

CHICOPEE BANCORP, INC.
Form 10-Q
August 05, 2011

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, 2011

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: 000-51996

CHICOPEE BANCORP, INC.

(Exact name of registrant as specified in its charter)

Massachusetts 20-4840562
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

70 Center Street, Chicopee, Massachusetts 01013
(Address of principal executive offices) (Zip Code)

(413) 594-6692
(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.
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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated Filer []

Accelerated Filer [X]

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 [X]

As of August 5, 2011, there were 5,825,007 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHICOPEE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollars In Thousands)

Assets	June 30, 2011 (Unaudited)	December 31, 2010
Cash and due from banks	\$8,993	\$6,903
Federal funds sold	17,601	28,970
Total cash and cash equivalents	26,594	35,873
Securities available-for-sale, at fair value	632	362
Securities held-to-maturity, at cost (fair value \$74,569 and \$69,912 at June 30, 2011 and December 31, 2010, respectively)	74,403	69,713
Federal Home Loan Bank stock, at cost	4,489	4,489
Loans, net of allowance for loan losses (\$4,465 at June 30, 2011 and \$4,431 at December 31, 2010)	443,154	430,307
Loans held for sale	70	1,888
Other real estate owned	529	286
Mortgage servicing rights	374	306
Bank owned life insurance	13,227	13,032
Premises and equipment, net	10,090	10,340
Accrued interest and dividends receivable	1,679	1,897
Deferred income tax asset	2,479	2,469
FDIC prepaid insurance	1,092	1,361
Other assets	1,216	1,381
Total assets	\$580,028	\$573,704
Liabilities and Stockholders' Equity		
Deposits		
Non-interest-bearing	\$50,156	\$48,302
Interest-bearing	353,995	343,635
Total deposits	404,151	391,937
Securities sold under agreements to repurchase	19,304	17,972
Federal Home Loan Bank of Boston advances	65,237	71,615
Accrued expenses and other liabilities	276	298
Total liabilities	488,968	481,822
Stockholders' equity		

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Common stock (no par value, 20,000,000 shares authorized, 7,439,368 shares issued at June 30, 2011 and December 31, 2010)	72,479	72,479
Treasury stock, at cost (1,572,661 shares at June 30, 2011 and 1,427,390 shares at December 31, 2010)	(20,352)	(18,295)
Additional paid-in-capital	2,514	2,255
Unearned compensation (restricted stock awards)	(933)	(1,431)
Unearned compensation (Employee Stock Ownership Plan)	(4,315)	(4,463)
Retained earnings	41,658	41,308
Accumulated other comprehensive income	9	29
Total stockholders' equity	91,060	91,882
Total liabilities and stockholders' equity	\$ 580,028	\$ 573,704

See accompanying notes to unaudited consolidated financial statements.

CHICOPEE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except for Number of Shares and Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Interest and dividend income:				
Loans, including fees	\$ 5,868	\$ 5,934	\$ 11,677	\$ 11,852
Interest and dividends on securities	403	343	770	605
Other interest-earning assets	10	6	22	11
Total interest and dividend income	6,281	6,283	12,469	12,468
Interest expense:				
Deposits	1,351	1,464	2,725	2,951
Securities sold under agreements to repurchase	10	19	19	46
Other borrowed funds	431	524	869	1,042
Total interest expense	1,792	2,007	3,613	4,039
Net interest income	4,489	4,276	8,856	8,429
Provision for loan losses	119	112	352	385
Net interest income after provision for loan losses	4,370	4,164	8,504	8,044
Non-interest income:				
Service charges, fees and commissions	444	427	910	856
Loan sales and servicing, net	50	68	198	151
Net gain on sales of securities available-for-sale	-	-	12	-
Loss on sale of other real estate owned	-	(8)	(63)	(8)
Other than temporary impairment charge	-	-	-	(13)
Income from bank owned life insurance	97	105	195	212
Total non-interest income	591	592	1,252	1,198
Non-interest expenses:				
Salaries and employee benefits	2,659	2,708	5,498	5,244
Occupancy expenses	383	399	830	828
Furniture and equipment	262	288	512	556
FDIC insurance assessment	166	112	269	333
Data processing	287	286	580	565
Professional fees	150	109	293	258
Advertising	126	127	253	253
Stationery, supplies and postage	94	66	176	155
Other non-interest expense	546	525	1,009	964

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Total non-interest expenses	4,673	4,620	9,420	9,156
Income before income taxes	288	136	336	86
Income tax expense (benefit)	(18)	9	(14)	9
Net income	\$ 306	\$ 127	\$ 350	\$ 77
Earnings per share: (1)				
Basic	\$ 0.06	\$ 0.02	\$ 0.06	\$ 0.01
Diluted	\$ 0.06	\$ 0.02	\$ 0.06	\$ 0.01
Adjusted weighted average shares outstanding:				
Basic	5,372,770	5,720,669	5,396,871	5,723,736
Diluted	5,415,769	5,745,476	5,432,708	5,742,983

(1) Common stock equivalents are excluded from the computation of diluted net income per share for the three and six months ended June 30, 2011 and June 30, 2010, since the inclusion of such equivalents would be anti-dilutive.

See accompanying notes to unaudited consolidated financial statements.

CHICOPEE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Six Months Ended June 30, 2011 and 2010
(Dollars In Thousands)
(Unaudited)

	Common Stock	Treasury Stock	Additional Paid-in Capital	Unearned Compensation (restricted stock awards)	Unearned Compensation (Employee Stock Ownership Plan)	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2010	\$ 72,479	\$ (18,295)	\$ 2,255	\$ (1,431)	\$ (4,463)	\$ 41,308	\$ 29	\$ 91,882
Comprehensive income:								
Net income	-	-	-	-	-	350	-	350
Change in net unrealized gain on securities available-for-sale (net of deferred income taxes of \$10)	-	-	-	-	-	-	(20)	(20)
Total comprehensive income								330
Treasury stock purchased (145,271 shares)	-	(2,057)	-	-	-	-	-	(2,057)
Change in unearned compensation:								
Stock option expense	-	-	199	-	-	-	-	199
Restricted stock award expense	-	-	-	498	-	-	-	498
Common stock held by ESOP committed to be released	-	-	60	-	148	-	-	208
Balance at June 30, 2011	\$ 72,479	\$ (20,352)	\$ 2,514	\$ (933)	\$ (4,315)	\$ 41,658	\$ 9	\$ 91,060

Balance at December 31, 2009	\$ 72,479	\$ (13,951)	\$ 1,765	\$ (2,269)	\$ (4,761)	\$ 40,843	\$ 66	\$ 94,172
Comprehensive income:								
Net income	-	-	-	-	-	77	-	77
Change in net unrealized gain on securities available-for-sale (net of deferred income taxes of \$1)	-	-	-	-	-	-	(2)	(2)
Total comprehensive income								75
Treasury stock purchased (43,600 shares)	-	(513)	-	-	-	-	-	(513)
Change in unearned compensation:								
Stock option expense	-	-	260	-	-	-	-	260
Restricted stock award expense	-	-	-	413	-	-	-	413
Common stock held by ESOP committed to be released	-	-	36	-	149	-	-	185
Balance at June 30, 2010	\$ 72,479	\$ (14,464)	\$ 2,061	\$ (1,856)	\$ (4,612)	\$ 40,920	\$ 64	\$ 94,592

CHICOPEE BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Six Months Ended June
30,
2011 2010
(In thousands)

Cash flows from operating activities:		
Net income	\$350	\$77
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	481	526
Provision for loan losses	352	385
Increase in cash surrender value of life insurance	(195)	(212)
Realized gain on sales of securities available-for-sale, net	(12)	-
Realized gains on sales of mortgage loans	(69)	(71)
Decrease (increase) in other assets	97	(75)
Decrease in accrued interest and dividends receivable	219	11
Decrease in FDIC prepaid insurance	269	314
Net change in loans originated for resale	1,818	(452)
Net loss on sales of other real estate owned	63	8
Decrease in other liabilities	(24)	(160)
Other than temporary impairment charge	-	13
Change in unearned compensation	905	858
Net cash provided by operating activities	4,254	1,222
Cash flows from investing activities:		
Additions to premises and equipment	(178)	(231)
Loan originations and principal collections, net	(13,667)	(8,806)
Proceeds from sale or paydown of other real estate owned	162	72
Proceeds from sales of securities available-for-sale	17	-
Purchases of securities available-for-sale	(304)	-