

HomeTrust Bancshares, Inc.
Form 10-Q
May 10, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 001-35593

HOMETRUST BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Maryland

45-5055422

(State or other jurisdiction of incorporation of organization) (IRS Employer Identification No.)

10 Woodfin Street, Asheville, North Carolina 28801

(Address of principal executive offices; Zip Code)

(828) 259-3939

(Registrant's telephone number, including area code)

None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 and 15(d) of the Exchange Act 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 check mark 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

Accelerated filer

(Do not check if a smaller reporting company)

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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

APPLICABLE ONLY TO CORPORATE ISSUERS

There were 18,076,550 shares of common stock, par value of \$.01 per share, issued and outstanding as of May 5, 2016.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

(Dollars in thousands, except per share data)

	(Unaudited)	
	March 31, 2016	June 30, 2015
Assets		
Cash	\$30,966	\$33,891
Interest-bearing deposits	18,212	82,269
Cash and cash equivalents	49,178	116,160
Commercial paper	275,878	256,152
Certificates of deposit in other banks	158,767	210,629
Securities available for sale, at fair value	219,498	257,606
Other investments, at cost	30,163	28,711
Loans held for sale	2,537	5,874
Total loans, net of deferred loan fees and discount	1,815,017	1,685,707
Allowance for loan losses	(21,761)	(22,374)
Net loans	1,793,256	1,663,333
Premises and equipment, net	55,926	57,524
Accrued interest receivable	7,432	7,522
Real estate owned ("REO")	6,700	7,024
Deferred income taxes	55,686	59,493
Bank owned life insurance	78,921	77,354
Goodwill	12,673	12,673
Core deposit intangibles	7,815	10,043
Other assets	5,371	13,016
Total Assets	\$2,759,801	\$2,783,114
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$1,831,979	\$1,872,126
Other borrowings	507,000	475,000
Capital lease obligations	1,963	1,979
Other liabilities	60,016	62,959
Total liabilities	2,400,958	2,412,064
Stockholders' Equity		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value, 60,000,000 shares authorized, 18,193,550 shares issued and outstanding at March 31, 2016; 19,488,449 at June 30, 2015	182	195
Additional paid in capital	188,823	210,621
Retained earnings	176,511	168,357
Unearned Employee Stock Ownership Plan ("ESOP") shares	(8,596)	(8,993)
Accumulated other comprehensive income	1,923	870
Total stockholders' equity	358,843	371,050
Total Liabilities and Stockholders' Equity	\$2,759,801	\$2,783,114

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Income

(Dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2016	2015	2016	2015
Interest and Dividend Income				
Loans	\$ 19,440	\$ 19,575	\$ 58,408	\$ 57,954
Securities available for sale	986	919	3,223	2,608
Certificates of deposit and other interest-bearing deposits	1,010	781	2,691	1,846
Other investments	361	261	1,050	551
Total interest and dividend income	21,797	21,536	65,372	62,959
Interest Expense				
Deposits	1,090	1,220	3,422	3,710
Other borrowings	487	128	1,009	271
Total interest expense	1,577	1,348	4,431	3,981
Net Interest Income	20,220	20,188	60,941	58,978
Recovery of Loan Losses	—	—	—	(250)
Net Interest Income after Recovery of Loan Losses	20,220	20,188	60,941	59,228
Noninterest Income				
Service charges on deposit accounts	1,614	1,732	4,931	4,111
Mortgage banking income and fees	690	672	2,008	2,232
Gain from sales of securities available for sale	—	—	—	61
Other, net	1,080	909	2,819	2,497
Total noninterest income	3,384	3,313	9,758	8,901
Noninterest Expense				
Salaries and employee benefits	10,255	10,629	31,987	30,506
Net occupancy expense	2,234	2,381	6,799	6,266
Marketing and advertising	528	461	1,512	1,472
Telephone, postage, and supplies	859	912	2,531	2,348
Deposit insurance premiums	459	608	1,507	1,453
Computer services	1,418	1,763	4,408	4,366
Loss (gain) on sale and impairment of REO	172	(32)	310	(268)
REO expense	305	390	987	1,178
Core deposit intangible amortization	710	842	2,227	1,740
Merger-related expenses	—	1,686	—	5,417
Other	2,433	2,385	6,782	6,179
Total noninterest expense	19,373	22,025	59,050	60,657
Income Before Income Taxes	4,231	1,476	11,649	7,472
Income Tax Expense	1,090	314	3,495	2,005
Net Income	\$ 3,141	\$ 1,162	\$ 8,154	\$ 5,467
Per Share Data:				
Net income per common share:				
Basic	\$ 0.18	\$ 0.06	\$ 0.46	\$ 0.28
Diluted	\$ 0.18	\$ 0.06	\$ 0.46	\$ 0.28
Average shares outstanding:				
Basic	17,183,894	19,113,387	17,581,833	19,146,025
Diluted	17,369,871	19,192,702	17,762,375	19,232,791

The accompanying notes are an integral part of these consolidated financial statements.

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HOMETRUST BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

(Dollars in thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2016	2015	2016	2015
Net Income	\$3,141	\$1,162	\$8,154	\$5,467
Other Comprehensive Income				
Unrealized holding gains on securities available for sale				
Gains arising during the period	1,959	1,216	1,596	2,336
Deferred income tax expense	(666)	(413)	(543)	(794)
Reclassification of securities gains recognized in net income	—	—	—	57
Deferred income tax expense	—	—	—	(20)
Total other comprehensive income	\$1,293	\$803	\$1,053	\$1,579
Comprehensive Income	\$4,434	\$1,965	\$9,207	\$7,046

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity
(Dollars in thousands)

	Common Stock		Additional Paid In Capital	Retained Earnings	Unearned ESOP Shares	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2014	20,632,008	\$ 207	\$225,889	\$160,332	\$(9,522)	\$ 245	\$ 377,151
Net income	—	—	—	5,467	—	—	5,467
Stock repurchased	(299,672)	(4)	(5,034)	—	—	—	(5,038)
Retired stock	(14,555)	—	(188)	—	—	—	(188)
Exercised stock options	18,000	—	259	—	—	—	259
Stock option expense	—	—	1,010	—	—	—	1,010
Restricted stock expense	—	—	1,078	—	—	—	1,078
ESOP shares allocated	—	—	220	—	397	—	617
Other comprehensive income	—	—	—	—	—	1,579	1,579
Balance at March 31, 2015	20,335,781	\$ 203	\$223,234	\$165,799	\$(9,125)	\$ 1,824	\$ 381,935
Balance at June 30, 2015	19,488,449	195	210,621	168,357	(8,993)	870	371,050
Net income	—	—	—	8,154	—	—	8,154
Stock repurchased	(1,316,194)	(13)	(24,181)	—	—	—	(24,194)
Forfeited restricted stock	(2,550)	—	—	—	—	—	—
Retired stock	(12,855)	—	(223)	—	—	—	(223)
Granted restricted stock	34,500	—	—	—	—	—	—
Exercised stock options	2,200	—	32	—	—	—	32
Stock option expense	—	—	1,182	—	—	—	1,182
Restricted stock expense	—	—	1,052	—	—	—	1,052
ESOP shares allocated	—	—	340	—	397	—	737
Other comprehensive income	—	—	—	—	—	1,053	1,053
Balance at March 31, 2016	18,193,550	\$ 182	\$188,823	\$176,511	\$(8,596)	\$ 1,923	\$ 358,843

The accompanying notes are an integral part of these consolidated financial statements.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Nine Months Ended March 31,	
	2016	2015
Operating Activities:		
Net income	\$8,154	\$5,467
Adjustments to reconcile net income to net cash provided by operating activities:		
Recovery of loan losses	—	(250)
Depreciation	3,038	2,707
Deferred income tax expense	3,264	1,841
Net amortization and accretion	(3,317)	