

PATHFINDER BANCORP INC
Form 10-Q
May 14, 2012

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, 2012

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES T NO *

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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. (Check one):

Large accelerated filer*

Accelerated filer*

Non-accelerated filer*

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 Act). YES * NO
T

As of May 10, 2012, there were 2,979,969 shares issued and 2,617,682 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, 2012	December 31, 2011
ASSETS:		
Cash and due from banks	\$8,456	\$7,093
Interest earning deposits	662	3,125
Total cash and cash equivalents	9,118	10,218
Interest earning time deposits	2,000	2,000
Investment securities, at fair value	127,512	100,395
Federal Home Loan Bank stock, at cost	1,399	1,528
Loans	304,004	304,750
Less: Allowance for loan losses	4,112	3,980
Loans receivable, net	299,892	300,770
Premises and equipment, net	10,541	10,697
Accrued interest receivable	1,969	1,685
Foreclosed real estate	556	536
Goodwill	3,840	3,840
Bank owned life insurance	8,032	7,939
Other assets	3,271	3,372
Total assets	\$468,130	\$442,980
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Deposits:		
Interest-bearing	\$354,716	\$328,976
Noninterest-bearing	40,549	37,153
Total deposits	395,265	366,129
Long-term borrowings	25,046	26,074
Junior subordinated debentures	5,155	5,155
Accrued interest payable	149	145
Other liabilities	4,722	7,636
Total liabilities	430,337	405,139
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 2,617,682 shares issued and outstanding, respectively	30	30
Additional paid in capital	8,048	8,730
Retained earnings	25,103	24,618
Accumulated other comprehensive loss	(2,547)	(2,664)
Unearned ESOP	(1,007)	(1,039)
Treasury stock, at cost; 362,287	(4,834)	(4,834)
Total shareholders' equity	37,793	37,841
Total liabilities and shareholders' equity	\$468,130	\$442,980

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, 2012	For the three months ended March 31, 2011
(In thousands, except per share data)		
Interest and dividend income:		
Loans, including fees	\$4,011	\$3,875
Debt securities:		
Taxable	458	594
Tax-exempt	163	74
Dividends	33	42
Interest earning time deposits	7	-
Federal funds sold and interest earning deposits	1	1
Total interest income	4,673	4,586
Interest expense:		
Interest on deposits	761	813
Interest on short-term borrowings	3	11
Interest on long-term borrowings	252	279
Total interest expense	1,016	1,103
Net interest income	3,657	3,483
Provision for loan losses	225	263
Net interest income after provision for loan losses	3,432	3,220
Noninterest income:		
Service charges on deposit accounts	273	295
Earnings on bank owned life insurance	93	62
Loan servicing fees	41	42
Net gains on sales and redemptions of investment securities	112	27
Net (losses) gains on sales of loans and foreclosed real estate	(24)	26
Debit card interchange fees	97	84
Other charges, commissions & fees	136	136
Total noninterest income	728	672
Noninterest expense:		
Salaries and employee benefits	1,974	1,709
Building occupancy	383	363
Data processing	341	353
Professional and other services	153	126
Advertising	60	139
FDIC assessments	77	162
Audits and exams	56	60
Other expenses	411	371
Total noninterest expenses	3,455	3,283
Income before income taxes	705	609
Provision for income taxes	176	183
Net income	529	426

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Preferred stock dividends and discount accretion	138	117
Net income available to common shareholders	\$391	\$309
Earnings per common share - basic	\$0.16	\$0.12
Earnings per common share - diluted	\$0.16	\$0.12
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, 2012	For the three months ended March 31, 2011
Change in accumulated unrealized plan loss for pension and other postretirement obligations	\$ 134	\$ 67
Unrealized holding (loss) gain on financial derivative:		
Change in unrealized holding (loss) gain on financial derivative	(8)	10
Reclassification adjustment for interest expense included in net income	14	15
Net unrealized gains on financial derivative	6	25
Unrealized holding gain on available-for-sale securities:		
Unrealized holding gains arising during the period	167	482
Reclassification adjustment for net gains included in income	(112)	(27)
Net unrealized gains on securities available-for-sale	55	455
Other comprehensive income, before tax	195	547
Tax effect	(78)	(219)
Other comprehensive income, net of tax	117	328
Net Income	529	426
Comprehensive Income	\$ 646	\$ 754
Tax Effect Allocated to Each Component of Comprehensive Income		
Unrealized gain on pension and other postretirement obligations	\$ (53)	\$ (27)
Unrealized gain on financial derivative instruments used in cash flow hedging relationships	(2)	(10)
Unrealized gain on available-for-sale securities arising during the period	(23)	(182)
Income tax expense related to other comprehensive income	\$ (78)	\$ (219)
	As of	As of
	March 31, 2012	December 31, 2011
Accumulated Other Comprehensive Loss By Component:		
Unrealized loss and transition obligation for pension and other postretirement obligations	\$ (5,895)	\$ (6,029)
Tax effect	2,359	2,412
Net unrealized loss for pension and other postretirement obligations	(3,536)	(3,617)
Unrealized loss on financial derivative instruments used in cash flow hedging relationships	(194)	(200)
Tax effect	78	80
Net unrealized loss on financial derivative instruments used in cash flow hedging relationships	(116)	(120)
Unrealized gain on available-for-sale securities	1,844	1,789

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Tax effect	(739)	(716)
Net unrealized gain on available-for-sale securities	1,105	1,073
Accumulated other comprehensive loss	\$ (2,547)	\$ (2,664)

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, 2012 and March 31, 2011
(Unaudited)