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People's Utah Bancorp
Form 10-Q
November 12, 2015

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, 2015

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 001-37416

PEOPLE'S UTAH BANCORP

(Exact name of registrant as specified in its charter)

UTAH
(State or other jurisdiction of
incorporation or organization)

87-0622021
(IRS Employer
Identification No.)

1 East Main Street, American Fork, Utah 84095
(Address of principal executive offices) (Zip Code)

(801) 642-3998

Registrant's telephone number, including area code

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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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. x Yes No o

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 (§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). x Yes No o

Indicate by checkmark 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 o

Accelerated filer o

Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes No x

The number of shares of Registrant’s common stock outstanding on November 9, 2015 was 17,525,418. No preferred shares are issued or outstanding.

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PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

	September 30, 2015	December 31, 2014
(Dollars in thousands, except share data)		
ASSETS		
Cash and due from banks	\$20,878	\$30,277
Interest bearing deposits	119,994	16,701
Federal funds sold	1,211	724
Total cash and cash equivalents	142,083	47,702
Investment securities:		
Available for sale, at fair value	311,138	295,637
Held to maturity, at historical cost	49,292	35,202
Total investment securities	360,430	330,839
Non-marketable equity securities	1,644	2,628
Loans held for sale	9,907	12,272
Loans:		
Loans held for investment	993,464	940,457
Less allowance for loan losses	(15,527)	(15,151)
Total loans held for investment, net	977,937	925,306
Premises and equipment, net	22,395	21,608
Accrued interest receivable	5,910	5,253
Deferred income tax assets	7,407	7,682
Other real estate owned	619	1,673
Bank-owned life insurance	19,028	6,657
Other assets	6,595	5,505
Total assets	\$1,553,955	\$1,367,125
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing deposits	\$428,852	\$327,075
Interest bearing deposits	904,021	872,158
Total deposits	1,332,873	1,199,233
Short-term borrowings	2,414	1,496
Accrued interest payable	312	343
Dividends payable	—	2,066
Other liabilities	11,747	6,328
Total liabilities	1,347,346	1,209,466
Commitments and contingencies		
Shareholders' equity:		
Preferred shares, \$0.01 par value: 3,000,000 shares authorized, no shares issued	—	—
Common shares, \$0.01 par value: 30,000,000 shares authorized; 17,491,552		

and 14,758,121 shares issued and outstanding as of September 30, 2015

and December 31, 2014, respectively

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Additional paid-in capital	66,769	31,137
Retained earnings	138,388	125,595
Accumulated other comprehensive income	1,277	779
Total shareholders' equity	206,609	157,659
Total liabilities and shareholders' equity	\$1,553,955	\$1,367,125

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest income				
Interest and fees on loans	\$15,095	\$13,285	\$43,250	\$38,019
Interest and dividends on investments	1,424	1,537	4,171	4,893
Total interest income	16,519	14,822	47,421	42,912
Interest expense	730	826	2,230	2,465
Net interest income	15,789	13,996	45,191	40,447
Provision for loan losses	200	600	800	1,100
Net interest income after provision for loan losses	15,589	13,396	44,391	39,347
Non-interest income				
Service charges on deposit accounts	613	725	1,870	2,138
Card processing	1,079	1,067	3,147	3,126
Mortgage banking	1,841	1,587	5,638	4,622
Other operating	432	332	1,597	1,470
Total non-interest income	3,965	3,711	12,252	11,356
Non-interest expense				
Salaries and employee benefits	7,323	6,974	21,825	20,718
Occupancy, equipment and depreciation	969	976	2,914	2,837
Data processing	811	756	2,348	2,301
FDIC premiums	186	188	564	595
Card processing	512	497	1,516	1,563
Other real estate owned	11	5	68	323
Marketing and advertising	279	219	656	602
Merger-related expenses	—	96	—	711
Other	1,353	1,341	4,255	4,222
Total non-interest expense	11,444	11,052	34,146	33,872
Income before income tax expense	8,110	6,055	22,497	16,831
Income tax expense	2,844	2,157	7,769	5,995
Net income	\$5,266	\$3,898	\$14,728	\$10,836
Earnings per common share:				
Basic	\$0.30	\$0.27	\$0.93	\$0.74
Diluted	\$0.29	\$0.26	\$0.90	\$0.72
Weighted average common shares outstanding:				
Basic	17,467,161	14,709,192	15,821,403	14,661,670
Diluted	18,105,768	15,142,436	16,374,034	15,089,434

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months		Nine Months	
	Ended		Ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Net income	\$5,266	\$3,898	\$14,728	\$10,836
Other comprehensive income				
Unrealized holding gains (losses) on securities available for sale	761	(420)	799	1,429
Tax effect	285	(161)	301	556
Unrealized holding gains (losses) on securities available for				
sale, net of tax	476	(259)	498	873
Total comprehensive income	\$5,742	\$3,639	\$15,226	\$11,709

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Nine Months Ended September 30, 2015 and 2014

(Dollars in thousands, except share data)	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2014	14,615,310	\$ 146	\$ 30,149	\$ 113,933	\$ (556)	\$ 143,672
Comprehensive income	—	—	—	10,836	873	11,709
Cash dividends declared (\$0.08 per share)	—	—	—	(1,177)	—	(1,177)
Share-based compensation	—	—	164	—	—	164
Exercise of stock options	103,624	1	487	—	—	488
Balance as of September 30, 2014	14,718,934	\$ 147	\$ 30,800	\$ 123,592	\$ 317	\$ 154,856
Balance as of January 1, 2015	14,758,121	\$ 148	\$ 31,137	\$ 125,595	\$ 779	\$ 157,659
Comprehensive income	—	—	—	14,728	498	15,226
Cash dividends declared (\$0.12 per share)	—	—	—	(1,935)	—	(1,935)
Share-based compensation	—	—	363	—	—	363
Issuance of common shares	2,657,000	27	34,870	—	—	34,897
Exercise of stock options	76,431	—	399	—	—	399
Balance as of September 30, 2015	17,491,552	\$ 175	\$ 66,769	\$ 138,388	\$ 1,277	\$ 206,609

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$14,728	\$10,836
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	800	1,100
Depreciation and amortization	1,901	1,646
Net gain on sales of other real estate owned	(153)	(30)
Deferred income taxes	(26)	(34)
Net amortization of securities discounts and premiums	2,354	2,193
Other	344	131
Gain on sale of loans held for sale	(4,086)	(3,076)
Originations of loans held for sale	(173,366)	(138,449)
Proceeds from sale of loans held for sale	179,817	140,570
Net changes in:		
Accrued interest receivable	(657)	(539)
Other assets	(1,304)	(816)
Accrued interest payable	(31)	(25)
Other liabilities	5,419	(80)
Net cash provided by operating activities	25,740	13,427
Cash flows from investing activities:		
Net change in loans held for investment	(53,431)	(66,446)
Purchase of available-for-sale securities	(105,728)	(114,128)
Purchase of held-to-maturity securities	(22,532)	(10,587)
Proceeds from maturities/sales of available-for-sale securities	88,917	95,161
Proceeds from maturities of held-to-maturity securities	8,196	6,286
Purchase of bank-owned life insurance	(12,157)	—
Purchase of premises and equipment	(2,668)	(1,102)
Proceeds from sale of other real estate owned, net of improvements	1,207	2,304
Proceeds from sale of non-marketable equity securities	984	78
Net cash used in investing activities	(97,212)	(88,434)
Cash flows from financing activities:		
Net increase in non-interest bearing deposits	101,777	36,897
Net increase in interest bearing deposits	31,863	13,900
Issuance of common shares	34,897	—
Proceeds related to exercise of stock options	399	488