

AUBURN NATIONAL BANCORPORATION, INC

Form 10-Q

August 15, 2011

[Table of Contents](#)

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 June 30, 2011

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period _____ to _____

Commission File Number: 0-26486

Auburn National Bancorporation, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

63-0885779
(I.R.S. Employer
Identification No.)

100 N. Gay Street
Auburn, Alabama 36830
(334) 821-9200

(Address and telephone number of principal executive offices)

(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 website, 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 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 a 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 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.

Class	Outstanding at July 31, 2011
Common Stock, \$0.01 par value per share	3,642,738 shares

Table of Contents

AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION	PAGE
Item 1 <u>Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets (Unaudited) as of June 30, 2011 and December 31, 2010</u>	3
<u>Condensed Consolidated Statements of Earnings (Unaudited) for the quarter and six months ended June 30, 2011 and 2010</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income (Unaudited) for the six months ended June 30, 2011 and 2010</u>	5
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the six months ended June 30, 2011 and 2010</u>	6
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
Item 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
<u>Table 1 Explanation of Non-GAAP Financial Measures</u>	46
<u>Table 2 Selected Quarterly Financial Data</u>	47
<u>Table 3 Selected Financial Data</u>	48
<u>Table 4 Average Balances and Net Interest Income Analysis for the quarter ended June 30, 2011 and 2010</u>	49
<u>Table 5 Average Balances and Net Interest Income Analysis for the six months ended June 30, 2011 and 2010</u>	50
<u>Table 6 Loan Portfolio Composition</u>	51
<u>Table 7 Allowance for Loan Losses and Nonperforming Assets</u>	52
<u>Table 8 Allocation of Allowance for Loan Losses</u>	53
<u>Table 9 CDs and Other Time Deposits of \$100,000 or more</u>	54
Item 3 <u>Quantitative and Qualitative Disclosures About Market Risk</u>	55
Item 4 <u>Controls and Procedures</u>	55
 PART II. OTHER INFORMATION	
Item 1 <u>Legal Proceedings</u>	55
Item 1A <u>Risk Factors</u>	55
Item 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	55
Item 3 <u>Defaults Upon Senior Securities</u>	56
Item 4 <u>Removed and Reserved</u>	56
Item 5 <u>Other Information</u>	56
Item 6 <u>Exhibits</u>	56

Table of Contents**PART 1. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(Unaudited)**

<i>(Dollars in thousands, except share data)</i>	June 30, 2011	December 31, 2010
Assets:		
Cash and due from banks	\$ 15,654	\$ 11,432
Federal funds sold	40,835	7,500
Interest bearing bank deposits	1,091	2,492
Cash and cash equivalents	57,580	21,424
Securities available-for-sale	296,443	315,220
Loans held for sale	2,278	4,281
Loans, net of unearned income	373,795	374,215
Allowance for loan losses	(7,746)	(7,676)
Loans, net	366,049	366,539
Premises and equipment, net	8,237	8,105
Bank-owned life insurance	16,385	16,171
Other real estate owned	9,361	8,125
Other assets	23,392	23,964
Total assets	\$ 779,725	\$ 763,829
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 96,888	\$ 87,660
Interest-bearing	531,081	519,467
Total deposits	627,969	607,127
Federal funds purchased and securities sold under agreements to repurchase	2,314	2,685
Long-term debt	85,322	93,331
Accrued expenses and other liabilities	3,020	4,318
Total liabilities	718,625	707,461
Stockholders equity:		
Preferred stock of \$.01 par value; authorized 200,000 shares; no issued shares		
Common stock of \$.01 par value; authorized 8,500,000 shares; issued 3,957,135 shares	39	39
Additional paid-in capital	3,753	3,752
Retained earnings	62,970	61,421

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Accumulated other comprehensive income (loss), net	981	(2,201)
Less treasury stock, at cost - 314,397 shares and 314,417 shares at June 30, 2011 and December 31, 2010, respectively	(6,643)	(6,643)
Total stockholders' equity	61,100	56,368
Total liabilities and stockholders' equity	\$ 779,725	\$ 763,829

See accompanying notes to condensed consolidated financial statements

Table of Contents**AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Earnings****(Unaudited)**

<i>(Dollars in thousands, except share and per share data)</i>	Quarter ended June 30, 2011	2010	Six months ended June 30, 2011	2010
Interest income:				
Loans, including fees	\$ 5,371	\$ 5,492	\$ 10,658	\$ 10,925
Securities	2,613	2,959	5,151	6,178
Federal funds sold and interest bearing bank deposits	14	10	23	17
Total interest income	7,998	8,461	15,832	17,120
Interest expense:				
Deposits	2,092	2,615	4,262	5,255
Short-term borrowings	3	3	6	14
Long-term debt	846	1,155	1,693	2,332
Total interest expense	2,941	3,773	5,961	7,601
Net interest income	5,057	4,688	9,871	9,519
Provision for loan losses	600	750	1,200	2,200
Net interest income after provision for loan losses	4,457	3,938	8,671	7,319
Noninterest income:				
Service charges on deposit accounts	290	334	581	648
Mortgage lending	439	625	879	1,107
Bank-owned life insurance	107	106	214	232
Affordable housing investment losses	(230)	(57)	(230)	(114)
Other	355	353	708	734
Securities gains, net:				
Realized gains, net	445	1,431	450	2,531
Total other-than-temporary impairments	(51)	(20)	(312)	(260)
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income		20	210	210
Total securities gains, net	394	1,431	348	2,481
Total noninterest income	1,355	2,792	2,500	5,088
Noninterest expense:				
Salaries and benefits	2,068	1,939	4,054	3,844
Net occupancy and equipment	328	364	674	748
Professional fees	189	191	360	367
FDIC and other regulatory assessments	199	286	481	562
Other real estate owned, net	718	911	701	972
Prepayment penalty on long-term debt		298		298
Other	861	820	1,743	1,654
Total noninterest expense	4,363	4,809	8,013	8,445

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Earnings before income taxes	1,449	1,921	3,158	3,962
Income tax (benefit) expense	(8)	314	152	738
Net earnings	\$ 1,457	\$ 1,607	\$ 3,006	\$ 3,224
Net earnings per share:				
Basic and diluted	\$ 0.40	\$ 0.44	\$ 0.83	\$ 0.88
Weighted average shares outstanding:				
Basic and diluted	3,642,738	3,642,877	3,642,733	