

AMERICAN NATIONAL BANKSHARES INC.
Form 10-Q
August 08, 2014

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 June 30, 2014.

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 54-1284688
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

628 Main Street
Danville, Virginia 24541
(Address of principal executive offices) (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.

YesxNoo

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.

YesxNoo

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
Smaller reporting company -

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

YesoNox

At August 6, 2014, the Company had 7,840,132 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. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands, except share data)

	(Unaudited) June 30, 2014	(Audited) December 31, 2013
Assets		
Cash and due from banks	\$ 21,295	\$ 19,808
Interest-bearing deposits in other banks	22,948	47,873
Securities available for sale, at fair value	349,719	346,124
Restricted stock, at cost	5,064	4,889
Loans held for sale	118	2,760
Loans, net of unearned income	813,057	794,671
Less allowance for loan losses	(12,763)	(12,600)
Net loans	800,294	782,071
Premises and equipment, net	23,083	23,674
Other real estate owned, net	2,622	3,422
Goodwill	39,043	39,043
Core deposit intangibles, net	2,498	3,159
Bank owned life insurance	14,945	14,746
Accrued interest receivable and other assets	19,019	19,943
Total assets	\$ 1,300,648	\$ 1,307,512
Liabilities		
Liabilities:		
Demand deposits -- noninterest bearing	\$ 228,588	\$ 229,347
Demand deposits -- interest bearing	189,700	167,736
Money market deposits	165,090	185,270
Savings deposits	88,539	85,724
Time deposits	363,883	389,598
Total deposits	1,035,800	1,057,675
Short-term borrowings:		
Customer repurchase agreements	38,420	39,478
Other short-term borrowings	12,000	-
Long-term borrowings	9,924	9,951
Trust preferred capital notes	27,470	27,419
Accrued interest payable and other liabilities	4,951	5,438
Total liabilities	1,128,565	1,139,961
Shareholders' equity		

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Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	-	-
Common stock, \$1 par, 20,000,000 shares authorized, 7,840,132 shares outstanding at June 30, 2014 and 7,890,697 shares outstanding at December 31, 2013	7,840	7,891
Capital in excess of par value	56,944	58,050
Retained earnings	102,152	99,090
Accumulated other comprehensive income, net	5,147	2,520
Total shareholders' equity	172,083	167,551
Total liabilities and shareholders' equity	\$1,300,648	\$1,307,512

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

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Income
(Dollars in thousands, except share and per share data) (Unaudited)

	Three Months Ended	
	June 30	
	2014	2013
Interest and Dividend Income:		
Interest and fees on loans	\$9,687	\$11,358
Interest and dividends on securities:		
Taxable	968	851
Tax-exempt	1,016	1,045
Dividends	74	54
Other interest income	35	39
Total interest and dividend income	11,780	13,347
Interest Expense:		
Interest on deposits	1,161	1,369
Interest on short-term borrowings	2	14
Interest on long-term borrowings	81	82
Interest on trust preferred capital notes	185	189
Total interest expense	1,429	1,654
Net Interest Income	10,351	11,693
Provision for Loan Losses	150	-
Net Interest Income After Provision for Loan Losses	10,201	11,693
Noninterest Income:		
Trust fees	1,017	944
Service charges on deposit accounts	431	429
Other fees and commissions	493	463
Mortgage banking income	275	531
Securities gains, net	150	1
Other	334	318
Total noninterest income	2,700	2,686
Noninterest Expense:		
Salaries	3,638	3,503
Employee benefits	847	867
Occupancy and equipment	910	872
FDIC assessment	165	161
Bank franchise tax	231	185
Core deposit intangible amortization	330	421
Data processing	345	310
Software	235	249
Foreclosed real estate, net	(9) 193

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Other	1,673	1,667
Total noninterest expense	8,365	8,428
Income Before Income Taxes	4,536	5,951
Income Taxes	1,303	1,741
Net Income	\$3,233	\$4,210
Net Income Per Common Share:		
Basic	\$0.41	\$0.54
Diluted	\$0.41	\$0.53
Average Common Shares Outstanding:		
Basic	7,872,079	7,867,222
Diluted	7,879,854	7,876,969

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

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American National Bankshares Inc. and Subsidiaries

Consolidated Statements of Income

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

	Six Months Ended	
	June 30	
	2014	2013
Interest and Dividend Income:		
Interest and fees on loans	\$19,534	\$22,753
Interest and dividends on securities:		
Taxable	1,932	1,729
Tax-exempt	2,051	2,097
Dividends	149	109
Other interest income	68	68
Total interest and dividend income	23,734	26,756
Interest Expense:		
Interest on deposits	2,390	2,805
Interest on short-term borrowings	4	35
Interest on long-term borrowings	161	164
Interest on trust preferred capital notes	369	377
Total interest expense	2,924	3,381
Net Interest Income	20,810	23,375
Provision for Loan Losses	150	294
Net Interest Income After Provision for Loan Losses	20,660	23,081
Noninterest Income:		
Trust fees	2,139	1,532
Service charges on deposit accounts	844	838
Other fees and commissions	937	922
Mortgage banking income	538	1,249
Securities gains, net	189	199
Other	756	716
Total noninterest income	5,403	5,456
Noninterest Expense:		
Salaries	7,176	6,942
Employee benefits	1,822	1,766
Occupancy and equipment	1,846	1,788
FDIC assessment	329	322
Bank franchise tax	453	372
Core deposit intangible amortization	661	841
Data processing	693	587
Software	497	461
Foreclosed real estate, net	7	436
Other	3,304	3,231
Total noninterest expense	16,788	16,746
Income Before Income Taxes	9,275	11,791

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Income Taxes	2,592	3,430
Net Income	\$6,683	\$8,361
Net Income Per Common Share:		
Basic	\$0.85	\$1.06
Diluted	\$0.85	\$1.06
Average Common Shares Outstanding:		
Basic	7,886,232	7,862,719
Diluted	7,896,541	7,872,351