

CHICOPEE BANCORP, INC.  
Form 10-Q  
November 04, 2010

**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 the quarterly period ended September 30, 2010

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: 000-51996

**CHICOPEE BANCORP, INC.**

(Exact name of registrant as specified in its charter)

Edgar Filing: CHICOPEE BANCORP, INC. - Form 10-Q

<b>Massachusetts</b> (State or other jurisdiction of incorporation or organization)	<b>20-4840562</b> (I.R.S. Employer Identification No.)
<b>70 Center Street, Chicopee, Massachusetts</b> (Address of principal executive offices)	<b>01013</b> (Zip Code)

**(413) 594-6692**

(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 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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 3, 2010, there were 6,150,623 shares of the Registrant's Common Stock outstanding.

CHICOPEE BANCORP, INC.

FORM 10-Q

INDEX

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
<u>Consolidated Statements of Financial Condition at September 30, 2010 and December 31, 2009.</u>	1
<u>Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2010 and 2009</u>	2
<u>Consolidated Statements of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2010 and 2009</u>	3
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009</u>	4
<u>Notes to Unaudited Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	40
Item 4. <u>Controls and Procedures</u>	42
<b>PART II. OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings</u>	43
Item 1A. <u>Risk Factors</u>	43
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 3. <u>Defaults Upon Senior Securities</u>	45
Item 4. (Removed and Reserved.)	
Item 5. <u>Other Information</u>	45
Item 6. <u>Exhibits</u>	45
<u>SIGNATURES</u>	46

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## CHICOPEE BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Dollars In Thousands)

	September 30, 2010 (Unaudited)	December 31, 2009
<b>Assets</b>		
Cash and due from banks	\$ 7,545	\$ 9,757
Short-term investments		16
Federal funds sold	31,119	10,302
<b>Total cash and cash equivalents</b>	<b>38,664</b>	<b>20,075</b>
Securities available-for-sale, at fair value	498	503
Securities held-to-maturity, at cost (fair value \$61,269 and \$63,130 at September 30, 2010 and December 31, 2009, respectively)	61,065	62,983
Federal Home Loan Bank stock, at cost	4,489	4,306
Loans, net of allowance for loan losses (\$4,267 at September 30, 2010 and \$4,077 at December 31, 2009)	432,240	424,655
Loans held for sale	1,172	534
Other real estate owned	285	80
Mortgage servicing rights	297	297
Bank owned life insurance	12,928	12,610
Premises and equipment, net	10,309	10,652
Accrued interest and dividends receivable	1,668	1,629
Deferred income tax asset	2,109	2,112
FDIC prepaid insurance	1,472	1,900
Other assets	2,113	1,814
<b>Total assets</b>	<b>\$ 569,309</b>	<b>\$ 544,150</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Deposits</b>		
Non-interest-bearing	\$ 46,647	\$ 42,629
Interest-bearing	335,499	322,869
<b>Total deposits</b>	<b>382,146</b>	<b>365,498</b>
Securities sold under agreements to repurchase	18,064	20,422
Federal Home Loan Bank of Boston advances	74,779	63,675
Accrued expenses and other liabilities	435	383
<b>Total liabilities</b>	<b>475,424</b>	<b>449,978</b>
<b>Stockholders equity</b>	<b>72,479</b>	<b>72,479</b>

Edgar Filing: CHICOPEE BANCORP, INC. - Form 10-Q

Common stock (no par value, 20,000,000 shares authorized, 7,439,368 shares issued at September 30, 2010 and December 31, 2009)

Treasury stock, at cost (1,215,545 shares at September 30, 2010 and 1,060,338 shares at December 31, 2009)	(15,714)	(13,951)
Additional paid-in-capital	2,126	1,765
Unearned compensation (restricted stock awards)	(1,642)	(2,269)
Unearned compensation (Employee Stock Ownership Plan)	(4,538)	(4,761)
Retained earnings	41,103	40,843
Accumulated other comprehensive income	71	66
<b>Total stockholders' equity</b>	<b>93,885</b>	<b>94,172</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 569,309</b>	<b>\$ 544,150</b>

See accompanying notes to unaudited consolidated financial statements.

## CHICOPEE BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except for Number of Shares and Per Share Amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Interest and dividend income:				
Loans, including fees	\$ 5,862	\$ 5,897	\$ 17,714	\$ 17,717
Interest and dividends on securities	337	172	941	578
Other interest-earning assets	10	14	21	22
<b>Total interest and dividend income</b>	<b>6,209</b>	<b>6,083</b>	<b>18,676</b>	<b>18,317</b>
Interest expense:				
Deposits	1,516	1,875	4,467	5,577
Securities sold under agreements to repurchase	10	46	55	160
Other borrowed funds	500	414	1,543	1,220
<b>Total interest expense</b>	<b>2,026</b>	<b>2,335</b>	<b>6,065</b>	<b>6,957</b>
<b>Net interest income</b>	<b>4,183</b>	<b>3,748</b>	<b>12,611</b>	<b>11,360</b>
Provision for loan losses	376	385	761	550
<b>Net interest income after provision for loan losses</b>	<b>3,807</b>	<b>3,363</b>	<b>11,850</b>	<b>10,810</b>
Non-interest income (loss):				
Service charges, fees and commissions	426	387	1,282	1,074
Loan sales and servicing, net	86	108	237	544
Net gain on sales of securities available-for-sale		154		181
Loss on sales of other than temporarily impaired securities		(179)		(179)
Loss on sale of other real estate owned	(15)	(6)	(23)	(6)
Other than temporary impairment charge		(1,297)	(13)	(1,403)
Income from bank owned life insurance	106	118	318	350
<b>Total non-interest income (loss)</b>	<b>603</b>	<b>(715)</b>	<b>1,801</b>	<b>561</b>
Non-interest expenses:				
Salaries and employee benefits	2,484	2,647	7,728	7,585
Occupancy expenses	362	370	1,189	1,228
Furniture and equipment	209	269	764	860
FDIC insurance assessment	105	122	418	430
Data processing	338	276	903	811
Professional fees	158	119	416	384
Advertising	131	143	384	370
Stationery, supplies and postage	79	89	234	294
Other non-interest expense	460	506	1,445	1,511
<b>Total non-interest expense</b>	<b>4,326</b>	<b>4,541</b>	<b>13,481</b>	<b>13,473</b>

Edgar Filing: CHICOPEE BANCORP, INC. - Form 10-Q

Income (loss) before income taxes	84	(1,893)	170	(2,102)
Income tax benefit	(99)	(492)	(90)	(641)