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TRUSTCO BANK CORP N Y
Form 8-K
July 17, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): July 17, 2007

TrustCo Bank Corp NY
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------|--|
| NEW YORK | 0-10592 | 14-1630287 |
| State or Other Jurisdiction of Incorporation or Organization | Commission File No. | I.R.S. Employer Identification Number |

5 SARNOWSKI DRIVE, GLENNVILLE, NEW YORK 12302
(Address of principal executive offices)

(518) 377-3311
(Registrant's Telephone Number,
Including Area Code)

NOT APPLICABLE
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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TrustCo Bank Corp NY

Item 2.02. Results of Operations and Financial Condition

On July 17, 2007, TrustCo Bank Corp NY ("TrustCo") issued a press release with year to date and second quarter results for the period ending June 30, 2007. Attached is a copy of the press release labeled as Exhibit 99(a).

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

| Reg S-K Exhibit No. ----- | Description ----- |
|------------------------------|--|
| 99(a) | Press release dated July 17, 2007, for the period ending June 30, 2007, regarding year to date and second quarter results. |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 17, 2007

TrustCo Bank Corp NY
(Registrant)

By: /s/ Robert T. Cushing

Robert T. Cushing
Executive Vice President and
Chief Financial Officer

Exhibits Index

The following exhibits are filed herewith:

| Reg S-K Exhibit No. | Description | Page |
|---------------------|---|--------|
| 99(a) | Press release dated July 17, 2007, highlighting year to date and second quarter 2007 results. | 5 - 12 |

TRUSTCO
Bank Corp NY

5 Sarnowski Drive, Glenville, New York, 12302
(518) 377-3311 Fax: (518) 381-3668

Subsidiary: Trustco Bank

Contact: Kevin T. Timmons
Administrative Vice President
(518) 381-3607

Exhibit 99 (a)
News Release

NASDAQ -- TRST

FOR IMMEDIATE RELEASE

TrustCo Announces Second Quarter 2007 Results

Glenville, New York - July 17, 2007

TrustCo Bank Corp NY (TrustCo, Nasdaq: TRST) today announced that net income for the second quarter of 2007 was \$8.1 million compared to \$12.4 million for the comparable 2006 quarter. As previously announced, the results included net trading portfolio losses of \$2.8 million related to the change in value during the second quarter of 2007 of this portfolio. Diluted earnings per share were \$0.108 for the second quarter of 2007, compared to \$0.165 for the same period in 2006. Return on average equity and return on average assets were 14.13% and 0.98%, respectively for the second quarter of 2007 compared to 20.59% and 1.69% for the second quarter of 2006.

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For the first half of 2007 net income was \$20.4 million and resulted in diluted earnings per share of \$0.272, as compared to the comparable period of 2006 which resulted in net income of \$24.8 million and diluted earnings per share of \$0.330. Return on average assets and return on average equity was 1.27% and 17.88%, respectively, for the first six months of 2007 and 1.71% and 20.67% for the comparable period in 2006.

As noted, second quarter results included net trading portfolio losses of \$2.8 million. After adoption of fair value accounting under Statement of Financial Accounting Standards No. 159 "The Fair Value Option for Financial Assets and Liabilities" (SFAS 159) in the first quarter, \$517 million of longer duration securities were sold in the second quarter of 2007. The appreciation in fair value of the trading portfolio during the first quarter of 2007 resulted in an unrealized gain of \$3.4 million, which was included in first quarter results. The actual sales of the securities resulted in the \$2.8 million loss recorded in the current period. The securities sold had an average remaining life of approximately nine years. The proceeds were primarily invested in securities with maturities of six months and continue to be recorded at fair value. The transaction

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allowed the Company to significantly reduce its exposure to rising rates on its securities portfolio while maintaining the yield at about the same level and increasing flexibility going forward.

The growth of TrustCo's deposits and loans continue to show impressive results. For the quarter ended June 30, 2007, average deposits were up \$353 million or 13.6% compared to second quarter of 2006. Average loans showed similar results, rising \$253 million or 16.2% compared to the same period in 2006. Much of the success can be attributed to the branch growth initiative. During the second quarter of 2007, TrustCo opened nine offices to bring the total to 101. Current plans call for the expansion program to continue into 2008 with new branches planned in the markets currently served. Robert J. McCormick, President and Chief Executive Officer noted that, "We are pleased with the early results of our expansion program but are mindful that achieving our profit goals will take time and continued hard work."

TrustCo has again been nationally recognized. In its April 2007 edition, US Banker Magazine, a leading industry publication, ranked TrustCo 6th among the top 200 mid-tier banks in the country. In May, SNL Financial ranked TrustCo as the 5th best performing thrift institution of the nation's 100 largest public thrifts. This marks the third consecutive year in which the Company has ranked in the top seven in this study. Commenting on these achievements, Mr. McCormick stated "In a difficult market environment for banks, TrustCo continues to be ranked as one of the top institutions in its peer group in the nation. We have accomplished this through diligent expense controls and being ever mindful of asset quality."

Mr. McCormick also noted "Press reports continue to cover the fallout related to the subprime mortgage lending area. Subprime loans are mortgage loans to borrowers who do not qualify for conventional loans due to poor credit, employment issues, etc. TrustCo has never been involved in this type of lending. We have always believed that mortgage loans are our most important asset and growth is never an excuse to sacrifice credit quality."

Nonperforming loans continue at low levels. At the end of the second quarter nonperforming loans were 0.50% of total loans outstanding, compared to 0.32% in

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the prior year. In addition, the allowance for loan losses is 3.8 times nonperforming loans, compared to 6.8 times in the prior year.

On May 15th the Board of Directors declared a quarterly cash dividend of \$0.16 per share, which shareholders received in early July. This dividend equates to an annualized yield of 6.48% based on the June 30, 2007 closing stock price.

TrustCo Bank Corp is a \$3.4 billion bank holding company and through its subsidiary, Trustco Bank, operates 101 offices in New York, New Jersey, Vermont, Massachusetts, and Florida.

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In addition, the Bank operates a full service Trust Department. The common shares of TrustCo are traded on The NASDAQ Global Select Market under the symbol TRST.

Except for the historical information contained herein, the matters discussed in this news release and other information contained in TrustCo's Securities and Exchange Commission filings may express "forward-looking statements." Those "forward-looking statements" may involve risk and uncertainties, including statements containing future events or performance and assumptions and other statements of historical facts.

TrustCo wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The following important factors, among others, in some cases have affected and in the future could affect TrustCo's actual results, and could cause TrustCo's actual financial performance to differ materially from that expressed in any forward-looking statement: (1) credit risk, (2) interest rate risk, (3) competition, (4) changes in the regulatory environment, and (5) changes in local market area and general business and economic trends. The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events.

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TRUSTCO BANK CORP NY
GLENVILLE, NY

FINANCIAL HIGHLIGHTS

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(dollars in thousands, except per share data)
(Unaudited)

| | 06/30/07 | Three Months Ended 03/31/07 |
|--|-----------|--------------------------------|
| Summary of operations | | |
| Net interest income (TE) | \$ 24,752 | 24,506 |
| Provision (credit) for loan losses | - | - |
| Net securities transactions | - | - |
| Net trading (losses) gains | (2,841) | 3,445 |
| Noninterest income | 3,987 | 4,103 |
| Noninterest expens | 13,458 | 12,706 |
| Net income | 8,107 | 12,314 |
| Per common share | | |
| Net income per share: | | |
| - Basic | \$ 0.108 | 0.164 |
| - Diluted | 0.108 | 0.164 |
| Cash dividends | 0.160 | 0.160 |
| Tangible Book value at period end | 3.06 | 3.20 |
| Market price at period end | 9.88 | 9.58 |
| At period end | | |
| Full time equivalent employees | 610 | 570 |
| Full service banking offices | 101 | 95 |
| Performance ratios | | |
| Return on average assets | 0.98 % | 1.57 |
| Return on average equity (1) | 14.13 | 21.67 |
| Efficiency (2) | 46.20 | 43.76 |
| Net interest spread (TE) | 2.63 | 2.73 |
| Net interest margin (TE) | 3.07 | 3.16 |
| Dividend payout ratio | 148.02 | 97.29 |
| Capital ratios at period end (3) | | |
| Total equity to assets | 6.87 % | 7.24 |
| Tier 1 risk adjusted capital | 13.29 | 14.02 |
| Total risk adjusted capital | 14.55 | 15.28 |
| Asset quality analysis at period end | | |
| Nonperforming loans to total loans | 0.50 % | 0.45 |
| Nonperforming assets to total assets | 0.28 | 0.26 |
| Allowance for loan losses to total loans | 1.90 | 1.96 |
| Coverage ratio (4) | 3.8 X | 4.4 |

- (1) Average equity excludes the effect of accumulated other comprehensive income (loss).
- (2) Calculated as noninterest expense (excluding other real estate owned income/expense, specialized consulting and any one-time charges) divided by taxable equivalent net interest income plus noninterest income (excluding net securities transactions, net trading gains and losses and one-time income items).
- (3) Capital ratios exclude the effect of accumulated other comprehensive income (loss).
- (4) Calculated as allowance for loan losses divided by total nonperforming loans.

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TE = Taxable equivalent.

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FINANCIAL HIGHLIGHTS, Continued

(dollars in thousands, except per share data)
(Unaudited)

| | Six Months Ended | |
|------------------------------------|------------------|----------|
| | 06/30/07 | 06/30/06 |
| Summary of operations | | |
| Net interest income (TE) | \$ 49,258 | 51,949 |
| Provision (credit) for loan losses | - | (3,575) |
| Net securities transactions | - | (288) |
| Net trading gains | 604 | - |
| Noninterest income | 8,090 | 7,510 |
| Noninterest expense | 26,164 | 23,911 |
| Net income | 20,421 | 24,790 |
| Per common share | | |
| Net income per share: | | |
| - Basic | \$ 0.272 | 0.331 |
| - Diluted | 0.272 | 0.330 |
| Cash dividends | 0.320 | 0.320 |
| Tangible Book value at period end | 3.06 | 2.98 |
| Market price at period end | 9.88 | 11.02 |
| Performance ratios | | |
| Return on average assets | 1.27 % | 1.71 |
| Return on average equity (1) | 17.88 | 20.67 |
| Efficiency (2) | 44.98 | 40.65 |
| Net interest spread (TE) | 2.68 | 3.24 |
| Net interest margin (TE) | 3.11 | 3.63 |
| Dividend payout ratio | 117.43 | 96.56 |

(1) Average equity excludes the effect of accumulated other comprehensive income (loss).

(2) Calculated as noninterest expense (excluding other real estate owned income/expense, specialized consulting and any one-time charges) divided by taxable equivalent net interest income plus noninterest income (excluding net securities transactions, net trading gains and losses and one-time income items).

TE = Taxable equivalent.

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands)
(Unaudited)

| | 06/30/07 | 12/31/06 |
|---|--------------|-----------|
| ASSETS | | |
| Loans, net | \$ 1,813,280 | 1,711,280 |
| Securities available for sale | 502,833 | 1,011,280 |
| Trading securities | 450,198 | 450,198 |
| Federal funds sold and other short-term investments | 470,174 | 2,011,280 |
| | ----- | ----- |
| Total earning assets | 3,236,485 | 3,011,280 |
| Cash and due from banks | 45,820 | 45,820 |
| Bank premises and equipment | 27,858 | 27,858 |
| Other assets | 64,031 | 64,031 |
| | ----- | ----- |
| Total assets | \$ 3,374,194 | 3,111,280 |
| | ===== | ===== |
| LIABILITIES | | |
| Deposits: | | |
| Demand | \$ 268,579 | 268,579 |
| Interest-bearing checking | 282,919 | 282,919 |
| Savings | 647,331 | 647,331 |
| Money market | 343,962 | 343,962 |
| Certificates of deposit (in denominations of \$100,000 or more) | 369,720 | 369,720 |
| Other time deposits | 1,110,025 | 911,280 |
| | ----- | ----- |
| Total deposits | 3,022,536 | 2,711,280 |
| Short-term borrowings | 93,855 | 93,855 |
| Long-term debt | 44 | 44 |
| Other liabilities | 27,849 | 27,849 |
| | ----- | ----- |
| Total liabilities | 3,144,284 | 2,911,280 |
| SHAREHOLDERS' EQUITY | 229,910 | 200,000 |
| | ----- | ----- |
| Total liabilities and shareholders' equity | \$ 3,374,194 | 3,111,280 |
| | ===== | ===== |
| Number of common shares outstanding, in thousands | 75,016 | 75,016 |

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)
(Unaudited)

| | 06/30/07 | Three Months End 03/31/07 |
|--|-----------|------------------------------|
| Interest income | | |
| Loans | \$ 29,566 | 28,631 |
| Investments | 11,126 | 13,211 |
| Federal funds sold and other short term investments | 6,856 | 3,439 |
| | ----- | ----- |
| Total interest income | 47,548 | 45,281 |
| Interest expense | | |
| Deposits | 22,577 | 20,566 |
| Borrowings | 989 | 994 |
| | ----- | ----- |
| Total interest expense | 23,566 | 21,560 |
| | ----- | ----- |
| Net interest income | 23,982 | 23,721 |
| Provision (credit) for loan losses | - | - |
| | ----- | ----- |
| Net interest income after provision for loan losses | 23,982 | 23,721 |
| Net securities transactions | - | - |
| Trading gains (losses) | (2,841) | 3,445 |
| Noninterest income | 3,987 | 4,103 |
| Noninterest expense | 13,458 | 12,706 |
| | ----- | ----- |
| Income before income taxes | 11,670 | 18,563 |
| Income tax expense | 3,563 | 6,249 |
| | ----- | ----- |
| Net income | \$ 8,107 | 12,314 |
| | ===== | ===== |
| Net income per share: | | |
| - Basic | \$ 0.108 | 0.164 |
| - Diluted | \$ 0.108 | 0.164 |

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Avg equivalent shares outstanding, in thousands:

| | | |
|-----------|--------|--------|
| - Basic | 75,040 | 74,952 |
| - Diluted | 75,068 | 75,054 |

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CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share data)
(Unaudited)

| | Six Months Ended | |
|---|------------------|----------|
| | 06/30/07 | 06/30/06 |
| Interest income | | |
| Loans | \$ 58,197 | 49,821 |
| Investments | 24,337 | 28,067 |
| Federal funds sold and other short term investments | 10,295 | 4,763 |
| | ----- | ----- |
| Total interest income | 92,829 | 82,651 |
| Interest expense | | |
| Deposits | 43,143 | 30,475 |
| Borrowings | 1,983 | 1,741 |
| | ----- | ----- |
| Total interest expense | 45,126 | 32,216 |
| Net interest income | 47,703 | 50,435 |
| Provision (credit) for loan losses | - | (3,575) |
| | ----- | ----- |
| Net interest income after provision for loan losses | 47,703 | 54,010 |
| Net securities transactions | - | (288) |
| Trading gains | 604 | - |
| Noninterest income | 8,090 | 7,510 |
| Noninterest expense | 26,164 | 23,911 |
| | ----- | ----- |
| Income before income taxes | 30,233 | 37,321 |
| Income tax expense | 9,812 | 12,531 |
| | ----- | ----- |
| Net income | \$ 20,421 | 24,790 |
| | ===== | ===== |

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Net income per share:

| | | | |
|-----------|----|-------|-------|
| - Basic | \$ | 0.272 | 0.331 |
| - Diluted | \$ | 0.272 | 0.330 |

Avg equivalent shares outstanding, in thousands:

| | | |
|-----------|--------|--------|
| - Basic | 74,996 | 74,883 |
| - Diluted | 75,061 | 75,188 |