

EVANS BANCORP INC
Form 10-Q
November 01, 2013

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For quarterly period ended September 30, 2013

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 001-35021

EVANS BANCORP, INC. _____

(Exact name of registrant as specified in its charter)

New York 16-1332767

(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

One Grimsby Drive, Hamburg, NY 14075

(Address of principal executive offices) (Zip Code)

(716) 926-2000

(Registrant's telephone number, including area code)

(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

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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:

Common Stock, \$.50 par value: 4,195,801 shares as of October 31, 2013

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EVANS BANCORP, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2013 AND DECEMBER 31, 2012
(in thousands, except share and per share amounts)

	September 30, 2013	December 31, 2012
ASSETS		
Cash and due from banks	\$ 20,773	\$ 12,409
Interest-bearing deposits at banks	42,669	78,068
Securities:		
Available for sale, at fair value (amortized cost: \$91,509 at September 30, 2013; \$88,054 at December 31, 2012)	92,568	92,063
Held to maturity, at amortized cost (fair value: \$3,709 at September 30, 2013; \$3,721 at December 31, 2012)	3,776	3,744
Federal Home Loan Bank common stock, at amortized cost	1,364	1,804
Federal Reserve Bank common stock, at amortized cost	1,467	1,445
Loans and leases, net of allowance for loan and lease losses of \$10,890 at September 30, 2013 and \$9,732 at December 31, 2012	614,665	573,163
Properties and equipment, net of accumulated depreciation of \$15,072 at September 30, 2013 and \$14,256 at December 31, 2012	10,973	11,368
Goodwill	8,101	8,101
Intangible assets	148	329
Bank-owned life insurance	19,682	15,333
Other assets	10,774	11,849
TOTAL ASSETS	\$ 826,960	\$ 809,676
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 140,423	\$ 123,405
NOW	66,095	65,753
Regular savings	383,766	380,924
Time	112,341	108,910
Total deposits	702,625	678,992
Securities sold under agreement to repurchase	14,179	12,111

Other short term borrowings	3,000	10,000
Other liabilities	11,191	13,415
Junior subordinated debentures	11,330	11,330
Long term borrowings	6,000	9,000
Total liabilities	748,325	734,848

CONTINGENT LIABILITIES AND COMMITMENTS

STOCKHOLDERS' EQUITY:

Common stock, \$.50 par value, 10,000,000 shares authorized; 4,201,571 and 4,171,473 shares issued at September 30, 2013 and December 31, 2012, respectively, and 4,200,207 and 4,171,473 outstanding at September 30, 2013 and December 31, 2012, respectively	2,102	2,087
Capital surplus	42,419	42,029
Retained earnings	35,708	30,611
Accumulated other comprehensive (loss) gain, net of tax	(1,594)	101
Total stockholders' equity	78,635	74,828
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 826,960	\$ 809,676

See Notes to Unaudited Consolidated Financial Statements

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EVANS BANCORP, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(in thousands, except share and per share amounts)

	Three Months Ended September 30,	
	2013	2012
INTEREST INCOME		
Loans and leases	\$ 7,445	\$ 7,567
Interest bearing deposits at banks	39	15
Securities:		
Taxable	402	450
Non-taxable	263	277
Total interest income	8,149	8,309
INTEREST EXPENSE		
Deposits	806	1,106
Other borrowings	87	170
Junior subordinated debentures	82	88
Total interest expense	975	1,364
NET INTEREST INCOME	7,174	6,945
PROVISION FOR LOAN AND LEASE LOSSES	774	9
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	6,400	6,936
NON-INTEREST INCOME		
Bank charges	540	487
Insurance service and fees	1,906	1,774
Data center income	118	103
Gain on loans sold	-	129
Bank-owned life insurance	108	118
Loss on tax credit investment	(1,555)	-
Other	1,501	605
Total non-interest income	2,618	3,216
NON-INTEREST EXPENSE		
Salaries and employee benefits	4,637	4,778
Occupancy	695	679
Repairs and maintenance	169	210
Advertising and public relations	158	119
Professional services	480	356
Technology and communications	299	320

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Amortization of intangibles	55	77
FDIC insurance	147	118
Other	708	699
Total non-interest expense	7,348	7,356
INCOME BEFORE INCOME TAXES	1,670	2,796
INCOME TAX PROVISION (BENEFIT)	(780)	660
NET INCOME	\$ 2,450	\$ 2,136
Net income per common share-basic	\$ 0.59	\$ 0.51
Net income per common share-diluted	\$ 0.58	\$ 0.51
Cash dividends per common share	\$ 0.26	\$ 0.22
Weighted average number of common shares outstanding	4,181,041	4,153,246
Weighted average number of diluted shares outstanding	4,232,961	4,177,567

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NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2013	2012
INTEREST INCOME		
Loans and leases	\$ 21,974	\$ 22,596
Interest bearing deposits at banks	103	39
Securities:		
Taxable	1,223	1,452
Non-taxable	799	879
Total interest income	24,099	24,966
INTEREST EXPENSE		
Deposits	2,506	3,494
Other borrowings	347	533
Junior subordinated debentures	243	261
Total interest expense	3,096	4,288
NET INTEREST INCOME	21,003	20,678
PROVISION FOR LOAN AND LEASE LOSSES	1,304	62
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	19,699	20,616
NON-INTEREST INCOME		
Bank charges	1,528	1,360
Insurance service and fees	5,632	5,363
Data center income	342	347
Gain on loans sold	25	257
Bank-owned life insurance	350	370
Loss on tax credit investment	(1,555)	-
Other	2,821	1,846
Total non-interest income	9,143	9,543
NON-INTEREST EXPENSE		
Salaries and employee benefits	13,151	13,221
Occupancy	2,249	2,009
Repairs and maintenance	534	556
Advertising and public relations	518	600
Professional services	1,414	1,462
Technology and communications	930	860
Amortization of intangibles	180	287
FDIC insurance	450	392

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Other	2,256	2,201
Total non-interest expense	21,682	21,588
INCOME BEFORE INCOME TAXES	7,160	8,571
INCOME TAX PROVISION	971	2,562
NET INCOME	\$ 6,189	\$ 6,009
Net income per common share-basic	\$ 1.48	\$ 1.45
Net income per common share-diluted	\$ 1.47	\$ 1.45
Cash dividends per common share	\$ 0.26	\$ 0.44
Weighted average number of common shares outstanding	4,178,241	4,139,951
Weighted average number of diluted shares outstanding	4,220,405	4,153,387

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EVANS BANCORP, INC. AND SUBSIDIARIES

UNAUDITED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

THREE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(in thousands, except share and per share amounts)

	Three Months Ended September 30,	
	2013	2012
NET INCOME	\$ 2,450	\$ 2,136
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Unrealized gain (loss) on available-for-sale securities:		
Unrealized gain (loss) on available-for-sale securities	(142)	357
Reclassification of gain on sale of securities	-	-
	(142)	357
Defined benefit pension plans:		
Amortization of prior service cost	10	13
Amortization of actuarial loss	28	26
Total	38	39
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(104)	396
COMPREHENSIVE INCOME	\$ 2,346	\$ 2,532

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NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2013	2012
NET INCOME	\$ 6,189	\$ 6,009
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Unrealized gain (loss) on available-for-sale securities:		
Unrealized gain (loss) on available-for-sale securities	(1,808)	256
Reclassification of gain on sale of securities	-	-
	(1,808)	256
Defined benefit pension plans:		
Amortization of prior service cost	32	40
Amortization of actuarial loss	81	78
Total	113	118
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(1,695)	374
COMPREHENSIVE INCOME	\$ 4,494	\$ 6,383

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(in thousands, except share and per share amounts)