

INTERMOUNTAIN COMMUNITY BANCORP

Form 10-Q

May 13, 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 000-50667

INTERMOUNTAIN COMMUNITY BANCORP

(Exact name of registrant as specified in its charter)

Idaho

(State or other jurisdiction of
incorporation or organization)

82-0499463

(IRS Employer
Identification No.)

414 Church Street, Sandpoint, ID 83864

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code:

(208) 263-0505

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. 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" 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 ☒
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's Voting Common Stock, no par value per share, as of May 8, 2013 was 2,603,606 and the number of shares of Non-Voting Common Stock, no par value per share, was 3,839,688.

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PART I — Financial Information

Item - 1 Financial Statements

Intermountain Community Bancorp

Consolidated Balance Sheets

(Unaudited)

	March 31, 2013	December 31, 2012
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents:		
Interest-bearing	\$45,897	\$53,403
Non-interest bearing and vault	4,074	13,536
Restricted cash	12,279	13,146
Available-for-sale securities, at fair value	282,769	280,169
Held-to-maturity securities, at amortized cost	14,795	14,826
Federal Home Loan Bank ("FHLB") of Seattle stock, at cost	2,249	2,269
Loans held for sale	2,023	1,684
Loans receivable, net	498,754	520,768
Accrued interest receivable	4,051	4,320
Office properties and equipment, net	35,231	35,453
Bank-owned life insurance ("BOLI")	9,556	9,472
Other real estate owned ("OREO")	4,664	4,951
Prepaid expenses and other assets	17,538	18,142
Total assets	\$933,880	\$972,139
LIABILITIES		
Deposits	\$719,467	\$748,934
Securities sold subject to repurchase agreements	66,157	76,738
Advances from Federal Home Loan Bank	4,000	4,000
Unexercised stock warrant liability	772	828
Cashier checks issued and payable	2,767	2,024
Accrued interest payable	337	1,185
Other borrowings	16,527	16,527
Accrued expenses and other liabilities	7,942	7,469
Total liabilities	817,969	857,705
STOCKHOLDERS' EQUITY		
Common stock 30,000,000 shares authorized; 2,603,606 and 2,603,674 shares issued and 2,603,606, and 2,603,131 shares outstanding as of March 31, 2013 and December 31, 2012, respectively	96,358	96,368
Common stock - non-voting 10,000,000 shares authorized; 3,839,688 and 3,839,688 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively	31,941	31,941
Preferred stock, Series A, 27,000 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively; liquidation preference of \$1,000 per share	26,648	26,527
Accumulated other comprehensive income, net of tax	3,829	3,529
Accumulated deficit	(42,865)	(43,931)
Total stockholders' equity	115,911	114,434
Total liabilities and stockholders' equity	\$933,880	\$972,139

The accompanying notes are an integral part of the consolidated financial statements.

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Intermountain Community Bancorp
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
	(Dollars in thousands, except per share data)	
Interest income:		
Loans	\$6,710	\$7,071
Investments	1,593	2,049
Total interest income	8,303	9,120
Interest expense:		
Deposits	561	822
Other borrowings	424	676
Total interest expense	985	1,498
Net interest income	7,318	7,622
Provision for losses on loans	(179)) (959)
Net interest income after provision for losses on loans	7,139	6,663
Other income:		
Fees and service charges	1,675	1,602
Loan related fee income	567	605
Net gain on sale of securities	40	585
Net gain (loss) on sale of other assets	4	4
Other-than-temporary impairment ("OTTI") losses on investments (1)	(42)) (271)
Bank-owned life insurance	84	87
Fair value adjustment on cash flow hedge	67	(384)
Unexercised warrant liability fair value adjustment	56	—
Other	113	208
Total other income	2,564	2,436
Operating expenses:		
Salaries and employee benefits	4,175	4,136
Occupancy expense	1,524	1,684
Advertising	114	112
Fees and service charges	617	622
Printing, postage and supplies	217	300
Legal and accounting	340	350
FDIC assessment	186	313
OREO operations	111	104
Other expenses	894	677
Total operating expenses	8,178	