

HomeTrust Bancshares, Inc.
Form 10-Q
May 10, 2018

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, 2018

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

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

45-5055422

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, a 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 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 19,037,268 shares of common stock, par value of \$.01 per share, issued and outstanding as of May 7, 2018.

HOMETRUST BANCSHARES, INC. AND SUBSIDIARIES
 10-Q
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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, 2018 | June 30, 2017 |
| Assets | | |
| Cash | \$38,100 | \$41,982 |
| Interest-bearing deposits | 41,296 | 45,003 |
| Cash and cash equivalents | 79,396 | 86,985 |
| Commercial paper | 239,435 | 149,863 |
| Certificates of deposit in other financial institutions | 84,218 | 132,274 |
| Securities available for sale, at fair value | 160,971 | 199,667 |
| Other investments, at cost | 36,783 | 39,355 |
| Loans held for sale | 6,071 | 5,607 |
| Total loans, net of deferred loan fees | 2,445,755 | 2,351,470 |
| Allowance for loan losses | (21,472) | (21,151) |
| Net loans | 2,424,283 | 2,330,319 |
| Premises and equipment, net | 62,725 | 63,648 |
| Accrued interest receivable | 9,216 | 8,758 |
| Real estate owned ("REO") | 5,053 | 6,318 |
| Deferred income taxes | 34,311 | 57,387 |
| Bank owned life insurance ("BOLI") | 87,532 | 85,981 |
| Goodwill | 25,638 | 25,638 |
| Core deposit intangibles | 5,131 | 7,173 |
| Other assets | 10,100 | 7,560 |
| Total Assets | \$3,270,863 | \$3,206,533 |
| Liabilities and Stockholders' Equity | | |
| Liabilities | | |
| Deposits | \$2,180,324 | \$2,048,451 |
| Borrowings | 625,000 | 696,500 |
| Capital lease obligations | 1,920 | 1,937 |
| Other liabilities | 62,066 | 61,998 |
| Total liabilities | 2,869,310 | 2,808,886 |
| 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, 19,034,868 shares issued and outstanding at March 31, 2018; 18,967,875 at June 30, 2017 | 190 | 190 |
| Additional paid in capital | 216,712 | 213,459 |
| Retained earnings | 193,368 | 191,660 |
| Unearned Employee Stock Ownership Plan ("ESOP") shares | (7,538) | (7,935) |
| Accumulated other comprehensive income (loss) | (1,179) | 273 |
| Total stockholders' equity | 401,553 | 397,647 |
| Total Liabilities and Stockholders' Equity | \$3,270,863 | \$3,206,533 |

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)

| | (Unaudited) | | Nine Months Ended | |
|---|--------------------|-----------|-------------------|-----------|
| | Three Months Ended | | March 31, | |
| | March 31, | March 31, | 2018 | 2017 |
| | 2018 | 2017 | 2018 | 2017 |
| Interest and Dividend Income | | | | |
| Loans | \$26,355 | \$ 24,747 | \$77,745 | \$ 65,098 |
| Securities available for sale | 916 | 1,243 | 2,791 | 2,986 |
| Certificates of deposit and other interest-bearing deposits | 1,498 | 868 | 3,970 | 2,850 |
| Other investments | 496 | 433 | 1,503 | 1,211 |
| Total interest and dividend income | 29,265 | 27,291 | 86,009 | 72,145 |
| Interest Expense | | | | |
| Deposits | 1,622 | 1,215 | 4,509 | 3,355 |
| Borrowings | 2,414 | 1,004 | 6,460 | 2,166 |
| Total interest expense | 4,036 | 2,219 | 10,969 | 5,521 |
| Net Interest Income | 25,229 | 25,072 | 75,040 | 66,624 |
| Provision for Loan Losses | — | — | — | — |
| Net Interest Income after Provision for Loan Losses | 25,229 | 25,072 | 75,040 | 66,624 |
| Noninterest Income | | | | |
| Service charges and fees on deposit accounts | 2,202 | 1,869 | 6,426 | 5,670 |
| Loan income and fees | 1,410 | 781 | 3,873 | 2,694 |
| BOLI income | 536 | 511 | 1,616 | 1,576 |
| Gain from sale of premises and equipment | — | — | 164 | 385 |
| Other, net | 778 | 528 | 2,211 | 1,547 |
| Total noninterest income | 4,926 | 3,689 | 14,290 | 11,872 |
| Noninterest Expense | | | | |
| Salaries and employee benefits | 11,927 | 12,191 | 36,252 | 34,721 |
| Net occupancy expense | 2,389 | 2,463 | 7,211 | 6,538 |
| Marketing and advertising | 334 | 374 | 1,106 | 1,263 |
| Telephone, postage, and supplies | 748 | 728 | 2,181 | 1,914 |
| Deposit insurance premiums | 413 | 404 | 1,246 | 885 |
| Computer services | 1,600 | 1,721 | 4,740 | 4,796 |
| Loss (gain) on sale and impairment of REO | 194 | (181) |) 152 | 288 |
| REO expense | 311 | 447 | 757 | 969 |
| Core deposit intangible amortization | 642 | 797 | 2,042 | 2,065 |
| Merger-related expenses | — | 7,401 | — | 7,736 |
| Other | 2,763 | 2,467 | 7,890 | 7,248 |
| Total noninterest expense | 21,321 | 28,812 | 63,577 | 68,423 |
| Income (Loss) Before Income Taxes | 8,834 | (51) |) 25,753 | 10,073 |
| Income Tax Expense (Benefit) | 2,707 | (325) |) 24,725 | 2,992 |
| Net Income | \$6,127 | \$ 274 | \$ 1,028 | \$ 7,081 |
| Per Share Data: | | | | |
| Net income per common share: | | | | |
| Basic | \$0.34 | \$ 0.01 | \$0.06 | \$ 0.40 |
| Diluted | \$0.32 | \$ 0.01 | \$0.06 | \$ 0.40 |
| Average shares outstanding: | | | | |

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| | | | | |
|---------|------------|------------|------------|------------|
| Basic | 18,052,000 | 17,808,920 | 17,997,997 | 17,194,466 |
| Diluted | 18,761,586 | 18,396,154 | 18,688,486 | 17,728,783 |

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 (Loss)
 (Dollars in thousands)

| | (Unaudited) | | | |
|--|--------------|--------|-------------|------------|
| | Three Months | | Nine Months | |
| | Ended | | Ended | |
| | March 31, | | March 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| Net Income | \$6,127 | \$274 | \$1,028 | \$7,081 |
| Other Comprehensive Loss | | | | |
| Unrealized holding losses on securities available for sale | | | | |
| Losses arising during the period | (1,216) | (11) | (2,074) | (3,552) |
| Deferred income tax benefit | 365 | 4 | 622 | 1,208 |
| Total other comprehensive loss | \$(851) | \$(7) | \$(1,452) | \$(2,344) |
| Comprehensive Income (Loss) | \$5,276 | \$267 | \$(424) | \$4,737 |

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)