



The number of shares of the registrant's Common Stock outstanding as of April 29, 2011 was 31,387,427

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## PART I – FINANCIAL INFORMATION

FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
 Consolidated Statements of Financial Condition  
 (Unaudited)

## ITEM 1.

(Dollars in thousands, except per share data)	March 31, 2011	December 31, 2010
<b>ASSETS</b>		
Cash and due from banks	\$50,689	\$ 47,789
Securities available for sale:		
Mortgage-backed securities (\$46,817 and \$51,475 at fair value pursuant to the fair value option at March 31, 2011 and December 31, 2010, respectively)	730,505	754,077
Other securities (\$31,118 and \$21,574 at fair value pursuant to the fair value option at March 31, 2011 and December 31, 2010 respectively)	62,235	50,112
Loans:		
Multi-family residential	1,281,011	1,252,176
Commercial real estate	645,738	662,794
One-to-four family mixed-use property	721,242	728,810
One-to-four family residential	229,831	241,376
Co-operative apartments	6,151	6,215
Construction	69,192	75,519
Small business administration	18,902	17,511
Taxi medallion	88,459	88,264
Commercial business and other	197,307	187,161
Net unamortized premiums and unearned loan fees	16,053	16,503
Allowance for loan losses	(27,430 )	(27,699 )
Net loans	3,246,456	3,248,630
Interest and dividends receivable	19,302	19,475
Bank premises and equipment, net	23,029	23,041
Federal Home Loan Bank of New York stock	29,923	31,606
Bank owned life insurance	76,796	76,129
Goodwill	16,127	16,127
Core deposit intangible	1,288	1,405
Other assets	60,595	56,354
<b>Total assets</b>	<b>\$4,316,945</b>	<b>\$ 4,324,745</b>
<b>LIABILITIES</b>		
Due to depositors:		
Non-interest bearing	\$104,572	\$ 96,198
Interest-bearing:		
Certificate of deposit accounts	1,577,728	1,520,572
Savings accounts	374,144	388,512
Money market accounts	322,919	371,998
NOW accounts	812,240	786,015
Total interest-bearing deposits	3,087,031	3,067,097
Mortgagors' escrow deposits	39,827	27,315
Borrowed funds (\$31,794 and \$33,227 at fair value pursuant to the fair value option at March 31, 2011 and December 31, 2010, respectively)	504,845	542,683

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Securities sold under agreements to repurchase	156,000	166,000
Other liabilities	30,613	35,407
Total liabilities	3,922,888	3,934,700
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock (\$0.01 par value; 5,000,000 shares authorized; None issued)	-	-
Common stock (\$0.01 par value; 100,000,000 shares authorized; 31,350,727 shares and 31,255,934 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively)	314	313
Additional paid-in capital	192,334	189,348
Treasury stock (None at March 31, 2011 and December 31, 2011)	-	-
Retained earnings	208,054	204,128
Accumulated other comprehensive loss, net of taxes	(6,645 )	(3,744 )
Total stockholders' equity	394,057	390,045
Total liabilities and stockholders' equity	\$4,316,945	\$ 4,324,745

The accompanying notes are an integral part of these consolidated financial statements

PART I – FINANCIAL INFORMATION  
 FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
 Consolidated Statements of Income  
 (Unaudited)

	For the three months ended March 31,	
(Dollars in thousands, except per share data)	2011	2010
Interest and dividend income		
Interest and fees on loans	\$48,690	\$49,684
Interest and dividends on securities:		
Interest	8,107	7,911
Dividends	202	200
Other interest income	27	13
Total interest and dividend income	57,026	57,808
Interest expense		
Deposits	12,334	13,517
Other interest expense	7,537	10,786
Total interest expense	19,871	24,303
Net interest income	37,155	33,505
Provision for loan losses	5,000	5,000
Net interest income after provision for loan losses	32,155	28,505
Non-interest income		
Other-than-temporary impairment ("OTTI") charge	(3,616 )	-
Less: Non-credit portion of OTTI charge recorded in Other Comprehensive Income, before taxes	2,690	-
Net OTTI charge recognized in earnings	(926 )	-
Loan fee income	434	367
Banking services fee income	461	482
Net gain on sale of loans	-	5
Net loss from fair value adjustments	(655 )	(103 )
Federal Home Loan Bank of New York stock dividends	500	611
Bank owned life insurance	667	645
Other income	390	570
Total non-interest income	871	2,577
Non-interest expense		
Salaries and employee benefits	10,027	8,796
Occupancy and equipment	1,867	1,749
Professional services	1,599	1,764
FDIC deposit insurance	1,428	1,274
Data processing	1,005	1,078
Depreciation and amortization of premises and equipment	766	679
Other operating expenses	3,323	2,596
Total non-interest expense	20,015	17,936

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Income before income taxes	13,011	13,146
Provision for income taxes		
Federal	3,912	3,949
State and local	1,146	1,212
Total taxes	5,058	5,161
Net income	\$7,953	\$7,985
Basic earnings per common share	\$0.26	\$0.26
Diluted earnings per common share	\$0.26	\$0.26
Dividends per common share	\$0.13	\$0.13

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PART I – FINANCIAL INFORMATION  
 FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
 Consolidated Statements of Cash Flows  
 (Unaudited)

(Dollars in thousands)	For the three months ended March 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 7,953	\$ 7,985
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	5,000	5,000
Depreciation and amortization of bank premises and equipment	766	679
Net gain on sales of loans (including delinquent loans)	-	(5 )
Amortization of premium, net of accretion of discount	1,423	1,215
Net loss from fair value adjustments	655	103
OTTI charge recognized in earnings	926	-
Income from bank owned life insurance	(667 )	(645 )
Stock-based compensation expense	1,167	961
Deferred compensation	103	45
Amortization of core deposit intangibles	117	117
Excess tax benefit from stock-based payment arrangements	(80 )	(77 )
Deferred income tax (benefit) provision	125	(1,407 )
(Decrease) increase in other liabilities	(3,562 )	2,437
(Increase) decrease in other assets	(1,071 )	88
Net cash provided by operating activities	12,855	16,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of bank premises and equipment	(754 )	(369 )
Net redemptions of Federal Home Loan Bank of New York shares	1,683	4,658
Purchases of securities available for sale	(34,657 )	(76,936 )
Proceeds from sales and calls of securities available for sale	-	1,270
Proceeds from maturities and prepayments of securities available for sale	38,108	47,039
Net (originations) and repayment of loans	5,396	(21,072 )
Purchases of loans	(12,555 )	(1,783 )
Proceeds from sale of real estate owned	154	279
Proceeds from sale of delinquent loans	3,158	1,289
Net cash used in investing activities	533	(45,625 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase (decrease) in non-interest bearing deposits	8,374	(6,590 )
Net increase in interest-bearing deposits	19,648	129,532
Net increase in mortgagors' escrow deposits	12,512	10,974
Net repayments of short-term borrowed funds	-	(73,500 )
Proceeds from long-term borrowings	-	30,000
Repayment of long-term borrowings	(47,423 )	(60,009 )
Purchases of treasury stock	(209 )	(66 )
Excess tax benefit from stock-based payment arrangements	80	77
Proceeds from issuance of common stock upon exercise of stock options	525	-

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Cash dividends paid	(3,995 )	(3,946 )
Net cash provided by financing activities	(10,488 )	26,472
Net increase (decrease) in cash and cash equivalents	2,900	(2,657 )
Cash and cash equivalents, beginning of period	47,789	28,426
Cash and cash equivalents, end of period	\$ 50,689	\$ 25,769

SUPPLEMENTAL CASH FLOW DISCLOSURE

Interest paid	\$ 19,743	\$ 24,482
Income taxes paid	2,366	127
Taxes paid if excess tax benefits were not tax deductible	2,446	204
Non-cash activities:		
Loans transferred to real estate owned	980	518
Loans provided for the sale of real estate owned	244	800

The accompanying notes are an integral part of these consolidated financial statements.

PART I – FINANCIAL INFORMATION  
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity and Consolidated Statements of Comprehensive Income  
(Unaudited)

(Dollars in thousands, except per share data)	For the three months ended March 31,	
	2011	2010
<b>Preferred Stock</b>		
Balance, beginning of period	\$ -	\$ -
No activity	-	-
Balance, end of period	\$ -	\$ -
<b>Common Stock</b>		
Balance, beginning of period	\$ 313	\$ 311
Issuance upon exercise of stock options (26,907 common shares for the three months ended March 31, 2011)	-	-
Shares issued upon vesting of restricted stock unit awards (67,886 and 26,315 common shares for the three months ended March 31, 2011 and 2010, respectively)	1	1
Balance, end of period	\$ 314	\$ 312
<b>Additional Paid-In Capital</b>		
Balance, beginning of period	\$ 189,348	\$ 185,842
Award of common shares released from Employee Benefit Trust (131,799 and 169,353 common shares for the three months ended March 31, 2011 and 2010, respectively)	1,429	1,064
Shares issued upon vesting of restricted stock unit awards (67,886 and 26,415 common shares for the three months ended March 31, 2011 and 2010, respectively)	724	222
Issuance upon exercise of stock options (41,825 common shares for the three months ended March 31, 2011)	348	-
Stock-based compensation activity, net	405	668
Stock-based income tax benefit (expense)	80	77
Balance, end of period	\$ 192,334	\$ 187,873
<b>Treasury Stock</b>		
Balance, beginning of period	\$ -	\$ (36 )
Shares issued upon vesting of restricted stock unit awards (3,395 common shares for the three months ended March 31, 2010)	-	36
Issuance upon exercise of stock options (14,378 common shares for the three months ended March 31, 2011)	209	-
Repurchase of shares to satisfy tax obligations (14,378 and 5,370 common shares for the three months ended March 31, 2011 and 2010, respectively)	(209 )	(66 )
Balance, end of period	\$ -	\$ (66 )
<b>Unearned Compensation</b>		
Balance, beginning of period	\$ -	\$ (575 )
Release of shares from the Employee Benefit Trust (48,135 common shares for the three months ended March 31, 2010)	-	165
Balance, end of period	\$ -	\$ (410 )

The accompanying notes are an integral part of these consolidated financial statements.



PART I – FINANCIAL INFORMATION  
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity and Consolidated Statements of Comprehensive Income  
(continued)  
(Unaudited)

(Dollars in thousands)	For the three months ended March 31,	
	2011	2010
<b>Retained Earnings</b>		
Balance, beginning of period	\$ 202,395	\$ 181,181
Net income	7,953	7,985
Cash dividends declared and paid on common shares (\$0.13 per common share for the three months ended March 31, 2011 and 2010, respectively)	(3,995 )	(3,946 )
Issuance upon exercise of stock options (41,825 common shares for the three months ended March 31, 2011)	(32 )	-
Shares issued upon vesting of restricted stock unit awards (3,295 common shares for the three months ended March 31, 2010)	-	(8 )
Balance, end of period	\$ 206,321	\$ 185,212
<b>Accumulated Other Comprehensive Loss</b>		
Balance, beginning of period	\$ (3,744 )	\$ (6,579 )
Change in net unrealized (losses) gains on securities available for sale, net of taxes of approximately \$2,756 and (\$1,983) for the three months ended March 31, 2011 and 2010, respectively	(3,490 )	2,486
Amortization of actuarial losses, net of taxes of approximately (\$61) and (\$34) for the three months ended March 31, 2011 and 2010, respectively	77	42
Amortization of prior service credits, net of taxes of approximately \$5 and \$4 for the three months ended March 31, 2011 and 2010, respectively	(6 )	(5 )
OTTI charges included in income, net of taxes of approximately (\$408) for the three months ended March 31, 2011	518	-
Balance, end of period	\$ (6,645 )	\$ (4,056 )
<b>Total Stockholders' Equity</b>	<b>\$ 394,057</b>	<b>\$ 368,865</b>
	For the three months ended March 31,	
	2011	2010
<b>Comprehensive Income</b>		
Net income	\$ 7,953	\$ 7,985
Amortization of actuarial losses	77	42
Amortization of prior service credits	(6 )	(5 )
OTTI charges included in income	518	-
Unrealized (losses) gains on securities, net	(3,490 )	2,486
Comprehensive income	\$ 5,052	\$ 10,508

The accompanying notes are an integral part of these consolidated financial statements.



PART I – FINANCIAL INFORMATION  
FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
Notes to Consolidated Financial Statements  
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1. Basis of Presentation

The primary business of Flushing Financial Corporation (the “Holding Company”) is the operation of its wholly-owned subsidiary, Flushing Savings Bank, FSB (the “Savings Bank”). The Holding Company and its direct and indirect wholly-owned subsidiaries, the Savings Bank, Flushing Commercial Bank, Flushing Preferred Funding Corporation, Flushing Service Corporation, and FSB Properties Inc., are collectively herein referred to as the “Company.” The unaudited consolidated financial statements presented in this Quarterly Report on Form 10-Q (“Quarterly Report”) include the collective results of the Company on a consolidated basis.

The accompanying unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The information furnished in these interim statements reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for such presented periods of the Company. Such adjustments are of a normal recurring nature, unless otherwise disclosed in this Quarterly Report. All inter-company balances and transactions have been eliminated in consolidation. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for the full year.

The accompanying unaudited consolidated financial statements have been prepared in conformity with the instructions to Quarterly Report on Form 10-Q and Article 10, Rule 10-01 of Regulation S-X for interim financial statements. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited consolidated interim financial information should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2010.

Certain reclassifications have been made to the prior-period consolidated financial statements to conform to the current-period presentation.

2. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. Earnings Per Share

Earnings per share are computed in accordance with ASC Topic 260 “Earnings Per Share,” which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and as such should be included in the calculation of earnings per share. Basic earnings per common share is computed by dividing net income available to common shareholders by the total weighted average number of common shares outstanding, which includes unvested participating securities. The Company’s unvested restricted stock and restricted stock unit awards are considered participating securities. Therefore, weighted average common shares outstanding used for computing basic earnings per common share includes common shares outstanding plus unvested restricted stock and restricted stock unit awards. The computation of diluted earnings per share includes the additional dilutive effect of stock options outstanding during the

period. Common stock equivalents that are anti-dilutive are not included in the computation of diluted earnings per common share. The numerator for calculating basic and diluted earnings per common share is net income available to common shareholders.

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PART I – FINANCIAL INFORMATION  
 FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
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 (Unaudited)

Earnings per common share have been computed based on the following:

	For the three months ended March 31,	
	2011	2010
	(In thousands, except per share data)	
Net income, as reported	\$ 7,953	\$ 7,985
Divided by:		
Weighted average common shares outstanding	30,620	30,257
Weighted average common stock equivalents	66	29
Total weighted average common shares outstanding and common stock equivalents	30,686	30,286
Basic earnings per common share	\$ 0.26	\$ 0.26
Diluted earnings per common share (1)	\$ 0.26	\$ 0.26
Dividend payout ratio	50.0	50.0
	%	%

(1) For the three months ended March 31, 2011, options to purchase 560,550 shares at an average exercise price of \$17.62 were not included in the computation of diluted earnings per common share as they are anti-dilutive. For the three months ended March 31, 2010, options to purchase 1,003,513 shares at an average exercise price of \$15.72 were not included in the computation of diluted earnings per common share as they are anti-dilutive.

#### 4. Debt and Equity Securities

The Company's investments are classified in one of the following three categories and accounted for accordingly: (1) trading securities, (2) securities available for sale and (3) securities held-to-maturity.

The Company did not hold any trading securities or securities held-to-maturity during the periods presented. Securities available for sale are recorded at fair value.

The following table summarizes the Company's portfolio of securities available for sale at March 31, 2011:

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
	(In thousands)			
U.S. government agencies	\$ 10,409	\$ 10,247	\$ 105	\$ 267
Other	34,013	31,358	2	2,657
Mutual funds	20,630	20,630	-	-
Total other securities	65,052	62,235	107	2,924
REMIC and CMO	451,071	444,840	8,989	15,220
GNMA	74,483	78,518	4,213	178
FNMA	182,933	183,695	3,419	2,657

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FHLMC	22,896	23,452	556	-
Total mortgage-backed securities	731,383	730,505	17,177	18,055
Total securities available for sale	\$796,435	\$ 792,740	\$ 17,284	\$ 20,979

Mortgage-backed securities shown in the table above include one private issue collateralized mortgage obligation (“CMO”) that is collateralized by commercial real estate mortgages with an amortized cost and market value of \$13.0 million at March 31, 2011. The remaining mortgage-backed securities are backed by one-to-four family residential mortgage loans.

The following table shows the Company’s available for sale securities with gross unrealized losses and their fair value, aggregated by category and length of time that individual securities have been in a continuous unrealized loss

PART I – FINANCIAL INFORMATION  
 FLUSHING FINANCIAL CORPORATION and SUBSIDIARIES  
 Notes to Consolidated Financial Statements  
 (Unaudited)

position, at March 31, 2011.

	Total Unrealized		Less than 12 months Unrealized		12 months or more Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
	(In thousands)					
U.S. government agencies	\$7,733	\$ 267	\$7,733	\$ 267	\$-	\$ -
Other	8,906	2,657	2,000	1	6,906	2,656
Total other securities	16,639	2,924	9,733	268	6,906	2,656
REMIC and CMO	197,970	15,220				