

Edgar Filing: People's Utah Bancorp - Form 10-Q

People's Utah Bancorp
Form 10-Q
May 09, 2018

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 March 31, 2018

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 (Address of principal executive offices)	84003 (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)

Edgar Filing: People's Utah Bancorp - Form 10-Q

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 (§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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

The number of shares of Registrant’s common stock outstanding on April 30, 2018 was 18,679,512. No preferred shares are issued or outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1 – Financial Statements

Unaudited Condensed Consolidated Balance Sheets 3

Unaudited Condensed Consolidated Statements of Income 4

Unaudited Condensed Consolidated Statements of Comprehensive Income 5

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity 6

Unaudited Condensed Consolidated Statements of Cash Flows 7

Notes to Unaudited Condensed Consolidated Financial Statements 8

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations 24

Item 3 – Quantitative and Qualitative Disclosures about Market Risk 41

Item 4 – Controls and Procedures 41

PART II. OTHER INFORMATION

Item 1 – Legal Proceedings 42

Item 1A – Risk Factors 42

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds 42

Item 3 – Defaults upon Senior Securities 42

Item 4 – Mine Safety Disclosures 42

Item 5 – Other Information 42

Item 6 – Exhibits 43

Signatures 44

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)	March 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$32,267	\$36,235
Interest bearing deposits	9,268	13,158
Federal funds sold	338	1,634
Total cash and cash equivalents	41,873	51,027
Investment securities:		
Available-for-sale, at fair value	249,534	263,056
Held-to-maturity, at historical cost	73,888	74,654
Total investment securities	323,422	337,710
Non-marketable equity securities	5,711	3,706
Loans held for sale	10,618	10,871
Loans:		
Loans held for investment	1,687,530	1,627,444
Allowance for loan losses	(20,731)	(18,303)
Total loans held for investment, net	1,666,799	1,609,141
Premises and equipment, net	29,734	30,399
Goodwill	25,344	26,008
Bank-owned life insurance	25,964	23,566
Deferred income tax assets	10,005	8,827
Accrued interest receivable	7,616	7,594
Other intangibles	3,744	3,854
Other real estate owned	-	994
Other assets	12,608	9,832
Total assets	\$2,163,438	\$2,123,529
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing deposits	\$664,438	\$641,124
Interest bearing deposits	1,141,887	1,173,508
Total deposits	1,806,325	1,814,632
Short-term borrowings	79,000	40,000
Accrued interest payable	354	353
Other liabilities	13,960	11,126
Total liabilities	1,899,639	1,866,111
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; 18,674,232 and 18,511,797 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively	187	185

Edgar Filing: People's Utah Bancorp - Form 10-Q

Additional paid-in capital	85,430	84,532
Retained earnings	182,136	174,804
Accumulated other comprehensive loss	(3,954)	(2,103)
Total shareholders' equity	263,799	257,418
Total liabilities and shareholders' equity	\$2,163,438	\$2,123,529

See accompanying notes to the unaudited condensed consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except share and per share data)	Three Months Ended	
	March 31,	
	2018	2017
Interest income		
Interest and fees on loans	\$25,810	\$16,853
Interest and dividends on investments	1,656	1,705
Total interest income	27,466	18,558
Interest expense	1,495	766
Net interest income	25,971	17,792
Provision for loan losses	2,050	200
Net interest income after provision for loan losses	23,921	17,592
Non-interest income		
Mortgage banking	1,638	1,979
Card processing	1,326	1,124
Service charges on deposit accounts	673	536
Net loss on sale of investment securities	-	(13)
Other operating	657	486
Total non-interest income	4,294	4,112
Non-interest expense		
Salaries and employee benefits	10,423	7,967
Occupancy, equipment and depreciation	1,543	1,117
Data processing	870	675
Card processing	603	529
Marketing and advertising	446	262
FDIC premiums	329	126
Acquisition-related costs	349	-
Other	2,088	1,767
Total non-interest expense	16,651	12,443
Income before income tax expense	11,564	9,261
Income tax expense	2,560	2,740
Net income	\$9,004	\$6,521
Earnings per common share:		
Basic	\$0.48	\$0.36
Diluted	\$0.48	\$0.36
Weighted average common shares outstanding:		
Basic	18,598,436	17,884,026
Diluted	18,937,637	18,316,331

See accompanying notes to the unaudited condensed consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)	Three Months Ended March 31,	
	2018	2017
Net income	\$9,004	\$6,521
Other comprehensive income		
Unrealized holding (losses)/gains on securities available-for-sale	(2,468)	63
Income tax benefit/(expense)	617	(25)
Unrealized holding (losses)/gains on securities available-for-sale, net of tax	(1,851)	38
Total comprehensive income	\$7,153	\$6,559

See accompanying notes to the unaudited condensed consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(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, 2017	17,819,538	\$ 178	\$ 68,657	\$ 160,692	\$ (1,010)	\$ 228,517
Comprehensive income	-	-	-	6,521	38	6,559
Cash dividends (\$0.08 per share)	-	-	-	(1,431)	-	(1,431)
Share-based compensation	-	-	109	-	-	109
Exercise of stock options	105,746	1	490	-	-	491
Balance as of March 31, 2017	17,925,284	\$ 179	\$ 69,256	\$ 165,782	\$ (972)	\$ 234,245
Balance as of January 1, 2018	18,511,797	\$ 185	\$ 84,532	\$ 174,804	\$ (2,103)	\$ 257,418
Comprehensive income	-	-	-	9,004	(1,851)	7,153
Cash dividends (\$0.09 per share)	-	-	-	(1,672)	-	(1,672)
Share-based compensation	-	-	216	-	-	216
Exercise of stock options	162,435	2	682	-	-	684
Balance as of March 31, 2018	18,674,232	\$ 187	\$ 85,430	\$ 182,136	\$ (3,954)	\$ 263,799

See accompanying notes to the unaudited condensed consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net income	\$9,004	\$6,521
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	2,050	200
Depreciation and amortization	738	629
Deferred income taxes	(561)	43
Net amortization of securities discounts and premiums	682	772
Increase in cash surrender value of bank owned life insurance	(148)	(128)
Share based compensation	216	109
Gain on sale of loans held for sale	(1,150)	(1,403)
Originations of loans held for sale	(56,474)	(59,690)
Proceeds from sale of loans held for sale	57,877	68,866
Net changes in:		
Accrued interest receivable	(22)	(222)
Other assets	(2,217)	32
Accrued interest payable	1	(26)
Other liabilities	2,834	2,201
Net cash provided by operating activities	12,830	17,904
Cash flows from investing activities:		
Net change in loans held for investment	(58,963)	(32,424)
Purchase of available-for-sale securities	-	(16,680)
Purchase of held-to-maturity securities	-	(6,195)
Proceeds from maturities/sales of available-for-sale securities	10,566	17,508
Proceeds from maturities of held-to-maturity securities	572	1,489
Purchase of bank-owned life insurance	(2,250)	-
Purchase of premises and equipment	(47)	(1,404)
Proceeds from sale of other real estate owned, net of improvements	438	-
Net change of non-marketable equity securities	(2,005)	(132)
Net cash used in investing activities	(51,689)	(37,838)
Cash flows from financing activities:		
Net (decrease) increase in deposits	(8,307)	43,591
Proceeds related to exercise of stock options	684	491
Net change in short-term borrowings	39,000	-