

AMERICAN NATIONAL BANKSHARES INC.
Form 10-Q
August 04, 2017
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, 2017.

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

YesoNox

At July 31, 2017, the Company had 8,642,913 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) (*)	
	June 30, 2017	December 31, 2016
Assets		
Cash and due from banks	\$23,765	\$ 20,268
Interest-bearing deposits in other banks	62,164	32,939
Securities available for sale, at fair value	280,503	346,502
Restricted stock, at cost	5,501	6,224
Loans held for sale	2,379	5,996
Loans, net of unearned income	1,288,693	1,164,821
Less allowance for loan losses	(13,632)	(12,801)
Net loans	1,275,061	1,152,020
Premises and equipment, net	26,265	25,439
Other real estate owned, net of valuation allowance of \$248 in 2017 and \$134 in 2016	1,686	1,328
Goodwill	43,872	43,872
Core deposit intangibles, net	1,351	1,719
Bank owned life insurance	18,381	18,163
Accrued interest receivable and other assets	23,545	24,168
Total assets	\$1,764,473	\$ 1,678,638
Liabilities		
Demand deposits -- noninterest bearing	\$390,603	\$ 378,600
Demand deposits -- interest bearing	218,714	209,430
Money market deposits	339,106	283,035
Savings deposits	125,237	120,720
Time deposits	389,181	378,855
Total deposits	1,462,841	1,370,640
Short-term borrowings:		
Customer repurchase agreements	48,282	39,166
Other short-term borrowings	—	20,000
Long-term borrowings	9,991	9,980
Junior subordinated debt	27,775	27,724
Accrued interest payable and other liabilities	8,531	9,748
Total liabilities	1,557,420	1,477,258
Shareholders' equity		
Preferred stock, \$5 par, 2,000,000 shares authorized, none outstanding	—	—
Common stock, \$1 par, 20,000,000 shares authorized, 8,642,913 shares outstanding at June 30, 2017 and 8,618,051 shares outstanding at December 31, 2016	8,595	8,578
Capital in excess of par value	75,691	75,076

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Retained earnings	123,795	119,600
Accumulated other comprehensive loss, net	(1,028)	(1,874)
Total shareholders' equity	207,053	201,380
Total liabilities and shareholders' equity	\$1,764,473	\$ 1,678,638

(*) - 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 per share data) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Interest and Dividend Income:				
Interest and fees on loans	\$13,752	\$ 11,642	\$26,456	\$ 23,757
Interest and dividends on securities:				
Taxable	1,133	1,150	2,287	2,234
Tax-exempt	509	817	1,144	1,640
Dividends	84	93	163	184
Other interest income	125	67	234	125
Total interest and dividend income	15,603	13,769	30,284	27,940
Interest Expense:				
Interest on deposits	1,352	1,314	2,552	2,611
Interest on short-term borrowings	14	1	42	2
Interest on long-term borrowings	81	81	161	162
Interest on junior subordinated debt	244	213	483	421
Total interest expense	1,691	1,609	3,238	3,196
Net Interest Income	13,912	12,160	27,046	24,744
Provision for Loan Losses	350	50	650	100
Net Interest Income After Provision for Loan Losses	13,562	12,110	26,396	24,644
Noninterest Income:				
Trust fees	908	961	1,820	1,891
Service charges on deposit accounts	501	514	985	1,006
Other fees and commissions	733	656	1,445	1,328
Mortgage banking income	462	365	991	657
Securities gains, net	331	222	590	588
Brokerage fees	192	223	384	427
Income from Small Business Investment Companies	6	72	32	238
Other	215	354	372	529
Total noninterest income	3,348	3,367	6,619	6,664
Noninterest Expense:				
Salaries	4,733	4,031	9,532	8,246
Employee benefits	1,130	1,055	2,313	2,169
Occupancy and equipment	1,148	1,059	2,216	2,158
FDIC assessment	134	193	263	381
Bank franchise tax	263	256	519	512
Core deposit intangible amortization	203	288	368	576
Data processing	502	459	989	903
Software	271	274	550	571
Other real estate owned, net	68	76	111	209
Other	2,259	1,965	4,291	3,849
Total noninterest expense	10,711	9,656	21,152	19,574
Income Before Income Taxes	6,199	5,821	11,863	11,734
Income Taxes	1,920	1,733	3,521	3,518
Net Income	\$4,279	\$ 4,088	\$8,342	\$ 8,216

Net Income Per Common Share:

Basic	\$0.50	\$ 0.47	\$0.97	\$ 0.95
Diluted	\$0.49	\$ 0.47	\$0.96	\$ 0.95

Average Common Shares Outstanding:

Basic	8,640,648	8,610,156	8,636,954	8,610,998
Diluted	8,659,168	8,619,833	8,655,173	8,616,873

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

American National
Bankshares Inc.
Consolidated Statements
of Comprehensive
Income
(Dollars in thousands)
(Unaudited)

Three
Months
Ended
June
30,