

FIRST OF LONG ISLAND CORP

Form 10-Q

November 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September  
30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-32964

THE FIRST OF LONG ISLAND CORPORATION

(Exact name of registrant as specified in its charter)

New York 11-2672906  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

10 Glen Head Road, Glen Head, NY 11545  
(Address of principal executive offices) (Zip Code)  
(516) 671-4900

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer      Accelerated filer  
Non accelerated filer      Emerging growth company  
Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes    No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Outstanding at October 31, 2018
Common stock, \$.10 par value per share	25,487,113

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## PART 1. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(dollars in thousands)	September 30, 2018	December 31, 2017
Assets:		
Cash and cash equivalents	\$ 50,462	\$ 69,672
Investment securities:		
Held-to-maturity, at amortized cost (fair value of \$6,902 and \$7,749)	6,845	7,636
Available-for-sale, at fair value	802,839	720,128
	809,684	727,764
Loans held-for-sale	671	—
Loans:		
Commercial and industrial	93,901	109,623
Secured by real estate:		
Commercial mortgages	1,259,286	1,193,007
Residential mortgages	1,788,145	1,558,564
Home equity lines	74,079	83,625
Consumer and other	5,884	5,533
	3,221,295	2,950,352
Allowance for loan losses	(33,551)	(33,784)
	3,187,744	2,916,568
Restricted stock, at cost	37,941	37,314
Bank premises and equipment, net	39,825	39,648
Bank-owned life insurance	80,380	59,665
Pension plan assets, net	19,391	19,152
Deferred income tax benefit	4,491	—
Other assets	19,406	24,925
	\$ 4,249,995	\$ 3,894,708
Liabilities:		
Deposits:		
Checking	\$ 946,236	\$ 896,129
Savings, NOW and money market	1,679,617	1,602,460
Time, \$100,000 and over	291,638	203,890
Time, other	243,018	119,518
	3,160,509	2,821,997
Short-term borrowings	292,176	281,141

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Long-term debt	403,027	423,797
Accrued expenses and other liabilities	14,013	10,942
Deferred income taxes payable	—	2,381
	3,869,725	3,540,258
Stockholders' Equity:		
Common stock, par value \$.10 per share:		
Authorized, 80,000,000 shares;		
Issued and outstanding, 25,422,995 and 24,668,390 shares	2,542	2,467
Surplus	145,023	127,122
Retained earnings	244,173	224,315
	391,738	353,904
Accumulated other comprehensive income (loss), net of tax	(11,468)	546
	380,270	354,450
	\$ 4,249,995	\$ 3,894,708

See notes to unaudited consolidated financial statements

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)	Nine Months Ended September 30,		Three Months Ended September 30,	
	2018	2017	2018	2017
Interest and dividend income:				
Loans	\$ 83,641	\$ 71,810	\$ 28,471	\$ 25,173
Investment securities:				
Taxable	8,275	5,883	3,065	1,806
Nontaxable	10,193	10,112	3,323	3,358
	102,109	87,805	34,859	30,337
Interest expense:				
Savings, NOW and money market deposits	8,823	4,974	3,125	1,909
Time deposits	7,529	3,986	2,952	1,437
Short-term borrowings	3,026	986	1,370	257
Long-term debt	6,399	5,703	2,121	2,031
	25,777	15,649	9,568	5,634
Net interest income	76,332	72,156	25,291	24,703
Provision (credit) for loan losses	547	3,203	(1,768)	1,122
Net interest income after provision (credit) for loan losses	75,785	68,953	27,059	23,581
Noninterest income:				
Investment Management Division income	1,665	1,565	508	515
Service charges on deposit accounts	1,945	2,119	658	725
Net gains (losses) on sales of securities	(4,960)	74	(4,960)	16
Other	5,096	3,877	1,569	1,244
	3,746	7,635	(2,225)	2,500
Noninterest expense:				
Salaries	20,895	18,855	6,596	6,386
Employee benefits and other personnel expense	6,452	5,516	2,037	1,866
Occupancy and equipment	8,742	7,524	2,864	2,503
Other	8,728	8,314	2,745	2,639
	44,817	40,209	14,242	13,394
Income before income taxes	34,714	36,379	10,592	12,687
Income tax expense	3,231	8,823	535	3,345
Net income	\$ 31,483	\$ 27,556	\$ 10,057	\$ 9,342
Earnings per share:				
Basic	\$1.24	\$1.14	\$.39	\$.38
Diluted	1.24	1.13	.39	.38
Cash dividends declared per share	.47	.43	.17	.15

See notes to unaudited consolidated financial statements





## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Nine Months Ended		Three Months	
	September 30,		September 30,	
	2018	2017	2018	2017
Net income	\$ 31,483	\$ 27,556	\$ 10,057	\$ 9,342
Other comprehensive income (loss):				
Change in net unrealized holding gains (losses) on available-for-sale securities	(17,099)	4,774	(2,271)	(577)
Change in funded status of pension plan	—	13	—	4
Change in net unrealized gain on derivative instrument	281	—	687	—
Other comprehensive income (loss) before income taxes	(16,818)	4,787	(1,584)	(573)
Income tax expense (benefit)	(5,081)	2,010	(479)	(240)
Other comprehensive income (loss)	(11,737)	2,777	(1,105)	(333)
Comprehensive income	\$ 19,746	\$ 30,333	\$ 8,952	\$ 9,009

See notes to unaudited consolidated financial statements

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

	Nine Months Ended September 30, 2018				Accumulated Other Comprehensive	
(dollars in thousands)	Common Stock		Surplus	Retained Earnings	Income (Loss)	Total
	Shares	Amount				
Balance, January 1, 2018	24,668,390	\$ 2,467	\$ 127,122	\$ 224,315	\$ 546	\$ 354,450
Net income				31,483		31,483
Other comprehensive loss					(11,737)	(11,737)
Reclassification of stranded tax effects upon the adoption of ASU 2018-02				277	(277)	—
Shares tendered upon the exercise of stock options	(14,549)	(1)	(365)			(366)
Shares withheld upon the vesting and conversion of RSUs	(27,194)	(3)	(764)			(767)
Common stock issued under						