

TIMBERLAND BANCORP INC
Form 10-Q
August 09, 2013

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, 2013

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, 2013
Common stock, \$.01 par value	7,045,036

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TIMBERLAND BANCORP, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 2013 and September 30, 2012

(Dollars in thousands, except per share amounts)

(Unaudited)

	June 30, 2013	September 30, 2012
Assets		
Cash and cash equivalents:		
Cash and due from financial institutions	\$10,757	\$11,008
Interest-bearing deposits in banks	71,788	85,660
Total cash and cash equivalents	82,545	96,668
Certificates of deposit ("CDs") held for investment (at cost which approximates fair value)	26,749	23,490
Mortgage-backed securities ("MBS") and other investments - held to maturity, at amortized cost (estimated fair value \$3,639 and \$3,632)	2,892	3,339
MBS and other investments - available for sale	4,370	4,945
Federal Home Loan Bank of Seattle ("FHLB") stock	5,502	5,655
Loans receivable	553,981	548,878
Loans held for sale	2,433	1,427
Less: Allowance for loan losses	(11,126)	(11,825)
Net loans receivable	545,288	538,480
Premises and equipment, net	18,043	17,886
Other real estate owned ("OREO") and other repossessed assets, net	15,314	13,302
Accrued interest receivable	2,015	2,183
Bank owned life insurance ("BOLI")	16,956	16,524
Goodwill	5,650	5,650
Core deposit intangible ("CDI")	151	249
Mortgage servicing rights ("MSRs"), net	2,333	2,011
Prepaid Federal Deposit Insurance Corporation ("FDIC") insurance assessment	—	1,186
Other assets	4,967	5,386
Total assets	\$732,775	\$736,954
Liabilities and shareholders' equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$83,043	\$75,296
Interest-bearing	513,021	522,630
Total deposits	596,064	597,926
FHLB advances	45,000	45,000
Repurchase agreements	—	855
Other liabilities and accrued expenses	2,477	2,854
Total liabilities	643,541	646,635
See notes to unaudited condensed consolidated financial statements		

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

June 30, 2013 and September 30, 2012

(Dollars in thousands, except per share amounts)

(Unaudited)

	June 30, 2013	September 30, 2012
Shareholders' equity		
Preferred stock, \$.01 par value; 1,000,000 shares authorized;		
12,065 shares, Series A, issued and outstanding - June 30, 2013	\$ 11,889	\$ 16,229
16,641 shares, Series A, issued and outstanding - September 30, 2012; redeemable at \$1,000 per share		
Common stock, \$.01 par value; 50,000,000 shares authorized;		
7,045,036 shares issued and outstanding	10,551	10,484
Unearned shares issued to Employee Stock Ownership Plan ("ESOP")	(1,521	) (1,719
Retained earnings	68,665	65,788
Accumulated other comprehensive loss	(350	) (463
Total shareholders' equity	89,234	90,319
Total liabilities and shareholders' equity	\$732,775	\$736,954
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, 2013 and 2012

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Interest and dividend income				
Loans receivable	\$7,422	\$7,842	\$22,231	\$23,254
MBS and other investments	69	89	216	323
Dividends from mutual funds	5	6	22	26
Interest-bearing deposits in banks	79	82	247	252
Total interest and dividend income	7,575	8,019	22,716	23,855
Interest expense				
Deposits	609	925	1,987	3,128
FHLB advances	467	466	1,399	1,525
Total interest expense	1,076	1,391	3,386	4,653
Net interest income	6,499	6,628	19,330	19,202
Provision for loan losses	1,385	900	2,760	2,600
Net interest income after provision for loan losses	5,114	5,728	16,570	16,602
Non-interest income				
Other than temporary impairment (“OTTI”) on MBS and other investments	(1	) (60	) (9	) (182
Adjustment for portion recorded as (transferred from) other comprehensive income (loss) before taxes	(2	) 23	(30	) (8
Net OTTI on MBS and other investments	(3	) (37	) (39	) (190
Gain on sales of MBS and other investments	—	2	—	22
Service charges on deposits	882	955	2,657	2,815
ATM and debit card interchange transaction fees	526	564	1,562	1,621
BOLI net earnings	144	146	431	457
Gain on sales of loans, net	579	567	2,054	1,722
Escrow fees	55	30	135	79
Valuation recovery (allowance) on MSRs	—	(82	) 475	144
Fee income from non-deposit investment sales	19	20	92	58
Other	170	176	498	550
Total non-interest income, net	2,372	2,341	7,865	7,278

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, 2013 and 2012

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Non-interest expense				
Salaries and employee benefits	\$3,176	\$3,006	\$9,376	\$8,989
Premises and equipment	739	647	2,154	1,979
Advertising	184	173	533	553
OREO and other repossessed assets, net	313	363	1,107	1,299
ATM	219	206	636	598
Postage and courier	107	124	342	381
Amortization of CDI	33	37	98	111
State and local taxes	170	159	466	460
Professional fees	202	217	636	628
FDIC insurance	157	237		