

CENTRAL VALLEY COMMUNITY BANCORP
Form 10-Q
August 04, 2017
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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, 2017

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—31977

CENTRAL VALLEY COMMUNITY BANCORP
(Exact name of registrant as specified in its charter)

California 77-0539125
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

7100 N. Financial Dr., Suite 101, Fresno, California 93720
(Address of principal executive offices) (Zip code)

Registrant's telephone number (559) 298-1775

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 past 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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Small reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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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

As of August 2, 2017 there were 12,211,670 shares of the registrant's common stock outstanding.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY

2017 QUARTERLY REPORT ON FORM 10-Q

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PART 1: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share amounts)	June 30, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$29,943	\$28,185
Interest-earning deposits in other banks	24,594	10,368
Federal funds sold	48	15
Total cash and cash equivalents	54,585	38,568
Available-for-sale investment securities (Amortized cost of \$520,905 at June 30, 2017 and \$548,640 at December 31, 2016)	528,127	547,749
Loans, less allowance for credit losses of \$9,297 at June 30, 2017 and \$9,326 at December 31, 2016	759,691	747,302
Bank premises and equipment, net	9,166	9,407
Bank-owned life insurance	23,489	23,189
Federal Home Loan Bank stock	5,594	5,594
Goodwill	40,311	40,231
Core deposit intangibles	1,289	1,383
Accrued interest receivable and other assets	22,584	29,900
Total assets	\$1,444,836	\$1,443,323
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$481,120	\$495,815
Interest bearing	764,271	760,164
Total deposits	1,245,391	1,255,979
Short-term borrowings	—	400
Junior subordinated deferrable interest debentures	5,155	5,155
Accrued interest payable and other liabilities	17,123	17,756
Total liabilities	1,267,669	1,279,290
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, no par value, \$1,000 per share liquidation preference; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, no par value; 80,000,000 shares authorized; issued and outstanding: 12,211,670 at June 30, 2017 and 12,143,815 at December 31, 2016	72,344	71,645
Retained earnings	100,638	92,904
Accumulated other comprehensive income (loss), net of tax	4,185	(516)
Total shareholders' equity	177,167	164,033
Total liabilities and shareholders' equity	\$1,444,836	\$1,443,323

See notes to unaudited consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except share and per share amounts)	For the Three Months		For the Six Months	
	Ended June 30, 2017	2016	Ended June 30, 2017	2016
INTEREST INCOME:				
Interest and fees on loans	\$ 10,774	\$ 8,363	\$ 20,864	\$ 16,096
Interest on deposits in other banks	76	65	151	139
Interest and dividends on investment securities:				
Taxable	1,443	1,463	2,746	2,986
Exempt from Federal income taxes	1,775	1,575	3,897	3,098
Total interest income	14,068	11,466	27,658	22,319
INTEREST EXPENSE:				
Interest on deposits	245	229	490	450
Interest on junior subordinated deferrable interest debentures	36	29	69	58
Other	1	—	5	—
Total interest expense	282	258	564	508
Net interest income before provision for credit losses	13,786	11,208	27,094	21,811
(REVERSAL OF) PROVISION FOR CREDIT LOSSES	(150)	(4,600)	(250)	(4,850)
Net interest income after provision for credit losses	13,936	15,808	27,344	26,661
NON-INTEREST INCOME:				
Service charges	829	735	1,627	1,484
Appreciation in cash surrender value of bank-owned life insurance	152	135	300	280
Interchange fees	373	312	697	591
Net realized gains on sales of investment securities	2,157	420	2,639	1,550
Other-than-temporary impairment loss on investment securities	—	—	—	(136)
Federal Home Loan Bank dividends	96	107	224	204
Loan placement fees	156	254	247	445
Other income	333	551	608	800
Total non-interest income	4,096	2,514	6,342	5,218
NON-INTEREST EXPENSES:				
Salaries and employee benefits	6,021	5,442	11,876	10,696
Occupancy and equipment	1,211	1,180	2,390	2,387
Professional services	426	289	846	625
Data processing	419	408	843	755
Regulatory assessments	146	192	321	335
ATM/Debit card expenses	171	188	337	310
License and maintenance contracts	256	131	402	263
Directors' expenses	128	140	357	312
Advertising	160	154	330	313
Internet banking expense	172	166	341	327
Acquisition and integration	455	152	455	152
Amortization of core deposit intangibles	47	34	94	68
Other	1,177	901	2,310	1,810
Total non-interest expenses	10,789	9,377	20,902	18,353
Income before provision for income taxes	7,243	8,945	12,784	13,526

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Provision for income taxes	2,295	2,887	3,586	4,065
Net income	\$4,948	\$ 6,058	\$9,198	\$ 9,461
Earnings per common share:				
Basic earnings per share	\$0.41	\$ 0.55	\$0.75	\$ 0.86
Weighted average common shares used in basic computation	12,207,570	10,970,782	12,187,324	10,962,314
Diluted earnings per share	\$0.40	\$ 0.55	\$0.75	\$ 0.86
Weighted average common shares used in diluted computation	12,338,884	11,067,890	12,327,797	11,054,269
Cash dividend per common share	\$0.06	\$ 0.06	\$0.12	\$ 0.12

See notes to unaudited consolidated financial statements.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three		For the Six	
	Months Ended		Months	
	June 30,		Ended June 30,	
(In thousands)	2017	2016	2017	2016
Net income	\$4,948	\$6,058	\$9,198	\$9,461
Other Comprehensive Income:				