

FIRST NORTHERN COMMUNITY BANCORP
Form 10-Q
August 10, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2012

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 000-30707

First Northern Community Bancorp
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or
organization)

68-0450397
(I.R.S. Employer Identification Number)

195 N. First Street, Dixon, California
(Address of principal executive offices)

95620
(Zip Code)

707-678-3041
(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 Section 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 x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 x No r

Edgar Filing: FIRST NORTHERN COMMUNITY BANCORP - Form 10-Q

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 by Rule 12b-2 of the Exchange Act). See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer (Do not check if a
smaller reporting company)

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

The number of shares of Common Stock outstanding as of August 9, 2012 was 9,248,449.

FIRST NORTHERN COMMUNITY BANCORP

INDEX

	Page
PART I – Financial Information	
ITEM I. – Financial Statements (Unaudited)	3
Condensed Consolidated Balance Sheets (Unaudited)	3
Condensed Consolidated Statements of Income (Unaudited)	4
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	5
Condensed Consolidated Statement of Stockholders’ Equity (Unaudited)	6
Condensed Consolidated Statements of Cash Flows (Unaudited)	7
Notes to Condensed Consolidated Financial Statements	8
ITEM 2. – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	36
ITEM 3. – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	54
ITEM 4. – CONTROLS AND PROCEDURES	54
PART II – OTHER INFORMATION	54
ITEM 1. – LEGAL PROCEEDINGS	54
ITEM 1A. – RISK FACTORS	54
ITEM 2. – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	55
ITEM 3. – DEFAULTS UPON SENIOR SECURITIES	55
ITEM 4. – MINE SAFETY DISCLOSURES	55
ITEM 5. – OTHER INFORMATION	55
ITEM 6. – EXHIBITS	56
SIGNATURES	57

PART I – FINANCIAL INFORMATION

FIRST NORTHERN COMMUNITY BANCORP

ITEM I. – FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except shares and share amounts)	June 30, 2012 (unaudited)	December 31, 2011
Assets		
Cash and cash equivalents	\$ 117,802	\$ 140,172
Investment securities – available-for-sale	183,330	160,241
Loans, net of allowance for loan losses of \$9,784 at June 30, 2012 and \$10,408 at December 31, 2011	437,941	432,789
Loans held-for-sale	3,220	2,832
Stock in Federal Home Loan Bank and other equity securities, at cost	3,607	3,075
Premises and equipment, net	8,029	8,054
Other real estate owned	—	1,325
Interest receivable and other assets	31,121	32,662
Total Assets	\$ 785,050	\$ 781,150
Liabilities and Stockholders' Equity		
Liabilities:		
Demand deposits	\$ 206,153	\$ 201,865
Interest-bearing transaction deposits	167,510	160,956
Savings and MMDA's	214,953	209,853
Time, under \$100,000	37,517	38,395
Time, \$100,000 and over	61,049	67,889
Total deposits	687,182	678,958
Federal Home Loan Bank advances and other borrowings	—	7,000
Interest payable and other liabilities	7,536	7,490
Total Liabilities	694,718	693,448
Stockholders' Equity:		
Preferred stock, no par value; \$1,000 per share liquidation preference, 22,847 shares authorized; 22,847 issued and outstanding at June 30, 2012 and December 31, 2011	22,847	22,847
Common stock, no par value; 16,000,000 shares authorized;		

Edgar Filing: FIRST NORTHERN COMMUNITY BANCORP - Form 10-Q

9,248,449 shares issued and outstanding at June 30, 2012 and		
9,144,998 shares issued and outstanding at December 31, 2011	63,261	62,751
Additional paid in capital	977	977
Retained earnings	2,138	864
Accumulated other comprehensive income, net	1,109	263
Total Stockholders' Equity	90,332	87,702
Total Liabilities and Stockholders' Equity	\$785,050	\$781,150

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share amounts)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Interest and dividend income:				
Loans	\$6,044	\$6,346	\$12,034	\$12,603
Due from banks interest bearing accounts	95	91	174	176
Investment securities				
Taxable	798	688	1,578	1,258
Non-taxable	103	108	207	219
Other earning assets	8	4	12	4
Total interest and dividend income	7,048	7,237	14,005	14,260
Interest expense:				
Deposits	438	554	930	1,125
Other borrowings	69	91	141	181
Total interest expense	507	645	1,071	1,306
Net interest income	6,541	6,592	12,934	12,954
Provision for loan losses	676	1,490	1,226	2,480
Net interest income after provision for loan losses	5,865	5,102	11,708	10,474
Other operating income:				
Service charges on deposit accounts	673	720	1,326	1,413
Gains on sales of other real estate owned	17	19	17	215
Gains on sales of loans held-for-sale	505	131	900	268
Investment and brokerage services income	282	295	503	540
Mortgage brokerage income	16	15	46	27
Loan servicing income	142	53	284	388
Fiduciary activities income	121	89	228	186
ATM fees	129	123	258	224
Signature based transaction fees	266	234	514	444
Gains on calls/sales of available-for-sale securities	—	456	1	456
Other income	190	231	389	392
Total other operating income	2,341	2,366	4,466	4,553
Other operating expenses:				
Salaries and employee benefits	3,877	3,561	7,724	7,334
Occupancy and equipment	748	809	1,484	1,632
Data processing	435	400	820	784
Stationery and supplies	91	88	171	163
Advertising	94	148	204	285
Directors' fees	55	60	110	124
Other real estate owned expense and impairment	38	308	60	514

Edgar Filing: FIRST NORTHERN COMMUNITY BANCORP - Form 10-Q

Other expense	1,188	1,162	2,445	2,384
Total other operating expenses	6,526	6,536	13,018	13,220
Income before income tax expense	1,680	932	3,156	1,807
Income tax expense	473	137	857	246
Net income	\$1,207	\$795	\$2,299	\$1,561
Preferred stock dividends and accretion	\$(286)	\$(251)	\$(571)	\$(500)
Net income available to common shareholders	\$921	\$544	\$1,728	\$1,061
Basic income per share	\$0.10	\$0.06	\$0.19	\$0.12
Diluted income per share	\$0.10	\$0.06	\$0.19	\$0.12

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Net income	\$1,207	\$795	\$2,299	\$1,561
Other comprehensive income, net of tax:				
Unrealized holding gains on securities:				
Unrealized holding gains arising during the period, net of tax effect of \$175 and \$685 for the three-month periods ended June 30, 2012 and June 30, 2011, respectively, and \$566 and \$711 for the six-month periods ended June 30, 2012 and June 30, 2011, respectively	260	1,027	847	1,067
Less: reclassification adjustment due to gains realized on sales of securities, net of tax effect of \$0 and \$182 for the three-month and six-month periods ended June 30, 2012 and June 30, 2011, respectively	—	(274)	(1)	(274)
Other comprehensive income	\$260	\$753	\$846	793
Comprehensive income	\$1,467	\$1,548	\$3,145	\$2,354

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share data)

	Preferred Stock		Common Stock		Additional	Retained	Accumulated Other Comprehensive	Total
	Shares	Amounts	Shares	Amounts	Paid-in Capital	Earnings	Income	
Balance at December 31, 2011	22,847	\$22,847	9,144,998	\$62,751	\$ 977	\$864	\$ 263	\$87,702
Net income						2,299		2,299
Other comprehensive income							846	846
1% stock dividend			91,052	451		(451)		—
Dividend on preferred stock						(571)		(571)
Cash in lieu of fractional shares						(3)		(3)
Stock-based compensation and related tax benefits				59				59
Common shares issued related to restricted stock grants			12,399					—
Balance at June 30, 2012	22,847	\$22,847	9,248,449	\$63,261	\$ 977	\$2,138	\$ 1,109	\$90,332

See notes to unaudited condensed consolidated financial statements.

FIRST NORTHERN COMMUNITY BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(in thousands)	
	Six months ended June 30, 2012	Six months ended June 30, 2011
Cash Flows From Operating Activities		
Net Income	\$2,299	\$1,561
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	347	363
Valuation adjustment on mortgage servicing rights	59	(175)
Provision for loan losses	1,226	2,480
Stock plan accruals	59	84
Gains on calls/sales of available-for-sale securities	(1)	(456)
Gains on sales of other real estate owned	(17)	(215)
Impairment on other real estate owned	15	