

SUSSEX BANCORP
Form 10-Q
August 12, 2014

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, 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 0-29030

SUSSEX BANCORP

(Exact name of registrant as specified in its charter)

New Jersey 22-3475473

Edgar Filing: SUSSEX BANCORP - Form 10-Q

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

399 Route 23, Franklin, NJ 07416
(Address of principal executive offices) (Zip Code)

(844) 256-7328

(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 and 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 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 Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of August 7, 2014 there were 4,664,856 shares of common stock, no par value, outstanding.

SUSSEX BANCORP

FORM 10-Q

INDEX

<u>FORWARD-LOOKING STATEMENTS</u>	ii
<u>PART I – FINANCIAL INFORMATION</u>	1
<u>Item 1 - Financial Statements</u>	1
<u>Item 2 - Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	8
<u>Item 3 - Quantitative and Qualitative Disclosures about Market Risk</u>	8
<u>Item 4 - Controls and Procedures</u>	8
<u>PART II – OTHER INFORMATION</u>	8
<u>Item 1 - Legal Proceedings</u>	8
<u>Item 1A - Risk Factors</u>	8
<u>Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds</u>	8
<u>Item 3 - Defaults Upon Senior Securities</u>	8
<u>Item 4 - Mine Safety Disclosures</u>	8
<u>Item 5 - Other Information</u>	8
<u>Item 6 - Exhibits</u>	8

FORWARD-LOOKING STATEMENTS

We may, from time to time, make written or oral “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements contained in our filings with the Securities and Exchange Commission (the “SEC”), our reports to shareholders and in other communications by us. This Report on Form 10-Q contains “forward-looking statements” which may be identified by the use of such words as “believe,” “expect,” “anticipate,” “should,” “planned,” “estimated” and “potential.” Examples of forward-looking statements include, but are not limited to, estimates with respect to our financial condition, results of operation and business that are subject to various factors which could cause actual results to differ materially from these estimates. These factors include, but are not limited to:

- § changes in the interest rate environment that reduce margins;
- § changes in the regulatory environment;
 - § the highly competitive industry and market area in which we operate;
- § general economic conditions, either nationally or regionally, resulting in, among other things, a deterioration in credit quality;
- § changes in business conditions and inflation;
- § changes in credit market conditions;
- § changes in the securities markets which affect investment management revenues;
- § increases in Federal Deposit Insurance Corporation (“FDIC”) deposit insurance premiums and assessments could adversely affect our financial condition;
- § changes in technology used in the banking business;
- § the soundness of other financial services institutions which may adversely affect our credit risk;
- § our controls and procedures may fail or be circumvented;
- § new lines of business or new products and services which may subject us to additional risks;
- § changes in key management personnel which may adversely impact our operations;
- § the effect on our operations of recent legislative and regulatory initiatives that were or may be enacted in response to the ongoing financial crisis;
- § severe weather, natural disasters, acts of war or terrorism and other external events which could significantly impact our business; and
- § other factors detailed from time to time in our filings with the SEC.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from the results discussed in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

SUSSEX BANCORP
CONSOLIDATED BALANCE SHEETS

(Dollars In Thousands)	June 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Cash and due from banks	\$ 7,985	\$ 5,521
Interest-bearing deposits with other banks	3,126	7,725
Cash and cash equivalents	11,111	13,246
Interest bearing time deposits with other banks	100	100
Securities available for sale, at fair value	81,283	90,676
Securities held to maturity, at cost (fair value of \$6,173 and \$6,060 at June 30, 2014 and December 31, 2013, respectively)	6,055	6,074
Federal Home Loan Bank Stock, at cost	2,960	2,705
Loans receivable, net of unearned income	428,339	392,402
Less: allowance for loan losses	5,854	5,421
Net loans receivable	422,485	386,981
Foreclosed real estate	2,854	2,926
Premises and equipment, net	7,698	6,892
Accrued interest receivable	1,698	1,642
Goodwill	2,820	2,820
Bank-owned life insurance	12,054	11,889
Other assets	6,055	7,960
Total Assets	\$ 557,173	\$ 533,911
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Non-interest bearing	\$ 67,743	\$ 58,210
Interest bearing	376,603	372,087
Total Deposits	444,346	430,297
Long-term borrowings	46,000	41,000
Accrued interest payable and other liabilities	4,259	3,302

Edgar Filing: SUSSEX BANCORP - Form 10-Q

Junior subordinated debentures	12,887	12,887
Total Liabilities	507,492	487,486
Stockholders' Equity:		
Preferred stock, no par value, 1,000,000 shares authorized; none issued	-	-
Common stock, no par value, 10,000,000 shares authorized; 4,676,039 and 4,640,296 shares issued and 4,664,856 and 4,629,113 shares outstanding at June 30, 2014 and December 31, 2013, respectively	35,405	35,249
Treasury stock, at cost; 11,183 shares	(59)	(59)
Retained earnings	14,531	13,386
Accumulated other comprehensive loss	(196)	(2,151)
Total Stockholders' Equity	49,681	46,425
Total Liabilities and Stockholders' Equity	\$ 557,173	\$ 533,911

See Notes to Unaudited Consolidated Financial Statements

SUSSEX BANCORP
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE (LOSS)
INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands except per share data)	2014	2013	2014	2013
INTEREST INCOME				
Loans receivable, including fees	\$ 4,800	\$ 4,485	\$ 9,423	\$ 8,761
Securities:				
Taxable	214	126	431	280
Tax-exempt	255	246	509	508
Interest bearing deposits	4	2	7	7
Total Interest Income	5,273	4,859	10,370	9,556
INTEREST EXPENSE				
Deposits	415	453	805	991
Borrowings	361	273	709	535
Junior subordinated debentures	52	55	105	109
Total Interest Expense	828	781	1,619	1,635
Net Interest Income	4,445	4,078	8,751	7,921
PROVISION FOR LOAN LOSSES				
Net Interest Income after Provision for Loan Losses	4,045	3,378	7,898	6,079
OTHER INCOME				