

CONSUMERS BANCORP INC /OH/
Form 10-Q
February 13, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d) or the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2011

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 No. 033-79130

CONSUMERS BANCORP, INC.

(Exact name of registrant as specified in its charter)

OHIO 34-1771400
(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

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614 East Lincoln Way, P.O. Box 256, Minerva, Ohio 44657
(Address of principal executive offices) (Zip Code)

(330) 868-7701

(Registrant's telephone number)

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 (232.05 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.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value Outstanding at February 1, 2012
2,049,873 Common Shares

CONSUMERS BANCORP, INC.

FORM 10-Q

QUARTER ENDED December 31, 2011

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PART 1 – FINANCIAL INFORMATION**Item 1 – Financial Statements (unaudited)****CONSUMERS BANCORP, INC.****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)

	December 31, 2011	June 30, 2011
ASSETS		
Cash on hand and noninterest-bearing deposits in other banks	\$ 7,992	\$5,944
Interest-bearing deposits in other banks	2,254	7,884
Total cash and cash equivalents	10,246	13,828
Certificates of deposit in other financial institutions	2,450	4,900
Securities, available-for-sale	106,873	91,889
Federal bank and other restricted stocks, at cost	1,186	1,186
Total loans	180,618	177,551
Less allowance for loan losses	(2,126)	(2,101)
Net Loans	178,492	175,450
Cash surrender value of life insurance	5,511	5,411
Premises and equipment, net	4,688	4,776
Intangible assets	8	89
Other real estate owned	-	76
Accrued interest receivable and other assets	1,858	2,535
Total assets	\$ 311,312	\$300,140
LIABILITIES		
Deposits		
Non-interest bearing demand	\$ 58,408	\$64,657
Interest bearing demand	32,179	14,829
Savings	90,338	79,816
Time	82,312	88,944
Total deposits	263,237	248,246
Short-term borrowings		
Federal Home Loan Bank advances	12,742	17,012
Accrued interest and other liabilities	6,497	7,535
Total liabilities	2,019	2,023
	284,495	274,816
SHAREHOLDERS' EQUITY		
Preferred stock (no par value, 350,000 shares authorized, none outstanding)	—	—
Common stock (no par value, 3,500,000 shares authorized; 2,180,315 shares issued)	5,114	5,114
Retained earnings	21,907	20,881

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Treasury stock, at cost (130,442 common shares)	(1,659) (1,659)
Accumulated other comprehensive income	1,455	988
Total shareholders' equity	26,817	25,324
Total liabilities and shareholders' equity	\$ 311,312	\$300,140

See accompanying notes to consolidated financial statements

CONSUMERS BANCORP, INC.**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

(Dollars in thousands, except per share amounts)	Three Months ended		Six Months ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Interest income				
Loans, including fees	\$2,562	\$2,578	\$5,097	\$5,173
Securities, taxable	475	373	955	798
Securities, tax-exempt	249	221	494	431
Federal funds sold and other interest bearing deposits	14	13	30	23
Total interest income	3,300	3,185	6,576	6,425
Interest expense				
Deposits	305	432	635	897
Short-term borrowings	7	11	18	24
Federal Home Loan Bank advances	69	66	129	135
Total interest expense	381	509	782	1,056
Net interest income	2,919	2,676	5,794	5,369
Provision for loan losses	67	142	159	244
Net interest income after provision for loan losses	2,852	2,534	5,635	5,125
Non-interest income				
Service charges on deposit accounts	367	327	723	662
Debit card interchange income	179	157	358	307
Bank owned life insurance income	49	44	100	89
Securities gains, net	106	53	155	70
Other-than-temporary loss				
Total impairment loss	-	(50)	-	(81)
Loss recognized in other comprehensive income	-	-	-	31
Net impairment loss recognized in earnings	-	(50)	-	(50)
Gain (loss) on sale of other real estate owned	(53)	-	(53)	2
Other	49	51	86	108
Total non-interest income	697	582	1,369	1,188
Non-interest expenses				
Salaries and employee benefits	1,313	1,187	2,639	2,364
Occupancy and equipment	258	247	516	511
Data processing expenses	140	140	279	276
Professional and director fees	97	82	191	185
FDIC Assessments	49	78	99	156
Franchise taxes	64	59	129	117
Marketing and advertising	53	53	129	90
Telephone and network communications	58	58	116	110
Debit card processing expenses	93	84	187	168
Amortization of intangible	40	40	81	81
Other	335	350	696	684
Total non-interest expenses	2,500	2,378	5,062	4,742
Income before income taxes	1,049	738	1,942	1,571

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Income tax expense	258	164	464	364
Net Income	\$791	\$574	\$1,478	\$1,207
Average common shares - basic	2,050,176	2,041,517	2,050,075	2,040,043
Average common shares - diluted	2,050,544	2,041,517	2,050,383	2,040,043
Basic and diluted earnings per share	\$0.39	\$0.28	\$0.72	\$0.59

See accompanying notes to consolidated financial statements

CONSUMERS BANCORP, INC.

Consolidated statements of comprehensive income

(Unaudited)

(Dollars in thousands)

	Three Months ended December 31, 2011		Six Months ended December 31, 2011	
	2011	2010	2011	2010
Net Income	\$791	\$574	\$1,478	\$1,207
Other comprehensive income (loss), net of tax:				
Net change in unrealized gains (losses):				
Other-than-temporarily impaired securities:				
Unrealized gains (losses) on other-than-temporarily impaired securities	—	(50)	—	(31)
Reclassification adjustment for losses included in income	—	50	—	50
Net unrealized gain	—	—	—	19
Income tax effect	—	—	—	6
	—	—	—	13
Available-for-sale securities:				
Unrealized gains (losses) arising during the period	417	(1,423)	863	(1,170)
Reclassification adjustment for gains included in income	(106)	(53)	(155)	(70)
Net unrealized gain (losses)	311	(1,476)	708	(1,240)
Income tax effect	106	(502)	241	(421)
	205	(974)	467	(819)
Other comprehensive income (loss)	205	(974)	467	(806)
Total comprehensive income (loss)	\$996	\$(400)	\$1,945	\$401

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(Unaudited)**

(Dollars in thousands, except per share data)

	Three Months ended December 31,		Six Months ended December 31,	
	2011	2010	2011	2010
Balance at beginning of period	\$26,047	\$24,349	\$25,324	\$23,716
Comprehensive income				
Net Income	791	574	1,478	1,207
Other comprehensive income (loss)	205	(974)	467	(806)
Total comprehensive income (loss)	996	(400)	1,945	401
Common stock issued for dividend reinvestment and stock purchase plan (2,680 shares and 5,669 shares for the three and six months in 2010, respectively)	-	32	-	68
Common cash dividends	(226)	(203)	(452)	(407)
Balance at the end of the period	\$26,817	\$23,778	\$26,817	\$23,778
Common cash dividends per share	\$0.11	\$0.10	\$0.22	\$0.20

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(Dollars in thousands)	Six Months Ended December 31,	
	2011	2010
Cash flows from operating activities		
Net cash from operating activities	\$2,743	\$2,208
Cash flow from investing activities		
Securities available-for-sale		
Purchases	(32,343)	(24,247)
Maturities, calls and principal pay downs	10,271	7,225
Proceeds from sales of available-for-sale securities	7,332	5,123
Net (increase) decrease in certificates of deposits in other financial institutions	2,450	(2,205)
Net increase in loans	(3,201)	(2,649)
Acquisition of premises and equipment	(88)	(718)
Sale of other real estate owned	23	27
Net cash from investing activities	(15,556)	(17,444)
Cash flow from financing activities		
Net increase in deposit accounts	14,991	13,185
Net change in short-term borrowings	(4,270)	540
Proceeds of Federal Home Loan Advances	-	1,000
Repayments of Federal Home Loan Bank advances	(1,038)	(1,074)
Proceeds from dividend reinvestment and stock purchase plan	-	68
Dividends paid	(452)	(407)
Net cash from financing activities	9,231	13,312
Decrease in cash or cash equivalents	(3,582)	(1,924)
Cash and cash equivalents, beginning of period	13,828	13,806
Cash and cash equivalents, end of period	\$	