

EVANS BANCORP INC
Form 10-Q
November 02, 2016

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, 2016

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)

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, 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

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 4,292,114 shares as of November 2, 2016

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 EVANS BANCORP, INC. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 SEPTEMBER 30, 2016 AND DECEMBER 31, 2015
 (in thousands, except share and per share amounts)

	September 30, 2016	December 31, 2015
ASSETS		
Cash and due from banks	\$ 14,830	\$ 11,813
Interest-bearing deposits at banks	4,397	10,808
Securities:		
Available for sale, at fair value (amortized cost: \$101,758 at September 30, 2016; \$96,374 at December 31, 2015)	103,385	97,141
Held to maturity, at amortized cost (fair value: \$1,475 at September 30, 2016; \$1,584 at December 31, 2015)	1,474	1,617
Federal Home Loan Bank common stock, at cost	3,220	1,296
Federal Reserve Bank common stock, at cost	1,510	1,487
Loans, net of allowance for loan losses of \$13,712 at September 30, 2016 and \$12,883 at December 31, 2015	899,140	761,101
Properties and equipment, net of accumulated depreciation of \$16,693 at September 30, 2016 and \$15,799 at December 31, 2015	11,485	11,051
Goodwill	8,101	8,101
Bank-owned life insurance	21,398	20,978
Other assets	15,723	13,714
TOTAL ASSETS	\$ 1,084,663	\$ 939,107
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 195,869	\$ 183,098
NOW	87,047	83,674
Regular savings	496,926	439,993
Time	118,123	96,217
Total deposits	897,965	802,982
Securities sold under agreement to repurchase	11,606	10,821
Other borrowings	51,200	10,000
Other liabilities	17,364	12,718
Junior subordinated debentures	11,330	11,330
Total liabilities	989,465	847,851

CONTINGENT LIABILITIES AND COMMITMENTS

STOCKHOLDERS' EQUITY:

Common stock, \$.50 par value, 10,000,000 shares authorized; 4,290,222 and 4,260,203 shares issued at September 30, 2016 and December 31, 2015, respectively, and 4,287,400 and 4,257,179 outstanding at September 30, 2016 and December 31, 2015, respectively	2,147	2,132
Capital surplus	43,983	43,318
Treasury stock, at cost, 2,822 and 3,024 shares at September 30, 2016 and December 31, 2015, respectively	(69)	-
Retained earnings	50,294	47,616
Accumulated other comprehensive loss, net of tax	(1,157)	(1,810)
Total stockholders' equity	95,198	91,256
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,084,663	\$ 939,107

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, 2016 AND 2015
(in thousands, except share and per share amounts)

	Three Months Ended September 30,	
	2016	2015
INTEREST INCOME		
Loans	\$ 9,620	\$ 8,403
Interest bearing deposits at banks	1	16
Securities:		
Taxable	385	407
Non-taxable	235	273
Total interest income	10,241	9,099
INTEREST EXPENSE		
Deposits	977	828
Other borrowings	100	49
Junior subordinated debentures	95	83
Total interest expense	1,172	960
NET INTEREST INCOME	9,069	8,139
PROVISION FOR LOAN LOSSES	1,006	396
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	8,063	7,743
NON-INTEREST INCOME		
Deposit service charges	475	455
Insurance service and fees	1,855	1,972
Gain on loans sold	35	34
Gain on insurance settlement	-	734
Bank-owned life insurance	144	134
Interchange fee income	319	320
Other	507	608
Total non-interest income	3,335	4,257
NON-INTEREST EXPENSE		
Salaries and employee benefits	5,402	5,253
Occupancy	732	675
Repairs and maintenance	200	230
Advertising and public relations	232	188
Professional services	535	673
Technology and communications	304	354
FDIC insurance	201	151
Other	1,105	756

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Total non-interest expense	8,711	8,280
INCOME BEFORE INCOME TAXES	2,687	3,720
INCOME TAX PROVISION	471	1,211
NET INCOME	\$ 2,216	\$ 2,509
Net income per common share-basic	\$ 0.52	\$ 0.59
Net income per common share-diluted	\$ 0.51	\$ 0.58
Cash dividends per common share	\$ 0.38	\$ 0.36
Weighted average number of common shares outstanding	4,287,124	4,241,156
Weighted average number of diluted shares outstanding	4,362,479	4,312,275

See Notes to Unaudited Consolidated Financial Statements

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NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2016	2015
INTEREST INCOME		
Loans	\$ 27,228	\$ 24,149
Interest bearing deposits at banks	45	50
Securities:		
Taxable	1,323	1,242
Non-taxable	695	750
Total interest income	29,291	26,191
INTEREST EXPENSE		
Deposits	2,972	2,471
Other borrowings	201	109
Junior subordinated debentures	273	243
Total interest expense	3,446	2,823
NET INTEREST INCOME	25,845	23,368
PROVISION FOR LOAN LOSSES	838	1,012
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	25,007	22,356
NON-INTEREST INCOME		
Deposit service charges	1,321	1,275

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Insurance service and fees	5,175	5,623
Gain on loans sold	79	115
Gain on insurance settlement	-	734
Bank-owned life insurance	421	423
Loss on tax credit investment	(2,139)	-
Refundable state historic tax credit	1,508	-
Interchange fee income	977	938
Other	1,267	1,692
Total non-interest income	8,609	10,800
NON-INTEREST EXPENSE		
Salaries and employee benefits	16,383	15,114
Occupancy	2,171	2,066
Repairs and maintenance	588	618
Advertising and public relations	707	630
Professional services	1,771	1,855
Technology and communications	1,065	876
FDIC insurance	542	446
Other	2,731	2,429
Total non-interest expense	25,958	24,034
INCOME BEFORE INCOME TAXES	7,658	9,122
INCOME TAX PROVISION	1,725	3,033
NET INCOME	\$ 5,933	\$ 6,089
Net income per common share-basic	\$ 1.39	\$ 1.44
Net income per common share-diluted	\$ 1.37	\$ 1.41
Cash dividends per common share	\$ 0.76	\$ 0.72
Weighted average number of common shares outstanding	4,278,171	4,232,201
Weighted average number of diluted shares outstanding	4,345,307	4,306,532

See Notes to Unaudited Consolidated Financial Statements

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

EVANS BANCORP, INC. AND SUBSIDIARIES

UNAUDITED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(in thousands, except share and per share amounts)

	Three Months Ended September 30,	
	2016	2015
NET INCOME	\$ 2,216	\$ 2,509
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX:		
Unrealized (loss) gain on available-for-sale securities	(376)	412
Defined benefit pension plans:		
Amortization of prior service cost	5	23
Amortization of actuarial assumptions	35	13
Total	40	36
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX	(336)	448
COMPREHENSIVE INCOME	\$ 1,880	\$ 2,957

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(in thousands, except share and per share amounts)

	Nine Months Ended September 30,	
	2016	2015
NET INCOME	\$ 5,933	\$ 6,089
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized gain on available-for-sale securities	533	106
Defined benefit pension plans:		
Amortization of prior service cost	15	33
Amortization of actuarial assumptions	105	74
Total	120	107
OTHER COMPREHENSIVE INCOME, NET OF TAX	653	213
COMPREHENSIVE INCOME	\$ 6,586	\$ 6,302

See Notes to Unaudited Consolidated Financial Statements