

TRUSTCO BANK CORP N Y  
Form 10-Q  
November 01, 2013

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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 September 30, 2013 Commission File Number 0-10592

TRUSTCO BANK CORP NY  
(Exact name of registrant as specified in its charter)

NEW YORK 14 1630287  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

5 SARNOWSKI DRIVE, GLENVILLE, NEW YORK 12302  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (518) 377 3311

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 (Sec. 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. (Check one):

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).  
 Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Number of Shares Outstanding
Common Stock as of October 31, 2013	
\$1 Par Value	94,453,970



TrustCo Bank Corp NY

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## TRUSTCO BANK CORP NY

Consolidated Statements of Income (Unaudited)

(dollars in thousands, except per share data)

	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
	2012	2013	2012	2013
Interest and dividend income:				
Interest and fees on loans	\$32,166	32,103	95,286	96,805
Interest and dividends on securities available for sale:				
U. S. government sponsored enterprises	571	1,996	2,014	6,906
State and political subdivisions	127	340	466	1,118
Mortgage-backed securities and collateralized mortgage obligations-residential	2,888	2,003	8,358	4,460
Corporate bonds	223	529	674	1,999
Small Business Administration-guaranteed participation securities	558	43	1,618	43
Mortgage-backed securities and collateralized mortgage obligations-commercial	39	-	106	-
Other securities	5	4	13	14
Total interest and dividends on securities available for sale	4,411	4,915	13,249	14,540
Interest on held to maturity securities:				
U. S. government sponsored enterprises	-	-	-	25
Mortgage-backed securities and collateralized mortgage obligations-residential	686	976	2,191	3,464
Corporate bonds	154	385	680	1,281
Total interest on held to maturity securities	840	1,361	2,871	4,770
Federal Reserve Bank and Federal Home Loan Bank stock	121	120	361	359
Interest on federal funds sold and other short-term investments	344	258	916	877
Total interest income	37,882	38,757	112,683	117,351
Interest expense:				
Interest on deposits:				
Interest-bearing checking	84	79	246	235
Savings	798	870	2,543	2,951
Money market deposit accounts	590	673	1,905	2,366
Time deposits	1,937	2,629	5,640	9,277
Interest on short-term borrowings	370	348	1,101	1,114
Total interest expense	3,779	4,599	11,435	15,943
Net interest income	34,103	34,158	101,248	101,408
Provision for loan losses	1,500	2,900	5,500	9,000
Net interest income after provision for loan losses	32,603	31,258	95,748	92,408
Noninterest income:				
Trustco financial services income	1,317	1,145	4,025	3,946
Fees for services to customers	2,903	3,234	8,758	8,904

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Net gain on securities transactions	-	666	1,434	1,398
Other	194	172	705	555
Total noninterest income	4,414	5,217	14,922	14,803
Noninterest expenses:				
Salaries and employee benefits	7,935	7,587	23,760	22,849
Net occupancy expense	3,911	3,756	11,874	11,368
Equipment expense	1,567	1,316	4,867	4,436
Professional services	1,255	1,657	4,240	4,582
Outsourced services	1,350	1,350	4,050	3,947
Advertising expense	548	935	1,992	2,804
FDIC and other insurance	1,009	983	3,023	2,816
Other real estate expense, net	946	1,210	3,168	2,841
Other	2,167	1,849	7,140	7,184
Total noninterest expenses	20,688	20,643	64,114	62,827
Income before taxes	16,329	15,832	46,556	44,384
Income taxes	6,077	6,079	17,373	16,656
Net income	\$10,252	9,753	29,183	27,728
Net income per Common Share:				
- Basic	\$0.109	0.104	0.310	0.296
- Diluted	\$0.109	0.104	0.310	0.296

See accompanying notes to unaudited consolidated interim financial statements.

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## Consolidated Statements of Comprehensive Income (Unaudited)

(dollars in thousands, except per share data)

	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
	2012		2012	
Net income	\$10,252	9,753	\$29,183	27,728
Net unrealized holding gain (loss) on securities available for sale	1,461	6,113	(27,793)	13,564
Reclassification adjustments for net gain recognized in income	-	(666 )	(1,434 )	(1,398 )
Tax effect	(583 )	(2,172 )	11,654	(4,851 )
Net unrealized gain (loss) on securities available for sale	878	3,275	(17,573)	7,315
Amortization of net actuarial loss	117	99	350	293
Amortization of prior service credit	(66 )	(66 )	(197 )	(197 )
Tax effect	(21 )	(14 )	(61 )	(39 )
Amortization of net actuarial loss and prior service credit on pension and postretirement plans, net of tax	30	19	92	57
Other comprehensive income (loss), net of tax	908	3,294	(17,481)	7,372
Comprehensive income	11,160	13,047	11,702	35,100

See accompanying notes to unaudited consolidated interim financial statements.

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## TRUSTCO BANK CORP NY

## Consolidated Statements of Financial Condition (Unaudited)

(dollars in thousands, except per share data)

	September 30, 2013	December 31, 2012
<b>ASSETS:</b>		
Cash and due from banks	45,088	55,789
Federal funds sold and other short term investments	510,561	488,227
Total cash and cash equivalents	555,649	544,016
Securities available for sale	908,446	912,092
Held to maturity securities (fair value 2013 \$95,968; 2012 \$151,126)	91,278	143,426
Federal Reserve Bank and Federal Home Loan Bank stock	10,500	9,632
Loans, net of deferred fees and costs	2,834,969	2,684,733
Less:		
Allowance for loan losses	47,722	47,927
Net loans	2,787,247	2,636,806
Bank premises and equipment, net	34,559	36,239
Other assets	71,728	64,402
Total assets	4,459,407	4,346,613
<b>LIABILITIES:</b>		
Deposits:		
Demand	314,660	300,544
Interest-bearing checking	591,590	560,064
Savings accounts	1,221,791	1,198,517
Money market deposit accounts	650,688	667,589
Certificates of deposit (in denominations of \$100,000 or more)	405,575	352,734
Other time accounts	710,064	724,745
Total deposits	3,894,368	3,804,193
Short-term borrowings	185,226	159,846
Accrued expenses and other liabilities	25,425	23,776
Total liabilities	4,105,019	3,987,815
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock par value \$1; 150,000,000 shares authorized; 98,912,423 shares issued at September 30, 2013 and December 31, 2012	98,912	98,912
Surplus	173,408	174,899
Undivided profits	143,015	132,378
Accumulated other comprehensive income (loss), net of tax	(15,923 )	1,558

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Treasury stock at cost - 4,578,040 and 4,977,179 shares at September 30, 2013 and December 31, 2012, respectively	(45,024 )	(48,949 )
Total shareholders' equity	354,388	358,798
Total liabilities and shareholders' equity	4,459,407	4,346,613

See accompanying notes to unaudited consolidated interim financial statements.

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## TRUSTCO BANK CORP NY

## Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(dollars in thousands, except per share data)

	Capital Stock	Surplus	Undivided Profits	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Beginning balance, January 1, 2012	\$98,912	176,638	119,465	(2,493 )	(54,006 )	338,516
Net Income	-	-	27,728	-	-	27,728
Change in other comprehensive income, net of tax	-	-	-	7,372	-	7,372
Cash dividend declared, \$.1969 per share	-	-	(18,443 )	-	-	(18,443 )
Sale of treasury stock (386,151 shares)	-	(1,622 )	-	-	3,798	2,176
Stock based compensation expense	-	268	-	-	-	268
Ending balance, September 30, 2012	\$98,912	175,284	128,750	4,879	(50,208 )	357,617
Beginning balance, January 1, 2013	\$98,912	174,899	132,378	1,558	(48,949 )	358,798
Net Income	-	-	29,183	-	-	29,183
Change in other comprehensive income (loss), net of tax	-	-	-	(17,481 )	-	(17,481 )
Cash dividend declared, \$.1969 per share	-	-	(18,546 )	-	-	(18,546 )
Sale of treasury stock (399,139 shares)	-	(1,737 )	-	-	3,925	2,188
Stock based compensation expense	-	246	-	-	-	246
Ending balance, September 30, 2013	\$98,912	173,408	143,015			