

TIMBERLAND BANCORP INC
Form 10-Q
August 05, 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 June 30, 2015

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 0-23333

TIMBERLAND BANCORP, INC.
(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of incorporation or
organization) 91-1863696
(IRS Employer Identification No.)

624 Simpson Avenue, Hoquiam, Washington
(Address of principal executive offices) 98550
(Zip Code)

(360) 533-4747
(Registrant's telephone number, including area code)

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 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 Smaller reporting company

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

Yes ___ No X

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

CLASS	SHARES OUTSTANDING AT JULY 31, 2015
Common stock, \$.01 par value	7,053,636

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

TIMBERLAND BANCORP, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2015 and September 30, 2014

(Dollars in thousands, except per share amounts)

(Unaudited)

	June 30, 2015	September 30, 2014
Assets		
Cash and cash equivalents:		
Cash and due from financial institutions	\$13,800	\$11,818
Interest-bearing deposits in banks	62,373	60,536
Total cash and cash equivalents	76,173	72,354
Certificates of deposit ("CDs") held for investment (at cost, which approximates fair value)	47,053	35,845
Investment securities - held to maturity, at amortized cost (estimated fair value \$8,958 and \$6,274)	8,018	5,298
Investment securities - available for sale	1,401	2,857
Federal Home Loan Bank of Des Moines ("FHLB") stock	2,699	5,246
Loans receivable	604,843	575,280
Loans held for sale	3,835	899
Less: Allowance for loan losses	(10,467)	(10,427)
Net loans receivable	598,211	565,752
Premises and equipment, net	17,083	17,679
Other real estate owned ("OREO") and other repossessed assets, net	8,063	9,092
Accrued interest receivable	2,132	1,910
Bank owned life insurance ("BOLI")	18,034	17,632
Goodwill	5,650	5,650
Core deposit intangible ("CDI")	—	3
Mortgage servicing rights ("MSRs")	1,469	1,684
Other assets	3,801	4,563
Total assets	\$789,787	\$745,565
Liabilities and shareholders' equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$122,133	\$106,417
Interest-bearing	532,585	508,699
Total deposits	654,718	615,116
FHLB advances	45,000	45,000
Other liabilities and accrued expenses	2,779	2,671
Total liabilities	702,497	662,787
See notes to unaudited condensed consolidated financial statements		

TIMBERLAND BANCORP, INC. AND SUBSIDIARY
 CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

June 30, 2015 and September 30, 2014

(Dollars in thousands, except per share amounts)

(Unaudited)

	June 30, 2015	September 30, 2014
Shareholders' equity		
Common stock, \$.01 par value; 50,000,000 shares authorized; 7,053,636 shares issued and outstanding - June 30, 2015 7,047,336 shares issued and outstanding - September 30, 2014	\$ 10,948	\$ 10,773
Unearned shares issued to Employee Stock Ownership Plan ("ESOP")	(992) (1,190)
Retained earnings	77,673	73,534
Accumulated other comprehensive loss	(339) (339)
Total shareholders' equity	87,290	82,778
Total liabilities and shareholders' equity	\$ 789,787	\$ 745,565
See notes to unaudited condensed consolidated financial statements		

TIMBERLAND BANCORP, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the three and nine months ended June 30, 2015 and 2014

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2015	2014	2015	2014
Interest and dividend income				
Loans receivable	\$7,756	\$7,238	\$22,617	\$21,811
Investment securities	59	66	179	190
Dividends from mutual funds and FHLB stock	7	6	21	21
Interest-bearing deposits in banks	125	87	343	268
Total interest and dividend income	7,947	7,397	23,160	22,290
Interest expense				
Deposits	492	498	1,496	1,562
FHLB advances	471	466	1,411	1,399
Total interest expense	963	964	2,907	2,961
Net interest income	6,984	6,433	20,253	19,329
Provision for loan losses	—	—	—	—
Net interest income after provision for loan losses	6,984	6,433	20,253	19,329
Non-interest income				
Recoveries (other than temporary impairment "OTTI") on investment securities	—	(38)	—	49
Adjustment for portion of OTTI (transferred from) recorded as other comprehensive income (loss) before income taxes	(4)) 29	(5)) 29
Net recoveries (OTTI) on investment securities	(4)) (9)	(5)) 78
Gain (loss) on sale of investment securities available for sale, net	—	—	45	(32)
Service charges on deposits	899	921	2,635	2,795
ATM and debit card interchange transaction fees	691	611	1,964	1,769
BOLI net earnings	133	134	401	392
Gain on sales of loans, net	514	241	1,098	714
Escrow fees	57	45	155	111
Fee income from non-deposit investment sales	26	14	38	58
Other	207	159	529	439
Total non-interest income, net	2,523	2,116	6,860	6,324

See notes to unaudited condensed consolidated financial statements

TIMBERLAND BANCORP, INC. AND SUBSIDIARY
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (continued)

For the three and nine months ended June 30, 2015 and 2014

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Non-interest expense				
Salaries and employee benefits	\$3,196	\$3,325	\$9,877	\$10,138
Premises and equipment	763	759	2,239	2,099
Gain on sale of premises and equipment, net	(299)	(5)	(299)	(5)
Advertising	169	187	529	537
OREO and other repossessed assets, net	193	240	617	795
ATM and debit card interchange transaction fees	336	207	929	791
Postage and courier	104	122	322	329
Amortization of CDI	—	29	3	87
State and local taxes	189	123	426	361
Professional fees	207	196	606	590
Federal Deposit Insurance Corporation ("FDIC") insurance	142	158	449	479
Other insurance	28	34	103	113
Loan administration and foreclosure	88	129	207	377
Data processing and telecommunications	449			