

IF Bancorp, Inc.
Form 10-Q
May 11, 2016
Table of Contents

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 March 31, 2016**

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 No. 001-35226

IF Bancorp, Inc.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Maryland (State or other jurisdiction of incorporation or organization) | 45-1834449 (I.R.S. Employer Identification Number) |
| 201 East Cherry Street, Watseka, Illinois (Address of Principal Executive Offices) | 60970 Zip Code |
| (815) 432-2476 | |

(Registrant's telephone number)

N/A

(Former name or former address, 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 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 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. (Check one)

| | |
|--|---|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> (Do not check if smaller reporting company) | Smaller reporting company <input checked="" type="checkbox"/> |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

The Registrant had 4,014,061 shares of common stock, par value \$0.01 per share, issued and outstanding as of May 3, 2016.

Table of Contents

IF Bancorp, Inc.

Form 10-Q

Index

| | Page |
|---|------|
| <u>Part I. Financial Information</u> | |
| Item 1. <u>Condensed Consolidated Financial Statements</u> | 1 |
| <u>Condensed Consolidated Balance Sheets as of March 31, 2016 (unaudited) and June 30, 2015</u> | 1 |
| <u>Condensed Consolidated Statements of Income for the Three Months and Nine Months Ended March 31, 2016 and 2015 (unaudited)</u> | 2 |
| <u>Condensed Consolidated Statements of Comprehensive Income for the Three Months and Nine Months Ended March 31, 2016 and 2015 (unaudited)</u> | 3 |
| <u>Condensed Consolidated Statements of Stockholders' Equity for the Nine Months Ended March 31, 2016 and 2015 (unaudited)</u> | 4 |
| <u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended March 31, 2016 and 2015 (unaudited)</u> | 5 |
| <u>Notes to Condensed Consolidated Financial Statements (unaudited)</u> | 6 |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 38 |
| Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u> | 54 |
| Item 4. <u>Controls and Procedures</u> | 54 |
| <u>Part II. Other Information</u> | |
| Item 1. <u>Legal Proceedings</u> | 55 |
| Item 1A. <u>Risk Factors</u> | 55 |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 55 |
| Item 3. <u>Defaults upon Senior Securities</u> | 55 |
| Item 4. <u>Mine Safety Disclosures</u> | 55 |
| Item 5. <u>Other Information</u> | 55 |
| Item 6. <u>Exhibits</u> | 55 |
| <u>Signature Page</u> | 56 |

Table of Contents**Part I. Financial Information****Item 1. Financial Statements****IF Bancorp, Inc.****Condensed Consolidated Balance Sheets****(Dollars in thousands, except per share amount)**

| | March 31, 2016 (Unaudited) | June 30, 2015 |
|--|---|--------------------------|
| Assets | | |
| Cash and due from banks | \$ 12,098 | \$ 12,473 |
| Interest-bearing demand deposits | 328 | 751 |
| Cash and cash equivalents | 12,426 | 13,224 |
| Interest-bearing time deposits in banks | 251 | 250 |
| Available-for-sale securities | 118,514 | 170,630 |
| Loans, net of allowance for loan losses of \$5,253 and \$4,211 at March 31, 2016 and June 30, 2015, respectively | 429,612 | 356,194 |
| Premises and equipment, net of accumulated depreciation of \$6,040 and \$5,717 at March 31, 2016 and June 30, 2015, respectively | 4,642 | 4,800 |
| Federal Home Loan Bank stock, at cost | 5,425 | 5,425 |
| Foreclosed assets held for sale | 184 | 50 |
| Accrued interest receivable | 1,732 | 1,673 |
| Bank-owned life insurance | 8,488 | 8,289 |
| Mortgage servicing rights | 474 | 505 |
| Deferred income taxes | 2,052 | 2,249 |
| Other | 400 | 379 |
| Total assets | \$ 584,200 | \$ 563,668 |
| Liabilities and Equity | | |
| Liabilities | | |
| Deposits | | |
| Demand | \$ 19,697 | \$ 17,173 |
| Savings, NOW and money market | 152,725 | 150,759 |
| Certificates of deposit | 206,532 | 208,051 |
| Brokered certificates of deposit | 41,641 | 39,561 |
| Total deposits | 420,595 | 415,544 |

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| | | |
|---|----------------|----------------|
| Repurchase agreements | 4,947 | 4,024 |
| Federal Home Loan Bank advances | 70,000 | 58,000 |
| Advances from borrowers for taxes and insurance | 1,172 | 955 |
| Accrued post-retirement benefit obligation | 2,701 | 2,654 |
| Accrued interest payable | 46 | 65 |
| Other | 2,467 | 1,990 |
| Total liabilities | 501,928 | 483,232 |

Commitments and Contingencies

Stockholders Equity

| | | |
|---|-------------------|-------------------|
| Common stock, \$.01 par value per share, 100,000,000 shares authorized, 4,014,061 and 4,079,274 shares issued and outstanding at March 31, 2016 and June 30, 2015, respectively | 40 | 41 |
| Additional paid-in capital | 47,437 | 47,009 |
| Unearned ESOP shares, at cost, 293,486 and 307,920 shares at March 31, 2016 and June 30, 2015, respectively | (2,935) | (3,079) |
| Retained earnings | 36,002 | 35,466 |
| Accumulated other comprehensive income, net of tax | 1,728 | 999 |
| Total stockholders equity | 82,272 | 80,436 |
| Total liabilities and stockholders equity | \$ 584,200 | \$ 563,668 |

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**IF Bancorp, Inc.****Condensed Consolidated Statements of Income (Unaudited)****(Dollars in thousands except per share amounts)**

| | Three Months Ended March 31, | | Nine Months Ended March 31, | |
|---|-------------------------------------|--------------|------------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Interest and Dividend Income | | | | |
| Interest and fees on loans | \$ 4,384 | \$ 3,599 | \$ 12,473 | \$ 10,669 |
| Securities: | | | | |
| Taxable | 704 | 1,068 | 2,372 | 3,298 |
| Tax-exempt | 37 | 42 | 112 | 113 |
| Federal Home Loan Bank dividends | 20 | 7 | 40 | 23 |
| Deposits with other financial institutions | 3 | 4 | 8 | 10 |
| Total interest and dividend income | 5,148 | 4,720 | 15,005 | 14,113 |
| Interest Expense | | | | |
| Deposits | 585 | 592 | 1,706 | 1,842 |
| Federal Home Loan Bank advances and repurchase agreements | 249 | 198 | 671 | 591 |
| Total interest expense | 834 | 790 | 2,377 | 2,433 |
| Net Interest Income | 4,314 | 3,930 | 12,628 | 11,680 |
| Provision for Loan Losses | 254 | 17 | 1,142 | 259 |
| Net Interest Income After Provision for Loan Losses | 4,060 | 3,913 | 11,486 | 11,421 |
| Noninterest Income | | | | |
| Customer service fees | 122 | 111 | 403 | 382 |
| Other service charges and fees | 69 | 32 | 164 | 85 |
| Insurance commissions | 184 | 193 | 538 | 537 |
| Brokerage commissions | 165 | 194 | 522 | 565 |
| Net realized gains (losses) on sales of available-for-sale securities | 115 | 1 | 417 | (41) |
| Mortgage banking income, net | 14 | 22 | 111 | 110 |
| Gain on sale of loans | 31 | 25 | 130 | 76 |
| Bank-owned life insurance income, net | 65 | 64 | 199 | 198 |
| Other | 161 | 160 | 585 | 488 |
| Total noninterest income | 926 | 802 | 3,069 | 2,400 |
| Noninterest Expense | | | | |

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| | | | | |
|---------------------------------------|---------------|---------------|-----------------|-----------------|
| Compensation and benefits | 2,245 | 2,185 | 6,733 | 6,272 |
| Office occupancy | 142 | 151 | 436 | 426 |
| Equipment | 250 | 241 | 756 | 762 |
| Federal deposit insurance | 80 | 78 | 231 | 230 |
| Stationary, printing and office | 42 | 43 | 144 | 132 |
| Advertising | 90 | 96 | 253 | 304 |
| Professional services | 106 | 93 | 390 | 339 |
| Supervisory examinations | 38 | 38 | 115 | 111 |
| Audit and accounting services | 17 | 14 | 103 | 84 |
| Organizational dues and subscriptions | 2 | 13 | 45 | 46 |
| Insurance bond premiums | 29 | 27 | 99 | 92 |
| Telephone and postage | 80 | 65 | 215 | 191 |
| Loss (gain) on foreclosed assets, net | (1) | 7 | | 62 |
| Other | 380 | 308 | 1,140 | 931 |
| Total noninterest expense | 3,500 | 3,359 | 10,660 | 9,982 |
| Income Before Income Tax | 1,486 | 1,356 | 3,895 | 3,839 |
| Provision for Income Tax | 542 | 466 | 1,397 | 1,355 |
| Net Income | \$ 944 | \$ 890 | \$ 2,498 | \$ 2,484 |

Earnings Per Share:

| | | | | |
|-------------------------------------|---------|---------|---------|---------|
| Basic and diluted (Note 4) | \$ 0.25 | \$ 0.23 | \$ 0.67 | \$ 0.63 |
| Dividends declared per common share | \$ 0.08 | \$ 0.05 | \$ 0.13 | \$ 0.10 |

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents**IF Bancorp, Inc.****Condensed Consolidated Statements of Comprehensive Income (Unaudited)****(Dollars in thousands)**

| | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2016 | 2015 |
| Net Income | \$ 944 | \$ 890 |
| Other Comprehensive Income | | |
| Unrealized appreciation on available-for-sale securities, net of taxes of \$678 and \$467, for 2016 and 2015, respectively | 1,006 | 689 |
| Less: reclassification adjustment for realized gains included in net income, net of taxes of \$46 and \$0 for 2016 and 2015, respectively | 69 | (1) |
| | 937 | 690 |
| Postretirement health plan amortization of transition obligation and prior service cost and change in net loss, net of taxes of \$(3) and \$0 for 2016 and 2015, respectively | (4) | (1) |
| Other comprehensive income, net of tax | 933 | 689 |
| Comprehensive Income | \$ 1,877 | \$ 1,579 |

| | Nine Months Ended March 31, | |
|---|------------------------------------|-------------|
| | 2016 | 2015 |
| Net Income | \$ 2,498 | \$ 2,484 |
| Other Comprehensive Income | | |
| Unrealized appreciation on available-for-sale securities, net of taxes of \$665 and \$863, for 2016 and 2015, respectively | 987 | 1,280 |
| Less: reclassification adjustment for realized gains (losses) included in net income, net of taxes of \$168 and \$17, for 2016 and 2015, respectively | 249 | (24) |
| | 738 | 1,304 |
| Postretirement health plan amortization of transition obligation and prior service cost and change in net loss, net of taxes of \$(6) and \$1 for 2016 and 2015, respectively | (9) | 2 |
| Other comprehensive income, net of tax | 729 | 1,306 |
| Comprehensive Income | \$ 3,227 | \$ 3,790 |

See accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents

IF Bancorp, Inc.

Condensed Consolidated Statement of Stockholders' Equity (Unaudited)

(Dollars in thousands, except per share amounts)