

CONSUMERS BANCORP INC /OH/  
Form 10-Q  
February 14, 2008  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 10-Q**

x **QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended December 31, 2007**

**Commission File No. 033-79130**

**CONSUMERS BANCORP, INC.**

(Exact name of registrant as specified in its charter)

**OHIO**  
(State or other jurisdiction of)

**033-79130**  
(Commission File Number)

**34-1771400**  
(I.R.S. Employer)

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incorporation or organization)

Identification No.)

614 East Lincoln Way, P.O. Box 256, Minerva, Ohio  
(Address of principal executive offices)

44657  
(Zip Code)

(330) 868-7701

(Issuer's telephone number)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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.

Common Stock, no par value

Outstanding at February 11, 2008  
2,035,208 Common Shares

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**CONSUMERS BANCORP, INC.**

**FORM 10-Q**

**QUARTER ENDED DECEMBER 31, 2007**

**Part I Financial Information**

**Item 1 Financial Statements (Unaudited)**

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**Table of Contents****PART 1 FINANCIAL INFORMATION****Item 1 Financial Statements****CONSUMERS BANCORP, INC.****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)

	Unaudited December 31, 2007	June 30, 2007
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,313	\$ 5,558
Securities, available for sale	58,552	42,133
Federal bank and agency stocks, at cost	1,146	1,146
Total loans	147,931	141,447
Less allowance for loan losses	(1,518)	(1,381)
<b>Net Loans</b>	<b>146,413</b>	<b>140,066</b>
Cash surrender value of life insurance	4,370	4,290
Premises and equipment, net	4,103	4,273
Intangible assets	652	733
Other real estate owned		1,478
Accrued interest receivable and other assets	1,682	2,281
<b>Total assets</b>	<b>\$ 223,231</b>	<b>\$ 201,958</b>
<b>LIABILITIES</b>		
<b>Deposits</b>		
Non-interest bearing demand	\$ 43,711	\$ 42,170
Interest bearing demand	11,257	10,086
Savings	47,374	49,006
Time	76,352	68,329
<b>Total deposits</b>	<b>178,694</b>	<b>169,591</b>
Short-term borrowings	9,291	9,330
Federal Home Loan Bank advances	13,412	2,625
Accrued interest and other liabilities	1,907	1,630
<b>Total liabilities</b>	<b>203,304</b>	<b>183,176</b>
<b>Commitments and contingent liabilities</b>		
<b>SHAREHOLDERS EQUITY</b>		
Common stock (no par value, 2,500,000 shares authorized; 2,160,000 issued)	4,869	4,869
Retained earnings	16,507	15,920
Treasury stock, at cost (123,460 shares at December 31, 2007 and 94,566 shares at June 30, 2007)	(1,580)	(1,235)
Accumulated other comprehensive income (loss)	131	(772)
<b>Total shareholders equity</b>	<b>19,927</b>	<b>18,782</b>

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Total liabilities and shareholders' equity	\$ 223,231	\$ 201,958
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See accompanying notes to consolidated financial statements

**Table of Contents****CONSUMERS BANCORP, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

(Dollars in thousands, except per share amounts)

	<b>Three Months ended December 31,</b>		<b>Six Months ended December 31,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Interest income</b>				
Loans, including fees	\$ 2,750	\$ 2,623	\$ 5,452	\$ 5,224
Securities				
Taxable	448	300	835	582
Tax-exempt	175	155	339	309
Federal funds sold	21	2	26	3
<b>Total interest income</b>	<b>3,394</b>	<b>3,080</b>	<b>6,652</b>	<b>6,118</b>
<b>Interest expense</b>				
Deposits	1,050	857	1,999	1,622
Short-term borrowings	116	37	211	78
Federal Home Loan Bank advances	57	56	121	189
<b>Total interest expense</b>	<b>1,223</b>	<b>950</b>	<b>2,331</b>	<b>1,889</b>
<b>Net interest income</b>	<b>2,171</b>	<b>2,130</b>	<b>4,321</b>	<b>4,229</b>
Provision for loan losses	108	172	208	343
<b>Net interest income after Provision for loan losses</b>	<b>2,063</b>	<b>1,958</b>	<b>4,113</b>	<b>3,886</b>
<b>Non-interest income</b>				
Service charges on deposit accounts	434	382	799	762
Loss on sale of securities			(4)	
Gain (loss) on sale of other assets owned		(1)	13	(25)
Other	180	190	367	394
<b>Total non-interest income</b>	<b>614</b>	<b>571</b>	<b>1,175</b>	<b>1,131</b>
<b>Non-interest expenses</b>				
Salaries and employee benefits	1,069	1,047	2,138	2,107
Occupancy	256	294	509	554
Professional fees	75	107	156	229
Franchise taxes	55	30	110	58
Printing and supplies	34	45	63	87
Telephone and network communications	55	57	121	113
Amortization of intangible	40	40	81	81
Other	477	425	928	819
<b>Total non-interest expenses</b>	<b>2,061</b>	<b>2,045</b>	<b>4,106</b>	<b>4,048</b>
<b>Income before income taxes</b>	<b>616</b>	<b>484</b>	<b>1,182</b>	<b>969</b>

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Income tax expense	140	104	266	209
Net Income	\$ 476	\$ 380	\$ 916	\$ 760
Basic earnings per share	\$ 0.23	\$ 0.18	\$ 0.45	\$ 0.36

See accompanying notes to consolidated financial statements

**Table of Contents****CONSUMERS BANCORP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY****(Unaudited)**

(Dollars in thousands, except per share data)

	<b>Three Months ended December 31,</b>		<b>Six Months ended December 31,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Balance at beginning of period	\$ 19,363	\$ 19,804	\$ 18,782	\$ 19,102
Comprehensive income				
Net Income	476	380	916	760
Other comprehensive income/(loss)	435	(306)	903	502
Total comprehensive income	911	74	1,819	1,262
Purchase of treasury stock (15,894 and 1,475 shares for the three months and 28,894 and 31,725 shares for the six month periods ending December 31, 2007 and 2006, respectively)	(183)	(19)	(345)	(398)
Common cash dividends	(164)	(147)	(329)	(254)
Balance at the end of the period	\$ 19,927	\$ 19,712	\$ 19,927	\$ 19,712
Common cash dividends per share	\$ 0.08	\$ 0.07	\$ 0.16	\$ 0.12

See accompanying notes to consolidated financial statements.



**Table of Contents****CONSUMERS BANCORP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(Dollars in thousands)

	<b>Six Months Ended December 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash flows from operating activities</b>		
Net cash from operating activities	\$ 1,719	\$ 1,654
<b>Cash flow from investing activities</b>		
Securities available for sale		
Purchases	(18,176)	(3,159)
Maturities and principal pay downs	2,647	2,580
Proceeds from sales of available for sale securities	489	
Net (increase) decrease in loans	(6,580)	3,234
Acquisition of premises and equipment	(99)	(117)
Disposal of premises and equipment	1	
Sale of other real estate owned	1,577	272