

FIDELITY SOUTHERN CORP
Form 10-Q
August 08, 2014

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 quarter ended June 30, 2014
Commission file number 001-34981

Fidelity Southern Corporation
(Exact name of registrant as specified in its charter)

Georgia	58-1416811
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3490 Piedmont Road, Suite 1550, Atlanta GA	30305
(Address of principal executive offices)	(Zip Code)

(404) 639-6500
(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 (§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 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
(Do not check if
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

As of July 31, 2014 (the most recent practicable date), the Registrant had outstanding approximately 21,309,307 shares of Common Stock.

FIDELITY SOUTHERN CORPORATION AND SUBSIDIARIES

Report on Form 10-Q

June 30, 2014

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FIDELITY SOUTHERN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(\$ in thousands)	(Unaudited) June 30, 2014	December 31, 2013
Assets		
Cash and due from banks	\$52,952	\$111,046
Interest-bearing deposits with banks	714	2,108
Federal funds sold	1,473	3,405
Cash and cash equivalents	55,139	116,559
Investment securities available-for-sale	164,190	168,865
Investment securities held-to-maturity	7,851	4,051
Loans held-for-sale (loans at fair value: \$191,666 at June 30, 2014; \$127,850 at December 31, 2013)	339,719	187,366
Loans (non-covered: \$1,923,088 and \$1,834,672; covered: \$45,526 and \$58,365 at June 30, 2014 and December 31, 2013, respectively)	1,968,614	1,893,037
Allowance for loan losses	(28,912	) (33,684
Loans, net of allowance for loan losses	1,939,702	1,859,353
Premises and equipment, net	50,419	44,555
Other real estate, net (non-covered: \$19,855 and \$24,791; covered: \$7,075 and \$6,191, at June 30, 2014 and December 31, 2013, respectively)	26,930	30,982
Bank owned life insurance	33,995	33,855
Servicing rights	57,526	53,202
Other assets	62,271	65,380
Total assets	\$2,737,742	\$2,564,168
Liabilities		
Deposits		
Noninterest-bearing demand deposits	\$560,932	\$488,224
Interest-bearing deposits	1,664,487	1,714,228
Total deposits	2,225,419	2,202,452
Other borrowings	187,815	59,233
Subordinated debt	46,393	46,393
Other liabilities	27,340	19,860
Total liabilities	2,486,967	2,327,938
Shareholders' equity		
Preferred stock, no par value. Authorized 10,000,000; zero issued	—	—
Common stock, no par value. Authorized 50,000,000; issued and outstanding 21,317,757 and 21,342,549 at June 30, 2014 and December 31, 2013, respectively	160,586	158,153
Accumulated other comprehensive income, net of tax	2,804	968
Retained earnings	87,385	77,109
Total shareholders' equity	250,775	236,230
Total liabilities and shareholders' equity	\$2,737,742	\$2,564,168
See accompanying notes to consolidated financial statements.		

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FIDELITY SOUTHERN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(\$ in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,		
	2014	2013	2014	2013	
Interest income:					
Loans, including fees	\$24,801	\$22,949	\$46,592	\$46,893	
Investment securities	1,244	911	2,493	1,939	
Federal funds sold and bank deposits	20	15	58	18	
Total interest income	26,065	23,875	49,143	48,850	
Interest expense:					
Deposits	2,328	2,600	4,816	5,227	
Other borrowings	69	273	113	679	
Subordinated debt	277	868	552	1,735	
Total interest expense	2,674	3,741	5,481	7,641	
Net interest income	23,391	20,134	43,662	41,209	
Provision for loan losses	566	570	(1,884	) 4,046
Net interest income after provision for loan losses	22,825	19,564	45,546	37,163	
Noninterest income:					
Service charges on deposit accounts	1,059	1,020	2,068	1,969	
Other fees and charges	1,100	975	2,020	1,862	
Mortgage banking activities	13,570	20,158	24,157	37,953	
Indirect lending activities	3,631	2,781	8,307	4,427	
SBA lending activities	1,359	1,417	2,203	2,501	
Bank owned life insurance	755	326	1,056	639	
Other	1,844	1,562	2,890	3,935	
Total noninterest income	23,318	28,239	42,701	53,286	
Noninterest expense:					
Salaries and employee benefits	15,973	14,278	32,058	28,560	
Commissions	5,610	7,979	9,080	14,369	
Occupancy	3,407	2,291	6,010	4,698	
Communication	977	805	1,949	1,565	
Other	7,776	7,806	17,302	16,491	
Total noninterest expense	33,743	33,159	66,399	65,683	
Income before income tax expense	12,400	14,644	21,848	24,766	
Income tax expense	4,442	5,211	7,827	8,842	
Net income	7,958	9,433	14,021	15,924	
Preferred stock dividends and accretion of discount	—	(823) —	(1,646)
Net income available to common equity	\$7,958	\$8,610	\$14,021	\$14,278	
Earnings per common share:					
Basic earnings per share	\$0.37	\$0.52	\$0.66	\$0.90	
Diluted earnings per share	\$0.34	\$0.46	\$0.60	\$0.80	
Cash dividends declared per common share	\$0.08	\$—	\$0.12	\$—	

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Net income	\$7,958	\$9,433	\$14,021	\$15,924
Other comprehensive income (loss):				
Change in net unrealized gains/(losses) on securities for the period	1,932	(3,066) 2,961	(3,339)
Less: Income tax expense (benefit) related to items of other comprehensive income	734	(1,165	) 1,125	(1,269)
Other comprehensive income (loss), net of tax	1,198	(1,901	) 1,836	(2,070)
Total comprehensive income	\$9,156	\$7,532	\$15,857	\$13,854

See accompanying notes to consolidated financial statements.

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FIDELITY SOUTHERN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	2014	2013
(in thousands)		
Operating activities:		
Net income	\$14,021	\$15,924
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for loan losses	(1,884	) 4,046
Depreciation and amortization of premises and equipment	2,127	1,489
Other amortization, net	2,740	2,019
Impairment of other real estate	1,600	1,796
Share-based compensation	327	575
Gain on loan sales, including servicing rights	(24,649	) (35,139
Net gain on sale of other real estate	(1,520	) (2,329
Net income on bank owned life insurance	(1,008	) (583
Change in assets and liabilities which provided (used) cash:		
Net increase in loans originated for resale	(128,714	) (16,346
Other assets	(3,547	) (26,118
Other liabilities	6,355	15,693
Net cash used in operating activities	(134,152	) (38,973
Investing activities:		
Purchases of investment securities available-for-sale	(5,006	) (37,542
Purchases of investment securities held-to-maturity	(4,334) —
Purchase of FHLB stock	(4,950	) (5,355
Maturities and calls of investment securities available-for-sale	12,684	24,806
Maturities and calls of investment securities held-to-maturity	534	1,184
Redemption of FHLB stock	2,689	4,091