

PLUMAS BANCORP
Form 10-Q
May 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED March 31, 2013

TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000-49883

PLUMAS BANCORP

(Exact Name of Registrant as Specified in Its Charter)

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California (State or Other Jurisdiction of Incorporation or Organization)	75-2987096 (I.R.S. Employer Identification No.)
35 S. Lindan Avenue, Quincy, California (Address of Principal Executive Offices) Registrant's Telephone Number, Including Area Code (530) 283-7305	95971 (Zip Code)

Indicated 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>

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 May 7, 2013. 4,776,339 shares

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****PLUMAS BANCORP****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In thousands, except share data)

	March 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	\$ 47,762	\$ 44,675
Investment securities available for sale	80,446	80,964
Loans, less allowance for loan losses of \$5,777 at March 31, 2013 and \$5,686 at December 31, 2012	308,436	310,271
Premises and equipment, net	13,010	13,271
Bank owned life insurance	11,251	11,160
Real estate and vehicles acquired through foreclosure	5,318	5,336
Accrued interest receivable and other assets	11,758	12,125
Total assets	\$ 477,981	\$ 477,802
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	\$ 133,432	\$ 143,646
Interest bearing	278,800	267,916
Total deposits	412,232	411,562
Repurchase agreements	7,401	7,377
Accrued interest payable and other liabilities	5,731	6,703
Junior subordinated deferrable interest debentures	10,310	10,310
Total liabilities	435,674	435,952
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Serial preferred stock, no par value; 10,000,000 shares authorized; 11,949 issued and outstanding at March 31, 2013 and December 31, 2012; aggregate liquidation value of \$13,816 at March 31, 2013 and \$13,667 at December 31, 2012.	11,877	11,855
Common stock, no par value; 22,500,000 shares authorized; issued and outstanding 4,776,339 shares at March 31, 2013 and December 31, 2012	6,102	6,093
Retained earnings	24,167	23,573
Accumulated other comprehensive income	161	329
Total shareholders' equity	42,307	41,850
Total liabilities and shareholders' equity	\$ 477,981	\$ 477,802

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share data)

	For the Three Months Ended March 31,	
	2013	2012
Interest Income:		
Interest and fees on loans	\$ 4,316	\$ 4,228
Interest on investment securities	256	185
Other	22	33
Total interest income	4,594	4,446
Interest Expense:		
Interest on deposits	155	240
Interest on junior subordinated deferrable interest debentures	83	78
Other	27	20
Total interest expense	265	338
Net interest income before provision for loan losses	4,329	4,108
Provision for Loan Losses	700	600
Net interest income after provision for loan losses	3,629	3,508
Non-Interest Income:		
Service charges	876	872
Gain on sale of loans	521	234
Earnings on Bank owned life insurance	91	85
Gain on sale of investments	51	51
Other	212	185
Total non-interest income	1,700	1,427
Non-Interest Expenses:		
Salaries and employee benefits	2,219	2,318
Occupancy and equipment	757	758
Other	1,399	1,509
Total non-interest expenses	4,375	4,585
Income before provision for income taxes	954	350
Provision for Income Taxes	338	126
Net income	\$ 616	\$ 224
Preferred Stock Dividends and Discount Accretion	(171)	(171)
Net income available to common shareholders	\$ 445	\$ 53
Basic income per common share	\$ 0.09	\$ 0.01
Diluted income per common share	\$ 0.09	\$ 0.01

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See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	For the Three Months Ended March 31,	
	2013	2012
Net income	\$ 616	\$ 224
Other comprehensive (loss) income:		
Change in net unrealized gains, net	(287)	120
Less: Reclassification adjustments for net gains included in net income		(51)
Net unrealized holding (losses) gains	(287)	69
Income tax effect	119	(28)
Other comprehensive (loss) income	(168)	41
Total comprehensive income	\$ 448	\$ 265

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	For the Three Months Ended March 31,	
	2013	2012
Cash Flows from Operating Activities:		
Net income	\$ 616	\$ 224
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	700	600
Change in deferred loan origination costs/fees, net	(208)	(182)
Depreciation and amortization	342	317
Stock-based compensation expense	9	66
Amortization of investment security premiums	114	157
Gain on sale of investments		(51)
Gain on sale of loans held for sale	(521)	(234)
Loans originated for sale	(4,577)	(3,307)
Proceeds from loan sales	7,672	4,234
Provision from change in OREO valuation	114	187
Earnings on bank-owned life insurance	(91)	(85)
Decrease (increase) decrease in accrued interest receivable and other assets	512	(114)
(Decrease) increase in accrued interest payable and other liabilities	(972)	56
Net cash provided by operating activities	3,710	1,868
Cash Flows from Investing Activities:		
Proceeds from matured and called available-for-sale investment securities	6,000	6,180
Proceeds from principal repayments from available-for-sale government-sponsored mortgage-backed securities	2,242	2,327
Purchases of available-for-sale securities	(8,122)	(12,873)
Proceeds from sale of available-for-sale securities		4,471
Net increase in loans	(1,711)	(1,273)
Proceeds from sale of other real estate	243	499
Proceeds from sale of other vehicles	51	20
Purchase of premises and equipment	(20)	(116)
Net cash used in investing activities	(1,317)	(765)

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PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

(Continued)

	For the Three Months Ended March 31,	
	2013	2012
Cash Flows from Financing Activities:		
Net increase in demand, interest bearing and savings deposits	\$ 3,804	\$ 9,333
Net decrease in time deposits	(3,134)	(1,855)
Net increase (decrease) in securities sold under agreements to repurchase	24	(2,996)
Net cash provided by financing activities	694	4,482
Increase in cash and cash equivalents	3,087	5,585
Cash and Cash Equivalents at Beginning of Year	44,675	63,076
Cash and Cash Equivalents at End of Period	\$ 47,762	\$ 68,661
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest expense	\$ 1,146	\$ 266
Non-Cash Investing Activities:		
Real estate and vehicles acquired through foreclosure	\$ 364	\$ 45
See notes to unaudited condensed consolidated financial statements.		

PLUMAS BANCORP

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. GENERAL

During 2002, Plumas Bancorp (the Company) was incorporated as a bank holding company for the purpose of acquiring Plumas Bank (the Bank) in a one bank holding company reorganization. This corporate structure gives the Company and the Bank greater flexibility in terms of operation expansion and diversification. The Company formed Plumas Statutory Trust I (Trust I) for the sole purpose of issuing trust preferred securities on September 26, 2002. The Company formed Plumas Statutory Trust II (Trust II) for the sole purpose of issuing trust preferred securities on September 28, 2005.

The Bank operates eleven branches in California, including branches in Alturas, Chester, Fall River Mills, Greenville, Kings Beach, Portola, Quincy, Redding, Susanville, Tahoe City, and Truckee. The Bank's administrative headquarters is in Quincy, California. In addition, the Bank operates a loan administrative office in Reno, Nevada and a lending office specializing in government-guaranteed lending in Auburn, California. The Bank's primary source of revenue is generated from providi