

**FLUSHING FINANCIAL CORPORATION
INVESTOR PRESENTATION
FOR THE STOCKBROKER CLUB WITH
JOHN R. BURAN**

Friday, June 18, 2021, 12:00 PM Eastern

CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Mr. Buran, you are now live to the webcast, please begin.

John Buran

Thank you. Thank you for joining me today and for your interest in Flushing Financial Ticker FFIC. I'm John Buran, President and CEO of the company. And I've been president and CEO since 2005 and I've been with the company since 2001. I've spent 44 years in the banking industry. Before we begin, if you have a question, please type it in the submit a question box on this web page and click the submit question button. We will answer your questions after the presentation.

On slide two, we have our safe harbor statement. Please review this statement. The best way to tell you where we're going is to give you some history on where we've been. The bank opened in June 1st, 1929, with a pledge to serve the community. This commitment has remained steadfast for the past 92 years. We have thrived through the Great Depression, World Wars, local political unrest in the 1970s, the Great Recession, and now the COVID19 pandemic. The one thing that has not changed over this time is our commitment to serving our customers and our communities.

We converted to a public company in November 1995. The picture on the bottom right shows the celebration of the 20th anniversary as a public company in 2015 by ringing the closing bell on NASDAQ. Time has changed and we've adapted. As you can see in the picture in the upper left, this was our headquarters in 1949 in Flushing, Queens, our 20th anniversary as a company. Today, our headquarters, as seen in the bottom right, is located in Uniondale, New York. And for the hockey fans that may be listening, is across the street from Nassau Coliseum, current home of the New York Islanders.

Slide five provides a snapshot of our company. We are community bank, with a market area that has expanded from Flushing Queens to include Manhattan, Brooklyn, and other communities in Queens, and Nassau and Suffolk counties on Long Island. We have grown to over \$8 billion dollars in assets. And we're collating community bank in our markets.

One of our core strengths is our connection to the multicultural communities we serve. Our staff reflects this cultural diversity and speaks over 20 languages. We are engaged in our communities through various cultural events, supporting programs and donations. Importantly, we have generated 959% total return for our shareholders during our 25 plus years as a public company with a current approximate dividend yield of 3.8%.

Guiding the company is our experienced and diverse management team. As you can see, the team has an average of more than 34 years of industry experience and over 13 of this with Flushing Financial. Insider ownership is about 5.7% and our compensation plans are aligned with shareholders interest. We have the right team in place to continue to grow this company and generate positive returns for our shareholders.

I've mentioned several times that we are community focused and the Asian market in New York is key. We have a long standing relationship with the Asian community given our Flushing in Chinatown locations. In fact, we have a dedicated Asian advisory board, which consist of local leaders and centers of influence. We are heavily involved in community events, as demonstrated by these pictures. The Dragon Boat Festival began in 1990 and our participation

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has grown. We have sponsored boats in the past and our employees have also raced. We are active in the communities important Lunar New Year celebration, creating attractive free memorabilia like our popular tote bag that this year reflects the year of the ox.

We have strong brand recognition and awareness in all communities we serve. Our sponsorships and participation build the brand and generate new business. We have grown our deposits in these markets to over \$850 million and our loans to nearly \$700 million. The community involvement also includes supporting healthcare workers during COVID and sending financial aid to India during its COVID crisis. Supporting the communities is one of the keys to our success.

Now, let me give you an overview of some of the business units. The first is our multifamily lending business, which represents about 37% of our loans. New York is a unique market in several ways, and our multifamily lending is different than other parts of the U.S. We lend primarily to borrowers with the underlying collateral, as rent controlled and stabilized buildings, which generally have lower vacancies versus market rent buildings, and thus the cash flows are more predictable.

New York requires adequate affordable housing, and that is our primary market. The average monthly rent for an apartment in these buildings is about \$1250, while market rents are over \$2700. We do not have great exposure to market rent buildings. Our borrowers are generally multigenerational owners who view their buildings as long term investments. These owners generally borrow against current portfolio holdings to buy additional properties. Our average multifamily loan is just over \$1 million dollars, with a loan to value of less than 34%.

For rent controlled and stabilized buildings are in the boroughs of New York City, and not generally in Manhattan. Our conservative customer base and lending standards have served us well, as we've seen minimal losses in our portfolio since its inception in the 1990s. Non owner occupied commercial real estate comprises about 26% of our portfolio, and generally consists of local shopping centers, medical offices, and other mixed use commercial properties. We generally do not lend to big box retailers like Walmart or Home Depot. The average loan size is only \$2.2 million. These buildings tend to be more in the boroughs that are part of the economic engine that serves the local communities.

The local shopping areas we lend to include tenants like pizza parlors, nail salons, pet stores, etcetera. We're a conservative underwriter. Our borrowers generally have 50% equity in their properties and generate cash flows that cover 180% of their required debt payments every month. Our lending supports the communities we serve. And this, combined with our underwriting philosophy, keeps credit losses very low.

Our next business focus is residential mixed use. As you can see, this is usually a storefront with apartments above, which approximates 12% of total loans. This type of lending is unique in the New York City area. We tend to get higher yields on these due to smaller size. We've been in this business for a long time and know how to price the risk while achieving minimal losses. This type of lending supports our communities, while providing an appropriate return on our investment.

The final lending business I'll discuss is business banking, which is approximately 24% of total loans, and is primarily located in the New York City metro area. We strive to provide excellent service to our customers and deliver the capabilities and solutions they require. Our motto of small enough to know you, large enough to help you, sums up this concept. We stand by our

customers. And as you can see on this slide, we supported our customers through the pandemic by helping them navigate the various government programs and providing them with much needed credit.

One of our goals is to continue to grow this business, especially in our newer markets on Eastern Long Island. We've been in this business for over 90 years, and over this time, we've grown alongside our communities. We started off with a single branch in Flushing, Queens. Today we have over 25 branches, including nine in Queens, five in Brooklyn, eight on Long Island, and three in Manhattan. Our branches are an important avenue for servicing our customers and generating deposits.

We modernized our branch structure over the years by reducing the size of the branch and shifting roles by improving self service capabilities, while upgrading staff to more skilled, universal bankers. This has improved the customer experience and has made our branches more efficient. No discussion about deposit gathering can be complete without talking about digital banking. Our proactive efforts to upgrade our online banking and mobile platforms helped our customers successfully navigate the challenges posed by the pandemic.

We have seen rapid adoption of these offerings with a 64% increase in monthly active users year over year, and a 24% growth in digital banking enrollment. We continue to recognize the importance of this delivery channel and we plan on making supplemental investments in the near and long term. In addition to Flushingbank.com, or local banking website, we have two internet based banks. Igo banking.com, which offers competitively priced deposit products and bank purely, which is an eco-friendly, healthier lifestyle community brand. Our customers value these offerings, and we will continue to invest here.

As bankers, we price our products to address the embedded risk. Banks make loans and sometimes these loans go bad, resulting in a loss. This graph demonstrates that all losses are minimal. The light blue line is our annual losses since the year 2000. The purple line is the annual loss for the banking industry. As you can see, our losses have been significantly lower than the industry over many credit cycles, including the .com bust in the early 2000, the great recession in the late 2000s and the global pandemic of 2020.

The history of lower loan losses has helped Flushing Bank maintain a strong track record of income generation. Banks on leverage institutions, strong capital is one of the pillars of our bank. Our capital base is available to support the growth of the bank, pay dividends and act as a shock absorber for potential losses. These charts show how we have strong capital ratios, especially compared to the risk profile of the loan portfolio. Our book value is \$20.65 as of March 31st, 2021. Our stock has a 3.8% dividend yield. We recognize the importance of dividends to our shareholders and consistently have paid one since going public in 1995.

Let me spend a minute on the outlook for the company. We are optimistic about the operating environment. The accelerated vaccine rollout and reopening of New York City is having a positive impact on the local economies. It allows us to become more active in community involvement, including several Asian community activities. We benefit from a steeper yield curve, as we are positioning the bank for higher interest rates.

We will continue to invest in our digital and mobile platforms. Loan pipelines have increased, and loan growth should accelerate in the second half of 2021. The recent purchase of empire Bancorp which expanded our footprint into eastern Long Island is on track to deliver on our 20%

EPS secretion target in 2021. Lastly, we remain very comfortable with the level of credit risk at the bank.

Let me review the key takeaways before opening up for questions. Hopefully, you'll gain some insight into our company and how we support our local communities. We have an experienced management team and an Asian banking niche. The lending business lines are diverse and very conservative, as we have a history of low credit losses. We continue to invest in digital and mobile capabilities. Our stock trades has a slight premium to book value and has a 3.8% dividend yield. The reopening of the metro New York economy should provide our local economies with growth and provide a business outlook that is positive. Thank you for your attention.

With that, we will begin our question and answer session. Operator, I'll turn it over to you.

Operator

At this time, I'll momentarily pause before we begin our question answer session. We will now begin the question and answer session. And our first question for Mr. Buran, how do three everything of New York City impact the bank?

John Buran

Well, obviously much of our business is in the New York City metropolitan area. And just recently, the governor and the mayor have opened up, really, the entire state and the entire city. So, we expect that we will continue to see much more strength in the market, as our businesses come back, our customers, who may have been on some payment deferments, start to pay us on a more regular basis. And of course, we expect to see some excellent growth in our lending activity.

As a matter of fact, we're already seeing, as I mentioned earlier, that the pipeline, the loan pipeline, is beginning to grow. A lot of investors have been on the sidelines while we went through the pandemic. And we're now seeing many of those investors start to come back into the market, looking for opportunities to grow their business. So we're very, very optimistic about the 2021 timeframe, and even into 2022 as these businesses come back online, and we see a renewed strength in the New York City economy.

Operator

All right. Thank you. And our next question comes from Vernon Macquarie. And he's wondering, what communities/charities do you care about?

John Buran

So there were there are many. First off, we are very much involved in the housing market, as you see from our presentation, and there are several entities, neighborhood housing services is one in particular that myself and our CFO are directly involved in. And this is our support of the low to moderate income market in housing. This organization has been around for many, many years. At one time, I was the board President and my CFO was currently the Treasurer of the group. So that's one.

We're also very much involved in United Way, United Way of Long Island, United Way of New York City, Big Brothers and Big Sisters is another big one for us. And we're also been involved in the support of the health community within our Asian market. We were very, very involved in putting together an attractive deal for a major healthcare facility that was opened up in the Asian market.

Operator

All right. Thank you very much. Our next question comes from Dom Petrunis (SP). She's wondering, can your company also operate in Europe or only in the U.S.?

John Buran

No, unfortunately, we're only in the U.S.

Operator

All right. And our next question comes from George Teachey. And he's wondering, Wellington Management Group is the company's largest shareholder with approximal 8.4% shares. Please discuss in the context of other institutional insider and significant investors.

John Buran

I'm sorry, I didn't hear the first part of that question.

Operator

Yeah. Wellington Management Group is the company's largest shareholder with approximately 8.4% of shares. If you could please discuss in the context of other institutional insider and significant investors.

John Buran

Sure. So Wellington has been with us for many years. And they've been very, very good shareholders. We have other large shareholders have been dimensional. Management has a fairly significant position as well, about 5.8% of the of the shares are held by management. But I would say somewhere around 80% or so of our shares are held by institutional investors. And I think the top 10 probably own about close to about 50%. So we have a very, very active shareholder base.

Operator

All right. Thank you. Our next question comes from R.E. Evan (SP). And they're wondering, has the COVID-19 pandemic had an adverse impact on the business?

John Buran

Well, it certainly did for a number of months, as the entire city was shut down. We had to put forth a great deal of help too many of our shareholders, including getting them involved in a number of government programs that were made available to them. Of course, in the very, very recent time, this is all really turned around and really started to turn around. It really actually started to turn around sometime last year.

The businesses started opening up, first, very, very slowly. Then, as the pandemic started to wane a little bit, we got more and more openings of businesses. And today, as I mentioned earlier, New York is totally open at this point in time. And we expect to see a return to very, very robust economic growth, I think there's been a lot of money waiting on the sidelines, in order to do investment.

We're already seeing companies that are looking to buy the properties that they're currently renting. So this is the type of business that we do. And we're expecting to see some very, very positive results coming out of this opening of the New York market. So it has been difficult in the past year or so. But clearly, it is on a very significant upswing, and we expect to be able to ride that wave.

Operator

All right. Thank you very much. Our next question comes from Sergei Malkin (SP). And their question is, what is your total commercial mortgage portfolio?

John Buran

The total portfolio is about \$4.28 billion. And, as I mentioned, it is predominantly in the New York City metropolitan area, and very, very much focused on community oriented properties, the things that are used by people on a day to day basis. And that's very, very distinctive. There's very little in the way of big box retailers or internet sensitive businesses. So, we think we occupy kind of a unique niche in that matter by focusing in on properties that are very much tied to the day to day functioning of our communities in Brooklyn, Queens, the Bronx and in some portions of Manhattan.

Operator

Excellent. And our next question comes from Donald Mortar. And he's asking, what percent of cash flow is paid on dividends?

John Buran

Typically, we like to stay within the 30% to 40% range.

Operator

Okay. And our next question comes from Peter Corliss (SP). And they're asking, what is your breakdown on demographics, you mentioned the Asian banking niche?

John Buran

The New York City marketplaces is very, very diverse, so where we have a very strong presence, we have most of our branches in the borough of Queens. And in that particular market, there's 100 different ethnicities and languages that are spoken. So, when we open a branch, we try to reflect those communities. So, the Asian market is very important to us. The South Asian market is very important to us. There is a, in the real estate area, a very big Jewish component, very important to us. So, there's areas where there's a good deal of Hispanic populations, so that is an important area for us. And we recently opened up our most recent branches in the African American community in Jamaica, Queens.

Operator

Excellent. And Our next question comes from R.E. Evan again. And he's asking, has the loan portfolio made you vulnerable to a downturn in the local market area?

John Buran

Well, New York is unique. The degree of diversity of the businesses in New York make it a very, very resilient area. Obviously, when you have a situation like a shutdown of the entire market, that of course, can be problematic. But New York has gone through phases in the past of ups and downs, and it's demise has been predicted over many different scenarios. And it always seems to pop back. I mean, we continue to have a very strong financial system and a financial business in New York. We continue to have growth in the technology sector.

There is, obviously, a fairly significant governmental presence here. So, New York continues to be an attractive marketplace. And although you might have heard about people moving out of New York, many of those people who kind of moved out of New York are already looking to come back. And we've seen that already with activity in Manhattan, for example, where people

are coming back to their homes, following the pandemic. So, I think we're a fairly small institution in New York and there's a lot of business here. And we certainly feel that we can continue to grow our share of the market. And given the diversity and the strength of this market, I certainly see good news coming out of it.

Operator

All right. Our next question comes from Gerald Feinstein. They're wondering, how's your shopping center portfolio doing with online competition? Some areas, many clothing and (INAUDIBLE) product stores are going out of business, going through malls and shopping centers, many vacancies are noticed.

John Buran

So, I think when you talk about shopping centers for our institution, you really have to look at very, very much neighborhood strip centers. So, these aren't like huge shopping centers. And these neighborhood strip centers are in communities where the population density is strong. And as a result, the population goes to these strip centers in order to get--very often they're anchored by a food store, they have the local pizza place, the local Chinese place, the local nail salon. All of these day to day functions, maybe the dry cleaner, the laundromat, these are all day to day requirements of the people that are occupying these dense areas.

So, we don't see a lot of problems coming out of the internet, for example. So, we see these businesses are much, much more resilient to movement to online purchases. In addition, these are walking communities, so people are not getting in their cars because cars are pretty expensive to keep in New York. People aren't getting into their cars and driving to the local regional mall, they're walking downstairs from their apartment buildings and going to the local, the local food areas and local areas that provide services, personal services for them. So, as a result, we've seen some fairly significant strength and resiliency, I guess is probably the better word, even despite the pandemic.

Operator

All right. Our next question comes from William Jordan, asking, what is the current price of your stock?

John Buran

Last we looked, it's about \$20, it's between \$20 and \$22 a share, has been when it's running relatively recently.

Operator

Okay. And another question from R.E. Evan, asking, how will future changes in interest rates reduce any future profits?

John Buran

So that's an interesting question. So, let's talk first about the economy, because that's really the driving force behind our profitability. So, in a rising economic environment, we would anticipate that longer term rates are going to go higher, that's what typically occurs in a growth period. That is a positive for us, that's clearly a very significant positive. So, when you talk about rising rates, we have to talk about what is the duration of those rate or the spot on the yield curve, so to speak.

So, longer term rates, we generally lend in five year chunks, three to five year chunks. And those three to five year rates are the important ones for us. So, as those rates go up, and they recently have been going up, that's a positive for us. The shorter term rates, our rising rates on the short end, tend to constrain profitability. But even in the event of rates on the shorter end of the curve, rising in a robust economic environment, we'll be able to make up for any margin squeeze through increased volume. So, I think--while interest rates are important to us, far more important is the level of economic activity.

And as you know, the United States in general, and New York very specifically, has just posted some of the most significant rises in GDP and economic activity in many, many years. So, we're expecting that trend to continue as the fulfillment of the opening of the post pandemic environment continues. And we expect that that will be the driving force for our earnings, regardless of the interest rate environment.

Operator

Great. Thank you. And our next question comes from Wellington Jordan, asking, who follows you in your research?

John Buran

KBW follows us, Piper Sandler and DA Davidson.

Operator

Excellent. And the next question coming from R.E. Evan, asking, will competition within your market area limit your growth and profitability?

John Buran

We've been dealing with the biggest banks, not only in the nation, but in the world, since 1929. And we're still here and we've grown quite nicely and will continue to grow. I think, that when you look at--and I spent close to 20 years, or actually more than 20 years, with some of those largest banks in the country. And typically what occurs is, they go through their cycles, where one business is attractive to them and two years later, they're reducing their exposure in that business and going on to something new.

Small banks like ours, community banks that are focused on the community in a very direct and continuous manner, can take advantage of those situations. So, we're never going to lend in South America, but Citibank will lend in South America. And when the picking is good, they'll be doing more in South America. And when they do, we'll be looking to take advantage of their inactivity in the New York market.

Operator

All right. Great. And our next question is, how important is paying the quarterly dividend?

John Buran

We think it's a very important. We've consistently paid dividends. We look for opportunities to increase the dividend. Clearly, it's an important part of the overall return that we deliver to our customers, and the one that they can count on.

Operator

All right. Excellent. And our next question comes from R.E. Evan. And he's asking, will cyber-attacks or other security breaches adversely affect your operations and the income or reputation?

John Buran

So we're very concerned about cyber events. And as a result, we, a number of years ago, had brought on board a Chief Information Security Officer long before this role was even fashionable, a very fashionable role now, and he's been with us for many years. We have built up that area to ensure that we are meeting meeting the requirements for ultimate safety for our customers. We encrypt our data, so it is safe.

We also ensure that we look at standards. There's a standard called NIST, we utilize that standard to give us comfort that we're operating at the top of our game, in terms of information security. So, we take it very seriously. It's the number one risk that financial institutions deal with or any business these days.

Operator

All right. And our next question comes from Brian Lonsdale, asking, have you ever cut or suspended a dividend?

John Buran

No, not to my knowledge, we've ever suspended a dividend.

Operator

All right. And our next question comes from Vernon Macquarie, asking, your next branch main street or quiet?

John Buran

I'm sorry, the question?

Operator

Yeah. It comes from Vernon Macquarie, asking if your next branch is going to be on main street or quiet?

John Buran

It'll probably be on Main Street.

Operator

All right. Perfect. And next question, also from Vernon, Manhattan branches, are they in Chinatown?

John Buran

We have one in Chinatown. We have one in the Union Square area of Manhattan, just right on Park Avenue, Park Avenue South, actually. And then we have one that is a little bit more Midtown, about 40th Street and Park Avenue.

Operator

Excellent. And another question from Vernon. Do you have associate business friendships in China?

John Buran

No, we do not.

Operator

Okay. Next question.

John Buran

But we do have, let me just expand on that a little bit. So, while we don't have direct relationships with business entities in China, we do have several people, number one, on our Asian advisory board, who do do business in China, who sometimes get financing coming from China. As a matter of fact, we did some lending to one such customer who had some equity positions coming from China, and we provided some debt financing for him for his business.

In addition, we have kind of a market president for our Chinese community. This person is involved with the day to day activities that take place in the Chinese American market. And we look to provide the linkages to Chinese cultural events. So, for example, we just recently have-- well, I guess it's about a year now, were involved with a Chinese performing group that came to the United States.

Operator

All right. And the next question from R.E. Evan, asking, in the Asian and Jewish communities, are any of your branches open on Sundays, as other banks are?

John Buran

Yes. Yes.

Operator

All right. Great. Thank you. And the next question, coming from Vernon Macquarie, do you do promotions with local and professional sports?

John Buran

No, we do not. Although, I think, we do do a little bit of promotional activity with the Long Island Ducks, a minor league team.

Operator

Okay. And another follow up question on that. The islanders new hockey arena is \$1 billion dollar project, how will it benefit your bank?

John Buran

I'm sorry, I didn't catch the last part of that question.

Operator

Yeah. The islanders new hockey arena is \$1 billion dollar project, how will it benefit your bank?

John Buran

We don't see that much benefit directly coming out of that, other than the fact that the venue is close to us, so it gives our it gives our bank a little bit more exposure. Probably more important than that is, the economic activity that surrounds the Nassau Coliseum and that is a big benefit to us. A lot of high end health care facilities have put up satellite offices in the New York--in the Union Dale area surrounding the Coliseum. So, for example, Sloan Kettering hospital, many physicians from there. There's HSS hospital. Obviously, very important for athletes is another

one that has set up offices here. So, we expect that trend will continue and provide us with some lending opportunity and business opportunity in the healthcare field.

Operator

All right. And one final question from Vernon, asking, is your next ATM, is it going to be virtual or open air?

John Buran

All of our ATMs are in our branches. So, we don't put other ATMs out there. But let's just talk about the virtual environment for a minute. We believe that mobile will continue to grow in usage for our customers. And as I said earlier, we made a significant investment in expanding and improving our mobile capabilities, and we expect that that's just the beginning. We want to be able to provide our customers with the ultimate, in terms of access. And clearly, it's moving in that direction. So we still think the branches are an important part of the part of the community and servicing the financial needs of the community. But clearly, online and mobile are the growing areas.

So we did, I guess that's the other thing, we did a virtual annual meeting as well, this year. And that was the first time we did a virtual annual meeting. So we have outreach. We're very, very focused on providing financial product and financial information to our customers and all of our stakeholders, as a matter of fact.

Operator

All right. It looks like we have no further questions. At this time, I would like to close it and turn it back to Mr. Buran for any closing remarks. Please proceed.

John Buran

Well, thank you. Thank you. It's been a pleasure to spend some time with you today. And I invite you to take a look at our website and our Investor Relations area for further information. And once again, we feel we have a an attractively priced stock and we're trying to meet with as many investors as possible to raise awareness. This is our first meeting with the stockholder club. And we look forward to any interest you might have. So thank you again for your attention and for your excellent questions. And everybody, have a good day and stay safe.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.