

AUBURN NATIONAL BANCORPORATION, INC

Form 10-Q

May 15, 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 March 31, 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  
incorporation or organization)

**100 N. Gay Street**  
**Auburn, Alabama 36830**

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

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(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	Outstanding at April 30, 2012
Common Stock, \$0.01 par value per share	3,642,818 shares

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**AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES**

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

	0000000000000 March 31, 2012	0000000000000 December 31, 2011
<i>(Dollars in thousands, except share data)</i>		
<b>Assets:</b>		
Cash and due from banks	\$ 15,250	\$ 12,395
Federal funds sold	20,325	41,840
Interest bearing bank deposits	734	1,193
Cash and cash equivalents	36,309	55,428
Securities available-for-sale	299,902	299,582
Loans held for sale	1,399	3,346
Loans, net of unearned income	380,377	370,263
Allowance for loan losses	(7,496)	(6,919)
Loans, net	372,881	363,344
Premises and equipment, net	9,614	9,345
Bank-owned life insurance	16,730	16,631
Other real estate owned	7,346	7,898
Other assets	16,341	20,644
Total assets	\$ 760,522	\$ 776,218
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$ 110,876	\$ 106,276
Interest-bearing	530,319	513,276
Total deposits	641,195	619,552
Federal funds purchased and securities sold under agreements to repurchase	2,835	2,805
Long-term debt	47,308	85,313
Accrued expenses and other liabilities	3,212	3,132
Total liabilities	694,550	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

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Additional paid-in capital	3,753	3,753
Retained earnings	64,764	64,045
Accumulated other comprehensive income, net	4,059	4,222
Less treasury stock, at cost 314,397 shares at March 31, 2012 and December 31, 2011, respectively	(6,643)	(6,643)
Total stockholders' equity	65,972	65,416
Total liabilities and stockholders' equity	\$ 760,522	\$ 776,218

*See accompanying notes to condensed consolidated financial statements*

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

	000000000000	000000000000
	<b>Quarter ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<i>(Dollars in thousands, except share and per share data)</i>		
<b>Interest income:</b>		
Loans, including fees	\$ 5,265	\$ 5,287
Securities	1,969	2,538
Federal funds sold and interest bearing bank deposits	14	9
<b>Total interest income</b>	<b>7,248</b>	<b>7,834</b>
<b>Interest expense:</b>		
Deposits	1,725	2,170
Short-term borrowings	4	3
Long-term debt	518	847
<b>Total interest expense</b>	<b>2,247</b>	<b>3,020</b>
<b>Net interest income</b>	<b>5,001</b>	<b>4,814</b>
<b>Provision for loan losses</b>	<b>600</b>	<b>600</b>
<b>Net interest income after provision for loan losses</b>	<b>4,401</b>	<b>4,214</b>
<b>Noninterest income:</b>		
Service charges on deposit accounts	291	291
Mortgage lending	669	384
Bank-owned life insurance	99	107
Gain on sale of affordable housing investments	3,268	
Other	358	353
Securities gains (losses), net:		
Realized gains, net	309	5
Total other-than-temporary-impairments	(130)	(261)
Non-credit portion of other-than-temporary impairments recognized in other comprehensive income		210
<b>Total securities gains (losses), net</b>	<b>179</b>	<b>(46)</b>
<b>Total noninterest income</b>	<b>4,864</b>	<b>1,089</b>
<b>Noninterest expense:</b>		
Salaries and benefits	2,143	1,930
Net occupancy and equipment	338	346
Professional fees	187	171
FDIC and other regulatory assessments	183	282
Other real estate owned, net	69	(17)
Prepayment penalty on long-term debt	3,708	
Other	914	882

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Total noninterest expense	7,542	3,594
Earnings before income taxes	1,723	1,709
<b>Income tax expense</b>	258	160
<b>Net earnings</b>	\$ 1,465	\$ 1,549
<b>Net earnings per share:</b>		
Basic and diluted	\$ 0.40	\$ 0.43
<b>Weighted average shares outstanding:</b>		
Basic and diluted	3,642,738	3,642,728

*See accompanying notes to condensed consolidated financial statements*

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

<i>(Dollars in thousands)</i>	00000000000000	00000000000000
	<b>Quarter ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Net earnings</b>	\$ 1,465	\$ 1,549
<b>Other comprehensive (loss) income, net of tax:</b>		
Unrealized net holding loss on other-than-temporarily impaired securities due to factors other than credit		(133)
Unrealized net holding (loss) gain on all other securities	(50)	715
Reclassification adjustment for net (gain) loss on securities recognized in net earnings	(113)	29
Other comprehensive (loss) income	(163)	611
<b>Comprehensive income</b>	<b>\$ 1,302</b>	<b>\$ 2,160</b>

*See accompanying notes to condensed consolidated financial statements*

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**AUBURN NATIONAL BANCORPORATION, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statements of Stockholders Equity**

**(Unaudited)**

	00000000	00000000	00000000	00000000	00000000	00000000	00000000
	<b>Common Stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Accumulated</b>	<b>Treasury</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>paid-in</b>	<b>earnings</b>	<b>other</b>	<b>stock</b>	
<i>(Dollars in thousands, except share data)</i>			<b>capital</b>		<b>(loss) income</b>		
<b>Balance, December 31, 2010</b>	3,957,135	\$ 39	\$ 3,752	\$ 61,421	\$ (2,201)	\$ (6,643)	\$ 56,368
Net earnings				1,549			1,549
Other comprehensive income					611		611
Cash dividends paid (\$0.20 per share)							