

PENNS WOODS BANCORP INC
Form 10-Q
May 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

for the Quarterly Period Ended March 31, 2012.

o Transition report pursuant to Section 13 or 15 (d) of the Exchange Act

for the Transition Period from to .

No. 0-17077

(Commission File Number)

PENNS WOODS BANCORP, INC.

(Exact name of Registrant as specified in its charter)

PENNSYLVANIA

23-2226454

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(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

300 Market Street, P.O. Box 967 Williamsport, Pennsylvania
(Address of principal executive offices)

17703-0967
(Zip Code)

(570) 322-1111

Registrant'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 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 (§232.405 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 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 definition 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

Small 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

On May 2, 2012 there were 3,837,576 shares of the Registrant's common stock outstanding.

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PENNS WOODS BANCORP, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

(In Thousands, Except Share Data)	March 31, 2012	December 31, 2011
ASSETS:		
Noninterest-bearing balances	\$ 16,272	\$ 13,829
Interest-bearing deposits in other financial institutions	7,159	56
Total cash and cash equivalents	23,431	13,885
Investment securities, available for sale, at fair value	284,778	270,097
Investment securities, held to maturity, (fair value of \$55)	55	54
Loans held for sale	2,065	3,787
Loans	443,577	435,959
Less: Allowance for loan losses	7,745	7,154
Loans, net	435,832	428,805
Premises and equipment, net	8,283	7,707
Accrued interest receivable	4,100	3,905
Bank-owned life insurance	15,973	16,065
Investment in limited partnerships	3,379	3,544
Goodwill	3,032	3,032
Deferred tax asset	6,416	7,991
Other assets	5,770	5,081
TOTAL ASSETS	\$ 793,114	\$ 763,953
LIABILITIES:		
Interest-bearing deposits	\$ 505,271	\$ 470,310
Noninterest-bearing deposits	116,271	111,354
Total deposits	621,542	581,664
Short-term borrowings	14,768	29,598
Long-term borrowings, Federal Home Loan Bank (FHLB)	61,278	61,278
Accrued interest payable	506	536
Other liabilities	9,741	10,417
TOTAL LIABILITIES	707,835	683,493
SHAREHOLDERS EQUITY:		
Common stock, par value \$8.33, 10,000,000 shares authorized; 4,018,068 and 4,017,677 shares issued	33,484	33,480
Additional paid-in capital	18,127	18,115
Retained earnings	38,279	36,394
Accumulated other comprehensive gain (loss):		

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Net unrealized gain on available for sale securities	5,832	2,914
Defined benefit plan	(4,133)	(4,133)
Less: Treasury stock at cost, 180,596 shares	(6,310)	(6,310)
TOTAL SHAREHOLDERS EQUITY	85,279	80,460
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 793,114	\$ 763,953

See accompanying notes to the unaudited consolidated financial statements.

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PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

(In Thousands, Except Per Share Data)	2012	Three Months Ended March 31,	2011
INTEREST AND DIVIDEND INCOME:			
Loans, including fees	\$	6,314	\$ 6,288
Investment securities:			
Taxable		1,474	1,375
Tax-exempt		1,405	1,267
Dividend and other interest income		92	52
TOTAL INTEREST AND DIVIDEND INCOME		9,285	8,982
INTEREST EXPENSE:			
Deposits		961	1,194
Short-term borrowings		34	57
Long-term borrowings, FHLB		620	734
TOTAL INTEREST EXPENSE		1,615	1,985
NET INTEREST INCOME		7,670	6,997
PROVISION FOR LOAN LOSSES		600	600
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES		7,070	6,397
NON-INTEREST INCOME:			
Service charges		447	503
Securities gains, net		589	125
Bank-owned life insurance		268	174
Gain on sale of loans		183	249
Insurance commissions		442	209
Brokerage commissions		212	274
Other		622	411
TOTAL NON-INTEREST INCOME		2,763	1,945
NON-INTEREST EXPENSE:			
Salaries and employee benefits		3,017	2,632
Occupancy, net		328	348
Furniture and equipment		346	308
Pennsylvania shares tax		169	172
Amortization of investment in limited partnerships		165	166
FDIC deposit insurance		123	187
Other		1,316	1,175
TOTAL NON-INTEREST EXPENSE		5,464	4,988
INCOME BEFORE INCOME TAX PROVISION		4,369	3,354
INCOME TAX PROVISION		680	501
NET INCOME	\$	3,689	\$ 2,853

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EARNINGS PER SHARE - BASIC	\$	0.96	\$	0.74
EARNINGS PER SHARE - DILUTED	\$	0.96	\$	0.74
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC		3,837,204		3,835,295
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED		3,837,204		3,835,295
DIVIDENDS PER SHARE	\$	0.47	\$	0.46

See accompanying notes to the unaudited consolidated financial statements.

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PENNS WOODS BANCORP, INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

(In Thousands)	Three Months Ended March 31,	
	2012	2011
Net Income	\$ 3,689	\$ 2,853
Other comprehensive income:		
Change in unrealized gain on available for sale securities	5,010	2,051
Tax Effect	(1,703)	(697)
Net realized gain included in net income	589	125
Tax Effect	(200)	(42)
Total other comprehensive income	2,918	1,271
Comprehensive income	\$ 6,607	\$ 4,124

See accompanying notes to the unaudited consolidated financial statements.

PENNS WOODS BANCORP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

(UNAUDITED)

(In Thousands, Except Per Share Data)	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		TREASURY STOCK	TOTAL SHAREHOLDERS EQUITY
	SHARES	AMOUNT			INCOME	(LOSS)		
Balance, December 31, 2010	4,015,753	\$ 33,464	\$ 18,064	\$ 31,091	\$ (9,689)	\$ (6,310)	\$ 66,620	
Comprehensive income:								
Net income				2,853			2,853	
Other comprehensive income					1,271		1,271	
Dividends declared, (\$0.46 per share)				(1,764)			(1,764)	
Common shares issued for employee stock purchase plan	480	4	14				18	
Balance, March 31, 2011	4,016,233	\$ 33,468	\$ 18,078	\$ 32,180	\$ (8,418)	\$ (6,310)	\$ 68,998	
(In Thousands, Except Per Share Data)	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		TREASURY STOCK	TOTAL SHAREHOLDERS EQUITY
	SHARES	AMOUNT			INCOME	(LOSS)		
Balance, December 31, 2011	4,017,677	\$ 33,480	\$ 18,115	\$ 36,394	\$ (1,219)	\$ (6,310)	\$ 80,460	
Comprehensive income:								
Net income				3,689			3,689	

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Other comprehensive income						2,918		2,918
Dividends declared, (\$0.47 per share)						(1,804)		(1,804)
Common shares issued for employee stock purchase plan	391		4		12			16
Balance, March 31, 2012	4,018,068	\$	33,484	\$	18,127	\$	38,279	\$
						1,699	\$	(6,310)
								85,279

See accompanying notes to the unaudited consolidated financial statements.

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PENNS WOODS BANCORP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(In Thousands)	Three Months Ended March 31,	
	2012	2011
OPERATING ACTIVITIES:		
Net Income	\$ 3,689	\$ 2,853
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	191	175
Provision for loan losses	600	600
Accretion and amortization of investment security discounts and premiums	(377)	(459)
Securities gains, net	(589)	(125)
Originations of loans held for sale	(4,301)	(8,686)
Proceeds of loans held for sale	6,206	10,775
Gain on sale of loans	(183)	(249)
Earnings on bank-owned life insurance	(268)	(174)
Decrease in prepaid federal deposit insurance	112	165
Other, net	(1,590)	(693)
Net cash provided by operating activities	3,490	4,182
INVESTING ACTIVITIES:		
Investment securities available for sale:		
Proceeds from sales	9,765	2,728
Proceeds from calls and maturities	3,400	2,001
Purchases	(22,741)	(7,876)
Investment securities held to maturity:		
Proceeds from sales		5
Proceeds from calls and maturities		25
Net (increase) decrease in loans	(7,627)	2,892
Acquisition of bank premises and equipment	(767)	(151)
Proceeds from the sale of foreclosed assets	131	92
Purchase of bank-owned life insurance	(29)	(32)
Proceeds from bank-owned life insurance death benefit	383	
Proceeds from redemption of regulatory stock	281	345
Net cash (used for) provided by investing activities	(17,204)	29
FINANCING ACTIVITIES:		
Net increase in interest-bearing deposits	34,961	5,278
Net increase in noninterest-bearing deposits	4,917	5,931
Net decrease in short-term borrowings	(14,830)	