

AMERICAN NATIONAL BANKSHARES INC.
Form 10-Q
November 09, 2015
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 September 30, 2015.
 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: 0-12820

AMERICAN NATIONAL BANKSHARES INC.
(Exact name of registrant as specified in its charter)

VIRGINIA
(State or other jurisdiction of incorporation or organization)

54-1284688
(I.R.S. Employer Identification No.)

628 Main Street
Danville, Virginia
(Address of principal executive offices)

24541
(Zip Code)

(434) 792-5111
(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.

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 a 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

At November 5, 2015, the Company had 8,636,842 shares of Common Stock outstanding, \$1 par value.

AMERICAN NATIONAL BANKSHARES INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

American National Bankshares Inc.

Consolidated Balance Sheets

(Dollars in thousands, except per share data)

	(Unaudited) September 30, 2015	(*) December 31, 2014
Assets		
Cash and due from banks	\$19,280	\$29,272
Interest-bearing deposits in other banks	46,637	38,031
Securities available for sale, at fair value	358,306	344,716
Restricted stock, at cost	5,308	4,367
Loans held for sale	2,998	616
Loans, net of unearned income	980,984	840,925
Less allowance for loan losses	(12,611) (12,427
Net loans	968,373	828,498
Premises and equipment, net	23,854	23,025
Other real estate owned, net of valuation allowance \$359 in 2015 and \$2,971 in 2014	1,333	2,119
Goodwill	44,333	39,043
Core deposit intangibles, net	2,983	2,045
Bank owned life insurance	17,491	15,193
Accrued interest receivable and other assets	21,541	19,567
Total assets	\$1,512,437	\$1,346,492
Liabilities		
Demand deposits -- noninterest bearing	\$305,110	\$254,458
Demand deposits -- interest bearing	220,562	193,432
Money market deposits	191,534	174,000
Savings deposits	108,992	90,130
Time deposits	400,323	363,817
Total deposits	1,226,521	1,075,837
Customer repurchase agreements	43,579	53,480
Long-term borrowings	9,952	9,935
Junior subordinated debt	27,597	27,521
Accrued interest payable and other liabilities	8,337	5,939
Total liabilities	1,315,986	1,172,712
Shareholders' equity		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	—	—
Common stock, \$1 par, 20,000,000 shares authorized, 8,630,329 shares outstanding at September 30, 2015 and 7,873,474 shares outstanding at December 31, 2014	8,611	7,872
Capital in excess of par value	75,524	57,650

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Retained earnings	109,030	104,594
Accumulated other comprehensive income, net	3,286	3,664
Total shareholders' equity	196,451	173,780
Total liabilities and shareholders' equity	\$1,512,437	\$1,346,492

(*) - Derived from audited consolidated financial statements.

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

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American National Bankshares Inc.

Consolidated Statements of Income

(Dollars in thousands, except share and per share data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest and Dividend Income:				
Interest and fees on loans	\$ 11,474	\$ 9,864	\$ 35,011	\$ 29,398
Interest on federal funds sold	1	—	6	—
Interest and dividends on securities:				
Taxable	1,052	918	3,021	2,850
Tax-exempt	899	966	2,799	3,017
Dividends	91	72	258	221
Other interest income	25	32	123	100
Total interest and dividend income	13,542	11,852	41,218	35,586
Interest Expense:				
Interest on deposits	1,205	1,120	3,583	3,510
Interest on short-term borrowings	2	4	7	8
Interest on long-term borrowings	82	82	243	243
Interest on junior subordinated debt	192	186	564	555
Total interest expense	1,481	1,392	4,397	4,316
Net Interest Income	12,061	10,460	36,821	31,270
Provision for Loan Losses	—	—	700	150
Net Interest Income After Provision for Loan Losses	12,061	10,460	36,121	31,120
Noninterest Income:				
Trust fees	1,006	992	2,963	3,131
Service charges on deposit accounts	521	441	1,543	1,285
Other fees and commissions	592	479	1,787	1,416
Mortgage banking income	376	342	987	880
Gains on sales of securities	6	315	553	504
Other	554	412	1,636	1,168
Total noninterest income	3,055	2,981	9,469	8,384
Noninterest Expense:				
Salaries	4,179	3,714	12,634	10,890
Employee benefits	1,029	799	3,215	2,621
Occupancy and equipment	1,094	933	3,290	2,779
FDIC assessment	185	157	565	486
Bank franchise tax	220	216	675	669
Core deposit intangible amortization	300	227	901	888
Data processing	366	361	1,311	1,054
Software	290	248	850	745
Other real estate owned, net	(126)) 141	60	148
Acquisition related expense	87	268	1,948	268
Other	1,764	1,763	5,628	5,067

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Total noninterest expense	9,388	8,827	31,077	25,615
Income Before Income Taxes	5,728	4,614	14,513	13,889
Income Taxes	1,691	1,446	4,081	4,038
Net Income	\$4,037	\$3,168	\$10,432	\$9,851
Net Income Per Common Share:				
Basic	\$0.47	\$0.40	\$1.20	\$1.25
Diluted	\$0.47	\$0.40	\$1.20	\$1.25
Weighted Average Common Shares Outstanding:				