

FINANCIAL INSTITUTIONS INC
Form 10-Q
August 06, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

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: 000-26481

(Exact name of registrant as specified in its charter)

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NEW YORK
(State or other jurisdiction of

incorporation or organization)

220 LIBERTY STREET, WARSAW, NEW YORK

(Address of principal executive offices)

Registrant's telephone number, including area code: (585) 786-1100

16-0816610
(I.R.S. Employer

Identification No.)

14569

(Zip 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 (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

Accelerated filer

Non-accelerated filer (Do not check if a smaller 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

The registrant had 13,808,890 shares of Common Stock, \$0.01 par value, outstanding as of July 31, 2013.

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FINANCIAL INSTITUTIONS, INC.

Form 10-Q

For the Quarterly Period Ended June 30, 2013

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	June 30, 2013	December 31, 2012
	(Unaudited)	
<i>(Dollars in thousands, except share and per share data)</i>		
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 50,833	\$ 60,342
Federal funds sold and interest-bearing deposits in other banks	94	94
Total cash and cash equivalents	50,927	60,436
Securities available for sale, at fair value	810,549	823,796
Securities held to maturity, at amortized cost (fair value of \$17,821 and \$18,478, respectively)	17,348	17,905
Loans held for sale	3,423	1,518
Loans (net of allowance for loan losses of \$25,590 and \$24,714, respectively)	1,717,824	1,681,012
Company owned life insurance	48,273	47,386
Premises and equipment, net	36,899	36,618
Goodwill and other intangible assets, net	50,190	50,389
Other assets	46,870	44,805
Total assets	\$ 2,782,303	\$ 2,763,865
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest-bearing demand	\$ 511,802	\$ 501,514
Interest-bearing demand	475,448	449,744
Savings and money market	713,459	655,598
Time deposits	623,527	654,938
Total deposits	2,324,236	2,261,794
Short-term borrowings	193,413	179,806
Other liabilities	19,766	68,368
Total liabilities	2,537,415	2,509,968
Shareholders equity:		
Series A 3% preferred stock, \$100 par value; 1,533 shares authorized and 1,499 shares issued	150	150
Series B-1 8.48% preferred stock, \$100 par value, 200,000 shares authorized, 172,445 and 173,210 shares issued, respectively	17,244	17,321
Total preferred equity	17,394	17,471
Common stock, \$0.01 par value, 50,000,000 shares authorized and 14,161,597 shares issued	142	142
Additional paid-in capital	67,480	67,710
Retained earnings	179,564	172,244
Accumulated other comprehensive (loss) income	(13,134)	3,253
Treasury stock, at cost 353,207 and 373,888 shares, respectively	(6,558)	(6,923)

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Total shareholders' equity	244,888	253,897
Total liabilities and shareholders' equity	\$ 2,782,303	\$ 2,763,865

See accompanying notes to the consolidated financial statements.

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<i>(In thousands, except per share amounts)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Interest income:				
Interest and fees on loans	\$ 20,064	\$ 19,512	\$ 40,443	\$ 39,048
Interest and dividends on investment securities	4,278	4,219	8,647	8,133
Total interest income	24,342	23,731	49,090	47,181
Interest expense:				
Deposits	1,665	2,169	3,336	4,567
Short-term borrowings	153	174	343	285
Total interest expense	1,818	2,343	3,679	4,852
Net interest income	22,524	21,388	45,411	42,329
Provision for loan losses	1,193	1,459	3,902	2,844
Net interest income after provision for loan losses	21,331	19,929	41,509	39,485
Noninterest income:				
Service charges on deposits	2,568	1,974	4,709	3,809
ATM and debit card	1,317	1,072	2,566	2,149
Broker-dealer fees and commissions	650	434	1,349	1,021
Company owned life insurance	438	441	853	867
Net gain on disposal of investment securities	332	1,237	1,224	1,568
Loan servicing	152	409	225	503
Net gain on sale of loans held for sale	35	325	235	658
Impairment charges on investment securities				(91)
Net gain on disposal of other assets	38	29	39	35
Other	846	769	1,729	1,622
Total noninterest income	6,376	6,690	12,929	12,141
Noninterest expense:				
Salaries and employee benefits	9,226	9,071	18,935	18,127
Occupancy and equipment	3,035	2,715	6,204	5,485
Professional services	1,093	1,080	2,030	1,791
Computer and data processing	812	886	1,516	1,486
Supplies and postage	608	573	1,288	1,031
FDIC assessments	364	304	725	601
Advertising and promotions	253	137	467	238
Other	2,071	1,815	3,881	3,479
Total noninterest expense	17,462	16,581	35,046	32,238
Income before income taxes	10,245	10,038	19,392	19,388
Income tax expense	3,395	3,382	6,393	6,536

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Net income	\$ 6,850	\$ 6,656	\$ 12,999	\$ 12,852
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