

FIRST MIDWEST BANCORP INC
Form 10-Q
November 06, 2018

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, 2018

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 0-10967

(Exact name of registrant as specified in its charter)

Delaware 36-3161078
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)
8750 West Bryn Mawr Avenue, Suite 1300
Chicago, Illinois 60631-3655
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (708) 831-7483

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 October 31, 2018, there were 106,382,834 shares of common stock, \$.01 par value, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

FIRST MIDWEST BANCORP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(Amounts in thousands, except per share data)

	September 30, December 31,	
	2018	2017
Assets	(Unaudited)	
Cash and due from banks	\$ 185,239	\$ 192,800
Interest-bearing deposits in other banks	111,360	153,770
Trading securities, at fair value	—	20,447
Equity securities, at fair value	29,046	—
Securities available-for-sale, at fair value	2,179,410	1,884,209
Securities held-to-maturity, at amortized cost	12,673	13,760
Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("FRB") stock, at cost	87,728	69,708
Loans	11,050,548	10,437,812
Allowance for loan losses	(99,925) (95,729
Net loans	10,950,623	10,342,083
Other real estate owned ("OREO")	12,244	20,851
Premises, furniture, and equipment, net	126,389	123,316
Investment in bank-owned life insurance ("BOLI")	284,074	279,900
Goodwill and other intangible assets	751,248	754,757
Accrued interest receivable and other assets	231,465	221,451
Total assets	\$ 14,961,499	\$ 14,077,052
Liabilities		
Noninterest-bearing deposits	\$ 3,618,384	\$ 3,576,190
Interest-bearing deposits	7,908,730	7,477,135
Total deposits	11,527,114	11,053,325
Borrowed funds	1,073,546	714,884
Senior and subordinated debt	195,595	195,170
Accrued interest payable and other liabilities	247,569	248,799
Total liabilities	13,043,824	12,212,178
Stockholders' Equity		
Common stock	1,124	1,123
Additional paid-in capital	1,028,635	1,031,870

Retained earnings	1,164,133	1,074,990
Accumulated other comprehensive loss, net of tax	(75,133)	(33,036)
Treasury stock, at cost	(201,084)	(210,073)
Total stockholders' equity	1,917,675	1,864,874
Total liabilities and stockholders' equity	\$14,961,499	\$14,077,052

	September 30, 2018 (Unaudited)	December 31, 2017	
	Preferred Shares	Preferred Shares	Common Shares
Par value per share	\$ — \$ 0.01	\$—	\$0.01
Shares authorized	1,000,000	1,000	250,000
Shares issued	— 112,359	—	112,351
Shares outstanding	— 103,058	—	102,717
Treasury shares	— 9,301	—	9,634

See accompanying unaudited notes to the condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)

(Unaudited)

	Quarters Ended		Nine Months	
	September 30,		September 30,	
	2018	2017	2018	2017
Interest Income				
Loans	\$133,997	\$118,101	\$380,420	\$345,286
Investment securities	14,170	10,667	38,936	31,678
Other short-term investments	1,365	1,148	3,609	3,167
Total interest income	149,532	129,916	422,965	380,131
Interest Expense				
Deposits	10,426	4,369	24,637	11,307
Borrowed funds	3,927	2,544	10,919	6,837
Senior and subordinated debt	3,152	3,110	9,416	9,314
Total interest expense	17,505	10,023	44,972	27,458
Net interest income	132,027	119,893	377,993	352,673
Provision for loan losses	11,248	10,109	38,043	23,266
Net interest income after provision for loan losses	120,779	109,784	339,950	329,407
Noninterest Income				
Service charges on deposit accounts	12,378	12,561	36,088	36,079
Wealth management fees	10,622	10,169	32,561	30,354
Card-based fees, net	4,123	5,992	12,450	22,940
Capital market products income	1,936	2,592	6,313	6,185
Mortgage banking income	1,657	2,246	5,790	5,779
Other service charges, commissions, and fees	2,786	4,745	8,172	16,043
Net securities gains	—	3,197	—	3,481
Other income	2,164	1,846	6,756	7,383
Total noninterest income	35,666	43,348	108,130	128,244
Noninterest Expense				
Salaries and employee benefits	54,160	55,638	168,879	165,985
Net occupancy and equipment expense	13,183	12,115	40,607	36,925
Professional services	7,944	8,498	23,822	26,073
Technology and related costs	4,763	4,505	14,371	13,423
Net OREO expense	(413)	657	399	3,988
Other expenses	14,541	15,393	40,083	47,066
Delivering Excellence implementation costs	2,239	—	17,254	—
Acquisition and integration related expenses	60	384	60	20,123
Total noninterest expense	96,477	97,190	305,475	313,583
Income before income tax expense	59,968	55,942	142,605	144,068
Income tax expense	6,616	17,707	26,143	48,028
Net income	\$53,352	\$38,235	\$116,462	\$96,040
Per Common Share Data				
Basic earnings per common share	\$0.52	\$0.37	\$1.13	\$0.94

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Diluted earnings per common share	\$0.52	\$0.37	\$1.13	\$0.94
Dividends declared per common share	\$0.11	\$0.10	\$0.33	\$0.29
Weighted-average common shares outstanding	102,178	101,752	102,087	101,307
Weighted-average diluted common shares outstanding	102,178	101,772	102,092	101,327

See accompanying unaudited notes to the condensed consolidated financial statements.

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FIRST MIDWEST BANCORP, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Dollar amounts in thousands)
 (Unaudited)

	Quarters Ended		Nine Months	
	September 30,		Ended	
	2018	2017	2018	2017
Net income	\$53,352	\$38,235	\$116,462	\$96,040
Securities Available-for-Sale				