

PEOPLES FINANCIAL SERVICES CORP.

Form 10-Q

November 07, 2016

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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

or

Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
for the transition period from

001-36388

(Commission File Number)

PEOPLES FINANCIAL SERVICES CORP.

(Exact name of registrant as specified in its charter)

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(State of incorporation)	(IRS Employer ID Number)
150 North Washington Avenue, Scranton, PA (Address of principal executive offices)	18503 (Zip code)

(570) 346-7741

(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 as defined 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of the registrant's common stock, as of the latest practicable date: 7,394,143 at October 31, 2016.

Table of Contents

PEOPLES FINANCIAL SERVICES CORP.

FORM 10-Q

For the Quarter Ended September 30, 2016

Contents	Page No.
PART I. FINANCIAL INFORMATION:	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Consolidated Balance Sheets at September 30, 2016 and December 31, 2015</u>	3
<u>Consolidated Statements of Income and Comprehensive Income for the Three and Nine Months Ended September 30, 2016 and 2015</u>	4
<u>Consolidated Statements of Changes in Stockholders' Equity for the Nine Months Ended September 30, 2016 and 2015</u>	5
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2016 and 2015</u>	6
<u>Notes to Unaudited Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	37
<u>Item 4. Controls and Procedures</u>	37
PART II OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	38
<u>Item 1A. Risk Factors</u>	38
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 3. Defaults upon Senior Securities</u>	38
<u>Item 4. Mine Safety Disclosures</u>	38

<u>Item 5.</u>	<u>Other Information</u>	38
<u>Item 6.</u>	<u>Exhibits</u>	39
	<u>Signatures</u>	40

Table of Contents

Peoples Financial Services Corp.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in thousands, except share and per share data)

	September 30, 2016	December 31, 2015
Assets:		
Cash and due from banks	\$ 31,620	\$ 28,218
Interest-bearing deposits in other banks	294	4,699
Investment securities:		
Available-for-sale	249,913	284,935
Held-to-maturity: Fair value September 30, 2016, \$11,546; December 31, 2015, \$12,606	10,864	12,109
Total investment securities	260,777	297,044
Loans, net	1,522,391	1,340,865
Less: allowance for loan losses	15,712	12,975
Net loans	1,506,679	1,327,890
Loans held for sale	360	
Premises and equipment, net	33,049	28,157
Accrued interest receivable	5,309	5,796
Goodwill	63,370	63,370
Intangible assets	4,498	5,397
Other assets	65,283	58,487
Total assets	\$ 1,971,239	\$ 1,819,058
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 342,782	\$ 320,978
Interest-bearing	1,223,028	1,134,832
Total deposits	1,565,810	1,455,810
Short-term borrowings	75,300	38,325
Long-term debt	58,685	60,354
Accrued interest payable	434	560
Other liabilities	14,570	15,241
Total liabilities	1,714,799	1,570,290
Stockholders' equity:		
Common stock, par value \$2.00, authorized 25,000,000 shares, issued and outstanding 7,394,143 shares at September 30, 2016 and 7,410,606 shares at December 31, 2015	14,788	14,821
Capital surplus	134,853	135,371
Retained earnings	108,677	100,701
Accumulated other comprehensive loss	(1,878)	(2,125)
Total stockholders' equity	256,440	248,768
Total liabilities and stockholders' equity	\$ 1,971,239	\$ 1,819,058

See notes to unaudited consolidated financial statements

3

Table of Contents

Peoples Financial Services Corp.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

(Dollars in thousands, except share and per share data)

September 30,	Three Months Ended		Nine Months Ended	
	2016	2015	2016	2015
Interest income:				
Interest and fees on loans:				
Taxable	\$ 15,294	\$ 13,341	\$ 44,400	\$ 40,072
Tax-exempt	770	585	2,301	1,714
Interest and dividends on investment securities:				
Taxable	575	792	1,879	2,508
Tax-exempt	861	858	2,611	2,498
Dividends	10	9	31	24
Interest on interest-bearing deposits in other banks	15	13	47	39
Interest on federal funds sold				9
Total interest income	17,525	15,598	51,269	46,864
Interest expense:				
Interest on deposits	1,356	1,229	3,961	3,689
Interest on short-term borrowings	116	11	282	23
Interest on long-term debt	353	245	1,067	756
Total interest expense	1,825	1,485	5,310	4,468
Net interest income	15,700	14,113	45,959	42,396
Provision for loan losses	1,200	900	3,600	2,400
Net interest income after provision for loan losses	14,500	13,213	42,359	39,996
Noninterest income:				
Service charges, fees and commissions	1,542	1,531	4,513	4,685
Merchant services income	1,257	1,183	3,209	2,936
Commission and fees on fiduciary activities	539	541	1,495	1,487
Wealth management income	271	224	979	627
Mortgage banking income	217	197	616	667
Life insurance investment income	199	192	594	569
Net gain on sale of investment securities available-for-sale		147	623	979
Total noninterest income	4,025	4,015	12,029	11,950
Noninterest expense:				
Salaries and employee benefits expense	5,466	5,397	16,702	16,243
Net occupancy and equipment expense	2,316	2,246	6,998	6,863
Merchant services expense	890	823	2,270	