

CENTRUE FINANCIAL CORP

Form 10-Q

November 09, 2016

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, 2016

Commission File Number: 0-28846

Centrue Financial Corporation

(Exact name of Registrant as specified in its charter)

Delaware

36-3145350

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification number)

122 W. Madison Street, Ottawa, IL 61350

(Address of principal executive offices including zip code)

(815) 431-8400

(Registrant's telephone number, including area code)

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 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.

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.

Class	Shares outstanding at November 9, 2016
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Common Stock, Par Value \$0.01	6,513,694
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CENTRUE FINANCIAL CORPORATION  
PART I FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS, EXCEPT FOR PAR VALUE AND SHARE DATA)

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,745	\$ 27,655
Securities available-for-sale	183,646	171,440
Restricted securities	10,098	9,116
Loans held for sale	—	735
Loans, net of allowance for loan loss: 2016 - \$9,021; 2015 - \$8,591	657,774	624,956
Branch assets held for sale	—	16,673
Bank-owned life insurance	35,768	35,103
Mortgage servicing rights	2,052	2,129
Premises and equipment, net	16,500	16,852
Intangible assets, net	166	880
Other real estate owned, net	5,541	8,401
Deferred tax assets, net	35,432	38,180
Other assets	8,361	9,098
Total assets	\$ 1,000,083	\$ 961,218
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
<b>Deposits:</b>		
Non-interest-bearing	\$ 149,537	\$ 164,137
Interest-bearing	611,414	554,367
Total deposits	760,951	718,504
Federal funds purchased and securities sold under agreements to repurchase	13,093	18,730
Federal Home Loan Bank advances	75,000	76,000
Series B mandatory redeemable preferred stock	209	268
Subordinated debentures	20,620	20,620
Other liabilities	4,328	5,815
Total liabilities	874,201	839,937
Commitments and contingent liabilities	—	—
<b>Stockholders' equity</b>		
Series D Fixed Rate, Non-Cumulative Perpetual Preferred Stock, 2,636 shares authorized and issued at September 30, 2016 and December 31, 2015; aggregate liquidation preference of \$2,636	2,636	2,636
Common stock, \$0.01 par value; 215,000,000 shares authorized; 6,581,544 shares issued at September 30, 2016 and December 31, 2015	66	66
Surplus	140,687	140,609
Retained earnings (accumulated deficit)	896	(2,958 )
Accumulated other comprehensive loss	(2,277 )	(2,946 )
	142,008	137,407

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Treasury stock, at cost, 67,850 shares at September 30, 2016 and December 31, 2015	(16,126 )	(16,126 )
Total stockholders' equity	125,882	121,281
Total liabilities and stockholders' equity	\$ 1,000,083	\$ 961,218

See Accompanying Notes to Consolidated Financial Statements

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CENTRUE FINANCIAL CORPORATION  
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Interest income				
Loans	\$7,185	\$6,476	\$21,287	\$18,868
Securities				
Taxable	679	794	2,242	2,020
Exempt from federal income taxes	23	46	68	122
Federal funds sold and other	41	20	106	67
Total interest income	7,928	7,336	23,703	21,077
Interest expense				
Deposits	376	316	955	940
Federal funds purchased and securities sold under agreements to repurchase	7	13	30	37
Federal Home Loan Bank advances	178	138	578	368
Series B mandatory redeemable preferred stock	3	4	11	12
Subordinated debentures	148	128	435	413
Notes payable	—	—	—	84
Total interest expense	712	599	2,009	1,854
Net interest income	7,216	6,737	21,694	19,223
Provision for loan losses	—	—	300	—
Net interest income after provision for loan losses	7,216	6,737	21,394	19,223
Noninterest income				
Service charges	1,010	1,075	2,927	3,010
Mortgage banking income	331	315	810	972
Electronic banking services	624	651	1,924	1,895
Bank-owned life insurance	224	232	665	683
Securities gains, net	79	196	139	297
Income from real estate	53	114	277	434
Gain on sale of OREO	24	47	99	50
Gain on sale of branches	—	—	1,877	—
Gain on sale of other assets	100	—	102	—
Gain on extinguishment of debt	—	—	—	1,750
Other income	54	608	184	750
	2,499	3,238	9,004	9,841



CENTRUE FINANCIAL CORPORATION  
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Noninterest expense				
Salaries and employee benefits	4,176	4,086	12,745	12,394
Occupancy, net	648	706	2,050	2,142
Furniture and equipment	282	259	813	746
Marketing	56	105	143	263
Supplies and printing	51	50	168	170
Telephone	216	204	639	592
Data processing	472	442	1,311	1,258
FDIC insurance	62	281	373	925
Loan processing and collection costs	107	225	256	638
OREO carrying costs	104	187	398	655
OREO valuation adjustment	56	47	86	195
Amortization of intangible assets	238	238	714	714
Other expenses	1,273	2,012	4,023	4,286
	7,741	8,842	23,719	24,978
Income before income taxes	\$1,974	\$1,133	\$6,679	\$4,086
Income tax expense	919	45	2,578	78
Net income	\$1,055	\$1,088	\$4,101	\$4,008
Preferred stock dividends	82	395	247	1,401
Discount on redemption of preferred stock	—	—	—	(13,668 )
Net income for common stockholders	\$973	\$693	\$3,854	\$16,275
Basic earnings per common share <sup>(1)</sup>	\$0.15	\$0.11	\$0.59	\$3.68
Diluted earnings per common share <sup>(1)</sup>	\$0.15	\$0.11	\$0.59	