FFIC FLUSHING Financial Corporation

Small enough to know you.

Large enough to help you.

1Q19 Earnings Conference Call

May 1, 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.**

1Q19 Operating Results and Highlights

	1Q19	4Q18	1Q18
Earnings ($MM, except EPS data)			
GAAP Net Interest Income	$41.8	$40.6	$42.6
Net Income	$7.1	$12.4	$11.4
Core Net Income[1]	$9.5	$15.4	$10.7
EPS	$0.25	$0.44	$0.39
Core EPS	$0.33	$0.54	$0.37
Profitability Ratios			
ROAA	0.41%	0.74%	0.71%
ROAE	5.12%	9.18%	8.62%
Net Interest Margin	2.57%	2.57%	2.81%
Efficiency Ratio[2]	70.37%	58.53%	69.34%
Capitalization Ratios			
Tangible Common Equity	7.94%	7.83%	8.03%
Dividend Payout	84.00%	45.45%	51.28%

1Q 2019 Highlights

- Core Net Interest Income[3] = $42.4MM
- Core ROAE = 6.84%
- Core ROAA = 0.55%
- Loan origination yields increased 12 bps and 75 bps from 4Q18 and 1Q18, respectively

Balance Sheet Highlights

- Loan originations totaled $198.0MM, of which 66% were commercial business loans
- Total loans increased 0.7% QoQ
- Total deposits increased 1.9% QoQ

[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 1Q19 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). [3] Excludes $0.6 million loss from fair value adjustments of qualifying hedges.

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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 commercial business loans which total over 65% in this quarter and total 17% 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 versus Volume 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



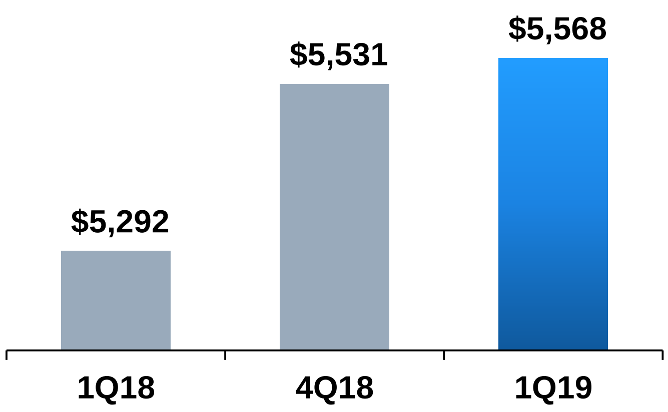


Loans

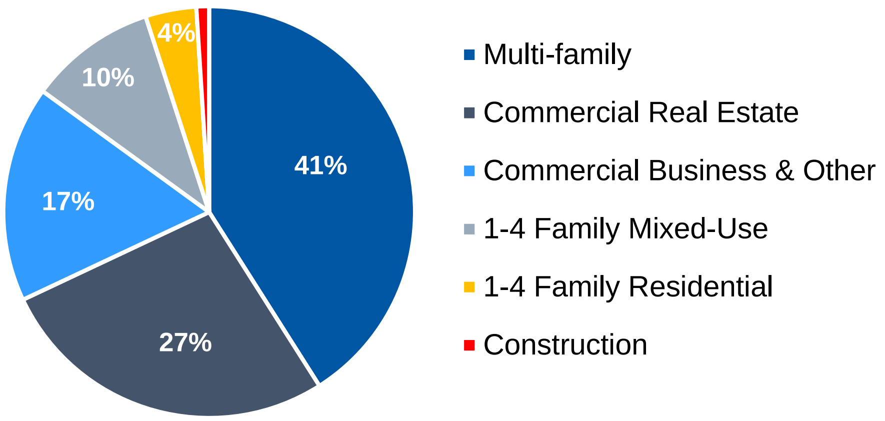
1Q 2019 Highlights

- Total loans were $5,568MM reflecting an increase of 0.7% QoQ (not annualized) and 5.2% YoY
  - Loan growth for 1Q19 was driven mainly by increases in commercial business loans
- Loan production totaled $198.0MM, at an average rate of 5.02%, an increase of 12bps QoQ and 75bps YoY
- Over 75% of loan closings in 1Q19 were non-brokered loans
- Loan pipeline totaled $274.8MM at March 31, 2019 with an average rate of 4.80% which exceeds the portfolio rate

Net Loans ($MM)

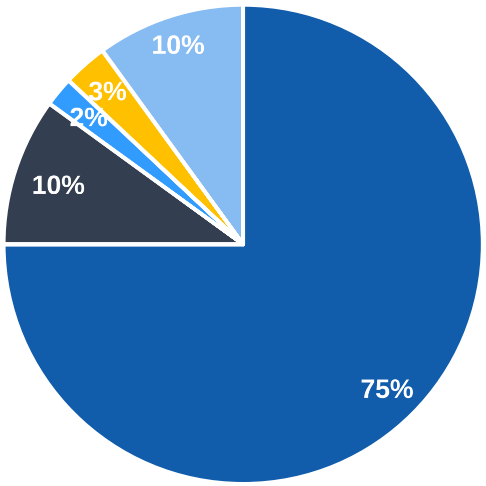


Net Loans as of 03/31/19 | Loan Yield 4.50%

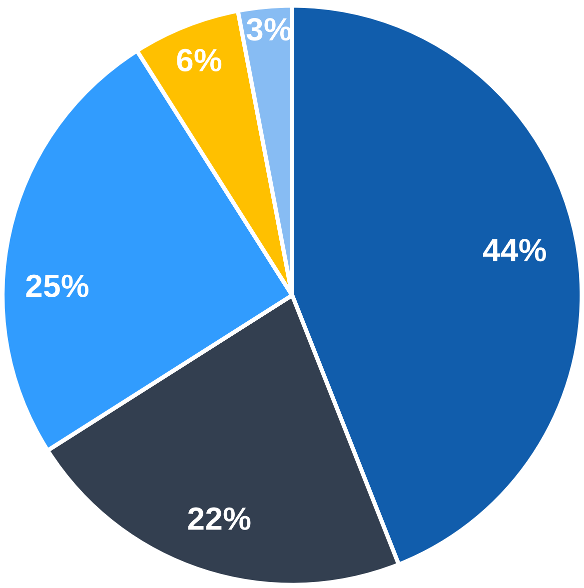


Continuing to Improve Funding Mix

$2.6B
As of 12/31/06



$6.2B
As of 03/31/19



■ CDs & Borrowings[1] ■ Money Market ■ Now ■ Demand ■ Savings

Progress Made…More to Come

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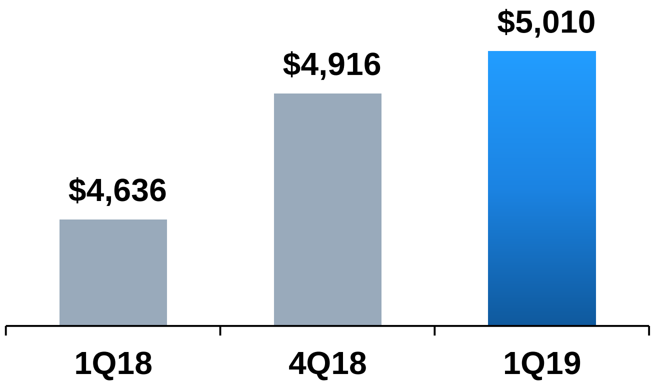
[1] Includes Mortgagors' escrow

Deposits

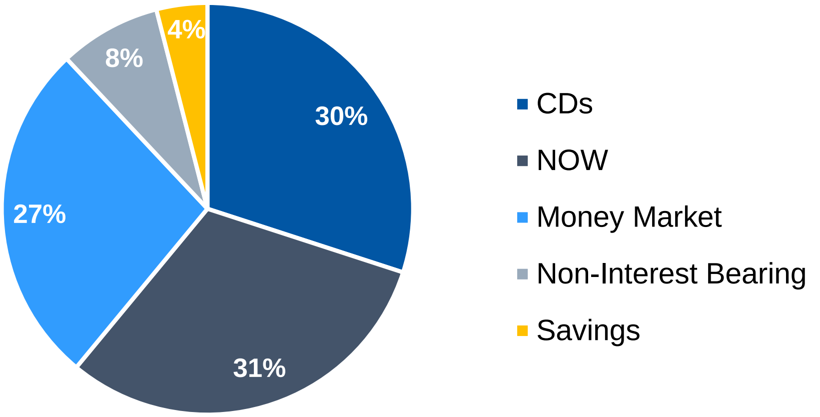
1Q 2019 Highlights

- Deposits increased 1.9% (not annualized) QoQ and 8.1% YoY
  - QoQ increase due to NOW accounts
  - YoY increase due to money market, non-interest bearing, and NOW accounts
- Core deposits increased 4.3% QoQ and 11.5% YoY
- Loan to deposit ratio totaled 110% compared to 112% at December 31, 2018 and 113% at March 31, 2018

Deposits ($MM)



Deposits as of 03/31/19 | Quarterly Cost of Deposits: 1.70%



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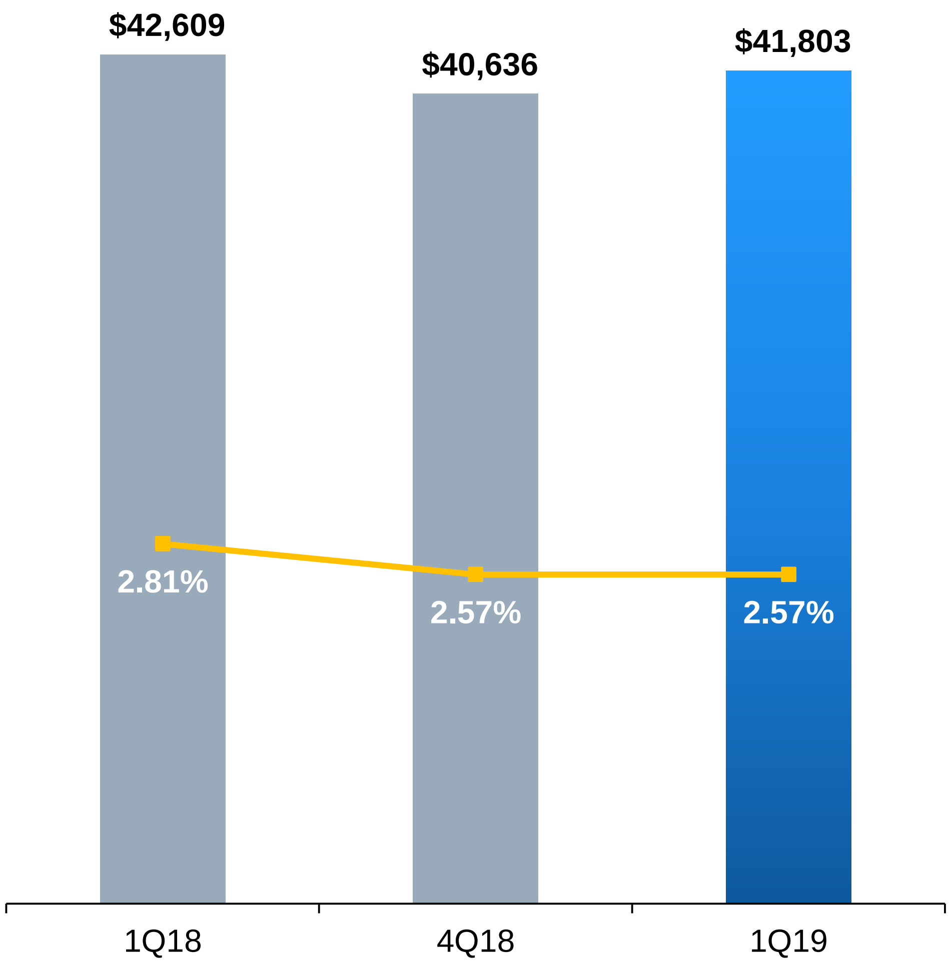
Net Interest Income Moving in Right Direction

Net Interest Income ($000s)



1Q 2019 Highlights

- Net interest income was up 2.9% QoQ
- NIM was flat QoQ
- Core NIM[1] increased 3bps QoQ
- Core NIM[1] totaled 2.52% in 1Q19, 2.49% in 4Q18 and 2.74% in 1Q18
- The pace of increase in the cost of funds has decreased by 23bps compared to the increase recognized between the second and third quarters of 2018

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

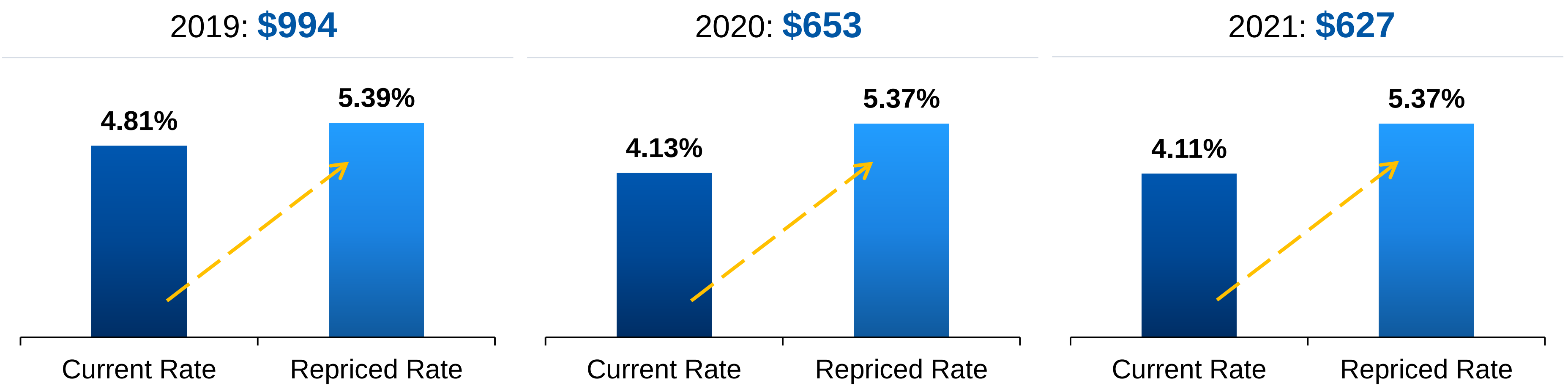
Net Interest Margin Opportunities

Highlights

- Loan origination yield exceeds the portfolio yield
- Interest rate swaps totaling $726MM provided 6bps of benefit
- The slower pace of increasing liability cost
- Business loans which are primarily adjustable rate loans accounted for over 65% of 1Q19 production and now total 17% of the loan portfolio

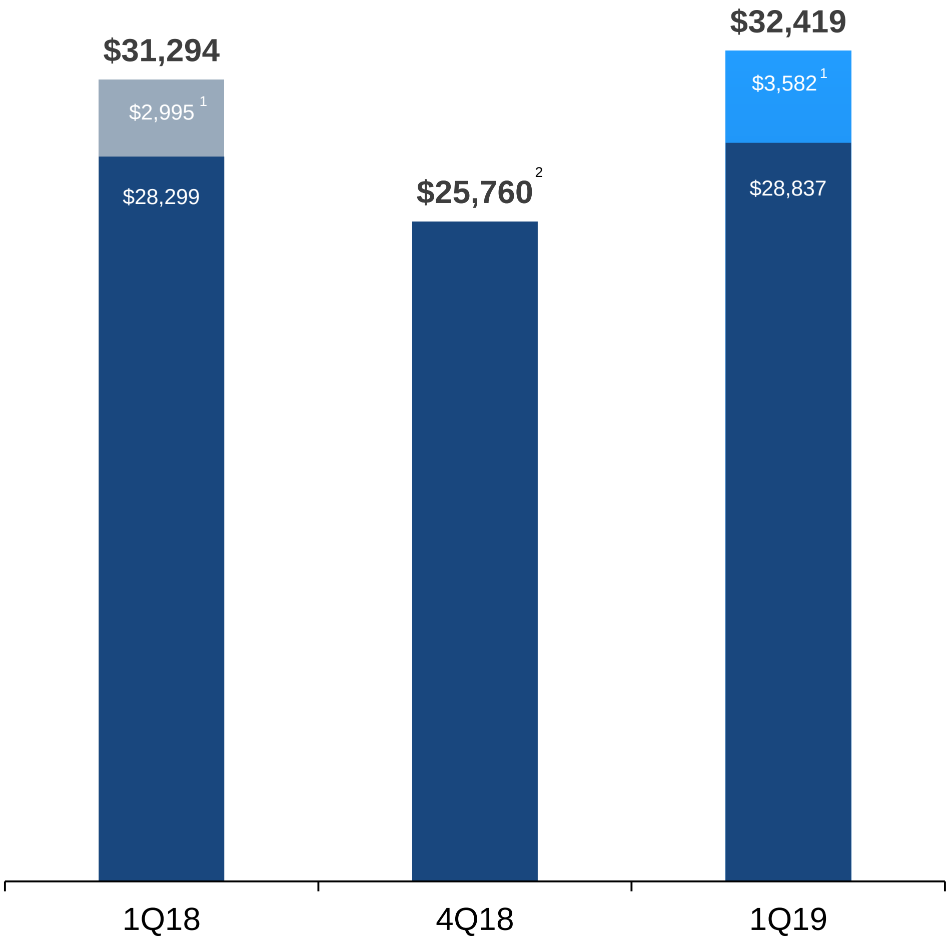
Yield on Loans Repricing Opportunity

(Amount Repricing $MM)



Controlling Non-Interest Expense

Non-Interest Expense ($000s)



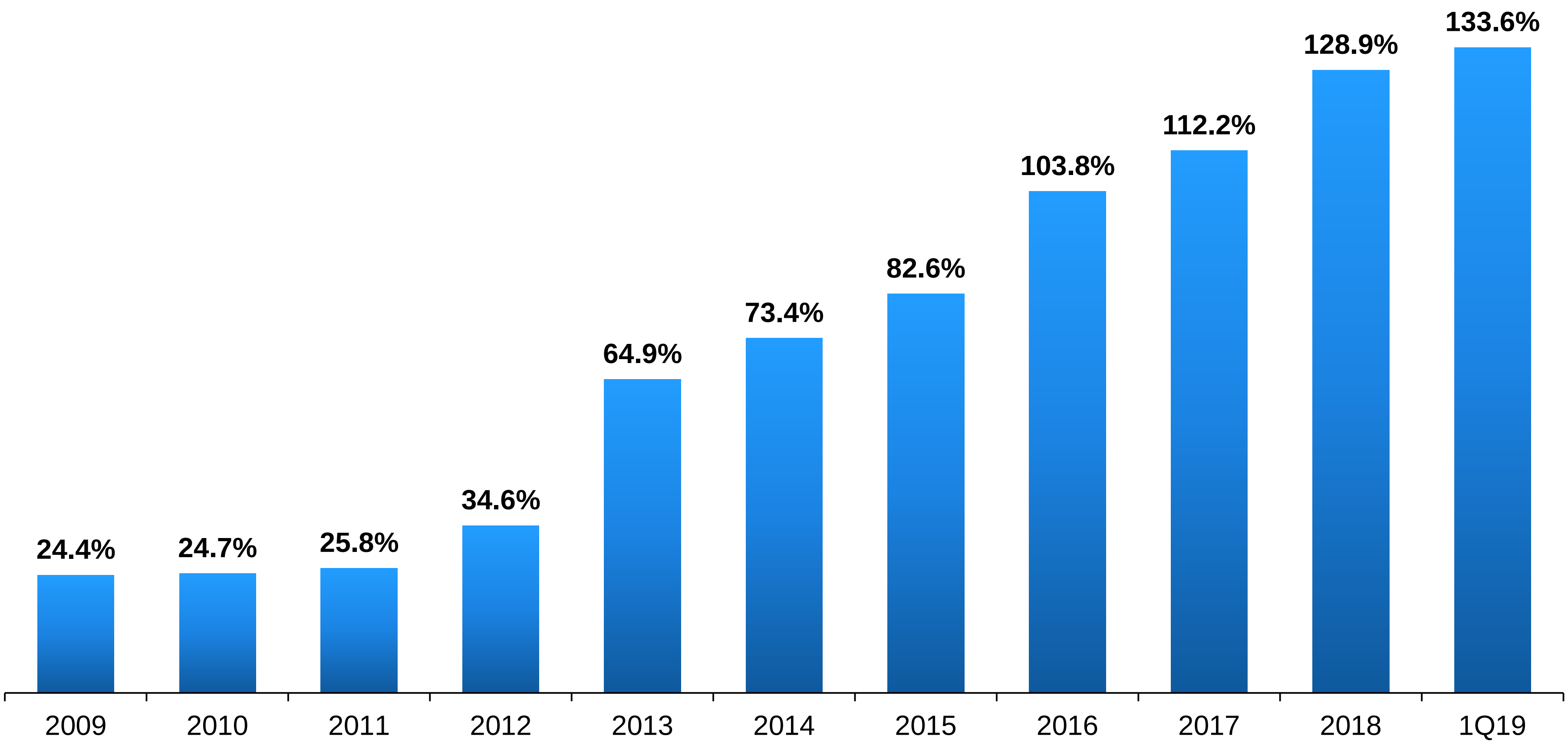
1Q19 Highlights

- 1Q19 includes seasonal expenses totaling $3.0 million and a one-time expense of $0.5 million from the acceleration of employee benefits upon an officer's death
- YoY increase was driven by increases in salaries and employee benefits, occupancy and equipment and depreciation expense due to growth of the Bank
- The ratio of non-interest expense to average assets was 1.89% in 1Q19 and 1.95% in 1Q18
- 4Q18 included $0.3 million of contra-expense related to stock based compensation compared to $0.1 million of expense in 1Q19

[1] Represents first quarter seasonal and one-time expenses. [2] Includes $0.6 million benefit from BOLI split dollar insurance expense reduced due to an increase in the discount rate used to calculate the cumulative split dollar liability.

Increasing Coverage Ratio

Loan Loss Reserve/NPL

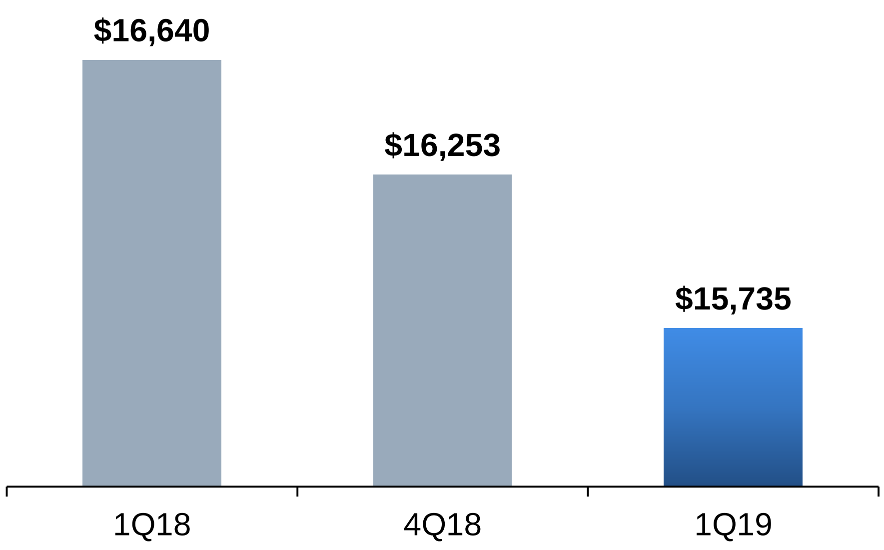


Credit Quality

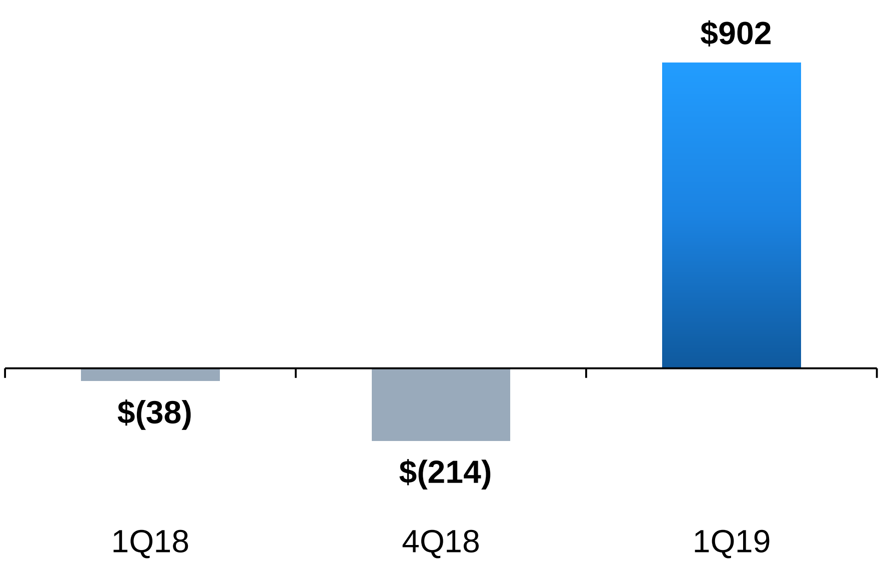
1Q 2019 Highlights

- Non-performing loans totaled $15.7MM, a decrease of 3.2% QoQ and 5.4% YoY
- Loan-to-value ratio on real estate dependent loans as of March 31, 2019 totaled 38.7%
- Average loan-to-value for non-performing loans collateralized by real estate at March 31, 2019 was only 33.9%
- Charge-off in 1Q19 related to only one commercial business relationship

Non-performing Loans ($000s)



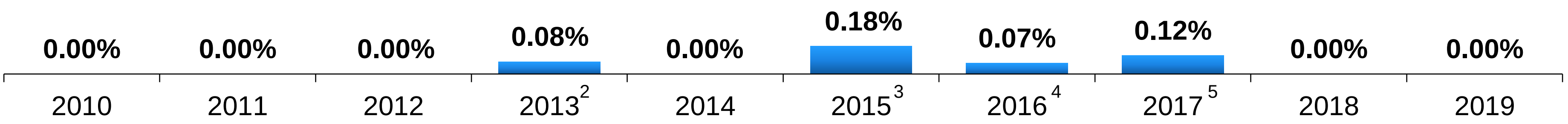
Net Charge-offs (Recoveries) ($000s)



Minimal Delinquencies on the Total Portfolio

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

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



[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 one commercial business loan. [4] Represents two commercial business loans. [5] Represents one SBA Loan.

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Why Flushing Financial

1 Management Culture & Track Record

- Long-standing, skilled management team
- Experienced lending in greater New York City markets
- 887% 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

FLUSHING
Commercial ▪ Business ▪ Consumer

[1] As of March 31, 2019.

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
(Dollars in thousands, except per share data)

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
GAAP income before income taxes	$ 9,355	$ 13,468	$ 14,362
Net loss from fair value adjustments	2,080	3,585	100
Net loss on sale of securities	-	1,920	-
Gain from life insurance proceeds	(43)	-	(776)
Net gain on sale of assets	-	(1,141)	-
Net losses from fair value adjustments on qualifying hedges	637	-	-
Accelerated employee benefits upon Officer's death	455	-	-
Core income before taxes	12,484	17,832	13,686
Provision for income taxes for core income	3,033	2,395	2,982
Core net income	$ 9,451	$ 15,437	$ 10,704
GAAP diluted earnings per common share	$ 0.25	$ 0.44	$ 0.39
Net loss from fair value adjustments, net of tax	0.05	0.09	-
Net loss on sale of securities, net of tax	-	0.05	-
Gain from life insurance proceeds	-	-	(0.03)
Net gain on sale of assets, net of tax	-	(0.03)	-
Net losses from fair value adjustments on qualifying hedges, net of tax	0.02	-	-
Accelerated employee benefits upon Officer's death, net of tax	0.01	-	-
Core diluted earnings per common share[1]	$ 0.33	$ 0.54	$ 0.37
Core net income, as calculated above	$ 9,451	$ 15,437	$ 10,704
Average assets	6,868,140	6,681,161	6,403,396
Average equity	552,621	541,067	529,281
Core return on average assets[2]	0.55%	0.92%	0.67%
Core return on average equity[2]	6.84%	11.41%	8.09%

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

(2) Ratios are calculated on an annualized basis.

RECONCILIATION OF GAAP NET INTEREST INCOME and NET INTEREST MARGIN To CORE NET INTEREST INCOME and NET INTEREST MARGIN (Dollars in thousands)

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
GAAP net interest income	$ 41,803	$ 40,636	$ 42,609
Net losses from fair value adjustments on qualifying hedges	637	-	-
Core net interest income	$ 42,440	$ 40,636	$ 42,609
GAAP interest income on total loans, net	$ 62,330	$ 60,722	$ 55,017
Net losses from fair value adjustments on qualifying hedges	637	-	-
Prepayment penalties received on loans	(805)	(892)	(913)
Net recoveries of interest from non-accrual loans	(714)	(276)	(166)
Core interest income on total loans, net	$ 61,448	$ 59,554	$ 53,938
Average total loans, net	$ 5,544,667	$ 5,438,418	$ 5,231,377
Core yield total loans, net	4.43%	4.38%	4.12%
Net interest income tax equivalent	$ 41,928	$ 40,850	$ 42,836
Net losses from fair value adjustments on qualifying hedges	637	-	-
Prepayment penalties received on loans	(805)	(892)	(913)
Net recoveries of interest from non-accrual loans	(714)	(276)	(166)
Net interest income used in calculation of Core net interest margin	$ 41,046	$ 39,682	$ 41,757
Total average interest-earning assets	$ 6,521,142	$ 6,364,456	$ 6,098,706
Core net interest margin	2.52%	2.49%	2.74%

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NASDAQ: FFIC

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