

WILSON BANK HOLDING CO

Form 10-Q

November 09, 2009

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**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 quarterly period ended September 30, 2009

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 0-20402

WILSON BANK HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Tennessee

62-1497076

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

623 West Main Street, Lebanon, TN

37087

(Address of principal executive offices)

Zip Code

(615) 444-2265

(Registrant's telephone number, including area code)

Not Applicable

(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 (§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 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
(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock outstanding: 7,139,408 shares at November 9, 2009

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WILSON BANK HOLDING COMPANY
Consolidated Balance Sheets
September 30, 2009 and December 31, 2008
(Unaudited)

	September 30, 2009	December 31, 2008
	(Dollars in Thousands Except Per Share Amounts)	
Assets		
Loans	\$ 1,121,168	\$ 1,089,185
Less: Allowance for loan losses	(14,374)	(12,138)
Net loans	1,106,794	1,077,047
Securities:		
Held to maturity, at cost (market value \$12,304 and \$11,021, respectively)	11,989	11,093
Available-for-sale, at market (amortized cost \$218,316 and \$195,087, respectively)	217,363	194,167
Total securities	229,352	205,260
Loans held for sale	4,667	3,541
Restricted equity securities	3,012	3,100
Federal funds sold	21,215	21,170
Total earning assets	1,365,040	1,310,118
Cash and due from banks	18,432	38,073
Bank premises and equipment, net	30,319	31,035
Accrued interest receivable	8,568	8,357
Deferred income tax	3,652	3,578
Other real estate	3,603	4,993
Goodwill	4,805	4,805
Other intangible assets, net	1,003	1,300
Other assets	5,689	4,527
Total assets	\$ 1,441,111	\$ 1,406,786
Liabilities and Stockholders Equity		
Deposits	\$ 1,288,116	\$ 1,248,500
Securities sold under repurchase agreements	5,698	7,447

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Federal Home Loan Bank advances	204	13,811
Accrued interest and other liabilities	9,734	7,910
Total liabilities	1,303,752	1,277,668
Stockholders' equity:		
Common stock, \$2.00 par value; authorized 10,000,000 shares, issued 7,132,763 at September 30, 2009 and 7,042,042 shares at December 31, 2008, respectively	14,265	14,084
Additional paid-in capital	40,877	38,078
Retained earnings	82,805	77,524
Net unrealized losses on available-for-sale securities, net of income taxes of \$365 and \$352, respectively	(588)	(568)
Total stockholders' equity	137,359	129,118
Total liabilities and stockholders' equity	\$ 1,441,111	\$ 1,406,786

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WILSON BANK HOLDING COMPANY
Consolidated Statements of Earnings
Three Months and Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(Dollars In Thousands Except Per Share Amounts)			
Interest income:				
Interest and fees on loans	\$ 18,139	\$ 18,724	\$ 53,576	\$ 56,237
Interest and dividends on securities:				
Taxable securities	2,164	2,773	6,989	8,405
Exempt from Federal income taxes	124	130	359	419
Interest on loans held for sale	49	50	217	149
Interest on Federal funds sold	13	52	60	706
Interest and dividends on restricted securities	27	2	111	58
 Total interest income	 20,516	 21,731	 61,312	 65,974
 Interest expense:				
Interest on negotiable order of withdrawal accounts	597	930	1,779	2,789
Interest on money market and savings accounts	910	1,139	2,579	3,296
Interest on certificates of deposit	5,973	7,274	18,792	24,495
Interest on securities sold under repurchase agreements	24	43	83	140
Interest on Federal Home Loan Bank advances	97	171	415	523
Interest on Federal funds purchased	1	4	1	4
 Total interest expense	 7,602	 9,561	 23,649	 31,247
 Net interest income before provision for possible loan losses	 12,914	 12,170	 37,663	 34,727
Provision for possible loan losses	1,164	1,212	4,525	3,352
 Net interest income after provision for possible loan losses	 11,750	 10,958	 33,138	 31,375
 Non-interest income:				
Service charges on deposit accounts	1,514	1,570	4,289	4,515
Other fees and commissions	1,340	1,240	3,794	3,763
Gain on sale of loans	365	375	2,088	1,172
Gain (loss) on sale of securities		(12)	500	80
Other income		85	1	238

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Total non-interest income	3,219	3,258	10,672	9,768
Non-interest expense:				
Salaries and employee benefits	5,050	5,007	15,325	15,125
Occupancy expenses, net	583	611	1,827	1,706
Furniture and equipment expense	348	396	1,044	1,128
Data processing expense	311	284	799	833
Directors fees	182	186	578	593
Advertising	224	263	654	792
FDIC insurance expense	1,145	210	1,825	606
Other operating expenses	1,702	1,715	5,436	5,030
Loss on sale of other real estate	240	136	434	202
Loss on sale of other assets	12	12	49	15
Loss on sale of fixed assets				20
Total non-interest expense	9,797	8,820	27,971	26,050
Earnings before income taxes	5,172	5,396	15,839	15,093
Income taxes	2,010	2,107	6,179	5,867
Net earnings	\$ 3,162	\$ 3,289	\$ 9,660	\$ 9,226
Weighted average number of shares outstanding-basic	7,115,969	7,015,615	7,087,938	6,982,596
Weighted average number of shares outstanding-diluted	7,136,988	7,050,506	7,108,209	7,016,838
Basic earnings per common share	\$.44	\$.47	\$ 1.36	\$ 1.32
Diluted earnings per common share	\$.44	\$.47	\$ 1.36	\$ 1.31
Dividends per share	\$.32	\$.30	\$.62	\$.60

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WILSON BANK HOLDING COMPANY
Consolidated Statements of Comprehensive Earnings
Three Months and Nine Months Ended September 30, 2009 and 2008
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(In Thousands)			
Net earnings	\$ 3,162	\$ 3,289	\$ 9,660	\$ 9,226
Other comprehensive earnings (losses), net of tax:				
Unrealized gains (losses) on available-for-sale securities arising during period, net of income taxes of \$528, \$1,368, \$178, and \$744, respectively	853	2,206	289	(1,200)
Reclassification adjustment for net losses (gains) included in net earnings, net of taxes of \$5, \$191, and \$31, respectively		7	(309)	(49)
Other comprehensive earnings (losses)	853	2,213	(20)	(1,249)
Comprehensive earnings	\$ 4,015	\$ 5,502	\$ 9,640	\$ 7,977

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WILSON BANK HOLDING COMPANY
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2009 and 2008
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	2009	2008
	(In Thousands)	
Cash flows from operating activities:		
Interest received	\$ 61,203	\$ 66,465
Fees and commissions received	8,084	8,516
Proceeds from sale of loans	127,970	54,586
Origination of loans held for sale	(127,008)	(51,915)
Interest paid	(24,441)	(32,194)
Cash paid to suppliers and employees	(22,822)	(21,013)
Income taxes paid	(7,890)	(6,506)
Net cash provided by operating activities	15,096	17,939
Cash flows from investing activities:		
Proceeds from maturities, calls, and principal payments of held-to-maturity securities	1,658	3,117
Proceeds from maturities, calls, and principal payments of available-for-sale securities	206,330	187,523
Purchase of held-to-maturity securities	(2,558)	(1,659)
Purchase of available-for-sale securities	(229,157)	(176,283)
Loans made to customers, net of repayments	(37,693)	(98,737)
Purchase of premises and equipment	(521)	(1,630)
Proceeds from sale of other real estate	4,065	3,586
Proceeds from sale of other assets	343	26
Net cash used in investing activities	(57,533)	(84,057)
Cash flows from financing activities:		
Net increase in non-interest bearing, savings and NOW deposit accounts	23,360	34,275
Net increase in time deposits	16,256	27,227
Net decrease in securities sold under repurchase agreements	(1,749)	(786)
Repayment of advances from Federal Home Loan Bank	(13,607)	(1,245)

Dividends paid	(4,379)	(4,168)
Proceeds from sale of common stock	3,458	3,703
Proceeds from exercise of stock options	199	138
Repurchase of common stock	(697)	
Net cash provided by financing activities	22,841	59,144
Net decrease in cash and cash equivalents	(19,596)	(6,974)
Cash and cash equivalents at beginning of period	59,243	59,575
Cash and cash equivalents at end of period	\$ 39,647	\$ 52,601

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WILSON BANK HOLDING COMPANY
Consolidated Statements of Cash Flows, Continued
Nine Months Ended September 30, 2009 and 2008
Increase (Decrease) in Cash and Cash Equivalents
(Unaudited)

	2009	2008
	(In Thousands)	
Reconciliation of net earnings to net cash provided by		
Operating activities:		
Net earnings	\$ 9,660	\$ 9,226
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,636	1,532
Provision for loan losses	4,525	3,352
Loss on sale of other real estate	434	202
Loss on sale of other assets	49	15
Security gains	(500)	(80)
Loss on write off of restricted equity securities	88	
Loss on sale of premises and equipment		20
Increase (decrease) in income tax receivable	(1,434)	176
Decrease (increase) in loans held for sale	(1,126)	1,499
Increase in deferred tax assets	(277)	(40)
Decrease (increase) in other assets, net	(1,222)	170
Increase in interest receivable	(211)	559
Increase in other liabilities	4,266	2,255
Decrease in interest payable	(792)	(947)
Total adjustments	\$ 5,436	\$ 8,713
Net cash provided by operating activities	\$ 15,096	\$ 17,939
Supplemental schedule of non-cash activities:		
Unrealized gain (losses) in values of securities available-for-sale, net of taxes of \$204,000 and \$775,000 for the nine months ended September 30, 2009 and 2008, respectively	\$ (20)	\$ 1,249
Non-cash transfers from loans to other real estate	\$ 3,109	\$ 6,089
Non-cash transfers from loans to other assets	\$ 312	\$ 36
Change in accounting principal related to deferred compensation plan	\$	\$ 120

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WILSON BANK HOLDING COMPANY
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Nature of Business Wilson Bank Holding Company (the Company) is a bank holding company whose primary business is conducted by its wholly-owned subsidiary, Wilson Bank & Trust (the Bank). The Bank is a commercial bank headquartered in Lebanon, Tennessee. The Bank provides a full range of banking services in its primary market areas of Wilson, Davidson, Rutherford, Trousdale, Dekalb, and Smith Counties, Tennessee.

Basis of Presentation The accompanying unaudited, consolidated financial statements have been prepared in accordance with instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles. All adjustments consisting of normally recurring accruals that, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations for the periods covered by the report have been included. The accompanying unaudited consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and related notes appearing in the 2008 Annual Report previously filed on Form 10-K.

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany transactions and accounts are eliminated in consolidation.

Accounting Standards Codification In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162*. This statement modifies the Generally Accepted Accounting Principles (GAAP) hierarchy by establishing only two levels of GAAP, authoritative and nonauthoritative accounting literature. Effective July 2009, the FASB Accounting Standards Codification (ASC), also known collectively as the Codification, is considered the single source of authoritative U.S. accounting and reporting standards, except for additional authoritative rules and interpretive releases issued by the Securities and Exchange Commission (SEC). Nonauthoritative guidance and literature would include, among other things, FASB Concepts Statements, American Institute of Certified Public Accountants Issue Papers and Technical Practice Aids and accounting textbooks. The Codification was developed to organize GAAP pronouncements by topic so that users can more easily access authoritative accounting guidance. It is organized by topic, subtopic, section, and paragraph, each of which is identified by a numerical designation. FASB ASC 105-10, *Generally Accepted Accounting Principles*, became applicable beginning in third quarter 2009. All accounting references have been updated, and therefore SFAS references have been replaced with ASC references except for SFAS references that have not been integrated into the codification.

Use of Estimates The preparation