

EVANS BANCORP INC  
Form 10-Q  
May 01, 2015

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 March 31, 2015

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

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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 4,231,416 shares as of April 30, 2015

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 EVANS BANCORP, INC. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED BALANCE SHEETS  
 MARCH 31, 2015 AND DECEMBER 31, 2014  
 (in thousands, except share and per share amounts)

	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
Cash and due from banks	\$ 14,661	\$ 8,784
Interest-bearing deposits at banks	46,033	2,114
Securities:		
Available for sale, at fair value (amortized cost: \$96,367 at March 31, 2015; \$94,048 at December 31, 2014)	98,393	95,533
Held to maturity, at amortized cost (fair value: \$1,576 at March 31, 2015; \$1,574 at December 31, 2014)	1,588	1,599
Federal Home Loan Bank common stock, at amortized cost	822	1,439
Federal Reserve Bank common stock, at amortized cost	1,486	1,486
Loans, net of allowance for loan losses of \$12,777 at March 31, 2015 and \$12,533 at December 31, 2014	688,961	683,131
Properties and equipment, net of accumulated depreciation of \$15,390 at March 31, 2015 and \$15,129 at December 31, 2014	10,074	10,224
Goodwill	8,101	8,101
Bank-owned life insurance	20,552	20,415
Other assets	13,681	13,983
<b>TOTAL ASSETS</b>	<b>\$ 904,352</b>	<b>\$ 846,809</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Demand	\$ 169,965	\$ 158,631
NOW	82,956	72,670
Regular savings	416,317	363,542
Time	111,120	112,792
Total deposits	780,358	707,635
Securities sold under agreement to repurchase	10,673	13,778
Other short term borrowings	-	13,700
Other liabilities	15,290	14,578
Junior subordinated debentures	11,330	11,330
Total liabilities	817,651	761,021
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		

STOCKHOLDERS' EQUITY:

Common stock, \$.50 par value, 10,000,000 shares authorized; 4,244,591 and 4,241,797 shares issued at March 31, 2015 and December 31, 2014, respectively, and 4,230,895 and 4,203,684 outstanding at March 31, 2015 and December 31, 2014, respectively	2,123	2,123
Capital surplus	42,682	43,102
Treasury stock, at cost, 13,696 shares and 38,113 at March 31, 2015 and December 31, 2014, respectively	(166)	(751)
Retained earnings	43,210	42,822
Accumulated other comprehensive loss, net of tax	(1,148)	(1,508)
Total stockholders' equity	86,701	85,788
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$ 904,352	 \$ 846,809

See Notes to Unaudited Consolidated Financial Statements

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EVANS BANCORP, INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME  
THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2015	2014
INTEREST INCOME		
Loans	\$ 7,813	\$ 7,510
Interest bearing deposits at banks	1	15
Securities:		
Taxable	405	449
Non-taxable	237	245
Total interest income	8,456	8,219
INTEREST EXPENSE		
Deposits	781	756
Other borrowings	15	86
Junior subordinated debentures	79	79
Total interest expense	875	921
NET INTEREST INCOME	7,581	7,298
PROVISION (CREDIT) FOR LOAN LOSSES	201	153
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,380	7,145
NON-INTEREST INCOME		
Bank charges	409	461
Insurance service and fees	1,829	2,132
Data center income	24	107
Gain on loans sold	22	-
Bank-owned life insurance	137	145
Other	645	550
Total non-interest income	3,066	3,395
NON-INTEREST EXPENSE		
Salaries and employee benefits	4,794	4,695
Occupancy	695	743
Repairs and maintenance	173	176
Advertising and public relations	211	222
Professional services	511	518
Technology and communications	259	300
Amortization of intangibles	-	41
FDIC insurance	147	162
Other	722	761
Total non-interest expense	7,512	7,618
INCOME BEFORE INCOME TAXES	2,934	2,922
INCOME TAX PROVISION	1,029	909
NET INCOME	\$ 1,905	\$ 2,013



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Net income per common share-basic	\$ 0.45	\$ 0.48
Net income per common share-diluted	\$ 0.44	\$ 0.47
Cash dividends per common share	\$ 0.36	\$ 0.31
Weighted average number of common shares outstanding	4,213,509	4,200,519
Weighted average number of diluted shares outstanding	4,291,676	4,284,016

See Notes to Unaudited Consolidated Financial Statements

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EVANS BANCORP, INC. AND SUBSIDIARIES  
UNAUDITED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME  
THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
(in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2015	2014
NET INCOME	\$ 1,905	\$ 2,013
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Unrealized gain on available-for-sale securities:		
Unrealized gain on available-for-sale securities	331	361
Less: Reclassification of gain on sale of securities	-	-
	331	361
Defined benefit pension plans:		
Amortization of prior service cost	5	5
Amortization of actuarial assumptions	24	16
Total	29	21
OTHER COMPREHENSIVE INCOME, NET OF TAX	360	382
COMPREHENSIVE INCOME	\$ 2,265	\$ 2,395

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 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS'

## EQUITY

## THREE MONTHS ENDED MARCH 31, 2015 AND 2014

(in thousands, except share and per share amounts)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, December 31, 2013	\$ 2,106	\$ 42,619	\$ 37,370	\$ (1,263)	\$ (120)	\$ 80,712
Net Income			2,013			2,013
Other comprehensive income				382		382
Cash dividends (\$0.31 per common share)			(1,305)			(1,305)
Stock options and restricted stock expense		99				99
Excess tax expense from stock-based compensation		21				21
Issued 3,017 restricted shares	2	(2)				-
Repurchased 59,800 shares					(1,436)	(1,436)
Reissued 3,087 shares in stock option exercise		(27)			58	31
Balance, March 31, 2014	\$ 2,108	\$ 42,710	\$ 38,078	\$ (881)	\$ (1,498)	\$ 80,517
Balance, December 31, 2014	\$ 2,123	\$ 43,102	\$ 42,822	\$ (1,508)	\$ (751)	\$ 85,788
Net Income			1,905			1,905
Other comprehensive income				360		360
Cash dividends (\$0.36 per common share)			(1,517)			(1,517)
Stock options and restricted stock expense		117				117
Excess tax benefit from stock-based compensation		14				14
Repurchased 1,397 shares in Treasury stock					(34)	(34)
Reissued 20,942 restricted shares		(503)			503	-
Reissued 4,872 shares through stock option exercise		(48)			116	68
Balance, March 31, 2015	\$ 2,123	\$ 42,682	\$ 43,210	\$ (1,148)	\$ (166)	\$ 86,701

See Notes to Unaudited Consolidated Financial Statements



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ITEM 1 - FINANCIAL STATEMENTS  
EVANS BANCORP, INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2015 AND 2014  
(in thousands)

	Three Months Ended March 31,	
	2015	2014
<b>OPERATING ACTIVITIES:</b>		
Interest received	\$ 8,256	\$ 8,105
Fees received	2,779	3,388
Interest paid	(896)	(937)
Cash paid to employees and vendors	(7,804)	(8,368)
Income taxes paid	(1)	(960)
Proceeds from sale of loans held for resale	2,658	-
Originations of loans held for resale	(4,995)	(123)
Net cash (used in) provided by operating activities	(3)	1,105
<b>INVESTING ACTIVITIES:</b>		
Available for sales securities:		
Purchases	(4,244)	-
Proceeds from maturities, calls, and payments	2,451	5,543
Held to maturity securities:		
Proceeds from maturities, calls, and payments	11	11
Additions to properties and equipment	(111)	(226)
Purchase of tax credit investment	(667)	-
Net increase in loans	(3,595)	(13,493)
Net cash used in investing activities	(6,155)	(8,165)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from (repayments of) borrowings, net	(16,803)	(1,977)
Net increase in deposits	72,723	15,333
Repurchase of treasury stock	(34)	(1,436)
Reissuance of treasury stock	68	31
Net cash provided by financing activities	55,954	11,951

Net increase in cash and equivalents	49,796	4,891
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of period	10,898	41,954
End of period	\$ 60,694	\$ 46,845

(continued)

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