

CHEMUNG FINANCIAL CORP
Form 10-Q
November 17, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

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

For Quarterly period ended September 30, 2014

Or

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

Commission File No. 0-13888

CHEMUNG FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

New York 16-1237038
(State or other jurisdiction of incorporation or organization) I.R.S. Employer Identification No.

One Chemung Canal Plaza, P.O. Box 1522, Elmira, NY 14902
(Address of principal executive offices) (Zip Code)

(607) 737-3711 or (800) 836-3711
(Registrant's telephone number, including area code)

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

Large accelerated filer Accelerated filer Non-accelerated filer 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:

The number of shares of the registrant's common stock, \$.01 par value, outstanding on November 14, 2014 was 4,618,839.

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GLOSSARY OF TERMS AND ABBREVIATIONS

To assist the reader the Corporation has provided the following list of commonly used acronyms and abbreviations included in the Notes to Unaudited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

ASU	Accounting Standards Update
BANK	Chemung Canal Trust Company
CDO	Collateralized Debt Obligation
CORPORATION	Chemung Financial Corporation
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLBNY	Federal Home Loan Bank New York
FRB	Board of Governors of the Federal Reserve System
FRBNY	Federal Reserve Bank of New York
FREDDIE MAC	Federal Home Loan Mortgage Corporation
GAAP	United States Generally Accepted Accounting Principles
OTTI	Other-Than-Temporary Impairment
PCI	Purchased Credit Impaired
SEC	Securities and Exchange Commission
TDR	Troubled Debt Restructuring

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements-Unaudited

CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

UNAUDITED

	September 30, 2014	December 31, 2013
(dollars in thousands, except per share data)		
ASSETS		
Cash and due from financial institutions	\$31,957	\$31,600
Interest-bearing deposits in other financial institutions	3,069	20,009
Total cash and cash equivalents	35,026	51,609
Trading assets, at fair value	483	366
Securities available for sale, at estimated fair value	288,097	346,016
Securities held to maturity, estimated fair value of \$5,821 at September 30, 2014 and \$6,930 at December 31, 2013	5,430	6,495
Federal Home Loan Bank and Federal Reserve Bank Stock, at cost	4,362	4,482
Loans, net of deferred origination fees and costs, and unearned income	1,114,182	995,866
Allowance for loan losses	(13,151)	(12,776)
Loans, net	1,101,031	983,090
Loans held for sale	1,167	695
Premises and equipment, net	32,431	30,039
Goodwill	21,824	21,824
Other intangible assets, net	5,384	6,377
Bank owned life insurance	2,744	2,796
Accrued interest and other assets	25,578	22,354
Total assets	\$ 1,523,557	\$ 1,476,143
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing	\$372,916	\$351,222
Interest-bearing	938,083	915,034
Total deposits	1,310,999	1,266,256
Securities sold under agreements to repurchase	30,981	32,701
Federal Home Loan Bank term advances	24,086	25,243
Long term capital lease obligations	3,039	-
Dividends payable	1,201	1,195
Accrued interest payable and other liabilities	13,690	12,170
Total liabilities	1,383,996	1,337,565
Shareholders' equity:		
Common stock, \$.01 par value per share, 10,000,000 shares authorized; 5,310,076 issued at September 30, 2014 and December 31, 2013	53	53
Additional-paid-in-capital	45,555	45,399
Retained earnings	111,105	111,031
Treasury stock, at cost (691,237 shares at September 30, 2014; 707,674 shares at December 31, 2013)	(17,640)	(18,060)
Accumulated other comprehensive income	488	155

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Total shareholders' equity	139,561	138,578
Total liabilities and shareholders' equity	\$1,523,557	\$1,476,143

See accompanying notes to unaudited consolidated financial statements.

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CHEMUNG FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

(dollars in thousands, except per share data)	Nine months ended		Three months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Interest and dividend income:				
Loans, including fees	\$34,590	\$33,605	\$11,973	\$11,245
Taxable securities	3,889	3,120	1,122	1,003
Tax exempt securities	752	845	230	258
Interest-bearing deposits	59	21	16	3
Total interest and dividend income	39,290	37,591	13,341	12,509
Interest Expense:				
Deposits	1,550	1,791	511	571
Securities sold under agreements to repurchase	634	645	214	214
Borrowed funds	572	594	190	207
Total interest expense	2,756	3,030	915	992
Net interest income	36,534	34,561	12,426	11,517
Provision for loan losses	2,330	1,755	589	874
Net interest income after provision for loan losses	34,204	32,806	11,837	10,643
Other operating income:				