

S Y BANCORP INC  
Form 10-Q  
August 07, 2009  
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**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 June 30, 2009

OR

**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 1-13661

**S.Y. BANCORP, INC.**

(Exact name of registrant as specified in its charter)

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**Kentucky**  
(State or other jurisdiction of  
incorporation or organization)

**61-1137529**  
(I.R.S. Employer  
Identification No.)

**1040 East Main Street, Louisville, Kentucky 40206**

(Address of principal executive offices including zip code)

**(502) 582-2571**

(Registrant's telephone number, including area code)

**Not Applicable**

(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 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 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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Common Stock, no par value 13,579,968

Shares issued and outstanding at July 30, 2009

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**S.Y. BANCORP, INC. AND SUBSIDIARY**

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Item 1. Financial Statements

The following consolidated financial statements of S.Y. Bancorp, Inc. and Subsidiary, Stock Yards Bank & Trust Company, are submitted herewith:

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June 30, 2009 and December 31, 2008
- Unaudited Condensed Consolidated Statements of Income  
for the three and six months ended June 30, 2009 and 2008
- Unaudited Condensed Consolidated Statements of Cash Flows  
for the six months ended June 30, 2009 and 2008
- Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity  
for the six months ended June 30, 2009
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## Unaudited Condensed Consolidated Balance Sheets

June 30, 2009 and December 31, 2008

(In thousands, except share data)

	(Unaudited) June 30 2009	December 31, 2008
<b>Assets</b>		
Cash and due from banks	\$ 27,559	\$ 24,859
Federal funds sold	6,200	2,254
Mortgage loans held for sale	15,459	2,950
Securities available for sale (amortized cost of \$220,592 in 2009 and \$169,505 in 2008)	223,169	173,371
Securities held to maturity (fair value of \$41 in 2009 and \$44 in 2008)	39	43
Federal Home Loan Bank stock and other securities	5,547	4,324
Loans	1,398,679	1,349,637
Less allowance for loan losses	17,077	15,381
Net loans	1,381,602	1,334,256
Premises and equipment, net	27,402	27,926
Bank owned life insurance	24,629	24,142
Accrued interest receivable	5,715	5,955
Other assets	29,438	28,683
Total assets	\$ 1,746,759	\$ 1,628,763
<b>Liabilities and Stockholders Equity</b>		
Deposits:		
Non-interest bearing	\$ 205,403	\$ 182,778
Interest bearing	1,131,610	1,088,147
Total deposits	1,337,013	1,270,925
Securities sold under agreements to repurchase and federal funds purchased	92,116	66,517
Other short-term borrowings	1,717	1,132
Accrued interest payable	582	690
Other liabilities	34,419	34,039
Federal Home Loan Bank advances	90,458	70,000
Subordinated debentures	40,930	40,960
Total liabilities	1,597,235	1,484,263
Stockholders equity:		
Preferred stock, no par value. Authorized 1,000,000 shares; no shares issued or outstanding		
Common stock, no par value. Authorized 20,000,000 shares; issued and outstanding 13,580,317 and 13,473,740 shares in 2009 and 2008, respectively	6,157	5,802
Additional paid-in capital	9,133	7,485
Retained earnings	132,782	128,923
Accumulated other comprehensive income	1,452	2,290
Total stockholders equity	149,524	144,500
Total liabilities and stockholders equity	\$ 1,746,759	\$ 1,628,763

See accompanying notes to unaudited condensed consolidated financial statements.



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Unaudited Condensed Consolidated Statements of Income

For the three and six months ended June 30, 2009 and 2008

(In thousands, except per share data)

	For three months ended		For six months ended	
	2009	2008	2009	2008
Interest income:				
Loans	\$ 19,204	\$ 20,050	\$ 37,947	\$ 40,382
Federal funds sold	17	84	20	139
Mortgage loans held for sale	105	87	181	148
Securities taxable	1,187	1,010	2,608	2,202
Securities tax-exempt	284	246	558	484
Total interest income	20,797	21,477	41,314	43,355
Interest expense:				
Deposits	4,664	5,635	9,337	12,661
Securities sold under agreements to repurchase and federal funds purchased	65	276	146	730
Other short-term borrowings		117		227
Federal Home Loan Bank advances	868	1,033	1,648	2,059
Subordinated debentures	883	1	1,758	2
Total interest expense	6,480	7,062	12,889	15,679
Net interest income	14,317	14,415	28,425	27,676
Provision for loan losses	2,200	975	3,825	2,200
Net interest income after provision for loan losses	12,117	13,440	24,600	25,476
Non-interest income:				
Investment management and trust services	2,801	3,238	5,472	6,517
Service charges on deposit accounts	2,038	2,117	3,849	4,109
Bankcard transaction revenue	747	691	1,406	1,312
Gains on sales of mortgage loans held for sale	444	319	943	755
Brokerage commissions and fees	437	442	822	883
Bank owned life insurance income	245	258	488	510
Other	1,352	592	1,645	1,048
Total non-interest income	8,064	7,657	14,625	15,134
Non-interest expenses:				
Salaries and employee benefits	7,629	7,326	14,989	14,633
Net occupancy expense	1,013	1,036	2,021	2,045
Data processing expense	1,002	896	1,808	1,648
Furniture and equipment expense	307	276	599	552
State bank taxes	474	314	862	654
FDIC insurance expense	1,245	90	1,667	264
Other	2,360	2,394	4,353	4,606
Total non-interest expenses	14,030	12,332	26,299	24,402
Income before income taxes	6,151	8,765	12,926	16,208
Income tax expense	1,863	2,636	3,901	5,041
Net income	\$ 4,288	\$ 6,129	\$ 9,025	\$ 11,167
Net income per share:				
Basic	\$ 0.32	\$ 0.46	\$ 0.67	\$ 0.83

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Diluted	0.31	0.45	0.66	0.82
Average common shares:				
Basic	13,564	13,409	13,532	13,431
Diluted	13,729	13,584	13,683	13,598

See accompanying notes to unaudited condensed consolidated financial statements.



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## Unaudited Condensed Consolidated Statements of Cash Flows

For the six months ended June 30, 2009 and 2008

(In thousands)

	2009	2008
Operating activities:		
Net income	\$ 9,025	\$ 11,167
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,825	2,200
Depreciation, amortization and accretion, net	1,009	1,248
Deferred income tax benefit	(848)	(485)
Gain on sales of mortgage loans held for sale	(943)	(755)
Origination of mortgage loans held for sale	(139,441)	(57,346)
Proceeds from sale of mortgage loans held for sale	127,875	57,320
Bank owned life insurance income	(488)	(510)
Increase in value of private investment fund	(142)	
Gain (loss) on the sale of other real estate	2	(2)
Stock compensation expense	328	363
Excess tax benefits from share-based compensation arrangements	(98)	(1)
Reversal of valuation of mortgage servicing rights	(176)	
Decrease (increase) in accrued interest receivable and other assets	1,081	(1,138)
Increase in accrued interest payable and other liabilities	351	4,486
Net cash provided by operating activities	1,360	16,547
Investing activities:		
Purchases of securities available for sale	(116,082)	(42,614)
Proceeds from maturities of securities available for sale	64,032	92,129
Proceeds from maturities of securities held to maturity	4	786
Net increase in loans	(51,231)	(120,171)
Purchases of premises and equipment	(723)	(2,456)
Proceeds from sale of other real estate	58	1,338
Net cash used in investing activities	(103,942)	(70,988)
Financing activities:		
Net increase in deposits	66,088	156,625
Net increase (decrease) in securities sold under agreements to repurchase and federal funds purchased	25,599	(52,930)
Net increase in other short-term borrowings	585	4,052
Proceeds from Federal Home Loan Bank advances	20,460	
Repayments of Federal Home Loan Bank advances	(2)	
Repayments of subordinated debentures	(30)	(30)
Issuance of common stock for options and dividend reinvestment plan	1,315	422
Excess tax benefits from share-based compensation arrangements	98	1
Common stock repurchases	(296)	(5,272)
Cash dividends paid	(4,589)	(4,486)
Net cash provided by financing activities	109,228	98,382
Net increase in cash and cash equivalents	6,646	43,941
Cash and cash equivalents at beginning of period	27,113	39,329
Cash and cash equivalents at end of period	\$ 33,759	\$ 83,270

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Supplemental cash flow information:

Income tax payments	\$	4,495	\$	4,200
Cash paid for interest		12,995		15,855
Supplemental non-cash activity:				
Transfers from loans to other real estate owned	\$	60	\$	406

See accompanying notes to unaudited condensed consolidated financial statements.

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## Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity

For the six months ended June 30, 2009

(In thousands, except per share data)

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Number of shares	Amount				
Balance December 31, 2008	13,474	\$ 5,802	\$ 7,485	\$ 128,923	\$ 2,290	\$ 144,500
Net income				9,025		9,025
Change in accumulated other comprehensive loss, net of tax					(838)	(838)
Stock compensation expense			328			328
Stock issued for stock options exercised and dividend reinvestment plan	93	311	1,102			1,413
Stock issued for non-vested restricted stock	25	85	481	(566)		
Cash dividends, \$0.34 per share				(4,608)		(4,608)
Shares repurchased or cancelled	(12)	(41)	(263)	8		(296)
Balance June 30, 2009	13,580	\$ 6,157	\$ 9,133	\$ 132,782	\$ 1,452	\$ 149,524

See accompanying notes to unaudited condensed consolidated financial statements.

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**S.Y. BANCORP, INC. AND SUBSIDIARY**

Unaudited Condensed Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2009 and 2008

(In thousands)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net income	\$ 4,288	\$ 6,129	\$ 9,025	\$ 11,167
Other comprehensive income (loss), net of tax:				