

NASB FINANCIAL INC
Form 10-Q
May 12, 2014

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the period ended March 31, 2014**

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 0-24033

NASB Financial, Inc.

(Exact name of registrant as specified in its charter)

Missouri
**(State or other jurisdiction of
incorporation or organization)**

43-1805201
**(I.R.S. Employer
Identification No.)**

12498 South 71 Highway, Grandview, Missouri 64030

(Address of principal executive offices) (Zip Code)

(816) 765-2200

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 (Section 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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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 of the Registrant outstanding as of May 5, 2014, was 7,867,614.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

NASB Financial, Inc. and Subsidiary***Condensed Consolidated Balance Sheets***

	March 31, 2014 (Unaudited)	September 30, 2013
	(Dollars in thousands)	
ASSETS		
Cash and cash equivalents	\$ 6,351	6,347
Securities:		
Available for sale, at fair value	256,724	252,696
Held to maturity, at cost	26,398	
Stock in Federal Home Loan Bank, at cost	9,034	7,679
Mortgage-backed securities:		
Available for sale, at fair value	367	433
Held to maturity, at cost	37,468	43,074
Loans receivable:		
Held for sale, at fair value	59,529	69,079
Held for investment, net	736,907	715,713
Allowance for loan losses	(13,671)	(20,383)
Accrued interest receivable	4,654	4,098
Foreclosed assets held for sale, net	10,461	11,252
Premises and equipment, net	11,831	12,033
Investment in LLCs	16,561	16,499
Income taxes receivable	1,220	
Deferred income tax asset, net	8,062	12,273
Other assets	12,849	13,362
	\$ 1,184,745	1,144,155
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Customer deposit accounts	\$ 755,204	748,193
Advances from Federal Home Loan Bank	191,000	155,000
Subordinated debentures	25,774	25,774
Escrows	5,201	8,458
Income taxes payable		70
Accrued expenses and other liabilities	7,192	11,143
Total liabilities	984,371	948,638
Stockholders equity:		
	1,479	1,479

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Common stock of \$0.15 par value: 20,000,000 shares authorized; 9,857,112 shares issued

Additional paid-in capital	16,613	16,613
Retained earnings	220,602	217,143
Treasury stock, at cost; 1,989,498 shares	(38,418)	(38,418)
Accumulated other comprehensive loss	98	(1,300)
Total stockholders equity	200,374	195,517
	\$ 1,184,745	1,144,155

See accompanying notes to condensed consolidated financial statements.

*NASB Financial, Inc. and Subsidiary**Condensed Consolidated Statements of Operations (Unaudited)*

	Three months ended		Six months ended	
	March 31,		March 31,	
	2014	2013	2014	2013
	(Dollars in thousands, except per share data)			
Interest on loans receivable	\$ 10,250	11,740	20,850	24,074
Interest on mortgage-backed securities	394	87	805	381
Interest and dividends on securities	1,571	1,085	2,992	2,048
Other interest income	4	1	6	3
Total interest income	12,219	12,913	24,653	26,506
Interest on customer and brokered deposit accounts	939	1,360	1,884	3,109
Interest on advances from Federal Home Loan Bank	466	532	936	1,063
Interest on subordinated debentures	119	125	244	254
Other interest expense	6	5	11	8
Total interest expense	1,530	2,022	3,075	4,434
Net interest income	10,689	10,891	21,578	22,072
Provision for loan losses	(5,000)	(5,600)	(5,000)	(9,600)
Net interest income after provision for loan losses	15,689	16,491	26,578	31,672
Other income (expense):				
Loan servicing fees, net	24	26	48	52
Customer service fees and charges	752	1,357	1,632	2,831
Provision for loss on real estate owned	(40)	(242)	(155)	(817)
Gain on sale of securities available for sale	518		616	
Gain (loss) on sale of securities held to maturity	(10)	257	(10)	257
Gain from loans receivable held for sale	7,644	19,281	14,196	35,387
Other expense, net	(123)	(1,714)	(261)	(2,248)
Total other income	8,765	18,965	16,066	35,462
General and administrative expenses:				
Compensation and fringe benefits	6,423	6,502	12,566	12,858
Commission-based mortgage banking compensation	2,335	5,124	5,418	10,937
Premises and equipment	1,516	1,222	2,937	2,544
Advertising and business promotion	2,038	1,396	3,839	2,559
Federal deposit insurance premiums	351	664	659	1,250
Other	2,282	2,632	4,646	5,547
Total general and administrative expenses	14,945	17,540	30,065	35,695

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Income before income tax expense	9,509	17,916	12,579	31,439
Income tax expense	3,328	6,898	4,399	12,104
Net income	\$ 6,181	11,018	8,180	19,335
Basic earnings per share	\$ 0.79	1.40	1.04	2.46
Diluted earnings per share	\$ 0.79	1.40	1.04	2.46
Basic weighted average shares outstanding	7,867,614	7,867,614	7,867,614	7,867,614
See accompanying notes to condensed consolidated financial statements.				

*NASB Financial, Inc. and Subsidiary**Condensed Consolidated Statements of Comprehensive Income (Unaudited)*

	Three months ended March 31,	
	2014	2013
	(Dollars in thousands)	
Net income	\$ 6,181	11,018
Other comprehensive income (loss):		
Unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of \$1,561 and \$(323) at March 31, 2014 and 2013, respectively	2,541	(516)
Adjustment for gain included in net income, net of income tax expense of \$181 at March 31, 2014	(337)	
Change in unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of \$1,380 and \$(323) at March 31, 2014 and 2013, respectively	2,204	(516)
Comprehensive income	\$ 8,385	10,502
	Six months ended March 31,	
	2014	2013
	(Dollars in thousands)	
Net income	\$ 8,180	19,335
Other comprehensive income (loss):		
Unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of \$1,091 and \$(298) at March 31, 2014 and 2013, respectively	1,798	(476)
Adjustment for gain included in net income, net of income tax expense of \$216 at March 31, 2014	(400)	
Change in unrealized gain (loss) on available for sale securities, net of income tax expense (benefit) of \$875 and \$(298) at March 31, 2014 and 2013, respectively	1,398	(476)
Comprehensive income	\$ 9,578	18,859

See accompanying notes to condensed consolidated financial statements.

*NASB Financial, Inc. and Subsidiary**Condensed Consolidated Statement of Stockholders Equity (Unaudited)*

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive gain (loss)	Total stockholders equity
	(Dollars in thousands)					
Balance at October 1, 2013	\$ 1,479	16,613	217,143	(38,418)	(1,300)	195,517
Comprehensive income:						
Net income			8,180			8,180
Other comprehensive income, net of tax:						
Unrealized gain on securities available for sale					1,398	1,398
Total comprehensive income						9,578
Cash dividends paid			(4,721)			(4,721)
Balance at March 31, 2014	\$ 1,479	16,613	220,602	(38,418)	98	200,374

See accompanying notes to condensed consolidated financial statements.

*NASB Financial, Inc. and Subsidiary**Condensed Consolidated Statements of Cash Flows (Unaudited)*

	Six months ended March 31,	
	2014	2013
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income	\$ 8,180	19,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	630	1,077
Amortization and accretion, net	307	510
Gain on sale of securities available for sale	(616)	
(Gain) loss on sale of securities held to maturity	10	(257)
(Income) loss from investment in LLCs	(50)	300
Gain from loans receivable held for sale	(14,196)	(35,387)
Provision for loan losses	(5,000)	(9,600)
Provision for loss on real estate owned	155	817
Origination of loans receivable held for sale	(517,188)	(1,044,057)
Sale of loans receivable held for sale	540,933	1,143,123
Stock based compensation stock options		(44)
Changes in:		