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(Do not check if 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 T

The number of shares outstanding of the issuer's common stock, \$0.01 par value per share, was 30,027,898 at July 30, 2015.

WATERSTONE FINANCIAL, INC.

10-Q INDEX

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PART I — FINANCIAL INFORMATION

Item 1. Financial StatementsWATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | (Unaudited) | |
|--|--------------------------------------|----------------------|
| | June 30, 2015 | December 31, 2014 |
| | (In Thousands, except share data) | |
| Assets | | |
| Cash | \$28,631 | 145,846 |
| Federal funds sold | 11,623 | 21,268 |
| Interest-earning deposits in other financial institutions and other short term investments | 7,857 | 5,706 |
| Cash and cash equivalents | 48,111 | 172,820 |
| Securities available for sale (at fair value) | 269,495 | 273,443 |
| Loans held for sale (at fair value) | 207,920 | 125,073 |
| Loans receivable | 1,094,589 | 1,094,990 |
| Less: Allowance for loan losses | 18,360 | 18,706 |
| Loans receivable, net | 1,076,229 | 1,076,284 |
| Office properties and equipment, net | 24,859 | 25,562 |
| Federal Home Loan Bank stock (at cost) | 19,500 | 17,500 |
| Cash surrender value of life insurance | 51,587 | 50,848 |
| Real estate owned, net | 14,326 | 18,706 |
| Prepaid expenses and other assets | 25,196 | 23,144 |
| Total assets | \$1,737,223 | 1,783,380 |
| Liabilities and Shareholders' Equity | | |
| Liabilities: | | |
| Demand deposits | \$96,969 | 92,162 |
| Money market and savings deposits | 121,549 | 119,163 |
| Time deposits | 631,796 | 652,635 |
| Total deposits | 850,314 | 863,960 |
| Borrowings | 444,000 | 434,000 |
| Advance payments by borrowers for taxes | 16,634 | 4,991 |
| Other liabilities | 24,837 | 30,192 |
| Total liabilities | 1,335,785 | 1,333,143 |
| Shareholders' equity: | | |
| Preferred stock (par value \$.01 per share) | | |
| Authorized - 50,000,000 shares in 2015 and 50,000,000 in 2014, no shares issued | - | - |
| Common stock (par value \$.01 per share) | | |
| Authorized - 100,000,000 shares in 2015 and 100,000,000 in 2014 | | |
| Issued - 30,706,713 in 2015 and 34,420,094 in 2014 | | |
| Outstanding - 30,706,713 in 2015 and 34,420,094 in 2014 | 307 | 344 |
| Additional paid-in capital | 315,922 | 313,894 |
| Retained earnings | 162,575 | 157,304 |

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| | | |
|--|-------------|-----------|
| Unearned ESOP shares | (21,958) | (22,552) |
| Accumulated other comprehensive income, net of taxes | 114 | 1,247 |
| Cost of shares repurchased (4,307,477 shares in 2015 and 0 shares in 2014) | (55,522) | - |
| Total shareholders' equity | 401,438 | 450,237 |
| Total liabilities and shareholders' equity | \$1,737,223 | 1,783,380 |

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| | Three months ended June 30, 2015 | | Six months ended June 30, 2015 | |
|--|--|--------|--------------------------------------|--------|
| | 2014 | 2015 | 2014 | 2015 |
| | (In Thousands, except per share amounts) | | | |
| Interest income: | | | | |
| Loans | \$ 14,065 | 14,568 | 27,378 | 28,236 |
| Mortgage-related securities | 820 | 748 | 1,659 | 1,307 |
| Debt securities, federal funds sold and short-term investments | 857 | 825 | 1,723 | 1,651 |
| Total interest income | 15,742 | 16,141 | 30,760 | 31,194 |
| Interest expense: | | | | |
| Deposits | 1,358 | 1,125 | 2,711 | 2,185 |
| Borrowings | 4,324 | 4,406 | 8,553 | 8,699 |
| Total interest expense | 5,682 | 5,531 | 11,264 | 10,884 |
| Net interest income | 10,060 | 10,610 | 19,496 | 20,310 |
| Provision for loan losses | 805 | 285 | 1,140 | 535 |
| Net interest income after provision for loan losses | 9,255 | 10,325 | 18,356 | 19,775 |
| Noninterest income: | | | | |
| Service charges on loans and deposits | 443 | 333 | 849 | 587 |
| Increase in cash surrender value of life insurance | 352 | 305 | 559 | 452 |
| Mortgage banking income | 29,577 | 22,188 | 50,616 | 36,690 |
| Gain on sale of available for sale securities | - | - | 44 | - |
| Other | 668 | 370 | 1,005 | 2,526 |
| Total noninterest income | 31,040 | 23,196 | 53,073 | 40,255 |
| Noninterest expenses: | | | | |
| Compensation, payroll taxes, and other employee benefits | 23,272 | 18,190 | 41,350 | 33,249 |
| Occupancy, office furniture, and equipment | 2,269 | 2,621 | 4,712 | 5,306 |
| Advertising | 712 | 838 | 1,365 | 1,574 |
| Data processing | 630 | 559 | 1,205 | 1,118 |
| Communications | 351 | 398 | 721 | 820 |
| Professional fees | 632 | 522 | 1,129 | 1,030 |
| Real estate owned | 686 | 705 | 1,229 | 1,253 |
| FDIC insurance premiums | 271 | 304 | 607 | 710 |
| Other | 3,124 | 3,466 | 6,057 | 6,174 |
| Total noninterest expenses | 31,947 | 27,603 | 58,375 | 51,234 |
| Income before income taxes | 8,348 | 5,918 | 13,054 | 8,796 |
| Income tax expense | 3,064 | 2,148 | 4,754 | 3,142 |
| Net income | \$ 5,284 | 3,770 | 8,300 | 5,654 |
| Income per share: | | | | |
| Basic | \$ 0.17 | 0.11 | 0.26 | 0.17 |
| Diluted | \$ 0.17 | 0.11 | 0.26 | 0.16 |
| Weighted average shares outstanding: | | | | |
| Basic | 29,841 | 34,021 | 31,098 | 34,143 |
| Diluted | 30,191 | 34,252 | 31,413 | 34,385 |

See Accompanying Notes to Unaudited Consolidated Financial Statements.

WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

| | Three months ended June 30, 2015 | | Six months ended June 30, 2015 | |
|---|--|-------|--------------------------------------|-------|
| | 2014 | 2014 | 2014 | 2014 |
| | (In Thousands) | | | |
| Net income | \$5,284 | 3,770 | 8,300 | 5,654 |
| Other comprehensive (loss) income, net of tax: | | | | |
| Net unrealized holding (loss) gain on available for sale securities: | | | | |
| Net unrealized holding (loss) gain arising during the period, net of tax benefit (expense) of \$1,557, (\$476), \$714, (\$1,399), respectively | (2,410) | 738 | (1,106) | 2,164 |
| Reclassification adjustment for net loss (gain) included in net income during the period, net of tax (benefit) expense of \$0, (\$7), \$17, (\$7), respectively | - | 10 | (27) | 10 |
| Total other comprehensive (loss) income | (2,410) | 748 | (1,133) | 2,174 |
| Comprehensive income | \$2,874 | 4,518 | 7,167 | 7,828 |

See Accompanying Notes to Unaudited Consolidated Financial Statements.

WATERSTONE FINANCIAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

| | Common Shares | Stock Amount | Additional Paid-In Capital (In Thousands) | Retained Earnings | Unearned ESOP Shares | Accumulated Other Comprehensive Income (Loss) | Treasury Shares | Cost of Shares Repurchased | Total Shareholders' Equity |
|--|------------------|-----------------|--|----------------------|----------------------------|---|--------------------|-------------------------------------|----------------------------------|
| Balances at December 31, 2013 | 31,349 | \$341 | 110,480 | 151,195 | (854) | (1,429) | (45,261) | - | 214,472 |
| Comprehensive income: | | | | | | | | | |
| Net income | - | - | - | 5,654 | - | - | - | - | 5,654 |
| Other comprehensive income | - | - | - | - | - | 2,174 | - | - | 2,174 |
| Total comprehensive income | | | | | | | | | 7,828 |
| Purchase of ESOP Shares | - | - | - | - | (10,000) | - | - | - | (10,000) |
| ESOP shares committed to be released to Plan participants | - | - | 5 | - | 562 | - | - | - | 567 |
| Cash Dividend, \$0.10 per share | - | - | - | (3,440) | - | - | - | - | (3,440) |
| Stock based compensation | 8 | - | 160 | - | - | - | - | - | 160 |
| Merger of Lamplighter, MHC | (23,050) | (231) | 305 | - | - | - | - | - | 74 |
| Exchange of common stock | (8,299) | (83) | 83 | - | - | - | - | - | - |
| Treasury stock retired | - | (27) | (45,234) | - | - | - | 45,261 | - | - |
| Proceeds of stock offering, net of costs | 34,406 | 344 | 248,004 | - | - | - | - | - | 248,348 |
| Balances at June 30, 2014 | 34,414 | \$344 | 313,803 | 153,409 | (10,292) | 745 | - | - | 458,009 |
| Balances at December 31, 2014 | 34,420 | \$344 | 313,894 | 157,304 | (22,552) | 1,247 | - | - | 450,237 |
| Comprehensive income: | | | | | | | | | |
| Net income | - | - | - | 8,300 | - | - | - | - | 8,300 |

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| | | | | | | | | |
|---|---|---|----|---|-----|----------|---|----------|
| Other comprehensive loss | - | - | - | - | - | (1,133) | - | (1,133) |
| Total comprehensive income | | | | | | | | 7,167 |
| ESOP shares committed to be released to Plan participants | - | - | 88 | - | 594 | - | | |