

SP Bancorp, Inc.
Form 10-Q
August 13, 2012
[Table of Contents](#)

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, 2012

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. 001-34933

SP Bancorp, Inc.

(Exact name of registrant as specified in its charter)

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Maryland (State or other jurisdiction of incorporation or organization)	27-3347359 (I.R.S. Employer Identification Number)
5224 W. Plano Parkway, Plano, Texas (Address of Principal Executive Offices)	75093 Zip Code
(972) 931-5311 (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"/>	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 ☒

Shares of the Registrant's common stock, par value \$0.01 per share, issued and outstanding as of August 3, 2012 were 1,694,050.

Table of Contents

SP Bancorp, Inc.

FORM 10-Q

Index

Page

Part I. Financial Information

Item 1.	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets as of June 30, 2012 and December 31, 2011 (Unaudited)</u>	2
	<u>Consolidated Statements of Income for the Three and Six Months Ended June 30, 2012 and 2011 (Unaudited)</u>	3
	<u>Consolidated Statements of Comprehensive Income for the Six Months Ended June 30, 2012 and 2011 (Unaudited)</u>	4
	<u>Consolidated Statements of Stockholders' Equity for the Six Months Ended June 30, 2012 and 2011 (Unaudited)</u>	5
	<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2012 and 2011 (Unaudited)</u>	6
	<u>Notes to Consolidated Financial Statements (Unaudited)</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	43
Item 4.	<u>Controls and Procedures</u>	43

Part II. Other Information

Item 1.	<u>Legal Proceedings</u>	43
Item 1A.	<u>Risk Factors</u>	43
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 3.	<u>Defaults upon Senior Securities</u>	44
Item 4.	<u>Mine Safety Disclosures</u>	44
Item 5.	<u>Other Information</u>	44
Item 6.	<u>Exhibits</u>	44
	<u>Signatures</u>	45

Table of Contents**SP Bancorp, Inc.****Consolidated Balance Sheets (Unaudited)**

(Dollars in thousands, except per share amounts)

	June 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks	\$ 3,208	\$ 2,978
Federal funds sold	3,725	6,950
Total cash and cash equivalents	6,933	9,928
Securities available for sale (amortized cost of \$16,082 at June 30, 2012 and \$24,774 at December 31, 2011)	16,296	25,097
Fixed annuity investment	1,199	1,176
Loans held for sale	9,938	4,884
Loans, net of allowance for losses of \$2,186 at June 30, 2012 and \$1,754 at December 31, 2011	218,485	212,688
Accrued interest receivable	747	961
Other real estate owned (OREO)	1,756	1,824
Premises and equipment, net	4,300	4,346
Federal Home Loan Bank (FHLB) stock and other restricted stock, at cost	1,315	2,020
Bank-owned life insurance (BOLI)	7,307	6,193
Deferred tax assets	547	509
Other assets	1,906	3,333
Total assets	\$ 270,729	\$ 272,959
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 21,566	\$ 8,898
Interest-bearing	204,831	203,036
Total deposits	226,397	211,934
Borrowings	9,045	25,978
Accrued interest payable	27	29
Other liabilities	2,334	1,891
Total liabilities	237,803	239,832
Commitments and contingencies		
Stockholders' equity :		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized; none issued or outstanding		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 1,699,800 and 1,725,000 shares issued and outstanding, respectively	17	17
Additional paid-in capital	15,032	15,278
Unallocated Employee Stock Ownership Plan (ESOP) shares	(1,353)	(1,018)
Retained earnings - substantially restricted	19,089	18,636
Accumulated other comprehensive income	141	214
Total stockholders' equity	32,926	33,127
Total liabilities and stockholders' equity	\$ 270,729	\$ 272,959

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See Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Interest income:				
Interest and fees on loans	\$ 2,817	\$ 2,571	\$ 5,589	\$ 5,189
Securities - taxable	45	119	83	199
Securities - nontaxable	26	36	76	70
Other interest - earning assets	35	32	67	54
 Total interest income	 2,923	 2,758	 5,815	 5,512
Interest expense:				
Deposit accounts	289	365	574	704
Borrowings	83	113	170	225
 Total interest expense	 372	 478	 744	 929
Net interest income	2,551	2,280	5,071	4,583
Provision for loan losses	215	291	702	411
 Net interest income after provision for loan loss	 2,336	 1,989	 4,369	 4,172
Noninterest income:				
Service charges	274	314	568	634
Gain on sale of securities available for sale	180	174	500	202
Gain on sale of mortgage loans	512	306	879	529
Increase in cash surrender value of BOLI	57	59	113	76
Other	101	32	166	137
 Total noninterest income	 1,124	 885	 2,226	 1,578
Noninterest expense:				
Compensation and benefits	1,512	1,317	2,960	2,603
Occupancy costs	241	257	496	526
Equipment expense	59	62	124	131
Data processing expense	136	123	270	238
ATM expense	60	97	156	188
Professional and outside services	341	291	678	523
Stationery and supplies	21	28	51	66
Marketing	56	44	110	88
FDIC insurance assessments	53	78	99	170
Provision for losses on OREO	244		244	
Operations from OREO	35	29	66	131
Other	401	266	678	503
 Total noninterest expense	 3,159	 2,592	 5,932	 5,167
 Income before income tax expense	 301	 282	 663	 583

Income tax expense	66	64	149	148
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