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People's Utah Bancorp
Form 10-Q
November 12, 2015

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 September 30, 2015

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 001-37416

PEOPLE'S UTAH BANCORP

(Exact name of registrant as specified in its charter)

UTAH
(State or other jurisdiction of
incorporation or organization)

87-0622021
(IRS Employer
Identification No.)

1 East Main Street, American Fork, Utah 84095
(Address of principal executive offices) (Zip Code)

(801) 642-3998

Registrant's telephone number, including area code

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

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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. x Yes No o

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). x Yes No o

Indicate by checkmark 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.

Large accelerated filer o

Accelerated filer o

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

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes No x

The number of shares of Registrant’s common stock outstanding on November 9, 2015 was 17,525,418. No preferred shares are issued or outstanding.

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PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)	September 30, 2015	December 31, 2014
ASSETS		
Cash and due from banks	\$20,878	\$30,277
Interest bearing deposits	119,994	16,701
Federal funds sold	1,211	724
Total cash and cash equivalents	142,083	47,702
Investment securities:		
Available for sale, at fair value	311,138	295,637
Held to maturity, at historical cost	49,292	35,202
Total investment securities	360,430	330,839
Non-marketable equity securities	1,644	2,628
Loans held for sale	9,907	12,272
Loans:		
Loans held for investment	993,464	940,457
Less allowance for loan losses	(15,527)	(15,151)
Total loans held for investment, net	977,937	925,306
Premises and equipment, net	22,395	21,608
Accrued interest receivable	5,910	5,253
Deferred income tax assets	7,407	7,682
Other real estate owned	619	1,673
Bank-owned life insurance	19,028	6,657
Other assets	6,595	5,505
Total assets	\$1,553,955	\$1,367,125
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing deposits	\$428,852	\$327,075
Interest bearing deposits	904,021	872,158
Total deposits	1,332,873	1,199,233
Short-term borrowings	2,414	1,496
Accrued interest payable	312	343
Dividends payable	—	2,066
Other liabilities	11,747	6,328
Total liabilities	1,347,346	1,209,466
Commitments and contingencies		
Shareholders' equity:		
Preferred shares, \$0.01 par value: 3,000,000 shares authorized, no shares issued	—	—
Common shares, \$0.01 par value: 30,000,000 shares authorized; 17,491,552		

and 14,758,121 shares issued and outstanding as of September 30, 2015

and December 31, 2014, respectively

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Additional paid-in capital	66,769	31,137
Retained earnings	138,388	125,595
Accumulated other comprehensive income	1,277	779
Total shareholders' equity	206,609	157,659
Total liabilities and shareholders' equity	\$1,553,955	\$1,367,125

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except share and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest income				
Interest and fees on loans	\$15,095	\$13,285	\$43,250	\$38,019
Interest and dividends on investments	1,424	1,537	4,171	4,893
Total interest income	16,519	14,822	47,421	42,912
Interest expense	730	826	2,230	2,465
Net interest income	15,789	13,996	45,191	40,447
Provision for loan losses	200	600	800	1,100
Net interest income after provision for loan losses	15,589	13,396	44,391	39,347
Non-interest income				
Service charges on deposit accounts	613	725	1,870	2,138
Card processing	1,079	1,067	3,147	3,126
Mortgage banking	1,841	1,587	5,638	4,622
Other operating	432	332	1,597	1,470
Total non-interest income	3,965	3,711	12,252	11,356
Non-interest expense				
Salaries and employee benefits	7,323	6,974	21,825	20,718
Occupancy, equipment and depreciation	969	976	2,914	2,837
Data processing	811	756	2,348	2,301
FDIC premiums	186	188	564	595
Card processing	512	497	1,516	1,563
Other real estate owned	11	5	68	323
Marketing and advertising	279	219	656	602
Merger-related expenses	—	96	—	711
Other	1,353	1,341	4,255	4,222
Total non-interest expense	11,444	11,052	34,146	33,872
Income before income tax expense	8,110	6,055	22,497	16,831
Income tax expense	2,844	2,157	7,769	5,995
Net income	\$5,266	\$3,898	\$14,728	\$10,836
Earnings per common share:				
Basic	\$0.30	\$0.27	\$0.93	\$0.74
Diluted	\$0.29	\$0.26	\$0.90	\$0.72
Weighted average common shares outstanding:				
Basic	17,467,161	14,709,192	15,821,403	14,661,670
Diluted	18,105,768	15,142,436	16,374,034	15,089,434

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$5,266	\$3,898	\$14,728	\$10,836
Other comprehensive income				
Unrealized holding gains (losses) on securities available for sale	761	(420)	799	1,429
Tax effect	285	(161)	301	556
Unrealized holding gains (losses) on securities available for sale, net of tax	476	(259)	498	873
Total comprehensive income	\$5,742	\$3,639	\$15,226	\$11,709

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Nine Months Ended September 30, 2015 and 2014

(Dollars in thousands, except share data)	Common Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as of January 1, 2014	14,615,310	\$ 146	\$ 30,149	\$ 113,933	\$ (556)	\$ 143,672
Comprehensive income	—	—	—	10,836	873	11,709
Cash dividends declared (\$0.08 per share)	—	—	—	(1,177)	—	(1,177)
Share-based compensation	—	—	164	—	—	164
Exercise of stock options	103,624	1	487	—	—	488
Balance as of September 30, 2014	14,718,934	\$ 147	\$ 30,800	\$ 123,592	\$ 317	\$ 154,856
Balance as of January 1, 2015	14,758,121	\$ 148	\$ 31,137	\$ 125,595	\$ 779	\$ 157,659
Comprehensive income	—	—	—	14,728	498	15,226
Cash dividends declared (\$0.12 per share)	—	—	—	(1,935)	—	(1,935)
Share-based compensation	—	—	363	—	—	363
Issuance of common shares	2,657,000	27	34,870	—	—	34,897
Exercise of stock options	76,431	—	399	—	—	399
Balance as of September 30, 2015	17,491,552	\$ 175	\$ 66,769	\$ 138,388	\$ 1,277	\$ 206,609

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	\$14,728	\$10,836
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	800	1,100
Depreciation and amortization	1,901	1,646
Net gain on sales of other real estate owned	(153)	(30)
Deferred income taxes	(26)	(34)
Net amortization of securities discounts and premiums	2,354	2,193
Other	344	131
Gain on sale of loans held for sale	(4,086)	(3,076)
Originations of loans held for sale	(173,366)	(138,449)
Proceeds from sale of loans held for sale	179,817	140,570
Net changes in:		
Accrued interest receivable	(657)	(539)
Other assets	(1,304)	(816)
Accrued interest payable	(31)	(25)
Other liabilities	5,419	(80)
Net cash provided by operating activities	25,740	13,427
Cash flows from investing activities:		
Net change in loans held for investment	(53,431)	(66,446)
Purchase of available-for-sale securities	(105,728)	(114,128)
Purchase of held-to-maturity securities	(22,532)	(10,587)
Proceeds from maturities/sales of available-for-sale securities	88,917	95,161
Proceeds from maturities of held-to-maturity securities	8,196	6,286
Purchase of bank-owned life insurance	(12,157)	—
Purchase of premises and equipment	(2,668)	(1,102)
Proceeds from sale of other real estate owned, net of improvements	1,207	2,304
Proceeds from sale of non-marketable equity securities	984	78
Net cash used in investing activities	(97,212)	(88,434)
Cash flows from financing activities:		
Net increase in non-interest bearing deposits	101,777	36,897
Net increase in interest bearing deposits	31,863	13,900
Issuance of common shares	34,897	—
Proceeds related to exercise of stock options	399	488
Net change in short-term borrowings	918	375
Cash dividends paid	(4,001)	(1,177)
Net cash provided by financing activities	165,853	50,483
Net change in cash and cash equivalents	94,381	(24,524)
Cash and cash equivalents, beginning of period	47,702	94,406
Cash and cash equivalents, end of period	\$142,083	\$69,882

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Supplemental disclosures of cash flow information:

Cash paid for interest	\$2,032	\$2,258
Income taxes paid	\$7,380	\$5,930

Supplemental disclosures of non-cash transactions:

Reclassifications from loans to other real estate owned	\$—	\$282
Unrealized gains on securities available for sale	\$799	\$1,429

See accompanying notes to the unaudited consolidated financial statements.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Basis of Presentation

People's Utah Bancorp, Inc. ("PUB" or the "Company") is a Utah corporation headquartered in American Fork, Utah. The Company's subsidiaries historically included Bank of American Fork ("BAF") and Lewiston State Bank ("LSB"). On September 29, 2015, the Company completed the merger of charters of BAF and LSB and renamed the combined bank People's Intermountain Bank ("PIB" or the "Bank"). BAF and LSB will continue to do business as registered names of PIB.

The interim consolidated financial statements include the accounts of the Company together with its subsidiary Bank. All intercompany transactions and balances have been eliminated.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial information. In the opinion of management, the interim statements reflect all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows of the Company on a consolidated basis and all such adjustments are of a normal recurring nature. These financial statements and the accompanying notes should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2014 and 2013. Operating results for the nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015 or any other period.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of real estate acquired through foreclosure, deferred tax assets, and share-based compensation.

Earnings per share — Basic earnings per common share represents income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued. Potential common shares includes shares that may be issued by the Company for outstanding stock options determined using the treasury stock method and for all outstanding restricted stock units ("RSU").

Earnings per common share have been computed based on the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(in thousands, except share and per share data)	2015	2014	2015	2014

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Numerator				
Net income	\$5,266	\$3,898	\$14,728	\$10,836
Denominator				
Weighted-average number of common shares outstanding	17,467,161	14,709,192	15,821,403	14,661,670
Incremental shares assumed for stock options and RSUs	638,607	433,244	552,631	427,764
Weighted-average number of dilutive shares outstanding	18,105,768	15,142,436	16,374,034	15,089,434
Basic earnings per common share	\$0.30	\$0.27	\$0.93	\$0.74
Diluted earnings per common share	\$0.29	\$0.26	\$0.90	\$0.72

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2 — Investment Securities

Amortized cost and approximate fair values of investment securities available for sale are summarized as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses		Fair Value
			Less 12 Months or Longer	Less 12 Months or Longer	
As of September 30, 2015					
U.S. Government-sponsored securities	\$ 86,465	\$ 169	\$(14)	\$ —	\$86,620
Municipal securities	41,523	1,044	(20)	—	42,547
Mortgage-backed securities	171,102	1,721	(292)	(358)	172,173
Corporate securities	10,000	—	(85)	(117)	9,798
	\$ 309,090	\$ 2,934	\$(411)	\$(475)	\$311,138
As of December 31, 2014					
U.S. Government-sponsored securities	\$ 43,170	\$ 20	\$(114)	\$(42)	\$43,034
Municipal securities	48,965	1,377	(34)	—	50,308
Mortgage-backed securities	192,265	889	(723)	(347)	192,084
Corporate securities	9,988	354	—	(131)	10,211
	\$ 294,388	\$ 2,640	\$(871)	\$(520)	\$295,637

Carrying amounts and estimated fair values of securities held-to-maturity are as follows:

(in thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Losses		Fair Value
			Less 12 Months or Longer	Less 12 Months or Longer	
As of September 30, 2015					
Municipal securities	\$ 47,060	\$ 203	\$(68)	\$(1)	\$47,194
Certificates of deposit	2,232	8	—	—	2,240
	\$ 49,292	\$ 211	\$(68)	\$(1)	\$49,434
As of December 31, 2014					
Municipal securities	\$ 32,970	\$ 116	\$(18)	\$(3)	\$33,065
Certificates of deposit	2,232	—	(3)	—	2,229

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\$ 35,202 \$ 116 \$(21) \$ (3) \$35,294

The amortized cost and estimated fair values of investment securities that are available-for-sale and held-to-maturity at September 30, 2015, by contractual maturity, are as follows:

(in thousands)	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities maturing in:				
One year or less	\$11,326	\$11,377	\$5,159	\$5,162
After one year through five years	111,280	112,037	31,884	31,927
After five years through ten years	55,121	55,513	12,249	12,345
After ten years	131,363	132,211	—	—
	\$309,090	\$311,138	\$49,292	\$49,434

Expected maturities may differ from contractual maturities because issuers may have the right to call obligations with or without penalties.

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2 — Investment Securities – Continued

As of September 30, 2015 and December 31, 2014, the Company held 118 and 141 investment securities, respectively, with fair values less than amortized cost. Management evaluated these investment securities and determined that the decline in value is temporary and related to the change in market interest rates since purchase. The decline in value is not related to any company or industry specific event. The Company anticipates full recovery of the amortized cost with respect to these securities at maturity, or sooner in the event of a more favorable market interest rate environment.

Note 3 — Loans and Allowance for Loan Losses

Loans are summarized as follows:

(in thousands)	September 30, 2015	December 31, 2014
Loans held for investment:		
Commercial real estate loans:		
Real estate term	\$ 544,788	\$ 521,536
Construction and land development	157,332	155,117
Total commercial real estate loans	702,120	676,653
Commercial and industrial loans	208,125	178,116
Consumer loans:		
Residential and home equity	70,905	73,515
Consumer and other	15,838	15,421
Total consumer loans	86,743	88,936
Total gross loans	996,988	943,705
Less:		
Net deferred loan fees	(3,524)	(3,248)
Total loans	993,464	940,457
Less: allowance for loan losses	(15,527)	(15,151)
Total loans held for investment, net	\$ 977,937	\$ 925,306

Changes in the allowance for loan losses are as follows:

Three Months Ended September 30, 2015

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(in thousands)	Real Estate Term	Construction and Land Development	Commercial and Industrial	Residential and Home Equity	Consumer and Other	Total
Balance at beginning of period	\$5,184	\$ 3,852	\$ 5,694	\$ 692	\$ 233	\$15,655
Additions: Provisions for loan losses	1,381	(78)	(1,133)	(15)	45	200
Deductions:						
Gross loan charge-offs	(1)	(151)	(201)	—	(53)	(406)
Recoveries	5	2	31	16	24	78
Net loan charge-offs	4	(149)	(170)	16	(29)	(328)
Balance at end of period	\$6,569	\$ 3,625	\$ 4,391	\$ 693	\$ 249	\$15,527

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 — Loans and Allowance for Loan Losses – Continued

(in thousands)	Three Months Ended September 30, 2014					
	Real Estate Term	Construction and Land Development	Commercial and Industrial	Residential and Home Equity	Consumer and Other	Total
Balance at beginning of period	\$7,071	\$ 2,866	\$ 3,479	\$ 740	\$ 219	\$14,375
Additions: Provisions for loan losses	(920)	991	453	37	39	600
Deductions:						
Gross loan charge-offs	(269)	(1)	(15)	—	(52)	(337)
Recoveries	6	30	16	18	32	102
Net loan charge-offs	(263)	29	1	18	(20)	(235)
Balance at end of period	\$5,888	\$ 3,886	\$ 3,933	\$ 795	\$ 238	\$14,740

(in thousands)	Nine Months Ended September 30, 2015					
	Real Estate Term	Construction and Land Development	Commercial and Industrial	Residential and Home Equity	Consumer and Other	Total
Balance at beginning of period	\$5,181	\$ 4,425	\$ 4,608	\$ 671	\$ 266	\$15,151
Additions: Provisions for loan losses	1,316	(442)	(129)	(41)	96	800
Deductions:						
Gross loan charge-offs	(2)	(396)	(235)	—	(174)	(807)
Recoveries	74	38	147	63	61	383
Net loan charge-offs	72	(358)	(88)	63	(113)	(424)
Balance at end of period	\$6,569	\$ 3,625	\$ 4,391	\$ 693	\$ 249	\$15,527

(in thousands)	Nine Months Ended September 30, 2014					
	Real Estate Term	Construction and Land Development	Commercial and Industrial	Residential and Home Equity	Consumer and Other	Total
Balance at beginning of period	\$7,268	\$ 2,915	\$ 3,105	\$ 838	\$ 264	\$14,390
Additions: Provisions for loan losses	(911)	611	1,324	(68)	144	1,100
Deductions:						
Gross loan charge-offs	(663)	(1)	(546)	(6)	(270)	(1,486)
Recoveries	194	361	50	31	100	736
Net loan charge-offs	(469)	360	(496)	25	(170)	(750)
Balance at end of period	\$5,888	\$ 3,886	\$ 3,933	\$ 795	\$ 238	\$14,740

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 — Loans and Allowance for Loan Losses – Continued

Non-accrual loans are summarized as follows:

(in thousands)	September 30, 2015	December 31, 2014
Non-accrual loans, not troubled debt restructured:		
Real estate term	\$ 6,091	\$ 1,465
Construction and land development	57	578
Commercial and industrial	906	1,787
Residential and home equity	425	428
Consumer and other	12	63
Total non-accrual loans, not troubled debt restructured	7,491	4,321
Troubled debt restructured loans, non-accrual:		
Real estate term	1,046	1,106
Construction and land development	821	933
Commercial and industrial	22	1,200
Residential and home equity	—	289
Consumer and other	—	—
Total troubled debt restructured loans, non-accrual	1,889	3,528
Total non-accrual loans	\$ 9,380	\$ 7,849

Troubled debt restructured loans are summarized as follows:

(in thousands)	September 30, 2015	December 31, 2014
Accruing troubled debt restructured loans	\$ 7,647	\$ 8,399
Non-accrual troubled debt restructured loans	1,889	3,528
Total troubled debt restructured loans	\$ 9,536	\$ 11,927

A restructured loan is considered a troubled debt restructured loan (“TDR”), if the Company, for economic or legal reasons related to the debtor’s financial difficulties, grants a concession in terms or a below-market interest rate to the debtor that it would not otherwise consider. Each TDR loan is separately negotiated with the borrower and includes terms and conditions that reflect the borrower’s prospective ability to service the debt as modified.

Current and past due loans held for investment (accruing and non-accruing) are summarized as follows:

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(in thousands)	September 30, 2015				Total Past Due	Total Loans
	Current	30-89 Days Past Due	90+ Days Past Due	Non-accrual		
Commercial real estate:						
Real estate term	\$536,464	\$1,187	\$ -	\$ 7,137	\$8,324	\$544,788
Construction and land development	154,645	1,809	-	878	2,687	157,332
Total commercial real estate	691,109	2,996	-	8,015	11,011	702,120
Commercial and industrial	206,305	892	-	928	1,820	208,125
Consumer:						
Residential and home equity	69,668	812	-	425	1,237	70,905
Consumer and other	15,395	428	3	12	443	15,838
Total consumer	85,063	1,240	3	437	1,680	86,743
Total gross loans	\$982,477	\$5,128	\$ 3	\$ 9,380	\$14,511	\$996,988

PEOPLE'S UTAH BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3 — Loans and Allowance for Loan Losses – Continued

(in thousands)	December 31, 2014				Total Past Due	Total Loans
	Current	30-89 Days Past Due	90+ Days Past Due	Non-accrual		
Commercial real estate:						
Real estate term	\$514,873	\$4,092	\$ -	\$ 2,571	\$6,663	\$521,536
Construction and land development	150,906	2,700	-	1,511	4,211	155,117
Total commercial real estate	665,779	6,792	-	4,082	10,874	676,653
Commercial and industrial	173,679	1,450	-	2,987	4,437	178,116
Consumer:						
Residential and home equity	71,616	1,182	-	717	1,899	73,515
Consumer and other	14,970	373	15	63	451	15,421
Total consumer	86,586	1,555	15	780	2,350	88,936
Total gross loans	\$926,044	\$9,797	\$ 15	\$ 7,849	\$17,661	\$943,705

Credit Quality Indicators:

In addition to past due and non-accrual criteria, the Company also analyzes loans using a loan grading system. Performance-based grading follows the Company's definitions of Pass, Special Mention, Substandard and Doubtful, which are consistent with published definitions of regulatory risk classifications.

Definitions of P