

EVANS BANCORP INC  
Form 10-Q  
May 02, 2019  
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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 quarterly period ended March 31, 2019

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.50 par value	EVBN	NYSE American

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, 4,883,467 shares as of April 30, 2019.

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ITEM 1 - FINANCIAL STATEMENTSEVANS BANCORP, INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2019 AND DECEMBER 31, 2018  
(in thousands, except share and per share amounts)

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and due from banks	\$ 12,434	\$ 13,997
Interest-bearing deposits at banks	56,082	25,918
Securities:		
Available for sale, at fair value (amortized cost: \$140,240 at March 31, 2019; \$135,274 at December 31, 2018)	138,831	132,104
Held to maturity, at amortized cost (fair value: \$1,903 at March 31, 2019; \$1,674 at December 31, 2018)	1,900	1,685
Federal Home Loan Bank common stock, at cost	1,474	1,474
Federal Reserve Bank common stock, at cost	1,939	1,929
Loans, net of allowance for loan losses of \$15,207 at March 31, 2019 and \$14,784 at December 31, 2018	1,170,222	1,141,146
Properties and equipment, net of accumulated depreciation of \$19,713 at March 31, 2019 and \$19,416 at December 31, 2018	10,583	10,485
Goodwill and intangible assets	12,880	12,992
Bank-owned life insurance	28,922	28,403
Operating lease right-of-use asset (see Note 1)	4,142	-
Other assets	16,772	18,074
<b>TOTAL ASSETS</b>	<b>\$ 1,456,181</b>	<b>\$ 1,388,207</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Demand	\$ 242,156	\$ 231,902
NOW	122,204	110,450
Savings	618,471	571,479
Time	292,892	301,227

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Total deposits	1,275,723	1,215,058
Securities sold under agreement to repurchase	2,482	3,142
Other borrowings	10,000	10,000
Operating lease liability (see Note 1)	4,594	-
Other liabilities	17,617	17,031
Junior subordinated debentures	11,330	11,330
Total liabilities	1,321,746	1,256,561

STOCKHOLDERS' EQUITY:

Common stock, \$.50 par value, 10,000,000 shares authorized; 4,860,316 and 4,852,868 shares issued at March 31, 2019 and December 31, 2018, respectively, and 4,860,316 and 4,852,868 outstanding at March 31, 2019 and December 31, 2018, respectively	2,432	2,429
Capital surplus	61,448	61,225
Retained earnings	74,538	73,345
Accumulated other comprehensive loss, net of tax	(3,983)	(5,353)
Total stockholders' equity	134,435	131,646
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,456,181</b>	<b>\$ 1,388,207</b>

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, 2019 AND 2018  
 (in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2019	2018
INTEREST INCOME		
Loans	\$ 14,362	\$ 12,363
Interest-bearing deposits at banks	249	10
Securities:		
Taxable	801	797
Non-taxable	130	196
Total interest income	15,542	13,366
INTEREST EXPENSE		
Deposits	2,843	1,498
Other borrowings	45	298
Junior subordinated debentures	146	118
Total interest expense	3,034	1,914
NET INTEREST INCOME	12,508	11,452
PROVISION FOR LOAN LOSSES	538	767
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,970	10,685
NON-INTEREST INCOME		
Deposit service charges	533	509
Insurance service and fees	2,442	1,965
Gain on loans sold	26	-
Bank-owned life insurance	159	171
Interchange fee income	421	492
Other	614	649
Total non-interest income	4,195	3,786
NON-INTEREST EXPENSE		
Salaries and employee benefits	7,160	6,627
Occupancy	836	758
Advertising and public relations	167	124
Professional services	745	653
Technology and communications	893	764
Amortization of intangibles	112	28
FDIC insurance	207	232
Other	1,104	985
Total non-interest expense	11,224	10,171
INCOME BEFORE INCOME TAXES	4,941	4,300



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INCOME TAX PROVISION	1,221	981
NET INCOME	\$ 3,720	\$ 3,319
Net income per common share-basic	\$ 0.77	\$ 0.69
Net income per common share-diluted	\$ 0.75	\$ 0.68
Cash dividends per common share	\$ 0.52	\$ 0.46
Weighted average number of common shares outstanding	4,855,815	4,787,846
Weighted average number of diluted shares outstanding	4,932,451	4,912,289

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, 2019 AND 2018  
 (in thousands)

	Three Months Ended March 31,	
	2019	2018
NET INCOME	\$ 3,720	\$ 3,319
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Unrealized gain/(loss) on available-for-sale securities	1,303	(1,360)
Defined benefit pension plans:		
Amortization of prior service cost	6	6
Amortization of actuarial loss	61	36
Total	67	42
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	1,370	(1,318)
COMPREHENSIVE INCOME	\$ 5,090	\$ 2,001

See Notes to Unaudited Consolidated Financial Statements

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EVANS BANCORP, INC. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
 (in thousands, except share and per share amounts)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2017	\$ 2,394	\$ 59,444	\$ 59,921	\$ (3,417)	\$ 118,342
Cumulative-effect adjustment due to change in accounting principle			1,496		1,496
Net Income			3,319		3,319
Other comprehensive income				(1,318)	(1,318)
Cash dividends (\$0.46 per common share)			(2,202)		(2,202)
Stock compensation expense		186			186
Reissued 1,057 restricted shares		-			-
Issued 16,368 restricted shares	8	(8)			-
Issued 3,404 shares in stock option exercises	2	48			50
Balance, March 31, 2018	\$ 2,404	\$ 59,670	\$ 62,534	\$ (4,735)	\$ 119,873
Balance, December 31, 2018	\$ 2,429	\$ 61,225	\$ 73,345	\$ (5,353)	\$ 131,646
Net Income			3,720		3,720
Other comprehensive income				1,370	1,370
Cash dividends (\$0.52 per common share)			(2,527)		(2,527)
Stock compensation expense		201			201
Reissued 500 restricted shares		-			-
Issued 4,934 restricted shares, net of forfeitures	2	(2)			-
Issued 2,514 shares in stock option exercises	1	24			25
Balance, March 31, 2019	\$ 2,432	\$ 61,448	\$ 74,538	\$ (3,983)	\$ 134,435

See Notes to Unaudited Consolidated Financial Statements

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EVANS BANCORP, INC. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
 (in thousands)

	Three Months Ended March 31,	
	2019	2018
<b>OPERATING ACTIVITIES:</b>		
Interest received	\$ 15,323	\$ 13,392
Fees received	4,424	3,395
Interest paid	(2,999)	(1,871)
Cash paid to employees and vendors	(12,685)	(11,122)
Income taxes paid	-	(8)
Proceeds from sale of loans held for resale	2,071	-
Originations of loans held for resale	(2,045)	-
Net cash provided by operating activities	4,089	3,786
<b>INVESTING ACTIVITIES:</b>		
Available for sales securities:		
Purchases	(10,568)	(47,853)
Proceeds from maturities, calls, and payments	5,523	33,127
Held to maturity securities:		
Purchases	(224)	-
Proceeds from maturities, calls, and payments	10	610
Cash paid for bank-owned life insurance	(360)	-
Proceeds from bank-owned life insurance claims &		