.2% YTD
  - Nonperforming assets total $12.7MM, a decrease of 30.1% YTD
  - Delinquent loans totaled $22.1MM compared to $28.8MM at 12/31/2017

[1] Excludes effects of net gains/losses from fair value adjustments, net gains/losses on sale of securities and gain from life insurance proceeds and accelerated employee benefit upon officer's death. Core earnings presented in 3Q18 press release.
[2] Calculated by dividing non-interest expense (excl. OREO expense 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 on sale of securities and gain from life insurance proceeds).

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 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

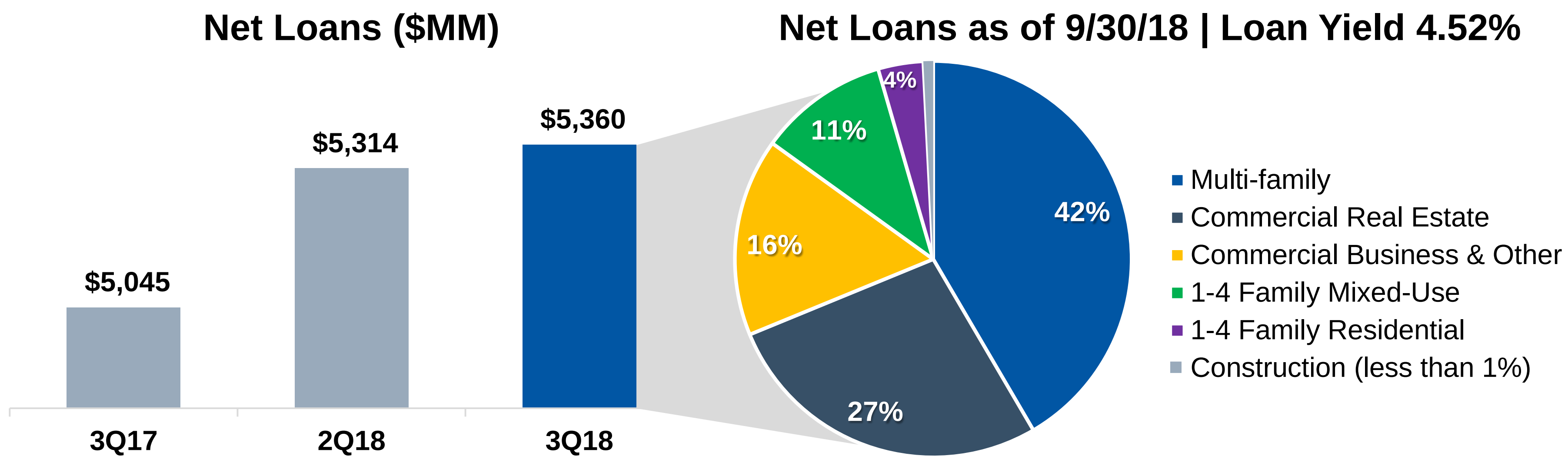
Manage Net Interest Income by Leveraging Loan Pricing Opportunities and Portfolio Mix

Enhance Core Earnings Power by Improving Scalability and Efficiency

Manage Credit Risk

Remain Well Capitalized

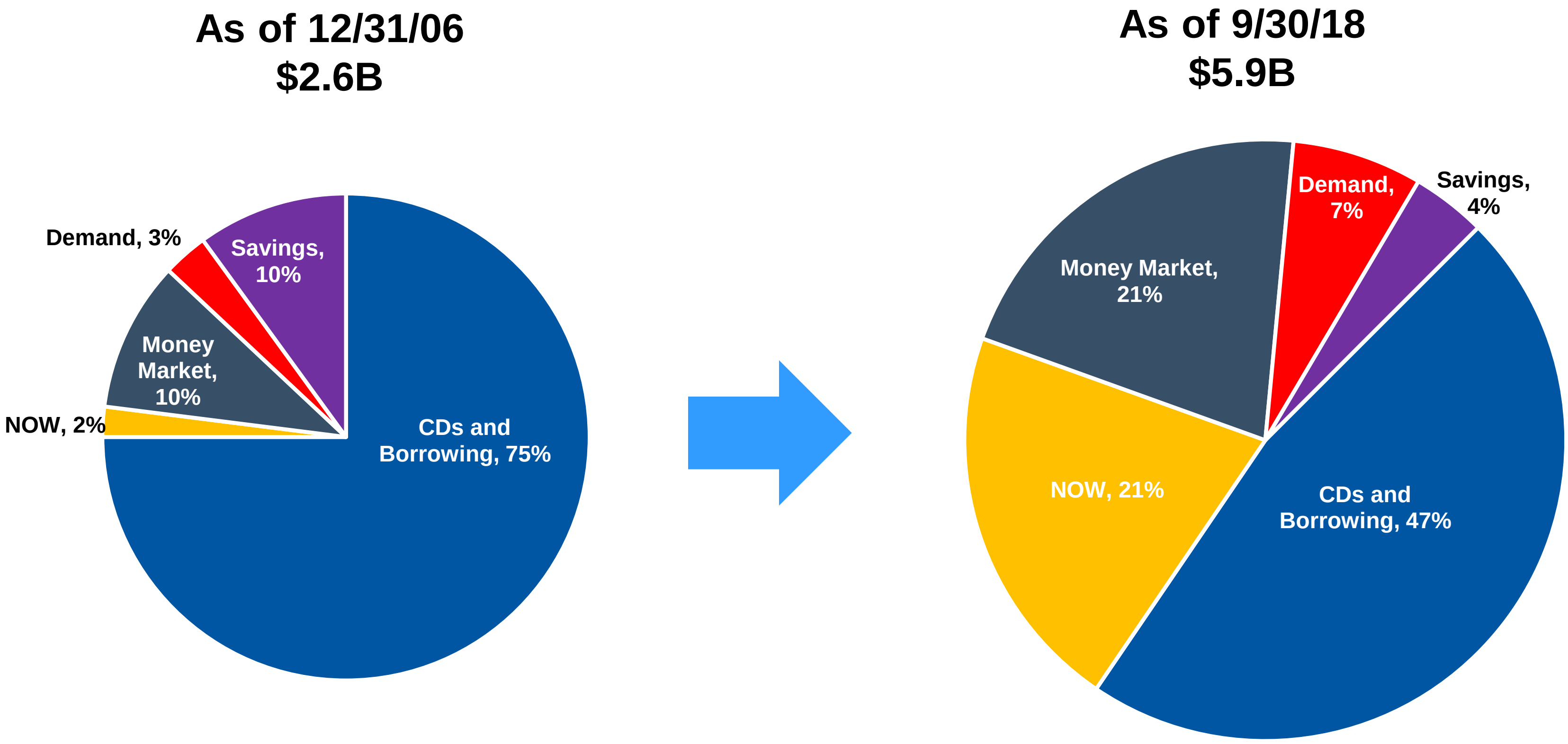
Loans



3Q18 Highlights

- Total loans were $5,360MM reflecting an increase of 0.9% QoQ (not annualized) and an increase of 6.2% YoY
  - Loan growth for 2018 was driven mainly by increases in commercial business loans and commercial real estate loans
  - Loan growth for 2018 expected in the high single digit range
- Loan production totaled $308.8MM, at an average rate of 4.49%, a decrease of 8bps QoQ, but an increase of 24bps YoY
- Loan originations and purchases of multi-family, commercial real estate and commercial business loans totaled 88.8% of loan production
- Loan pipeline totaled $355.2MM at September 30, 2018 with an average rate of 4.68% compared to $322.9MM at 4.67% as of June 30, 2018, and $417.0MM at 4.04% as of September 30, 2017
- Loan-to-value ratio on real estate dependent loans as of September 30, 2018 totaled 38.7%

Continuing to Increase Core Deposits and Improve Funding Mix

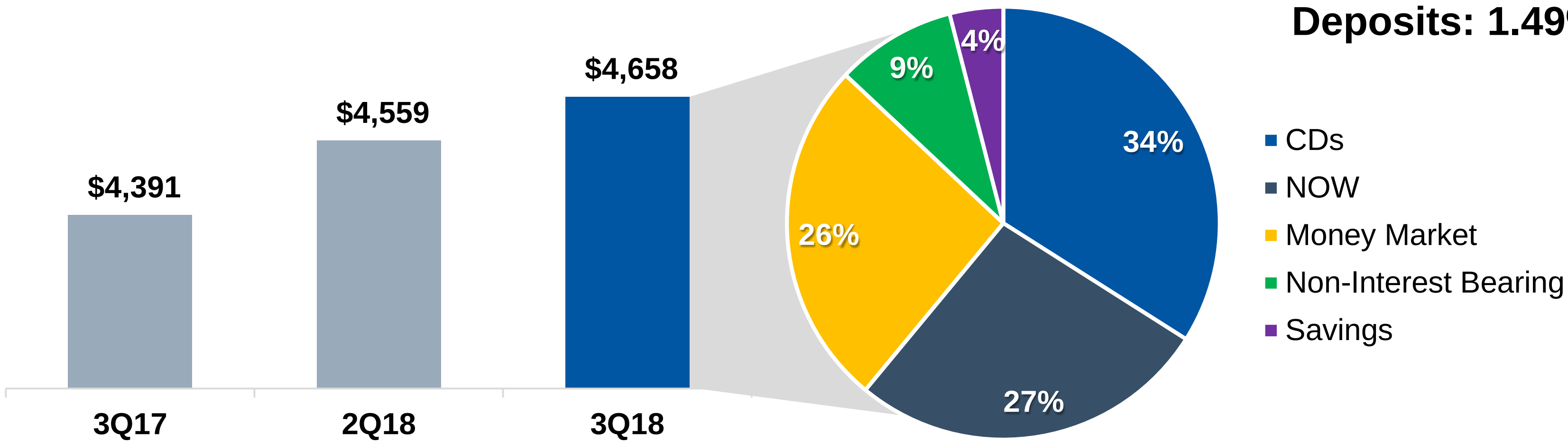


Progress Made…More to Come

Deposits

Deposits ($MM)

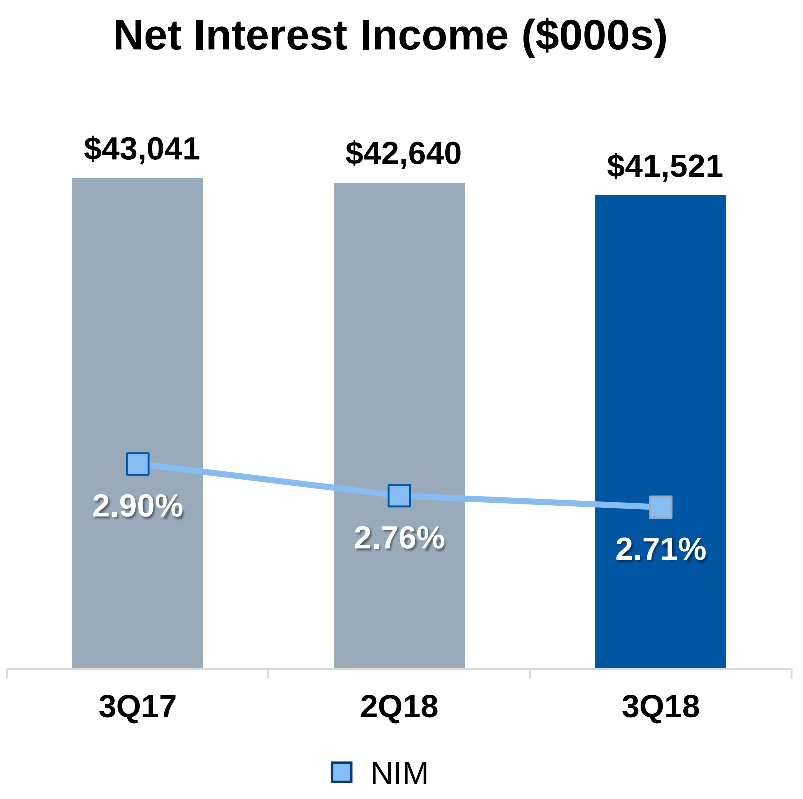
Deposits as of 9/30/18 | Quarterly Cost of Deposits: 1.49%



3Q18 Highlights

- Deposits increased 2.2% (not annualized) QoQ and 6.1% YoY
  - QoQ and YoY increase due to money market, CDs, and non-interest bearing accounts
- Core deposits decreased 0.4% QoQ and increased 3.6% YoY
- Loan to deposit ratio totaled 114% compared to 116% at June 30, 2018

Net Interest Income



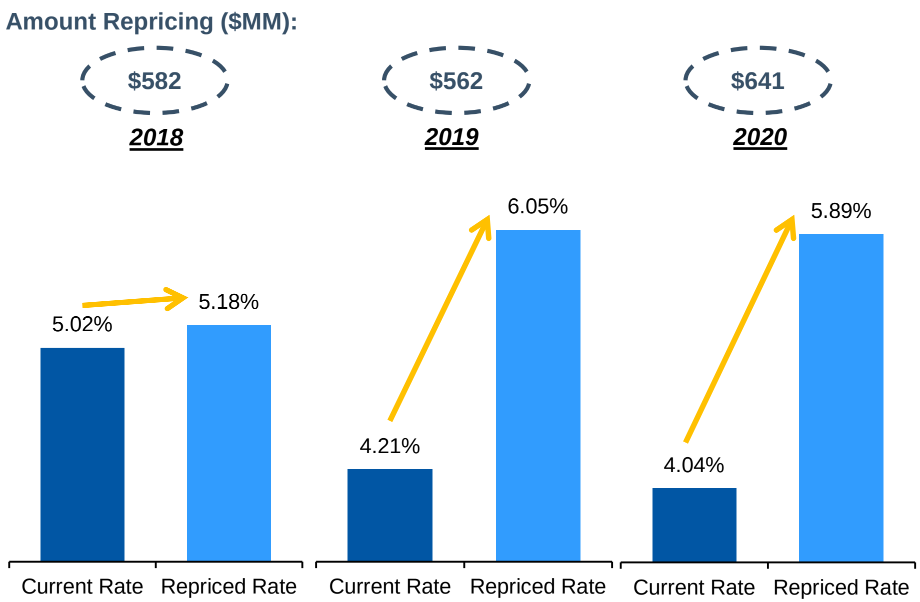
3Q18 Highlights

- Net interest income was down 2.6% QoQ and down 3.5% YoY
- NIM decreased 5bps QoQ and 19bps YoY
- Excluding prepayment penalty income from loans and securities and recovered interest from delinquent loans, NIM would have been 2.51% in 3Q18, compared with 2.77% in 3Q17 and 2.64% in 2Q18
- Cost of funds of 1.63% increased 22bps QoQ and 48bps YoY, driven by an increase in rates paid on money market and CD accounts

Mitigation Strategies for Cost of Funds Increases

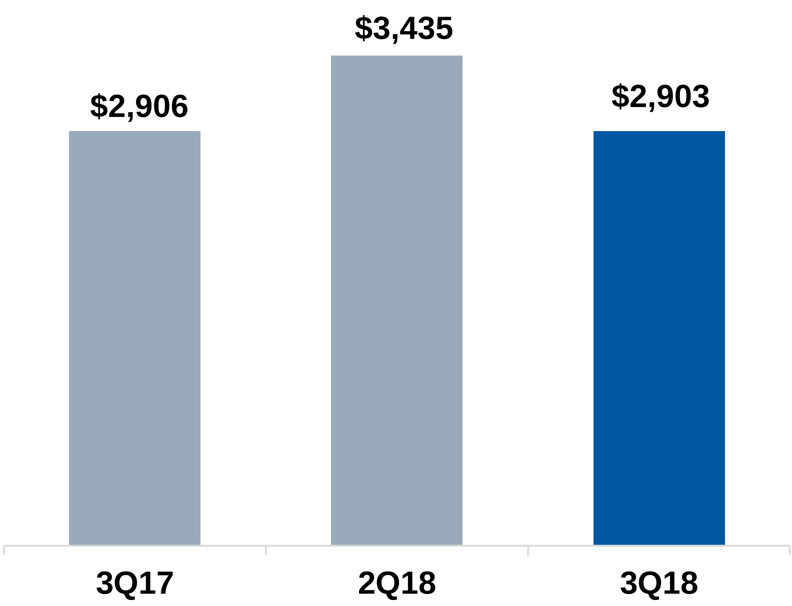
- For the fifth consecutive quarter, the yield on loan originations exceeded the quarterly yield on the portfolio, net of prepayment penalties and recovered interest from delinquent loans
- Forward swaps totaling $442MM, of which $346MM have been funded as of September 30, 2018
- Forward swaps provided a benefit of one basis point to the current quarter net interest margin and we project that these swaps will enhance earnings as rates continue to rise
- Loan origination yields have increased 24bps from the third quarter of 2017
- Originations of commercial business loans, which are primarily adjustable rate loans, totaled 43% of the current quarter originations and now comprise 16% of the loan portfolio

Yield on Loans Repricing through 2020 (~$2B to Reprice)



Core Non-Interest Income

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

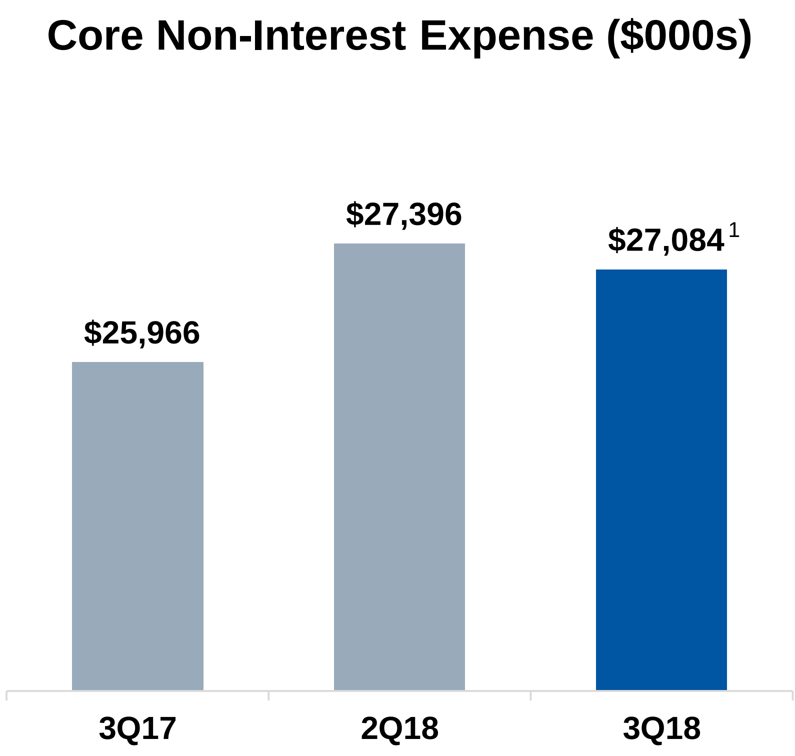


3Q18 Highlights

- Non-interest income was $5.0MM and core was $2.9MM excluding the net loss from fair value adjustments and the gain from life insurance proceeds
- Net losses from fair value adjustments in 3Q18 were $0.2MM, compared to $0.3MM for 2Q18 and $1.3M for 3Q17
- Net gains from the sale of loans totaled $10,000 in 3Q18 compared to $0.4MM in 2Q18 and $0.2MM in 3Q17
- Banking services fee income was $1.0MM in 3Q18 and 2Q18, compared to $0.9MM for 3Q17

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

Controlling Non-Interest Expense

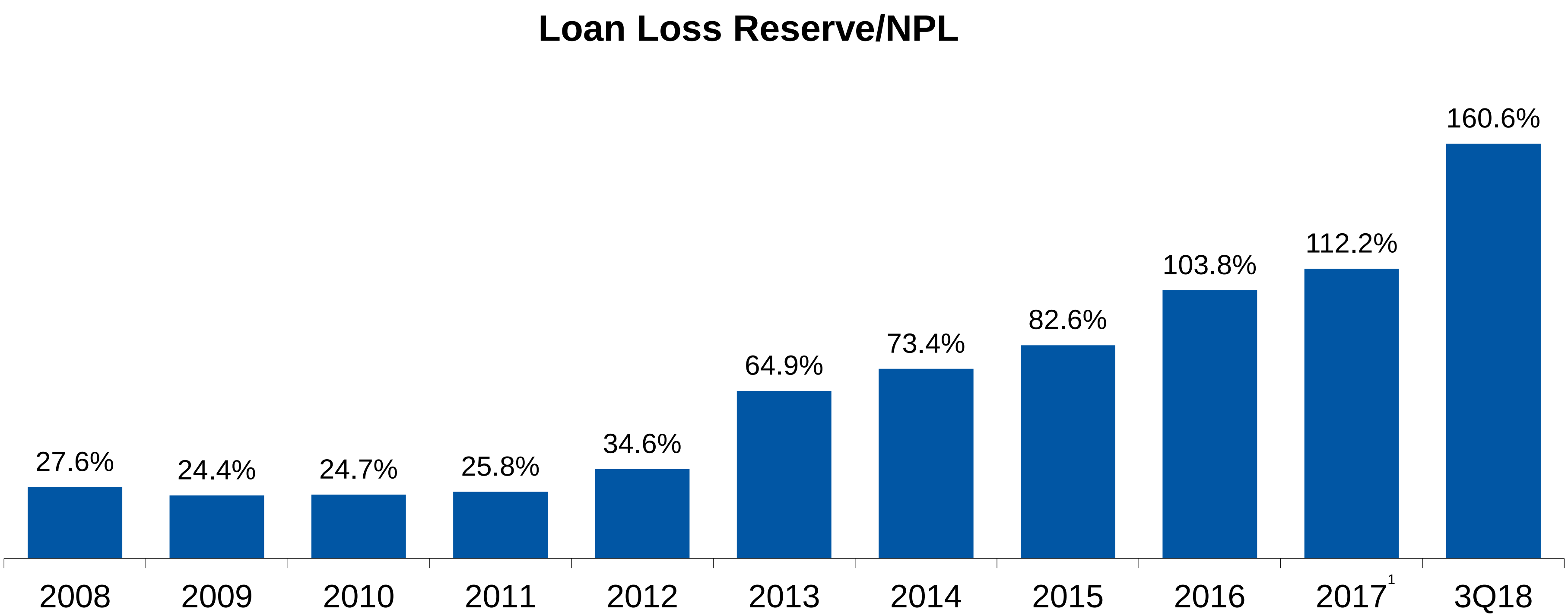


3Q18 Highlights

- Core non-interest expense was $27.1MM, a decrease of 1.1% QoQ and increase of 4.3% YoY
- QoQ decrease due to reduction in professional services and benefit related to other real estate owned/foreclosure expense
- YoY increase primarily driven by increased salaries, professional services and depreciation expense due to the growth of the bank
- The efficiency ratio was 60.97% in 3Q18 compared to 59.58% in 2Q18 and 56.51% in 3Q17
- Non-interest expenses projected annual increase of 3% to 5% over 2017 amounts

[1] 3Q18 non-interest expense excludes $0.1mm of compensation expense recognized due to an officer's death

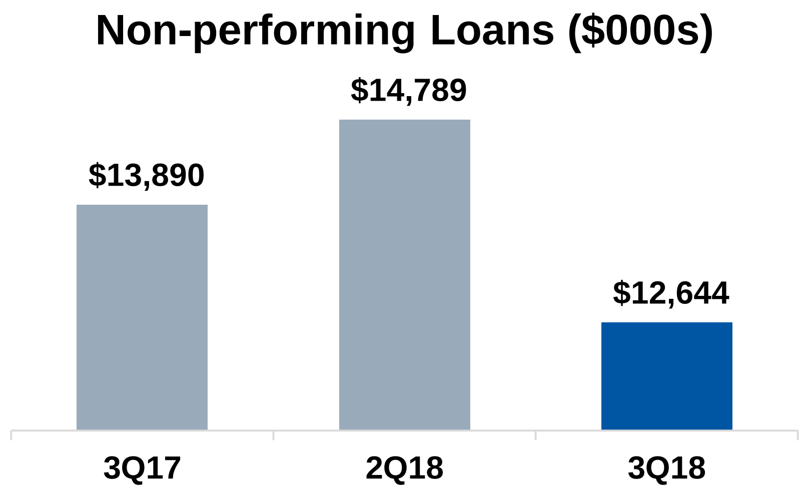
Increasing Coverage Ratio

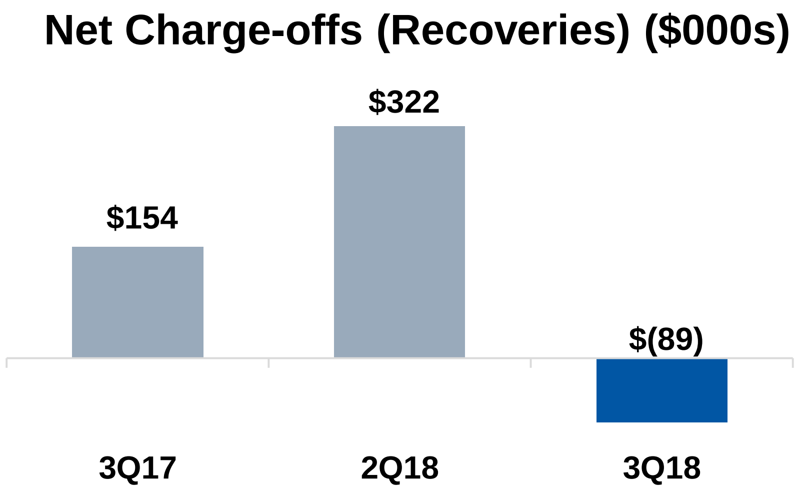


- **Will continue to reserve given loan portfolio growth**

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

Credit Quality

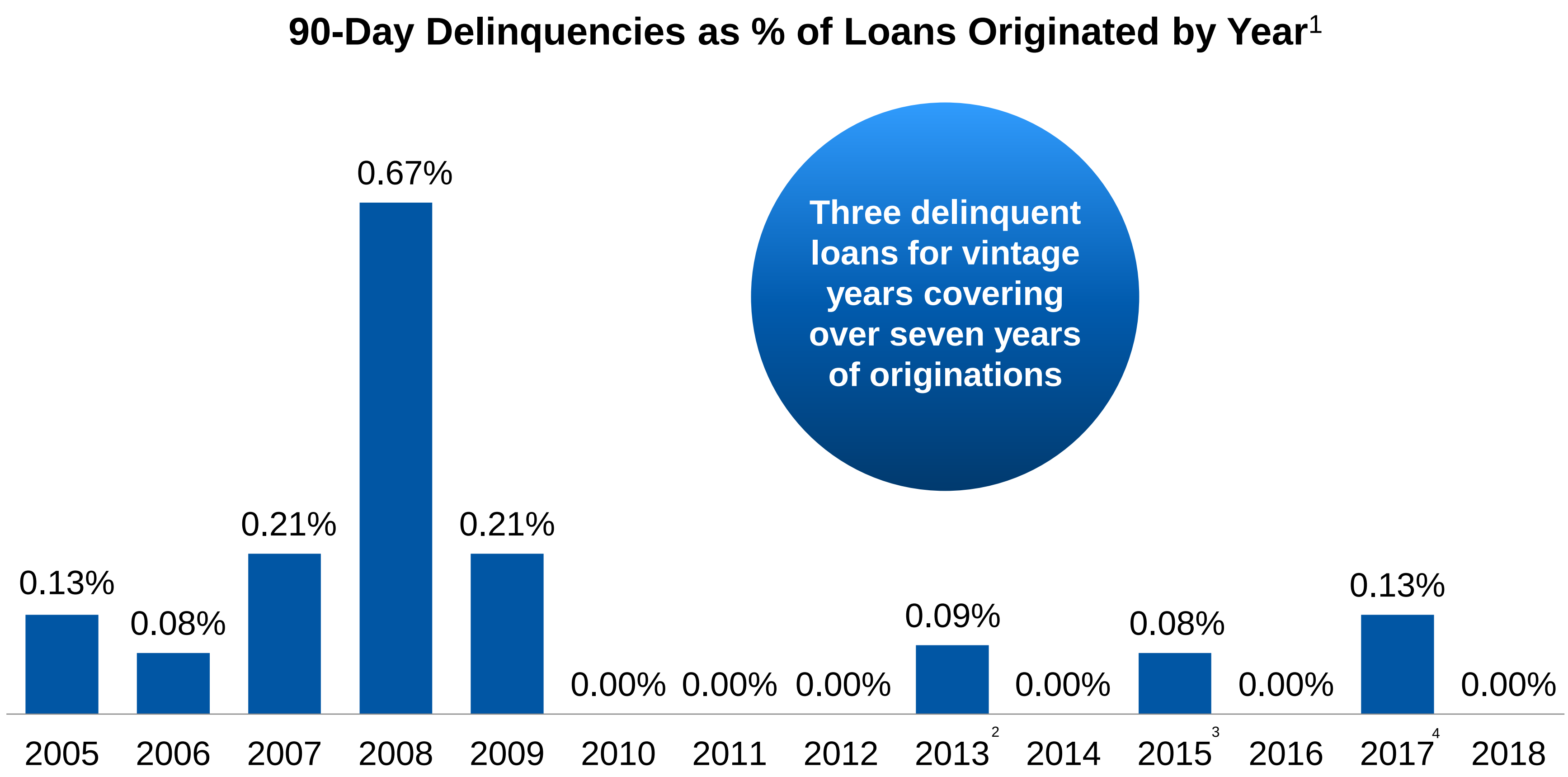




3Q18 Highlights

- Non-performing loans totaled $12.6MM, a decrease of 14.5% QoQ and 9.0% YoY
- Average loan-to-value for non-performing loans collateralized by real estate at September 30, 2018 was only 35.1%
- Net charge-offs in 2Q18 consisted primarily of reducing the carrying value of Chicago taxi medallion loans from $60,000 to $25,000 per 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 commercial business secured by real estate.
[3] Represents one 1-4 family residential loan.
[4] Represents one SBA loan.

Why Flushing Financial

Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 978% total return since IPO in 1995[1]
- Positive earnings through the cycle and every quarter since IPO
- Consistent EPS and dividend growth

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

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

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

[1] As of September 30, 2018.

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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			Nine Months Ended	
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
GAAP income before income taxes	$ 19,243	$ 18,412	$ 15,470	$ 52,017	$ 52,484
Net loss from fair value adjustments	170	267	1,297	537	2,834
Net loss on sale of securities	-	-	186	-	186
Gain from life insurance proceeds	(2,222)	-	(238)	(2,998)	(1,405)
Accelerated employee benefits upon Officer's death	149	-	-	149	-
Core income before taxes	17,340	18,679	16,715	49,705	54,099
Provision for income taxes for core income	2,010	4,573	5,812	9,565	17,961
Core net income	$ 15,330	$ 14,106	$ 10,903	$ 40,140	$ 36,138
GAAP diluted earnings per common share	$ 0.61	$ 0.48	$ 0.35	$ 1.48	$ 1.21
Net loss from fair value adjustments, net of tax	-	0.01	0.03	0.01	0.07
Net loss on sale of securities, net of tax	-	-	-	-	-
Gain from life insurance proceeds	(0.08)	-	(0.01)	(0.10)	(0.05)
Accelerated employee benefits upon Officer's death, net of tax	-	-	-	-	-
Core diluted earnings per common share[1]	$ 0.54	$ 0.49	$ 0.37	$ 1.39	$ 1.24
Core net income, as calculated above	$ 15,330	$ 14,106	$ 10,903	$ 40,140	$ 36,138
Average assets	6,446,540	6,484,882	6,239,321	6,445,097	6,209,005
Average equity	536,416	532,027	536,468	532,601	527,975
Core return on average assets[2]	0.95%	0.87%	0.70%	0.83%	0.78%
Core return on average equity[2]	11.43%	10.61%	8.13%	10.05%	9.13%

(1) Core diluted earnings per common share may not foot due to rounding.

(2) Ratios are calculated on an annualized basis.

Contact Details: Flushing Financial Corporation

Susan Cullen
SEVP, CFO & Treasurer
(516) 209-3622
susan.cullen@flushingbank.com

NASDAQ: FFIC

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