

FINANCIAL INSTITUTIONS INC
Form 10-Q
August 07, 2012
Table of Contents

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, 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: 000-26481

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(Exact name of registrant as specified in its charter)

NEW YORK (State or other jurisdiction of incorporation or organization)	16-0816610 (I.R.S. Employer Identification No.)
220 LIBERTY STREET, WARSAW, NEW YORK (Address of principal executive offices)	14569 (Zip Code)
Registrant's telephone number, including area code: (585) 786-1100	

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 13,811,530 shares of Common Stock, \$0.01 par value, outstanding as of July 31, 2012.

Table of Contents

FINANCIAL INSTITUTIONS, INC.

Form 10-Q

For the Quarterly Period Ended June 30, 2012

TABLE OF CONTENTS

	PAGE
PART I. <u>FINANCIAL INFORMATION</u>	
ITEM 1. <u>Financial Statements</u>	3
<u>Consolidated Statements of Financial Condition at June 30, 2012 (Unaudited) and December 31, 2011</u>	3
<u>Consolidated Statements of Income (Unaudited) Three and six months ended June 30, 2012 and 2011</u>	4
<u>Consolidated Statements of Comprehensive Income (Unaudited) Three and six months ended June 30, 2012 and 2011</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity (Unaudited) Six months ended June 30, 2012 and 2011</u>	6
<u>Consolidated Statements of Cash Flows (Unaudited) Six months ended June 30, 2012 and 2011</u>	7
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	8
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
ITEM 4. <u>Controls and Procedures</u>	47
PART II. <u>OTHER INFORMATION</u>	
ITEM 1. <u>Legal Proceedings</u>	48
ITEM 1A. <u>Risk Factors</u>	48
ITEM 6. <u>Exhibits</u>	48
<u>Signatures</u>	49

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****FINANCIAL INSTITUTIONS, INC. AND SUBSIDIARIES****Consolidated Statements of Financial Condition**

<i>(Dollars in thousands, except share and per share data)</i>	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 61,719	\$ 57,489
Federal funds sold and interest-bearing deposits in other banks	94	94
Total cash and cash equivalents	61,813	57,583
Securities available for sale, at fair value	765,216	627,518
Securities held to maturity, at amortized cost (fair value of \$22,626 and \$23,964, respectively)	22,016	23,297
Loans held for sale	1,682	2,410
Loans (net of allowance for loan losses of \$24,120 and \$23,260, respectively)	1,600,034	1,461,516
Company owned life insurance	46,457	45,556
Premises and equipment, net	34,910	33,085
Goodwill and other intangible assets, net	43,858	37,369
Other assets	46,765	48,019
Total assets	\$ 2,622,751	\$ 2,336,353
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Noninterest-bearing demand	\$ 422,165	\$ 393,421
Interest-bearing demand	420,386	362,555
Savings and money market	584,278	474,947
Time deposits	708,442	700,676
Total deposits	2,135,271	1,931,599
Short-term borrowings	200,824	150,698
Other liabilities	39,710	16,862
Total liabilities	2,375,805	2,099,159
Shareholders' equity:		
Series A 3% preferred stock, \$100 par value; 1,533 shares authorized and 1,500 shares issued	150	150
Series B-1 8.48% preferred stock, \$100 par value, 200,000 shares authorized and 173,235 shares issued	17,323	17,323
Total preferred equity	17,473	17,473
Common stock, \$0.01 par value, 50,000,000 shares authorized and 14,161,597 shares issued	142	142
Additional paid-in capital	67,048	67,247
Retained earnings	166,496	158,079
Accumulated other comprehensive income	2,267	945
Treasury stock, at cost 350,067 and 358,481 shares, respectively	(6,480)	(6,692)

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Total shareholders' equity	246,946	237,194
Total liabilities and shareholders' equity	\$ 2,622,751	\$ 2,336,353

See accompanying notes to the consolidated financial statements.

Table of Contents**FINANCIAL INSTITUTIONS, INC. AND SUBSIDIARIES****Consolidated Statements of Income (Unaudited)**

<i>(In thousands, except per share amounts)</i>	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Interest income:				
Interest and fees on loans	\$ 19,512	\$ 19,071	\$ 39,048	\$ 38,106
Interest and dividends on investment securities	4,219	4,759	8,133	9,363
Total interest income	23,731	23,830	47,181	47,469
Interest expense:				
Deposits	2,169	2,934	4,567	6,131
Short-term borrowings	174	110	285	182
Long-term borrowings		533		1,065
Total interest expense	2,343	3,577	4,852	7,378
Net interest income	21,388	20,253	42,329	40,091
Provision for loan losses	1,459	1,328	2,844	2,138
Net interest income after provision for loan losses	19,929	18,925	39,485	37,953
Noninterest income:				
Service charges on deposits	1,974	2,243	3,809	4,348
ATM and debit card	1,072	1,123	2,149	2,139
Broker-dealer fees and commissions	434	402	1,021	788
Company owned life insurance	441	279	867	545
Net gain on sale of loans held for sale	325	117	658	341
Net gain on disposal of investment securities	1,237	4	1,568	7
Loan servicing	409	249	503	598
Impairment charges on investment securities			(91)	
Net gain (loss) on disposal of other assets	29	(8)	35	37
Other	769	565	1,622	1,319
Total noninterest income	6,690	4,974	12,141	10,122
Noninterest expense:				
Salaries and employee benefits	8,822	8,854	17,753	17,255
Occupancy and equipment	2,715	2,644	5,485	5,487
Professional services	1,080	571	1,791	1,253
Computer and data processing	886	648	1,486	1,251
Supplies and postage	573	424	1,031	876
FDIC assessments	304	168	601	775
Advertising and promotions	137	253	238	418
Other	2,064	1,591	3,853	3,188
Total noninterest expense	16,581	15,153	32,238	30,503
Income before income taxes	10,038	8,746	19,388	17,572
Income tax expense	3,382	3,027	6,536	6,033

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Net income	\$ 6,656	\$ 5,719
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