

Simplicity Bancorp, Inc.  
Form 10-Q  
May 09, 2013  
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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: March 31, 2013

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: 001-34979

**SIMPLICITY BANCORP, INC.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction of incorporation)

**26-1500698**  
(I.R.S. Employer Identification No.)

**1359 N. Grand Avenue, Covina, CA**  
(Address of principal executive offices)

**91724**  
(Zip Code)

**(800) 524-2274**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 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. 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 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  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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, \$.01 par value 8,268,515 shares outstanding as of May 7, 2013.

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**Table of Contents****Part I FINANCIAL INFORMATION****Item 1. Financial Statements****SIMPLICITY BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Financial Condition****(Unaudited)****(Dollars in thousands, except per share data)**

	March 31, 2013	June 30, 2012
<b>ASSETS</b>		
Cash and due from banks	\$ 8,886	\$ 9,783
Federal funds sold	63,805	56,235
Total cash and cash equivalents	72,691	66,018
Securities available-for-sale, at fair value	58,217	53,397
Securities held-to-maturity, fair value of \$629 and \$1,229 at March 31, 2013 and June 30, 2012, respectively	612	1,197
Federal Home Loan Bank stock, at cost	6,599	8,525
Loans held for sale	15,060	
Loans receivable, net of allowance for loan losses of \$6,438 and \$7,502 at March 31, 2013 and June 30, 2012, respectively	700,420	764,717
Accrued interest receivable	2,540	2,778
Premises and equipment, net	3,064	2,850
Goodwill	3,950	3,950
Bank-owned life insurance	13,676	13,334
Real estate owned (REO)	264	1,280
Other assets	5,237	5,284
Total assets	\$ 882,330	\$ 923,330
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Liabilities</b>		
Deposits		
Noninterest bearing	\$ 66,150	\$ 71,319
Interest bearing	603,855	611,570
Total deposits	670,005	682,889
Federal Home Loan Bank advances, short-term		20,000
Federal Home Loan Bank advances, long-term	60,000	60,000
Accrued expenses and other liabilities	5,969	6,293
Total liabilities	735,974	769,182
<b>Commitments and contingent liabilities</b>		
<b>Stockholders equity</b>		
Nonredeemable serial preferred stock, \$.01 par value; 25,000,000 shares authorized; issued and outstanding	none	
Common stock, \$.01 par value; 100,000,000 authorized; March 31, 2013 8,960,366 shares issued	83	90
Additional paid-in capital	82,155	92,197
Retained earnings	68,662	66,723
Accumulated other comprehensive loss, net of tax	(162)	(169)

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Unearned employee stock ownership plan (ESOP) shares	(4,382)	(4,693)
Total stockholders' equity	146,356	154,148
Total liabilities and stockholders' equity	\$ 882,330	\$ 923,330

**The accompanying notes are an integral part of these unaudited consolidated financial statements**

**Table of Contents****SIMPLICITY BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Income****(Unaudited)****(Dollars in thousands, except per share data)**

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
<b>Interest income</b>				
Interest and fees on loans	\$ 8,559	\$ 9,652	\$ 27,171	\$ 29,835
Interest on securities, taxable	165	187	334	521
Federal Home Loan Bank dividends	44	12	112	26
Other interest	34	73	115	235
Total interest income	8,802	9,924	27,732	30,617
<b>Interest expense</b>				
Interest on deposits	1,556	1,847	4,976	5,927
Interest on borrowings	243	713	1,140	2,227
Total interest expense	1,799	2,560	6,116	8,154
<b>Net Interest Income</b>	<b>7,003</b>	<b>7,364</b>	<b>21,616</b>	<b>22,463</b>
Provision for loan losses	400		1,850	
<b>Net interest income after provision for loan losses</b>	<b>6,603</b>	<b>7,364</b>	<b>19,766</b>	<b>22,463</b>
Service charges and fees	346	362	1,195	1,253
ATM fees and charges	524	576	1,579	1,649
Referral commissions	77	77	244	231
Bank-owned life insurance	112	117	342	361
Net gain on sales of loans	435		1,762	
Other noninterest income	122	7	130	16
Total noninterest income	1,616	1,139	5,252	3,510
<b>Noninterest expense</b>				
Salaries and benefits	2,942	2,942	9,630	8,401
Occupancy and equipment	740	647	2,180	1,995
ATM expense	564	492	1,668	1,529
Advertising and promotional	227	92	639	283
Professional services	505	615	1,551	1,582
Federal deposit insurance premiums	169	147	483	413
Postage	52	63	186	194
Telephone	211	211	658	604
REO foreclosure expenses and sales gains/losses, net	29	162	14	138
Loss on equity investment	85	45	192	185
Other operating expense	402	468	1,611	1,440

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Total noninterest expense	5,926	5,884	18,812	16,764
<b>Income before income tax expense</b>	<b>2,293</b>	<b>2,619</b>	<b>6,206</b>	<b>9,209</b>
Income tax expense	864	972	2,277	3,461

Current portion of debt	\$ 17,189	\$ 15,840
Current portion of broadcast rights payable	17,937	11,935
Accounts payable	20,335	17,231
Accrued expenses	38,096	36,807
Taxes payable	19,064	4,899
Interest payable	16,612	4,601
Other current liabilities	7,180	5,953
Total current liabilities	136,413	97,266
Debt	1,526,830	1,220,304
Deferred tax liabilities	117,198	44,224
Other noncurrent liabilities	51,273	43,894
Total liabilities <sup>(1)</sup>	1,831,714	1,405,688
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$0.01 par value, 200,000 shares authorized; none issued and outstanding		
at each of March 31, 2015 and December 31, 2014	-	-
Class A Common stock - \$0.01 par value, 100,000,000 shares authorized; 31,291,608 and		
31,172,060 shares issued and outstanding at March 31, 2015 and December 31, 2014,		
respectively	313	312
Class B Common stock - \$0.01 par value, 20,000,000 shares authorized; none issued and		
outstanding at each of March 31, 2015 and December 31, 2014	-	-
Class C Common stock - \$0.01 par value, 5,000,000 shares authorized; none issued and		
outstanding at each of March 31, 2015 and December 31, 2014	-	-
Additional paid-in capital	398,116	398,029
Accumulated deficit	(332,897 )	(345,804 )
Total Nexstar Broadcasting Group, Inc. stockholders' equity	65,532	52,537
Noncontrolling interests in consolidated variable interest entities	5,905	4,000
Total stockholders' equity	71,437	56,537
Total liabilities and stockholders' equity	\$ 1,903,151	\$ 1,462,225

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

(1) The consolidated total assets as of March 31, 2015 and December 31, 2014 include certain assets held by consolidated VIEs of \$122.9 million and \$49.1 million, respectively, which are not available to be used to settle the obligations of Nexstar. The consolidated total liabilities as of March 31, 2015 and December 31, 2014 include certain liabilities of consolidated VIEs of \$38.5 million and \$17.9 million for which the creditors of the VIEs have no recourse to the general credit of Nexstar. See Note 2 for additional information.

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## NEXSTAR BROADCASTING GROUP, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share information, unaudited)

	Three Months Ended March 31,	
	2015	2014
Net revenue	\$203,391	\$133,833
Operating expenses:		
Direct operating expenses, excluding depreciation and amortization	69,685	41,849
Selling, general, and administrative expenses, excluding depreciation and amortization	57,289	41,040
Amortization of broadcast rights	14,581	8,632
Amortization of intangible assets	13,060	6,193
Depreciation	10,872	8,419
Total operating expenses	165,487	106,133
Income from operations	37,904	27,700
Interest expense, net	(19,293 )	(15,170 )
Other expenses	(118 )	(128 )
Income before income taxes	18,493	12,402
Income tax expense	(6,581 )	(5,049 )
Net income	11,912	7,353
Net loss attributable to noncontrolling interests	995	-
Net income attributable to Nexstar Broadcasting Group, Inc.	\$12,907	\$7,353
Net income per common share attributable to Nexstar Broadcasting Group, Inc.:		
Basic	\$0.41	\$0.24
Diluted	\$0.40	\$0.23
Weighted average number of common shares outstanding:		
Basic	31,196	30,603
Diluted	32,256	31,909
Dividends declared per common share	\$0.19	\$0.15

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

## NEXSTAR BROADCASTING GROUP, INC.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Three Months Ended March 31, 2015

(in thousands, except share information, unaudited)

	Preferred Stock		Common Stock				Additional Paid-In Capital		Accumulated Deficit	Noncontrolling interests in consolidated variable interest entity	Total Stockholders' Equity	
	Shares	Amount	Class A Shares	Amount	Class B Shares	Amount	Class C Shares	Amount				
Balances as of December 31, 2014	-	\$ -	31,172,060	\$ 312	-	\$ -	-	\$ -	\$ 398,029	\$ (345,804 )	\$ 4,000	\$ 56,537
Stock-based compensation expense	-	-	-	-	-	-	-	-	2,858	-	-	2,858
Exercise of stock options	-	-	119,548	1	-	-	-	-	1,464	-	-	1,465
Excess tax benefit from stock option exercises	-	-	-	-	-	-	-	-	1,686	-	-	1,686
Common stock dividends declared	-	-	-	-	-	-	-	-	(5,921 )	-	-	(5,921 )
Consolidation of a variable interest entity	-	-	-	-	-	-	-	-	-	-	2,900	2,900
Net income	-	-	-	-	-	-	-	-	-	12,907	(995 )	11,912
Balances as of March 31, 2015	-	\$ -	31,291,608									