



Flushing Financial Corporation

2003 Annual Report

Creating
value

Flushing Financial Corporation, a Delaware corporation, was formed in May 1994 to serve as the holding company for Flushing Savings Bank, FSB, a federally chartered, FDIC-insured savings institution originally organized in 1929.

The Bank is a customer-oriented, full-service community bank primarily engaged in attracting deposits from residents and businesses in the local communities of Queens, Nassau, Brooklyn, Manhattan and the Bronx and investing such deposits and other available funds primarily in originations of multi-family mortgage loans, commercial real estate loans and one-to-four family residential loans.

Flushing Financial Corporation's common stock is publicly traded on the Nasdaq National Market® under the symbol "FFIC."

Additional information on Flushing Financial Corporation may be obtained by visiting the Company's web site at www.flushingsavings.com.

why invest in Flushing Financial Corporation?

Sustained five year EPS growth of 23%

Ability to grow Core Deposits in a vibrant multi-cultural market

Generator of higher yielding loans thru niche development

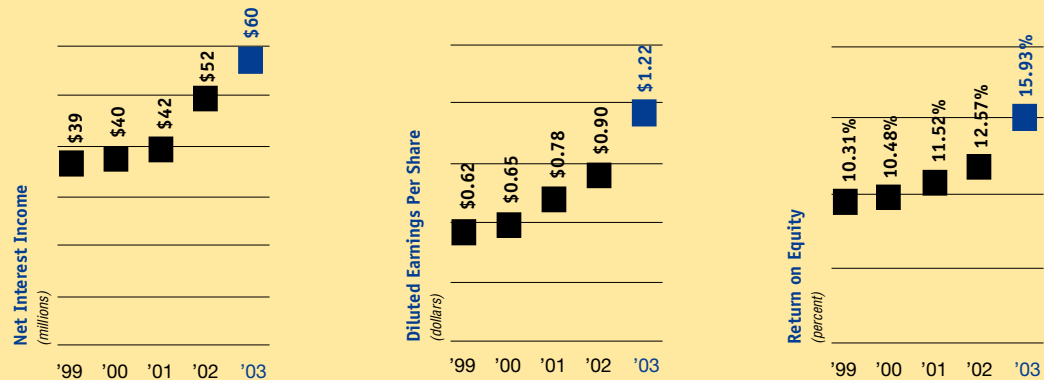
Historically strong asset quality and reserve coverage

Efficient Capital Management

Emphasis on Shareholder Value

financial highlights

2003



(Dollars in thousands, except per share data)

At or for the Year Ended December 31,

2003

2002

Selected Financial Data

Total assets	\$1,910,751	\$1,652,958
Loans receivable, net	1,269,521	1,169,560
Securities available for sale	535,709	358,984
Certificate of deposit accounts	593,760	543,330
Other deposit accounts	576,149	468,495
Stockholders' equity	146,762	131,386
Dividends paid per common share	\$ 0.28	\$ 0.24
Book value per share	\$ 7.61	\$ 6.95

Selected Operating Data

Net interest income	\$ 60,163	\$ 52,342
Net income	21,678	16,263 ⁽¹⁾
Basic earnings per share	\$ 1.27	\$ 0.93 ⁽¹⁾
Diluted earnings per share	\$ 1.22	\$ 0.90 ⁽¹⁾

Financial Ratios

Return on average assets	1.21%	1.03% ⁽¹⁾
Return on average equity	15.93	12.57 ⁽¹⁾
Net interest spread	3.37	3.32
Interest rate margin	3.56	3.55
Efficiency ratio	47.00	47.41
Equity to total assets	7.68	7.95
Non-performing assets to total assets	0.04	0.26
Allowance for possible loan losses to gross loans	0.51	0.56
Allowance for possible loan losses to non-performing loans	960.86	183.23

⁽¹⁾ Excluding the \$2.6 million after-tax impairment charge for a WorldCom, Inc. senior note recorded during the second quarter of 2002, these amounts for 2002 would have been as follows: net income \$18,843, basic earnings per share \$1.08, diluted earnings per share \$1.04, return on average assets 1.20%, return on average equity 14.56%.

to our shareholders

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FFIC

2003 was a challenging and rewarding year for Flushing Financial. We posted record earnings of \$1.22 per share, up significantly from last year. This marked our 7th straight year of earnings per share growth as a public company. In addition, our management and staff surpassed several key performance levels. Net income exceeded \$20 million annually for the first time. Our 15.93% return on average equity for the year put us among an elite group of high performing banks as we broke the 15% annual ROAE mark for the

first time. 2003 was also the first year that Flushing exceeded 1.2% return on average assets. Loan quality remained pristine, while our loan portfolio grew 9%. Assets grew to \$1.9 billion an increase of 16% over 2002. At year end, non-performing assets stood at a very comfortable \$682 thousand or .05% of total assets. Loan originations hit a new high as we grew the portfolio to \$1.2 billion. We achieved growth in deposits of 16% as we brought in \$157 million in customer balances. Behind these results was a focus on our vision, our customers and our strategy, that served us exceedingly well during this challenging time.

In 2003 our industry was forced to deal with the specter of margin compression as the Federal Reserve continued to keep interest rates at historically low levels. Customers recast their loans at increasingly lower rates as an unprecedented boom in loan refinance activity persisted throughout the year. Faced with the risk of declining margins, we held to the strategy that has served us well in prior years. By concentrating on higher yielding niche loan markets and allowing the runoff of lower yielding loans we were able to preserve margin and improve spread for the year. Our focus on building core deposit relationships in our multi-ethnic communities enabled us to further reduce funding costs while growing our deposit base.

A sustained pattern of business growth requires investment to enhance our franchise value, and Flushing Financial recognized that need in 2003. In the fourth quarter we opened an attractive, state-of-the-art branch to enter the fertile multi-cultural market of Astoria, Queens. Additionally, in 2003 we completed a major overhaul of our technology. We upgraded our branch hardware and software, our network and our internal administrative systems. We invested heavily in staff



Top Photo: Michael J. Hegarty
President and Chief Executive Officer

Bottom Photo: John R. Buran
Executive Vice President and
Chief Operating Officer

Right Photo: Gerard P. Tully, Sr.
Chairman of the Board

Creating Value:

training to acquaint our people with the new system capabilities. We completed these initiatives ever mindful of the bottom line, both today and tomorrow. We not only maintained but improved our annual efficiency ratio to 47%.

As regulatory guidelines to improve corporate governance and financial reporting emerged from Sarbanes-Oxley legislation, the Board and management made a considerable investment of time and energy to ensure compliance, reviewing and improving existing controls, policies, committee charters, and Board and committee memberships. The Board stands committed to the level of diligent stewardship that has marked our history and enabled the delivery of consistently strong business results. It is toward that end that during the year we added two new Board Members, John J. McCabe and John R. Buran. Mr. McCabe is Chief Investment Strategist for Shay Assets Management and co-manager of two of the nation's highly rated Equity Mutual Funds. Mr. Buran is our Chief Operating Officer and has played a key role in implementing our long-term strategy to build a stronger, customer-oriented, full-service community bank.

It was quite an exciting year and our performance did not go unnoticed. In the middle of the year, our ongoing commitment to excellence was recognized by financial services research firm SNL Financial as we finished 11th out of the top 100 thrifts nationwide across a wide variety of performance measures including return on equity, return on assets and efficiency. We were thrilled that the market noticed our performance as well and rewarded us with a 70% return on our stock

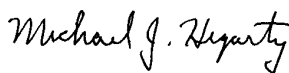
this year. In December we declared a 3-for-2 stock split. During the year we also increased our cash dividend by 22%.

We are in the business of creating value for our shareholders and we believe we've had a remarkable history of doing so. We have sustained a five-year earnings per share growth rate of 23% and demonstrated an ability to grow deposits in a vibrant multi-cultural market. We have transitioned our loan business from its dependency on lower yielding conventional mortgages to higher yielding niches while maintaining loan quality and low loss levels throughout our years as a public company. Ever cognizant of your need for better returns on shareholder invested capital we have bought back over 43% of the stock issued in our initial public offering in 1995, while regularly increasing dividends.

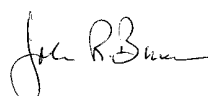
This year we celebrate our 75th anniversary as a bank. Our company was born during the Great Depression and the resiliency, creativity and commitment that it took to survive in that environment has enabled us to thrive in this one. In closing, on behalf of the Board and the executive management team, we would like to thank our employees for their continued hard work and our shareholders for their continued support.



Gerard P. Tully, Sr.



Michael J. Hegarty



John R. Buran

creating value in retail banking

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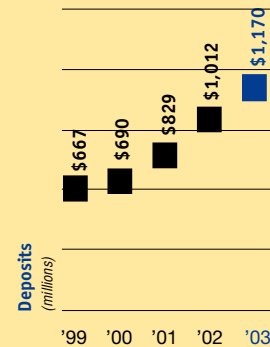
FFIC

Value in retail banking is all about how you connect with the people and the businesses in your community. That's what we did when we opened our 11th branch in the multi-ethnic market of Astoria—not far from our center of branch concentration in Queens. It is a community of small shops and sidewalk dining, only 4 stops from Manhattan on an elevated train line. We connected with the people first by speaking their language—7 languages to be exact, in a 10-person branch. Our staff has the face and customs of the community—because we recruit from the community. Our location was convenient to the customer—we're the closest branch to the train station. Our Astoria ATM's are well lit, inviting, multi-lingual and surcharge free for both our customers and non-customers.



We connected to the business community, helping business leaders with important non-profit ventures at the local school, and holiday street lighting. We worked creatively to finance real estate acquisitions and projects in the community while developing a solid business deposit base. We staged branch opening events using local businesses. We worked with the local press and politicians to underscore our long-term commitment to the Astoria community. We trained our staff for months before the opening so that they would be ready to offer the best in financial services. Finally, we built a branch that was modern, comfortable and inviting. We offered value to the Astoria customer and they in turn rewarded us with our most successful branch opening to date.

Creating Value: "It is our approach to our multi-cultural markets that has enabled us to grow deposit balances 70% or \$480 million since the end of 2000."



Our success in Astoria was, however, only one of the many ways we created value in our Retail Banking Franchise. Attention to our customers' needs across our branch network allowed us to increase share in every market we serve. It is our approach to our multi-cultural markets that has enabled us to grow deposit balances 70% or \$480 million since the end of 2000 with an even more impressive growth of 100% or \$289 million in lower costing core deposit balances during the

same time period. All but \$9 million of that growth came from an increase in same branch sales activity without the help of new branch openings. By concentrating on our multi-ethnic strategy and providing our staff with the best in training and support, we've created more value in our existing retail branches, and created a template for future branch openings.



creating value in lending

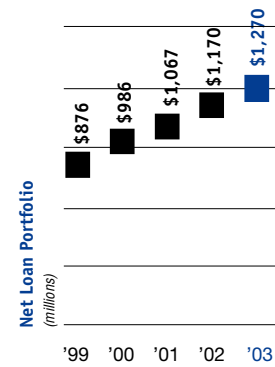
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FFIC

How do you know when you're creating value in real estate lending? When your customers come back to you time and time again. Take the case of the family of real estate investors that has 12 different multi-family loans with us. The family comes back to us time and time again to meet with our knowledgeable loan officers. Our multi-family and commercial business is a custom shop where we take great pride in understanding our customers, their projects and their economic value. Our decision-makers, loan officers, management and loan committee members all have extensive knowledge of this market and a willingness to work creatively to do deals that make economic sense. Whether it is a not-for-profit seeking to restructure financing on its valuable real estate holdings or an entrepreneur who has created a profitable business in parking lots in our crowded city, Flushing Savings Bank is willing to provide the special structures and tailored payment terms that add value to the customer's project.



Creating Value: “Our residential business is a specialty niche business focusing primarily on mixed-use properties.”

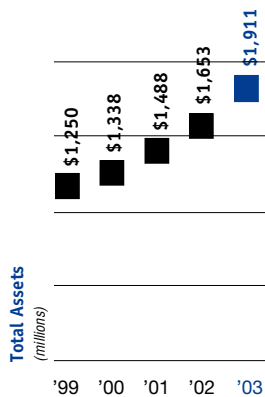


Our residential business is a specialty niche business focusing primarily on mixed-use properties. Usually smaller in size than our multi-family and commercial loans, mixed-use loans have become an increasingly important part of our business. Very popular in the boroughs of New York City, the mixed-use property consists of one or more stores with several apartments above. The mixed-use property is the bedrock of New York neighborhoods. It's where the borough resident may live, work, shop for groceries, get her nails done and drop off the dry cleaning. Financing mixed-use properties puts us at the heart of the communities we serve. Being at the heart of the communities we serve and creating value for our customers has created value for Flushing Savings Bank. Our new loan originations grew more than 30% last year hitting an all time high of \$412 million.

Creating Value: “But the most important investment that we continue to make is in talented people...”

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FFIC



During 2003, we invested capital to create value for the future of Flushing Financial. We've described our new branch earlier in this report and we will continue to evaluate entry into new productive markets. In 2003, we also invested in an updated branch teller and customer service system, which we expect will augment the flow of customer information, reduce customer waiting time, and improve staff professionalism. Through this past year's investment in a new network, we believe we will enhance security and safeguard customer information, while speeding transactions. Our investment in on-line training will help provide more customer contact time, while ensuring a more standardized level of knowledge across our staff in the future. Our continuing investment in the Internet and on-line banking will help to ensure that our customers can find up-to-date products and services at Flushing Savings Bank. Our

investment in an updated loan system will mean quicker turn-around times on loans for our customers. In the coming year we expect to make other investments that will help create value for the future. These include a new decision support system that will help us better manage interest rate risk and product profitability and a move of our executive headquarters to make room for our continued growth. We will also continue our efforts to find prime locations in our targeted growth markets to expand our branch system. In 2004 we will begin a program of renovation of our existing branches to ensure our continued franchise growth. But the most important investment that we continue to make is in talented people—selecting them, training them, coaching them, and rewarding them for their performance.



corporate information

Flushing Financial Corporation and Subsidiaries

Executive Management

Gerard P. Tully, Sr.
Chairman of the Board

Michael J. Hegarty
President & Chief Executive Officer

John R. Buran
*Executive Vice President &
Chief Operating Officer*

Monica C. Passick
*Senior Vice President, Treasurer &
Chief Financial Officer*

Henry A. Braun
Senior Vice President

Robert L. Callicutt
Senior Vice President

Francis W. Korzekwinski
Senior Vice President

Anna M. Piacentini
*Senior Vice President &
Corporate Secretary*

Board of Directors

Gerard P. Tully, Sr.
*Chairman
Real estate development
and management*

Michael J. Hegarty
President & Chief Executive Officer

James D. Bennett
Attorney in Nassau County, New York

John R. Buran
*Executive Vice President &
Chief Operating Officer*

Louis C. Grassi
*Managing Partner of Grassi & Co.,
CPAs, P.C.*

John J. McCabe
Chief Strategist for Shay Assets Management

John O. Mead
Retired fabric manufacturer and marketer

Vincent F. Nicolosi
Attorney in Bayside, New York

Franklin F. Regan, Jr.
Attorney in Flushing, New York

John E. Roe, Sr.
*Chairman of City Underwriting Agency, Inc.
Insurance Brokers*

Michael J. Russo
*Consulting Engineer, President and
Director of Operations for Northeastern
Aviation Corp.*

Corporate Headquarters

Flushing Savings Bank, FSB
144-51 Northern Boulevard
Flushing, New York 11354
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facsimile 718-539-1025
www.flushingsavings.com

Retail Branch Locations

Flushing
144-51 Northern Boulevard
159-18 Northern Boulevard
188-08 Hollis Court Boulevard
44-43 Kissena Boulevard

Astoria
31-16 30th Avenue

Bayside
61-54 Springfield Boulevard

New Hyde Park
661 Hillside Avenue

*In-Store Branch
(Stop & Shop Supermarket)*
653 Hillside Avenue

Bay Ridge
7102 Third Avenue

Manhattan
33 Irving Place

Bronx
*In-Store Branch
(Stop & Shop Supermarket)*
753 Co-Op City Boulevard

Mortgage Originations
*Flushing Savings Bank, FSB and
New York Federal Division*
144-51 Northern Boulevard
718-961-5400

Small Business Lending
33 Irving Place
212-477-9424

shareholder information

Flushing Financial Corporation and Subsidiaries

Annual Meeting

The Annual Meeting of Shareholders of Flushing Financial Corporation will be held at 2:00 PM, May 18, 2004, at the La Guardia Marriott located at 102-05 Ditmars Boulevard, East Elmhurst, New York 11369

Stock Listing

Nasdaq National Market®
Symbol "FFIC"

Transfer Agent and Registrar

EquiServe Trust Company NA
P. O. Box 43010
Providence, Rhode Island 02940-3010
1-800-426-5523
www.Equiserve.com

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1177 Avenue of the Americas
New York, New York 10036
646-471-4000

Legal Counsel

Hughes Hubbard & Reed LLP
One Battery Park Plaza
New York, New York 10004
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Shareholder Relations

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