

MID PENN BANCORP INC
Form 10-Q
May 15, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2017

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 1-13677

MID PENN BANCORP, INC.

(Exact Name of Registrant as Specified in its Charter)

Pennsylvania (State or Other Jurisdiction of Incorporation or Organization)	25-1666413 (I.R.S. Employer Identification Number)
349 Union Street Millersburg, Pennsylvania (Address of Principal Executive Offices)	17061 (Zip Code)

Registrant's telephone number, including area code 1.866.642.7736

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

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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 definition of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check One).

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
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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.

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

As of May 15, 2017, the registrant had 4,234,280 shares of common stock outstanding.

MID PENN BANCORP, INC.

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Unless the context otherwise requires, the terms “Mid Penn”, “we”, “us”, and “our” refer to Mid Penn Bancorp, Inc. and its consolidated subsidiaries.

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MID PENN BANCORP, INC.

PART 1 – FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, except share data)	March 31, 2017	December 31, 2016
ASSETS		
Cash and due from banks	\$22,613	\$ 13,493
Interest-bearing balances with other financial institutions	1,943	2,003
Federal funds sold	8,551	30,477
Total cash and cash equivalents	33,107	45,973
Investment securities available for sale, at fair value	119,525	133,625
Investment securities held to maturity, at amortized cost (fair value \$49,507 and \$0)	49,654	—
Loans held for sale	2,035	1,959
Loans and leases, net of unearned interest	834,220	813,924
Less: Allowance for loan and lease losses	(7,620)	(7,183)
Net loans and leases	826,600	806,741
Bank premises and equipment, net	11,148	11,074
Bank premises and equipment held for sale	—	1,894
Cash surrender value of life insurance	12,845	12,780
Restricted investment in bank stocks	2,475	2,443
Foreclosed assets held for sale	127	224
Accrued interest receivable	3,901	3,928
Deferred income taxes	4,134	4,286
Goodwill	3,918	3,918
Core deposit and other intangibles, net	510	539
Other assets	2,959	3,215
Total Assets	\$1,072,938	\$ 1,032,599
LIABILITIES & SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	\$136,847	\$ 122,811
Interest-bearing demand	331,720	317,533
Money Market	255,259	252,271
Savings	63,129	60,163
Time	184,932	182,595
Total Deposits	971,887	935,373

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Long-term debt	13,524	13,581
Subordinated debt	7,416	7,414
Accrued interest payable	621	515
Other liabilities	7,163	5,249
Total Liabilities	1,000,611	962,132
Shareholders' Equity:		
Common stock, par value \$1.00; authorized 10,000,000 shares; 4,234,280 and 4,233,297 shares issued and outstanding at March 31, 2017, and at December 31, 2016, respectively	4,234	4,233
Additional paid-in capital	40,733	40,688
Retained earnings	29,842	28,399
Accumulated other comprehensive loss	(2,482)	(2,853)
Total Shareholders' Equity	72,327	70,467
Total Liabilities and Shareholders' Equity	\$1,072,938	\$1,032,599

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

MID PENN BANCORP, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(Dollars in thousands, except per share data)	Three Months Ended March 31,	
	2017	2016
INTEREST INCOME		
Interest and fees on loans and leases	\$9,702	\$8,807
Interest on interest-bearing balances	2	7
Interest and dividends on investment securities:		
U.S. Treasury and government agencies	445	322
State and political subdivision obligations, tax-exempt	316	464
Other securities	43	94
Interest on federal funds sold	51	3
Total Interest Income	10,559	9,697
INTEREST EXPENSE		
Interest on deposits	1,204	1,039
Interest on short-term borrowings	—	13
Interest on long-term and subordinated debt	180	230
Total Interest Expense	1,384	1,282
Net Interest Income	9,175	8,415
PROVISION FOR LOAN AND LEASE LOSSES		
Net Interest Income After Provision for Loan and Lease Losses	9,050	8,075
NONINTEREST INCOME		
Income from fiduciary activities	196	106
Service charges on deposits	205	155
Net gain on sales of investment securities	8	—
Earnings from cash surrender value of life insurance	65	70
Mortgage banking income	191	186
ATM debit card interchange income	224	200
Merchant services income	74	67
Net gain on sales of SBA loans	284	190
Other income	189	258
Total Noninterest Income	1,436	1,232
NONINTEREST EXPENSE		
Salaries and employee benefits	4,230	3,723
Occupancy expense, net	648	547
Equipment expense	381	435
Pennsylvania Bank Shares Tax expense	170	203
FDIC Assessment	194	153
Legal and professional fees	177	202
Marketing and advertising expense	107	84
Software licensing	329	331
Telephone expense	126	142
Loss on sale or write-down of foreclosed assets	82	104
Intangible amortization	29	37

Merger and acquisition expense	210	—
Other expenses		