

FIRST OF LONG ISLAND CORP

Form 10-Q

May 10, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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 March 31,
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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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
Non accelerated filer (Do not check if a smaller reporting company) 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 April 30, 2018
Common stock, \$.10 par value per share	25,347,258

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(dollars in thousands)	March 31, 2018	December 31, 2017
Assets:		
Cash and cash equivalents	\$ 69,918	\$ 69,672
Investment securities:		
Held-to-maturity, at amortized cost (fair value of \$7,027 and \$7,749)	6,936	7,636
Available-for-sale, at fair value	813,840	720,128
	820,776	727,764
Loans:		
Commercial and industrial	108,741	109,623
Secured by real estate:		
Commercial mortgages	1,245,194	1,193,007
Residential mortgages	1,693,333	1,558,564
Home equity lines	81,673	83,625
Consumer and other	6,030	5,533
	3,134,971	2,950,352
Allowance for loan losses	(35,154)	(33,784)
	3,099,817	2,916,568
Restricted stock, at cost	33,184	37,314
Bank premises and equipment, net	40,020	39,648
Bank-owned life insurance	79,291	59,665
Pension plan assets, net	19,232	19,152
Deferred income tax benefit	4,468	—
Other assets	18,718	24,925
	\$ 4,185,424	\$ 3,894,708
Liabilities:		
Deposits:		
Checking	\$ 950,681	\$ 896,129
Savings, NOW and money market	1,775,662	1,602,460
Time, \$100,000 and over	247,099	203,890
Time, other	230,207	119,518
	3,203,649	2,821,997
Short-term borrowings	172,777	281,141

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Long-term debt	437,027	423,797
Accrued expenses and other liabilities	10,525	10,942
Deferred income taxes payable	—	2,381
	3,823,978	3,540,258
Stockholders' Equity:		
Common stock, par value \$.10 per share:		
Authorized, 40,000,000 shares;		
Issued and outstanding, 25,024,667 and 24,668,390 shares	2,502	2,467
Surplus	134,924	127,122
Retained earnings	231,937	224,315
	369,363	353,904
Accumulated other comprehensive income (loss), net of tax	(7,917)	546
	361,446	354,450
	\$ 4,185,424	\$ 3,894,708

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)	Three Months Ended	
	March 31, 2018	2017
Interest and dividend income:		
Loans	\$ 26,664	\$ 22,919
Investment securities:		
Taxable	2,209	2,202
Nontaxable	3,431	3,377
	32,304	28,498
Interest expense:		
Savings, NOW and money market deposits	2,540	1,491
Time deposits	1,708	1,188
Short-term borrowings	783	389
Long-term debt	2,117	1,770
	7,148	4,838
Net interest income	25,156	23,660
Provision for loan losses	1,512	788
Net interest income after provision for loan losses	23,644	22,872
Noninterest income:		
Investment Management Division income	581	522
Service charges on deposit accounts	700	703
Net gains on sales of securities	—	57
Other	2,011	1,171
	3,292	2,453
Noninterest expense:		
Salaries	7,047	6,228
Employee benefits and other personnel expense	2,170	1,838
Occupancy and equipment	2,813	2,521
Other	2,838	2,760
	14,868	13,347
Income before income taxes	12,068	11,978
Income tax expense	957	2,897
Net income	\$ 11,111	\$ 9,081
Earnings per share:		
Basic	\$.44	\$.38
Diluted	\$.44	\$.38
Cash dividends declared per share	\$.15	\$.14

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three Months Ended	
	March 31,	
	2018	2017
Net income	\$ 11,111	\$ 9,081
Other comprehensive income (loss):		
Change in net unrealized holding gains on available-for-sale securities	(11,734)	1,071
Change in funded status of pension plan	—	5
Other comprehensive income (loss) before income taxes	(11,734)	1,076
Income tax expense (benefit)	(3,548)	452
Other comprehensive income (loss)	(8,186)	624
Comprehensive income	\$ 2,925	\$ 9,705

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

(dollars in thousands)	Three Months Ended March 31, 2018				Accumulated	Total
	Common Stock		Surplus	Retained Earnings	Other Comprehensive Income (Loss)	
	Shares	Amount				
Balance, January 1, 2018	24,668,390	\$ 2,467	\$ 127,122	\$ 224,315	\$ 546	\$ 354,450
Net income				11,111		11,111
Other comprehensive loss					(8,186)	(8,186)
Reclassification of stranded tax effects upon the adoption of ASU 2018-02				277	(277)	—
Shares withheld upon the vesting and conversion of RSUs	(25,321)	(3)	(719)			(722)
Common stock issued under stock compensation plans	112,237	11	101			112
Common stock issued under dividend reinvestment and stock purchase plan	269,361	27	7,292			7,319
Stock-based compensation			1,128			1,128
Cash dividends declared				(3,766)		(3,766)
Balance, March 31, 2018	25,024,667	\$ 2,502	\$ 134,924	\$ 231,937	\$ (7,917)	\$ 361,446

(dollars in thousands)	Three Months Ended March 31, 2017				Accumulated	Total
	Common Stock		Surplus	Retained Earnings	Other Comprehensive Loss	
	Shares	Amount				
Balance, January 1, 2017	23,699,107	\$ 2,370	\$ 101,738	\$ 203,326	\$ (1,604)	\$ 305,830
Net income				9,081		9,081
Other comprehensive income					624	624
Shares withheld upon the vesting and conversion of RSUs	(19,339)	(2)	(525)			(527)
Common stock issued under stock compensation plans	75,219	7	142			149
Common stock issued under dividend reinvestment and						

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stock purchase plan	146,720	15	3,869			3,884
Stock-based compensation			747			747
Cash dividends declared				(3,356)		(3,356)
Balance, March 31, 2017	23,901,707	\$ 2,390	\$ 105,971	\$ 209,051	\$ (980)	\$ 316,432

See notes to unaudited consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Three Months Ended	
	March 31, 2018	2017
Cash Flows From Operating Activities:		
Net income	\$ 11,111	\$ 9,081
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,512	788
Provision (credit) for deferred income taxes	(3,301)	645
Depreciation and amortization	917	824
Premium amortization on investment securities, net	466	838
Net gains on sales of securities	—	(57)
Stock-based compensation expense	1,128	747
Common stock issued in lieu of cash for director fees	16	13
Accretion of cash surrender value on bank-owned life insurance	(488)	(349)
Net pension credit	(80)	(29)
Decrease (increase) in other assets	1,944	(2,408)
Increase (decrease) in accrued expenses and other liabilities	(478)	2,624
Net cash provided by operating activities	12,747	12,717
Cash Flows From Investing Activities:		
Proceeds from sales of available-for-sale investment securities	—	40,011
Proceeds from maturities and redemptions of investment securities:		
Held-to-maturity	1,054	1,331
Available-for-sale	17,032	34,753
Purchases of investment securities:		
Held-to-maturity	(338)	—
Available-for-sale	(122,960)	(6,666)
Net increase in loans	(184,761)	(129,862)
Proceeds from sale of other real estate owned	5,125	—
Net decrease in restricted stock	4,130	2,580
Purchases of premises and equipment, net	(1,289)	(1,150)
Purchases of bank-owned life insurance	(20,000)	(25,000)
Net cash used in investing activities	(302,007)	(84,003)
Cash Flows From Financing Activities:		
Net increase in deposits	381,652	138,877
Net decrease in short-term borrowings	(108,364)	(67,528)
Proceeds from long-term debt	39,680	11,000
Repayment of long-term debt	(26,450)	—
Proceeds from issuance of common stock, net	7,319	3,884
Proceeds from exercise of stock options	96	136
Shares withheld upon the vesting and conversion of RSUs	(722)	(527)
Cash dividends paid		