

FIRST NORTHERN COMMUNITY BANCORP
Form 10-Q
August 05, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

- 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 000-30707

First Northern Community Bancorp
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or
organization)

68-0450397
(I.R.S. Employer Identification Number)

195 N. First Street, Dixon, California
(Address of principal executive offices)

95620
(Zip Code)

707-678-3041
(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 Section 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 website, 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined by Rule 12b-2 of the Exchange Act). 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

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

The number of shares of Common Stock outstanding as of July 30, 2015 was 10,256,219.

FIRST NORTHERN COMMUNITY BANCORP

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PART I – FINANCIAL INFORMATION

FIRST NORTHERN COMMUNITY BANCORP

ITEM I. – FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except shares and per share amounts)	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$225,749	\$216,192
Certificate of deposits	11,937	12,860
Investment securities – available-for-sale	156,213	151,226
Loans, net of allowance for loan losses of \$9,106 at June 30, 2015 and \$8,583 at December 31, 2014	570,540	537,979
Loans held-for-sale	486	491
Stock in Federal Home Loan Bank and other equity securities, at cost	3,934	3,934
Premises and equipment, net	7,096	7,278
Other real estate owned	407	736
Interest receivable and other assets	25,752	27,188
Total Assets	\$1,002,114	\$957,884
Liabilities and Stockholders' Equity		
Liabilities:		
Demand deposits	\$299,435	\$287,717
Interest-bearing transaction deposits	242,181	219,396
Savings and MMDA's	273,569	263,766
Time, under \$250,000	63,300	65,570
Time, \$250,000 and over	19,882	20,603
Total deposits	898,367	857,052
Interest payable and other liabilities	8,555	8,781
Total Liabilities	906,922	865,833
Stockholders' Equity:		
Preferred stock, no par value; \$1,000 per share liquidation preference, 22,847 shares authorized; 12,847 shares issued and outstanding at June 30, 2015 and December 31, 2014	12,847	12,847
Common stock, no par value; 16,000,000 shares authorized;		

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10,256,219 shares issued and outstanding at June 30, 2015 and 10,207,043 shares issued and outstanding at December 31, 2014	70,221	70,015
Additional paid-in capital	977	977
Retained earnings	11,357	8,146
Accumulated other comprehensive (loss) income, net	(210)	66
Total Stockholders' Equity	95,192	92,051
Total Liabilities and Stockholders' Equity	\$1,002,114	\$957,884

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share amounts)	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest and dividend income:				
Loans	\$ 7,078	\$ 6,664	\$ 13,800	\$ 13,078
Due from banks interest bearing accounts	164	154	320	279
Investment securities				
Taxable	694	717	1,435	1,491
Non-taxable	66	98	130	197
Other earning assets	222	61	298	128
Total interest and dividend income	8,224	7,694	15,983	15,173
Interest expense:				
Deposits	293	336	586	661
Total interest expense	293	336	586	661
Net interest income	7,931	7,358	15,397	14,512
Provision for loan losses	—	600	350	1,200
Net interest income after provision for loan losses	7,931	6,758	15,047	13,312
Non-Interest income:				
Service charges on deposit accounts	494	537	1,013	1,090
Gains on sales of loans held-for-sale	292	143	425	277
Investment and brokerage services income	151	164	295	321
Mortgage brokerage income	18	6	23	6
Loan servicing income	198	104	311	221
Fiduciary activities income	129	137	257	336
Debit card income	528	493	1,004	886
Other income	212	244	425	439
Total non-interest income	2,022	1,828	3,753	3,576
Non-Interest expenses:				
Salaries and employee benefits	4,415	3,765	8,504	7,525
Occupancy and equipment	699	730	1,406	1,458
Data processing	436	464	847	831
Stationery and supplies	111	92	200	174
Advertising	92	67	172	173
Directors' fees	75	69	137	122
Other real estate owned expense	22	38	24	41
Gains on sales of other real estate owned	—	—	(161)	—
Impairment on other interest earning asset	—	50	—	50
Other expense	1,373	1,365	2,656	2,579
Total non-interest expenses	7,223	6,640	13,785	12,953
Income before provision for income taxes	2,730	1,946	5,015	3,935

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Provision for income taxes	960	607	1,728	1,232
Net income	\$ 1,770	\$ 1,339	\$3,287	\$2,703
Preferred stock dividends	\$ (32)	\$ (32)	\$(64)	\$(64)
Net income available to common shareholders	\$ 1,738	\$ 1,307	\$3,223	\$2,639
Basic earnings per common share	\$ 0.17	\$ 0.13	\$0.32	\$0.26
Diluted earnings per common share	\$ 0.17	\$ 0.13	\$0.32	\$0.26

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Net income	\$1,770	\$1,339	\$3,287	\$2,703
Other comprehensive (loss) income, net of tax:				
Unrealized holding (losses) gains on securities:				
Unrealized holding gains (losses) arising during the period, net of tax effect of \$(411) and \$508 for the three-month periods ended June 30, 2015 and June 30, 2014, respectively, and \$(161) and \$852 for the six-month periods ended June 30, 2015 and June 30, 2014, respectively	(618)	761	(243)	1,277
Directors' and officer's retirements plan equity adjustments, net of tax effect of \$0 for the three-month periods ended June 30, 2015 and June 30, 2014, and \$(22) and \$0 for the six-month periods ended June 30, 2015 and June 30, 2014, respectively	—	—	(33)	—
Other comprehensive (loss) income	\$(618)	\$761	\$(276)	\$1,277
Comprehensive income	\$1,152	\$2,100	\$3,011	\$3,980

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share data)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
	Shares	Amounts	Shares	Amounts				
Balance at December 31, 2014	12,847	\$ 12,847	10,207,043	\$ 70,015	\$ 977	\$ 8,146	\$ 66	\$ 92,051
Net income						3,287		3,287
Other comprehensive loss							(276)	(276)
Stock dividend adjustment			682	6		(6)		—
Dividend on preferred stock						(64)		(64)
Cash in lieu of fractional shares			(128)			(6)		(6)
Stock-based compensation and related tax benefit				116				116
Common shares issued related to restricted stock grants			28,901					—
Stock options exercised			19,721	84				84
Balance at June 30, 2015	12,847	\$ 12,847	10,256,219	\$ 70,221	\$ 977	\$ 11,357	\$ (210)	\$ 95,192

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(in thousands)	
	Six months ended June 30, 2015	Six months ended June 30, 2014
Cash Flows From Operating Activities		
Net income	\$3,287	\$2,703
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	333	334
Accretion and amortization of investment securities premiums and discounts, net	1,002	1,080
Decrease (increase) in deferred loan origination costs, net	122	(24)
Provision for loan losses	350	1,200
Stock based compensation	116	93
Impairment on other interest earning assets	—	50
Gains on sales of other real estate owned	(161)	—
Gains on sales of loans held-for-sale	(425)	(277)
Proceeds from sales of loans held-for-sale	23,509	12,564
Originations of loans held-for-sale	(23,079)	(12,208)
Changes in assets and liabilities:		
Decrease in interest receivable and other assets	1,619	