



# Great Relationships Strong Fundamentals

2023 Annual Report



## Selected Financial Data

(dollars in thousands, except per share data)

Income Statement Data	2023	2022	2021	2020	2019
Interest Income	\$ 155,483	\$ 134,210	\$ 122,959	\$ 131,216	\$ 143,850
Interest Expense	68,618	18,497	16,152	29,188	43,681
Net Interest Income	86,865	115,713	106,807	102,028	100,169
Provision (Credit) for Credit Losses	(326)	2,331	(2,573)	3,006	33
Net Income	26,239	46,932	43,089	41,203	41,555

Per Share Data	2023	2022	2021	2020	2019
Basic Earnings	\$ 1.16	\$ 2.05	\$ 1.82	\$ 1.73	\$ 1.68
Diluted Earnings	1.16	2.04	1.81	1.72	1.67
Cash Dividends Declared	0.84	0.82	0.78	0.74	0.70
Dividend Payout Ratio	72.41%	40.20%	43.09%	43.02%	41.92%
Book Value	\$ 16.83	\$ 16.24	\$ 17.81	\$ 17.11	\$ 16.26

Balance Sheet Data at Year End	2023	2022	2021	2020	2019
Total Assets	\$ 4,235,900	\$ 4,281,511	\$ 4,068,789	\$ 4,069,141	\$ 4,097,843
Loans	3,248,064	3,311,733	3,105,036	3,033,454	3,188,249
Allowance for Credit Losses	28,992	31,432	29,831	33,037	29,289
Deposits	3,270,986	3,464,634	3,315,245	3,321,588	3,144,016
Borrowed Funds	542,500	411,000	311,322	306,097	528,182
Stockholders' Equity	380,146	364,536	413,812	407,118	389,108

Average Balance Sheet Data	2023	2022	2021	2020	2019
Total Assets	\$ 4,235,989	\$ 4,247,052	\$ 4,151,577	\$ 4,140,867	\$ 4,194,355
Loans	3,260,903	3,276,589	2,976,061	3,110,512	3,217,530
Allowance for Credit Losses	30,291	30,604	31,300	33,180	30,080
Deposits	3,431,990	3,536,709	3,425,976	3,257,317	3,276,699
Borrowed Funds	397,928	289,584	281,191	457,939	494,785
Stockholders' Equity	367,496	386,839	416,885	393,662	391,613

Financial Ratios	2023	2022	2021	2020	2019
Return on Average Assets (ROA)	0.62%	1.11%	1.04%	1.00%	0.99%
Return on Average Equity (ROE)	7.14%	12.13%	10.34%	10.47%	10.61%
Average Equity to Average Assets	8.68%	9.11%	10.04%	9.51%	9.34%



# 1Nvested 1Ndividualized 1Ndispensible

First National Bank LI works on a mission of continually doing the right thing to help our customers, employees and shareholders succeed while being socially accountable to the communities we serve. A true financial partner, 1N is committed to making a meaningful impact on these stakeholders through our ethical intent and strong business practices. We believe these efforts create long-term, sustainable value for our shareholders, clients, employees and communities.

## About Us

The First of Long Island Corporation (Nasdaq: FLIC) is the parent company of The First National Bank of Long Island, a local bank founded in 1927 in Glen Head, New York. Through our branch network branded as First National Bank LI, the Bank focuses on business and consumer bank needs on Long Island and in New York City. We offer a broad set of lending, deposit, investment and digital products. First National Bank LI is known for its culture of delivering extraordinary service and a “Customer First” banking experience to small and middle market businesses, professional service firms, not-for-profits, municipalities and consumers. The Bank’s tagline “Go First. Go Far.®” communicates the benefits of relationship service and our employees’ commitment to helping customers reach their financial goals. For more information about the Bank and Corporation visit [fnbli.com](http://fnbli.com).





# Fellow Shareholders

The events and conditions of 2023 necessitated a focus on liquidity, capital and asset quality industrywide, and I'm happy to report that our Company is well-positioned in these areas. An inverted yield curve, as the one experienced throughout 2023, resulting from the Fed moving short-term rates up to the mid 5's is unusual and largely unkind to the banking industry's net interest margins. The shape of the curve in 2023 combined with The First National Bank of Long Island's liability-sensitive Balance Sheet resulted in a 74-basis point drop in our net interest margin to 2.16% in 2023 from 2.89% in 2022.

Net income and fully diluted earnings per share for 2023 totaled \$26.2 million and \$1.16, respectively. The Company's return on average assets (ROA) was 0.62% and its return on average equity (ROE) was 7.14%. Owing primarily to the aforementioned margin compression, the metrics for 2023 did not match up to the record

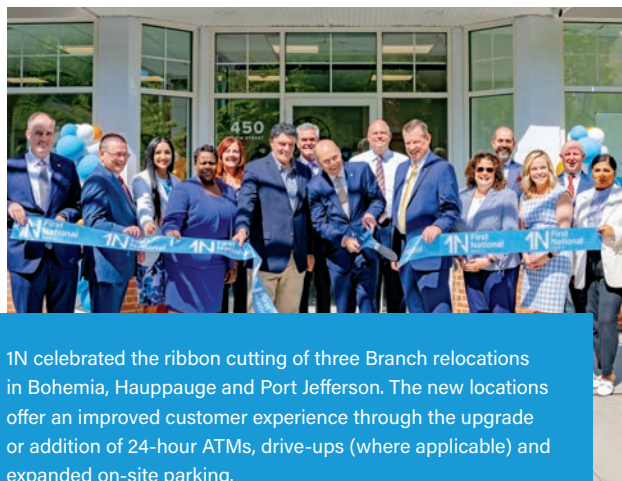


# 1N indispensable business partner

“Our leadership team is focused on business growth through efficiency..”

net income and fully diluted earnings per share performance the Bank produced in 2022 of \$46.9 million and \$2.04, respectively. In 2022, ROA was 1.11% and ROE was 12.13%. Noninterest expenses were managed carefully and were 4.4% lower in 2023 totaling \$64.1 million compared to \$67.0 million in 2022.

Interest rates and the slope of the yield curve will eventually change. A historically normal upward-shaped yield curve is expected to benefit the Bank and allow our performance metrics to return to historical norms. The yield curve inversion between the two-year and ten-year Treasuries started in July 2022 and remains so through the drafting of this



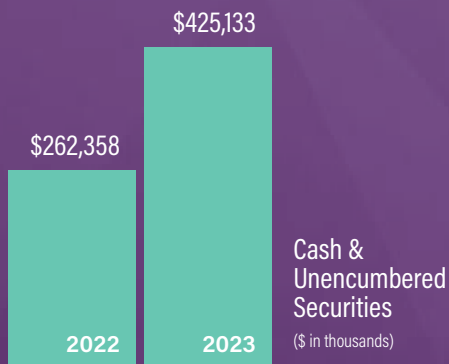
1N celebrated the ribbon cutting of three Branch relocations in Bohemia, Hauppauge and Port Jefferson. The new locations offer an improved customer experience through the upgrade or addition of 24-hour ATMs, drive-ups (where applicable) and expanded on-site parking.

letter. The good news is that inverted yield curves historically last approximately eighteen months. With interest rates beyond our control, we remain focused on our primary strategic initiatives as follows:

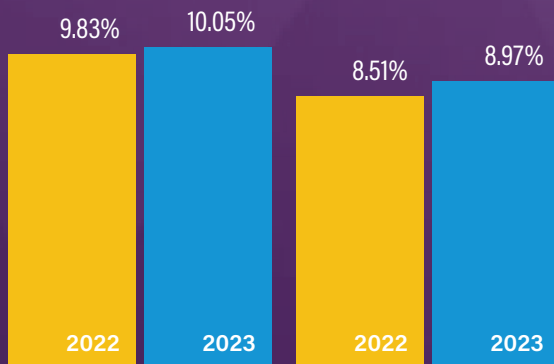
- Recruit bankers that build relationship business.
- Structure the Balance Sheet to optimize financial performance.
- Optimize the current and prospective branch network.
- Improve the quality and utilization of technology.
- Improve the Company's name recognition and community standing.
- Attract, retain and motivate employees that support our objectives.

With that in mind, during 2023 we added deposit gathering bankers in several markets and celebrated the relocation of three legacy branches. Our branch optimization plan has resulted in the closing of 15 branches since 2020, which has reduced annual operating expenses by approximately \$5 million. To expand our reach on Long Island, we successfully opened three branches on the East End over the same period with those branches attracting \$119 million in new deposit relationships of which 41% is in noninterest-bearing checking accounts as of year-end 2023. We plan to open a branch on Long Island's North Fork in Southold during the second quarter of 2024, which will complete our initial expansion plan on the East End. Our leadership team is focused on business growth through efficiency – providing the right number of branches, in the right locations, with the right people to best serve our clients, communities and shareholders.

## Liquidity



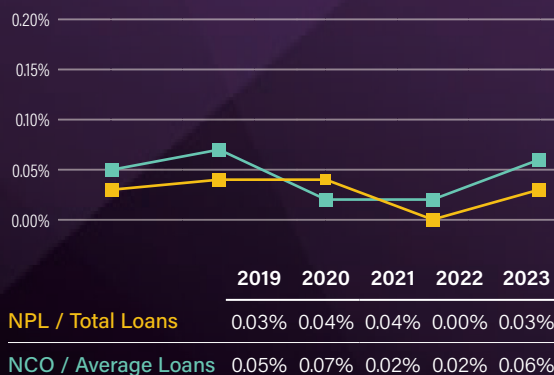
## Capital



Leverage Capital Ratio

Tangible Capital Ratio

## Asset Quality



\*Data as of December 31

# Individualized service

“Our loyal customers appreciate the stability of our Bank.”

Large regional bank failures and short-term Treasury yields not seen since prior to the Great Recession caused some deposit market disruption in 2023. I am proud that average total deposits held steady at \$3.4 billion during 2023. That compares to average total deposits in 2022 of \$3.5 billion. Noninterest-bearing checking deposits still represent 35% of total deposits highlighting the relationship focus in our deposit mix. As markets settle and rates stabilize, we believe our banking teams will capitalize on the constantly shifting banking landscape in our market area. Our loyal customers appreciate the stability of our Bank, and we believe the same is desired by our target markets of small and middle market businesses, professional service firms, not-for-profits, municipalities and service-conscience consumers.



This device allows participating customers to walk into any of our branches and hover their hand over the scanning surface, verifying client identity within seconds.



Management proactively completed two balance sheet repositioning transactions during the year to help reduce our sensitivity to rising interest rates. In March, the Bank entered into an interest rate swap to convert \$300 million of fixed rate residential mortgage loans to floating rate for a period of 3 years. During 2023, this transaction added \$3.1 million to pre-tax earnings. Also in March, the Bank sold \$149 million in fixed rate municipal securities and purchased a similar dollar amount of floating rate SBA securities. The Bank recognized a \$3.5 million pre-tax loss and earned back approximately \$2.7 million of the pre-tax loss through year end 2023. As we ended 2023, these two transactions were generating approximately \$2.2 million in quarterly pre-tax earnings above what would have been earned without these moves.

Our planned technology upgrades were completed over the first weekend of February 2024. New technology includes Fiserv's DNA core processing system, business online banking, business mobile app, branch platform and teller systems, biometrics identification and numerous paper-eliminating efficiencies. Our team has been working on implementing these new systems for 18 months.

I cannot thank them enough for their outstanding work and dedication to this project. We believe our new best-in-class systems will enhance customer experience and provide our bankers with the tools needed to service our clients and generate new relationship-based business.

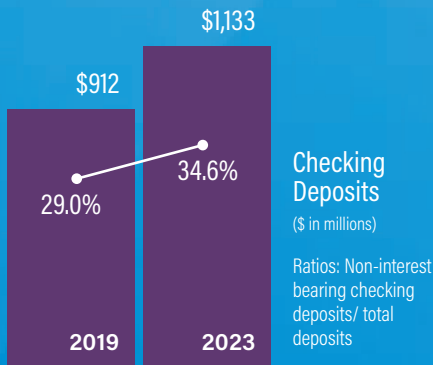
## build<sup>1</sup>Ng relationships

**"We believe our new best-in-class systems will enhance customer experience..."**

The transition to a more commercially focused institution that began in 2020 continued to make progress in 2023 thanks to the hard work by our commercial lending teams and their branch partners. A key component of this objective is growing our commercial and industrial loan and owner-occupied mortgage business. This combined portfolio has increased from \$223 million at the beginning of 2020 to \$350 million at the end of 2023. While the pace of growth in this area slowed in 2023 to 6.3%, it has still exceeded 12% per year on average since 2020.



## Deposits

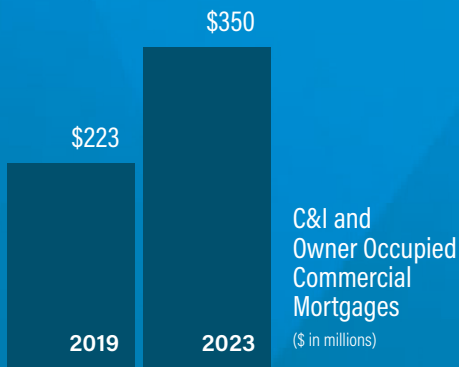


### Checking Deposits

(\$ in millions)

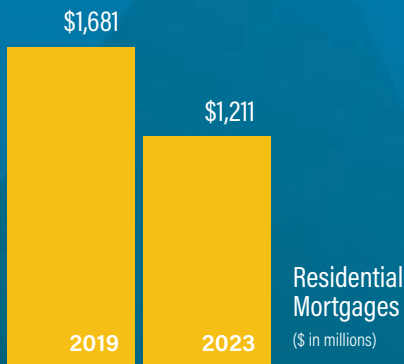
Ratios: Non-interest bearing checking deposits/ total deposits

## Loans



### C&I and Owner Occupied Commercial Mortgages

(\$ in millions)



### Residential Mortgages

(\$ in millions)

\*Data as of December 31



Mortgage customers now benefit from expanded purchase and refinance products, including low down payment options and closing cost incentives, all using Rocket Mortgage's streamlined online application process. Visit [fnbli.com/mortgage](https://fnbli.com/mortgage) to learn more.

Our total commercial loan portfolio has grown from \$1.5 billion to \$2.0 billion over the past four years.

Offsetting the success of this management team's commercial transition has been the legacy residential mortgage business. Since year end 2019, our management team has allowed the portfolio to paydown by \$454 million, which has disguised our success in growing the commercial portfolio as outlined in the previous paragraph. In 2023, the Bank announced a new co-marketing referral agreement with Rocket Mortgage®, the nation's leading mortgage lender. As a result of this new relationship, we eliminated the need for a residential mortgage department saving nearly \$1 million in annual noninterest expense going forward, while expanding financing options and benefits for our customers.

The support of a strong marketing team sets the tone for our key initiatives. We continue to get compliments on the fresh look of our branding at new and relocated branch locations. Many of our existing locations have also received facelifts to five-star reviews. Our new social media and refreshed

# lead1Ng local lender

**“Our total commercial loan portfolio has grown from \$1.5 billion to \$2.0 billion over the past four years.”**

traditional media advertising has been recognized by customers and prospects with positive feedback. In particular, our new “Meet the Bankers” series on social media was a big hit in 2023.

I am proud to say key aspects of our transformation strategy which began in 2020 are largely in the rearview. The Bank has a fresh look, top notch technology, innovative partnerships replace legacy stalemate business lines, a more efficient branch network, bankers focused on commercial relationship growth, a proven history of strong asset quality all of which is underpinned by a strong capital position with leverage and tangible capital ratios of 10.05% and 8.97%, respectively. Combined with optimism about short-term rates moving lower, especially for a Bank that remains generally liability-sensitive, we enter 2024 with a bright outlook for the future.

Before closing, I would like to recognize a few people for their many contributions over the years.

After five years as our Chief Investment Officer and four years as our Chief Financial Officer, Jay McConie has decided to step away from day-to-day management. He has been a key executive partner in many of the initiatives discussed in this letter and prior communications. I thank him for his tremendous efforts and dedication to the Company over these past 9 years.

We have two director retirements in 2024. Alexander L. Cover will retire effective April 16, 2024, after 20-years of service on our Board of Directors. He was a long-time Chair of our Audit Committee. Alex joined the Board of Directors after a distinguished career in public accounting with Ernst & Young LLP. Stephen V. Murphy retired effective January 31, 2024, after 18-years of service on our Board of Directors. He was a long-time Chair of our Board Loan Committee prior to becoming a long-time Chair of our Board Asset Liability Committee. Steve was a career investment banker specializing in financial institutions. Both gentlemen worked tirelessly as committee chairs and board members to assure the proper oversight of our Company. Their combined experience made them a formidable duo and their contributions to the Board will be missed. On behalf of the Board of Directors, Management and staff, thank you both for your many years of dedicated service and valuable insight.

Also, thank you to all directors for bringing their unique perspectives to the governance of our Company. Thank you to our customers and employees who are the reason we continue to succeed.

Lastly, I want to reassure our loyal shareholders that the Board of Directors and Management Team are focused on returning to our historical performance metrics and making the right decisions to maximize future shareholder returns.

Sincerely,

**Christopher Becker**

President and Chief Executive Officer



# Invested in our community

For more than 95 years, 1N has remained committed to local service and goodwill. This has been achieved through a combination of monetary donations and hands-on volunteerism, which has fostered a meaningful connection and equity between our employees and the communities we serve with pride.

## 1 New York Blood Center Blood Drive

The Blue Crew hosted its first ever on-site Blood Drive in Melville, partnering with New York Blood Center for a day of donations. Team members from across the Bank network also donated at area blood centers during the month of June. Together, we donated over 58 pints of blood for use in area hospitals.

## Our Impact<sup>1</sup>

# 1,425+

Hours of Volunteerism.  
Includes hands-on service and professional guidance

## 2 9-1-1 Veterans Turkeys for Vets

The Bank is proud to support 9-1-1 Veterans, a small not-for-profit organization assisting those who have served and are serving in the United States Military through financial assistance, food and clothing. Team members assisted with its 11th Annual Turkeys for Vets Thanksgiving event, hosted at the VFW of Lindenhurst. Five hundred frozen turkeys were provided with all the trimmings, benefitting local Veterans and local VFW's across Long Island.





3



4



5

**146**

Organizations touched by 1N through volunteerism and monetary support

**117**

Community Development & Reinvestment Loans Issued

**\$23.6**

Million Extended in Community Development & Reinvestment Lending

**3 Oceanside Senior Center**

With this annual event at Oceanside Senior Center, members of our branch network and Branch Administration staff enjoy an afternoon of food, bingo and good company. Our team starts out the morning greeting seniors as they arrive, play several rounds of bingo, and participate in a stretch before helping to serve lunch to all of the senior center’s guests.

**4 Harry Chapin Community Garden**

Members of our Commercial Lending team spent the afternoon with Long Island Cares at Harry Chapin Community Garden, cleaning up the garden beds and harvesting vegetables. 1N helped build the raised beds of the community garden in 2022, creating a space that allows local communities to have access to fresh produce for years to come.

**5 COVE Animal Shelter**

Our #1NTeam spent time at COVE Animal Shelter in Glen Cove, walking many of the dogs available for adoption, playing with cats, cleaning the facilities and assisting with laundry. Our team was lucky to witness another adoption while volunteering.

<sup>1</sup>2023 Data based on lending data, volunteerism efforts and philanthropic contributions

# Consolidated Balance Sheets

December 31 (dollars in thousands)

	2023	2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 60,887	\$ 74,178
Investment securities available-for-sale, at fair value	695,877	673,413
Loans:		
Commercial and industrial	116,163	108,493
Secured by real estate:		
Commercial mortgages	1,919,714	1,916,493
Residential mortgages	1,166,887	1,240,144
Home equity lines	44,070	45,213
Consumer and other	1,230	1,390
	3,248,064	3,311,733
Allowance for credit losses	(28,992)	(31,432)
	3,219,072	3,280,301
Restricted stock, at cost	32,659	26,363
Bank premises and equipment, net	31,414	31,660
Right-of-use asset - operating leases	22,588	23,952
Bank-owned life insurance	114,045	110,848
Pension plan assets, net	10,740	11,049
Deferred income tax benefit	28,996	31,124
Other assets	19,622	18,623
	\$ 4,235,900	\$ 4,281,511
<b>Liabilities:</b>		
Deposits:		
Checking	\$ 1,133,184	\$ 1,324,141
Savings, NOW and money market	1,546,369	1,661,512
Time	591,433	478,981
	3,270,986	3,464,634
Short-term borrowings	70,000	-
Long-term debt	472,500	411,000
Operating lease liability	24,940	25,896
Accrued expenses and other liabilities	17,328	15,445
	3,855,754	3,916,975
<b>Stockholders' Equity:</b>		
Common stock, par value \$.10 per share:		
Authorized, 80,000,000 shares;		
Issued and outstanding, 22,590,942 and 22,443,380 shares	2,259	2,244
Surplus	79,728	78,462
Retained earnings	355,887	348,597
	437,874	429,303
Accumulated other comprehensive loss, net of tax	(57,728)	(64,767)
	380,146	364,536
	\$ 4,235,900	\$ 4,281,511

# Consolidated Statements of Income

Year Ended December 31 (dollars in thousands, except per share data)

	2023	2022	2021
<b>Interest and dividend income:</b>			
Loans	\$ 127,866	\$ 116,352	\$ 106,266
Investment securities:			
Taxable	22,663	9,795	8,162
Nontaxable	4,954	8,063	8,531
	155,483	134,210	122,959
<b>Interest expense:</b>			
Savings, NOW and money market deposits	32,164	7,180	4,414
Time deposits	19,267	5,296	5,712
Short-term borrowings	950	1,207	1,427
Long-term debt	16,237	4,814	4,599
	68,618	18,497	16,152
Net interest income	86,865	115,713	106,807
<b>Provision (credit) for credit losses</b>	(326)	2,331	(2,573)
Net interest income after provision (credit) for credit losses	87,191	113,382	109,380
<b>Noninterest income:</b>			
Bank-owned life insurance	3,197	3,017	2,399
Service charges on deposit accounts	3,034	3,157	2,925
Net gain (loss) on sales of securities	(3,489)	–	1,104
Gain (loss) on disposition of premises and fixed assets	240	(553)	–
Other	3,354	6,242	6,146
	6,336	11,863	12,574
<b>Noninterest expense:</b>			
Salaries and employee benefits	37,373	41,096	39,753
Occupancy and equipment	13,140	13,407	15,338
Debt extinguishment	–	–	1,021
Other	13,546	12,523	12,535
	64,059	67,026	68,647
Income before income taxes	29,468	58,219	53,307
<b>Income tax expense</b>	3,229	11,287	10,218
<b>Net income</b>	\$ 26,239	\$ 46,932	\$ 43,089
<b>Earnings per share:</b>			
Basic	\$ 1.16	\$ 2.05	\$ 1.82
Diluted	1.16	2.04	1.81
<b>Cash dividends declared per share</b>	0.84	0.82	0.78



# The First of Long Island Corporation and The First National Bank of Long Island

## Board of Directors

### Christopher Becker

President & Chief Executive Officer of The First National Bank of Long Island and The First of Long Island Corporation

### Paul T. Canarick

President & Principal of Paul Todd, Inc. (Construction Company)

### J. Abbott R. Cooper

Attorney, Abbott Cooper PLLC; Founder and managing member of Driver Management Company LLC

### Alexander L. Cover

Business & Management Consultant  
Retired Partner of Ernst & Young LLP

### John J. Desmond

Retired Partner of Grant Thornton LLP

### Edward J. Hays

Partner at Cullen and Dykman LLP;  
Former Chief Regulatory Counsel for American Water Works Company, Inc.

### Louisa M. Ives

Managing Director of Chilton Trust

### Peter Quick

Retired

### Denise Strain

Retired Managing Director, Senior Tax Counsel, Citigroup Inc.

### Milbrey Rennie Taylor

Retired Executive Producer of CBS News

### Walter C. Teagle III

Chairman of the Board, The First of Long Island Corporation and The First National Bank of Long Island; President and Owner, Teagle Management, Inc. (Private Investment Firm)

### Eric J. Tveter

Former CEO of Central Europe Liberty Global plc.

## Officers

### Christopher Becker

President & Chief Executive Officer of the Corporation and the Bank

## Senior Executive Vice Presidents

### Christopher Hilton

Chief Lending Officer

### Janet T. Verneuille, CPA

Chief Financial Officer, Treasurer of the Corporation and Cashier of the Bank

## Executive Vice Presidents

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Chief Risk Officer & General Counsel

### Richard P. Perro

Chief Retail Officer

### Susanne Pheffer

Chief Information Officer

### Michael J. Spolarich

Chief Credit Officer

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### Diane Beck

Director of Program Management

### Jacqueline Brown

Branch District Manager

### Robert Colosa

Chief Auditor

### Richard Corrado

Director of Commercial Lending Operations

### Margaret M. Curran-Rusch

Middle Market Team Leader

### Maria Doyle, CPA

Controller of the Corporation and the Bank

### Seamus Doyle

South Fork Team Leader – Commercial Lending

### Brian Emigholz

SVP - Business Banking Team Leader

### John Fitzpatrick

CRE Relationship Manager

### Rose Florio-Campanaro

Loan Operations Manager

### Robert Grady

Director of Middle Market Lending

### Lou Iacucci

Middle Market Relationship Manager

### Kelly McCormack

Credit Department Manager

### Richard O'Rourke

CRE Team Leader

### Jane F. Reed

Senior Commercial Lending Officer

### Angela Reese

Branch District Manager

### Kenneth B. Ruland II

Middle Market Team Leader

### Matthew Ruppert

Senior Credit Officer

### Shannon Shakespeare

Chief Human Resources Officer

### Thomas Sullivan

Middle Market Banking

### Leonardo Tavera

Corporate Planning Officer

### Antoinette Valente

Branch District Manager

## Business Advisory Board

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Partner  
Albanese & Albanese LLP

### Barry Berg, CPA

Consultant

### Bernard Esquenet

CEO  
The Ruhof Corporation

### Kevin J. Harding

Partner  
Harding and Burke, PLLC

### James D. Kiley

Partner  
Kiley, Kiley & Kiley, PLLC

### John Martinelli

Principal  
Owen Petersen & Co., LLP

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J.W. Hirschfeld Agency, Inc.

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Managing Partner  
Sight Medical Doctors, PLLC

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### Frank Shahery

Director of Marketing  
Convermat Corporation

### H. Craig Treiber

CEO  
Treiber Family Enterprises

### Sal J. Turano

President  
Abstracts Incorporated

### Candy Udell

President  
London Jewelers

### Mark Udell

CEO  
London Jewelers

### Mark Wurzel

President  
Calico Cottage Inc.

## Our Branches

### Manhattan

232 Madison Avenue

### Brooklyn

Bay Ridge  
Cobble Hill

### Queens

Astoria  
Bay Terrace  
College Point  
Howard Beach  
Whitestone

### Nassau County

Bayville  
East Meadow  
Garden City  
Glen Head  
Great Neck  
Greenvale  
Hewlett  
Hicksville  
Lake Success  
Locust Valley  
Massapequa  
Merrick  
Rockville Centre  
Roslyn Heights  
Valley Stream  
Woodbury

### Suffolk County

Babylon  
Bohemia  
East Hampton  
East Islip  
East Setauket  
Hauppauge  
Huntington  
Lindenhurst  
Melville  
Northport  
Patchogue  
Port Jefferson  
Riverhead  
Sayville  
Smithtown  
Southampton  
Southold (*Coming Soon*)



## Corporate Office

### **The First of Long Island Corporation**

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Melville, NY 11747

(516) 671-4900

[www.fnbli.com](http://www.fnbli.com)

## Transfer Agent and Registrar

### **Continental Stock Transfer & Trust Company**

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New York, New York 10004

(212) 509-4000

[www.continentalstock.com](http://www.continentalstock.com)