

AUBURN NATIONAL BANCORPORATION, INC

Form 10-Q

November 02, 2012

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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 September 30, 2012

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

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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, 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

Smaller reporting company

(Do not check if a 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  
Common Stock, \$0.01 par value per share

Outstanding at October 31, 2012  
3,642,903 shares

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

*(Dollars in thousands, except share data)*

	September 30, 2012	December 31, 2011
<b>Assets:</b>		
Cash and due from banks	\$ 14,943	\$ 12,395
Federal funds sold	41,765	41,840
Interest bearing bank deposits	583	1,193
Cash and cash equivalents	57,291	55,428
Securities available-for-sale	254,819	299,582
Loans held for sale	5,682	3,346
Loans, net of unearned income	397,738	370,263
Allowance for loan losses	(6,045)	(6,919)
Loans, net	391,693	363,344
Premises and equipment, net	10,199	9,345
Bank-owned life insurance	16,963	16,631
Other real estate owned	4,925	7,898
Other assets	11,895	20,644
Total assets	\$ 753,467	\$ 776,218
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$ 116,017	\$ 106,276
Interest-bearing	513,807	513,276
Total deposits	629,824	619,552
Federal funds purchased and securities sold under agreements to repurchase	2,547	2,805
Long-term debt	47,217	85,313
Accrued expenses and other liabilities	3,673	3,132
Total liabilities	683,261	710,802
<b>Stockholders equity:</b>		
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	3,756	3,753
Retained earnings	66,908	64,045
Accumulated other comprehensive income, net	6,145	4,222
	(6,642)	(6,643)

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Less treasury stock, at cost - 314,232 shares and 314,397 shares at September 30, 2012 and December 31, 2011, respectively

Total stockholders' equity	70,206	65,416
Total liabilities and stockholders' equity	\$ 753,467	\$ 776,218

*See accompanying notes to consolidated financial statements*

**Table of Contents****AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES****Consolidated Statements of Earnings****(Unaudited)****Quarter ended September 30, Nine months ended September 30,***(In thousands, except share and per share data)*

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Interest income:</b>				
Loans, including fees	\$ 5,548	\$ 5,393	\$ 16,303	\$ 16,051
Securities	1,653	2,253	5,482	7,404
Federal funds sold and interest bearing bank deposits	11	14	32	37
Total interest income	7,212	7,660	21,817	23,492
<b>Interest expense:</b>				
Deposits	1,509	1,958	4,839	6,220
Short-term borrowings	4	3	13	9
Long-term debt	440	854	1,393	2,547
Total interest expense	1,953	2,815	6,245	8,776
<b>Net interest income</b>	<b>5,259</b>	<b>4,845</b>	<b>15,572</b>	<b>14,716</b>
<b>Provision for loan losses</b>	<b>1,550</b>	<b>600</b>	<b>2,750</b>	<b>1,800</b>
<b>Net interest income after provision for loan losses</b>	<b>3,709</b>	<b>4,245</b>	<b>12,822</b>	<b>12,916</b>
<b>Noninterest income:</b>				
Service charges on deposit accounts	268	301	838	882
Mortgage lending	1,038	566	2,492	1,334
Bank-owned life insurance	120	127	332	341
Gain on sale of affordable housing investments			3,268	
Affordable housing investment losses		(231)		(461)
Other	413	349	1,157	1,057
Securities gains, net:				
Realized gains, net	178	451	738	901
Total other-than-temporary impairments		(156)	(130)	(468)
Non-credit portion of other-than-temporary impairments (transferred from) recognized in other comprehensive income		(80)		130
<b>Total securities gains, net</b>	<b>178</b>	<b>215</b>	<b>608</b>	<b>563</b>
Total noninterest income	2,017	1,327	8,695	3,716
<b>Noninterest expense:</b>				
Salaries and benefits	2,209	2,147	6,557	6,090
Net occupancy and equipment	345	364	1,019	1,038
Professional fees	163	190	538	550
FDIC and other regulatory assessments	153	178	521	659
Other real estate owned, net	119	506	182	1,207

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Prepayment penalty on long-term debt			3,720	
Other	781	883	2,823	2,626
Total noninterest expense	3,770	4,268	15,360	12,170
<b>Earnings before income taxes</b>	<b>1,956</b>	<b>1,304</b>	<b>6,157</b>	<b>4,462</b>
<b>Income tax expense (benefit)</b>	<b>347</b>	<b>(63)</b>	<b>1,054</b>	<b>89</b>
<b>Net earnings</b>	<b>\$ 1,609</b>	<b>\$ 1,367</b>	<b>\$ 5,103</b>	<b>\$ 4,373</b>
<b>Net earnings per share:</b>				
Basic and diluted	\$ 0.44			