

AUBURN NATIONAL BANCORPORATION, INC

Form 10-Q

August 01, 2017

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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, 2017

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

63-0885779
(I.R.S. Employer

incorporation or organization)

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

Large Accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for the complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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
Common Stock, \$0.01 par value per share

Outstanding at July 31, 2017
3,643,643 shares

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<i>(Dollars in thousands, except share data)</i>	June 30, 2017	December 31, 2016
Assets:		
Cash and due from banks	\$ 14,287	\$ 15,673
Federal funds sold	23,915	42,096
Interest bearing bank deposits	48,097	63,508
Cash and cash equivalents	86,299	121,277
Securities available-for-sale	277,363	243,572
Loans held for sale	1,436	1,497
Loans, net of unearned income	437,287	430,946
Allowance for loan losses	(4,965)	(4,643)
Loans, net	432,322	426,303
Premises and equipment, net	12,995	12,602
Bank-owned life insurance	18,105	17,888
Other real estate owned	103	152
Other assets	7,688	8,652
Total assets	\$ 836,311	\$ 831,943
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 182,311	\$ 181,890
Interest-bearing	560,145	557,253
Total deposits	742,456	739,143
Federal funds purchased and securities sold under agreements to repurchase	3,469	3,366
Long-term debt	3,217	3,217
Accrued expenses and other liabilities	2,070	4,040
Total liabilities	751,212	749,766
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	3,770	3,767
Retained earnings	87,925	85,716
Accumulated other comprehensive income (loss), net	2	(708)

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Less treasury stock, at cost - 313,492 shares and 313,612 shares at June 30, 2017 and December 31, 2016, respectively	(6,637)	(6,637)
Total stockholders equity	85,099	82,177
Total liabilities and stockholders equity	\$ 836,311	\$ 831,943

See accompanying notes to consolidated financial statements

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AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

(Unaudited)

	<u>Quarter ended June 30,</u>		<u>Six months ended June 30,</u>	
<i>(In thousands, except share and per share data)</i>	2017	2016	2017	2016
Interest income:				
Loans, including fees	\$ 5,121	\$ 5,172	\$ 10,102	\$ 10,268
Securities:				
Taxable	1,112	775	2,133	1,673
Tax-exempt	587	623	1,168	1,248
Federal funds sold and interest bearing bank deposits	182	156	383	282
Total interest income	7,002	6,726	13,786	13,471
Interest expense:				
Deposits	866	967	1,728	1,948
Short-term borrowings	5	3	9	7
Long-term debt	30	64	59	127
Total interest expense	901	1,034	1,796	2,082
Net interest income	6,101	5,692	11,990	11,389
Provision for loan losses	100		100	(600)
Net interest income after provision for loan losses	6,001	5,692	11,890	11,989
Noninterest income:				
Service charges on deposit accounts	183	193	372	391
Mortgage lending	139	315	304	494
Bank-owned life insurance	110	113	217	225
Other	361	372	734	717
Securities gains, net			2	
Total noninterest income	793	993	1,629	1,827
Noninterest expense:				
Salaries and benefits	2,392	2,446	4,773	4,851
Net occupancy and equipment	351	358	732	718
Professional fees	254	194	484	405
FDIC and other regulatory assessments	89	122	178	244
Other	929	901	1,966	1,912
Total noninterest expense	4,015	4,021	8,133	8,130
Earnings before income taxes	2,779	2,664	5,386	5,686
Income tax expense	784	733	1,501	1,564
Net earnings	\$ 1,995	\$ 1,931	\$ 3,885	\$ 4,122

Net earnings per share:

Basic and diluted	\$	0.55	\$	0.53	\$	1.07	\$	1.13
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Weighted average shares outstanding:

Basic and diluted	3,643,593	3,643,503	3,643,567	3,643,493
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See accompanying notes to consolidated financial statements

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AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Unaudited)

	Quarter ended June 30,		Six months ended June 30,	
<i>(Dollars in thousands)</i>	2017	2016	2017	2016
Net earnings	\$ 1,995	\$ 1,931	\$ 3,885	\$ 4,122
Other comprehensive income, net of tax:				
Unrealized net holding gain on securities	573	810	711	2,376
Reclassification adjustment for net gain on securities recognized in net earnings			(1)	
Other comprehensive income	573	810	710	2,376
Comprehensive income	\$ 2,568	\$ 2,741	\$ 4,595	\$ 6,498

See accompanying notes to consolidated financial statements

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AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

(Unaudited)

	Common Stock		Additional	Retained	Accumulated	Treasury	Total
	Shares	Amount	paid-in	comprehensive	other	stock	
			capital	income	(loss)		
				earnings			
<i>(Dollars in thousands, except share data)</i>							
Balance, December 31, 2015	3,957,135	\$ 39	\$ 3,766	\$ 80,845	\$ 1,937	\$ (6,638)	\$ 79,949
Net earnings				4,122			4,122
Other comprehensive income					2,376		2,376
Cash dividends paid (\$0.45 per share)				(1,640)			&