

PATHFINDER BANCORP INC
Form 10-Q
May 14, 2013

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 the quarterly period ended March 31, 2013

OR

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: 000-23601

PATHFINDER BANCORP, INC.
(Exact Name of Company as Specified in its Charter)

FEDERAL
(State or Other Jurisdiction of Incorporation or
Organization)

16-1540137
(I.R.S. Employer Identification Number)

214 West First Street, Oswego, NY 13126
(Address of Principal Executive Office) (Zip Code)

(315) 343-0057
(Issuer'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 T 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 (Section 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 T 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.

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Large accelerated filer*
filer*

Accelerated filer*

Non-accelerated

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 Exchange Act). YES * NO

As of May 9, 2013, there were 2,979,969 shares issued and 2,618,182 shares outstanding of the registrant's common stock.

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PART I - FINANCIAL INFORMATION

Item 1 – Consolidated Financial Statements

Pathfinder Bancorp, Inc.
Consolidated Statements of Condition
(Unaudited)

(In thousands, except share data)	March 31, 2013	December 31, 2012
ASSETS:		
Cash and due from banks	\$ 5,982	\$ 6,435
Interest earning deposits	7,236	2,230
Total cash and cash equivalents	13,218	8,665
Interest earning time deposits	2,000	2,000
Investment securities, at fair value	125,955	108,339
Federal Home Loan Bank stock, at cost	1,505	1,929
Loans	338,944	333,748
Less: Allowance for loan losses	4,686	4,501
Loans receivable, net	334,258	329,247
Premises and equipment, net	10,168	10,108
Accrued interest receivable	1,912	1,717
Foreclosed real estate	372	426
Goodwill	3,840	3,840
Bank owned life insurance	8,105	8,046
Other assets	3,631	3,479
Total assets	\$ 504,964	\$ 477,796
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Deposits:		
Interest-bearing	\$ 378,709	\$ 347,892
Noninterest-bearing	49,676	43,913
Total deposits	428,385	391,805
Short-term borrowings	-	9,000
Long-term borrowings	25,936	25,964
Junior subordinated debentures	5,155	5,155
Accrued interest payable	142	140
Other liabilities	4,297	4,985
Total liabilities	463,915	437,049
Shareholders' equity:		
Preferred stock - SBLF, par value \$0.01 per share; \$1,000 liquidation preference; 13,000 shares authorized; 13,000 shares issued and outstanding	13,000	13,000
Common stock, par value \$0.01; authorized 10,000,000 shares; 2,979,969 and 2,980,469 shares issued and 2,618,182 and 2,618,182 shares outstanding, respectively	30	30
Additional paid in capital	8,141	8,120
Retained earnings	27,115	26,685
Accumulated other comprehensive loss	(1,500)	(1,318)
Unearned ESOP	(909)	(936)
Treasury stock, at cost; 361,787, and 362,287 shares, respectively	(4,828)	(4,834)

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Total shareholders' equity	41,049	40,747
Total liabilities and shareholders' equity	\$ 504,964	\$ 477,796

The accompanying notes are an integral part of the consolidated financial statements.

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Pathfinder Bancorp, Inc.
Consolidated Statements of Income
(Unaudited)

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
(In thousands, except per share data)		
Interest and dividend income:		
Loans, including fees	\$4,125	\$4,011
Debt securities:		
Taxable	384	458
Tax-exempt	191	163
Dividends	34	33
Interest earning time deposits	6	7
Federal funds sold and interest earning deposits	1	1
Total interest income	4,741	4,673
Interest expense:		
Interest on deposits	659	761
Interest on short-term borrowings	8	3
Interest on long-term borrowings	229	252
Total interest expense	896	1,016
Net interest income	3,845	3,657
Provision for loan losses	324	225
Net interest income after provision for loan losses	3,521	3,432
Noninterest income:		
Service charges on deposit accounts	255	273
Earnings and gain on bank owned life insurance	61	93
Loan servicing fees	44	41
Net gains on sales and redemptions of investment securities	39	112
Net gains (losses) on sales of loans and foreclosed real estate	29	(24)
Debit card interchange fees	106	97
Other charges, commissions & fees	142	136
Total noninterest income	676	728
Noninterest expense:		
Salaries and employee benefits	1,910	1,974
Building occupancy	365	383
Data processing	368	341
Professional and other services	159	153
Advertising	116	60
FDIC assessments	84	77
Audits and exams	61	56
Other expenses	442	411
Total noninterest expenses	3,505	3,455
Income before income taxes	692	705
Provision for income taxes	187	176
Net income	505	529
Preferred stock dividends	-	138

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Net income available to common shareholders	\$505	\$391
Earnings per common share - basic	\$0.20	\$0.16
Earnings per common share - diluted	\$0.20	\$0.16
Dividends per common share	\$0.03	\$0.03

The accompanying notes are an integral part of the consolidated financial statements.

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Pathfinder Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

(In thousands)	For the three months ended March 31, 2013	For the three months ended March 31, 2012
Net Income	\$505	\$529
Other Comprehensive Income		
Retirement Plans:		
Retirement plan net losses recognized in plan expenses	95	134
Unrealized holding gain on financial derivative:		
Change in unrealized holding loss on financial derivative	-	(8)
Reclassification adjustment for interest expense included in net income	15	14
Net unrealized gain on financial derivative	15	6
Unrealized holding (losses) gains on available-for-sale securities:		
Unrealized holding (losses) gains arising during the period	(374)	167
Reclassification adjustment for net gains included in net income	(39)	(112)
Net unrealized (losses) gains on securities available-for-sale	(413)	55
Other comprehensive (loss) income , before tax	(303)	195
Tax effect	121	(78)
Other comprehensive (loss) income, net of tax	(182)	117
Comprehensive Income	\$323	\$646
Tax Effect Allocated to Each Component of Other Comprehensive Income		
Retirement plan net losses recognized in plan expenses	\$(38)	\$(53)
Change in unrealized holding loss on financial derivative	-	3
Reclassification adjustment for interest expense included in net income	(6)	(6)
Unrealized holding (losses) gains arising during the period	149	(67)
Reclassification adjustment for net gains included in net income	16	45
Income tax effect related to other comprehensive income	\$121	\$(78)

The accompanying notes are an integral part of the consolidated financial statements.

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PATHFINDER BANCORP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Three months ended March 31, 2013 and March 31, 2012

(In thousands, except share and per share data)	Preferred Stock	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Com- prehensive Loss	Unearned ESOP	Treasury Stock	Total
Balance, January 1, 2013	\$13,000	\$30	\$ 8,120	\$26,685	\$ (1,318)	\$(936)	\$(4,834)	\$40,747
Net income	-	-	-	505	-	-	-	505
Other comprehensive loss, net of tax:	-	-	-	-	(182)	-	-	(182)
ESOP shares earned (3,125 shares)	-	-	7	-	-	27	-	34
Stock based compensation	-	-	20	-	-	-	-	20
Stock options exercised	-	-	(6)	-	-	-	6	-
Common stock dividends declared (\$0.03 per share)	-	-	-	(75)	-	-	-	(75)
Balance, March 31, 2013	\$13,000	\$30	\$ 8,141	\$27,115	\$ (1,500)	\$(909)	\$(4,828)	\$41,049
Balance, January 1, 2012	\$13,000	\$30	\$ 8,730	\$24,618	\$ (2,664)	\$(1,039)	\$(4,834)	\$37,841
Net income	-	-	-	529	-	-	-	529
Other comprehensive income, net of tax:	-	-	-	-	117	-	-	117
Purchase of CPP Warrants from Treasury	-	-	(706)	169	-	-	-	(537)

Preferred stock
dividends - SBL