

UNIVEST CORP OF PENNSYLVANIA

Form 10-Q

August 08, 2012

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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: 0-7617

UNIVEST CORPORATION OF PENNSYLVANIA

(Exact name of registrant as specified in its charter)

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Pennsylvania **23-1886144**
(State or other jurisdiction of **(IRS Employer**
incorporation of organization) **Identification No.)**
14 North Main Street, Souderton, Pennsylvania 18964
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (215) 721-2400

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, \$5 par value (Title of Class)	16,759,893 (Number of shares outstanding at July 31, 2012)
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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****UNIVEST CORPORATION OF PENNSYLVANIA****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share data)	(UNAUDITED) At June 30, 2012	(SEE NOTE) At December 31, 2011
ASSETS		
Cash and due from banks	\$ 46,571	\$ 39,857
Interest-earning deposits with other banks	59,373	67,520
Investment securities held-to-maturity (fair value \$46,296 and \$45,639 at June 30, 2012 and December 31, 2011, respectively)	45,538	45,804
Investment securities available-for-sale	393,554	425,361
Loans held for sale	1,333	3,157
Loans and leases	1,465,449	1,446,406
Less: Reserve for loan and lease losses	(30,502)	(29,870)
Net loans and leases	1,434,947	1,416,536
Premises and equipment, net	34,271	34,303
Goodwill	56,238	53,169
Other intangibles, net of accumulated amortization and fair value adjustments of \$12,542 and \$11,646 at June 30, 2012 and December 31, 2011, respectively	6,000	4,870
Bank owned life insurance	60,581	61,387
Accrued interest receivable and other assets	50,321	54,875
Total assets	\$ 2,188,727	\$ 2,206,839
LIABILITIES		
Demand deposits, noninterest-bearing	\$ 334,828	\$ 304,006
Demand deposits, interest-bearing	543,987	547,034
Savings deposits	508,230	489,692
Time deposits	356,877	408,500
Total deposits	1,743,922	1,749,232
Securities sold under agreements to repurchase	100,134	109,740
Accrued interest payable and other liabilities	45,611	47,394
Long-term debt		5,000
Subordinated notes	1,125	1,875
Company-obligated mandatorily redeemable preferred securities of subsidiary trusts holding junior subordinated debentures of Company (Trust Preferred Securities)	20,619	20,619
Total liabilities	1,911,411	1,933,860
SHAREHOLDERS EQUITY		
Common stock, \$5 par value: 48,000,000 shares authorized at June 30, 2012 and December 31, 2011; 18,266,404 shares issued at June 30, 2012 and December 31, 2011; 16,759,893 and 16,702,376 shares outstanding at June 30, 2012 and December 31, 2011, respectively	91,332	91,332

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Additional paid-in capital	58,404	58,495
Retained earnings	160,633	157,566
Accumulated other comprehensive loss, net of taxes	(5,895)	(6,101)
Treasury stock, at cost; 1,506,511 shares and 1,564,028 shares at June 30, 2012 and December 31, 2011, respectively	(27,158)	(28,313)
Total shareholders' equity	277,316	272,979
Total liabilities and shareholders' equity	\$ 2,188,727	\$ 2,206,839

Note: The consolidated balance sheet at December 31, 2011 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U. S. generally accepted accounting principles for complete financial statements. Certain amounts have been reclassified to conform to the current-year presentation. See accompanying notes to the unaudited consolidated financial statements.

Table of Contents**UNIVEST CORPORATION OF PENNSYLVANIA****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
(Dollars in thousands, except per share data)				
Interest income				
Interest and fees on loans and leases:				
Taxable	\$ 16,413	\$ 17,191	\$ 32,750	\$ 34,375
Exempt from federal income taxes	1,229	1,223	2,422	2,377
Total interest and fees on loans and leases	17,642	18,414	35,172	36,752
Interest and dividends on investment securities:				
Taxable	1,481	2,166	3,234	4,412
Exempt from federal income taxes	1,097	1,112	2,207	2,231
Other interest income	38	12	76	15
Total interest income	20,258	21,704	40,689	43,410
Interest expense				
Interest on deposits	1,654	2,290	3,507	4,756
Interest on short-term borrowings	156	80	262	160
Interest on long-term borrowings	301	353	609	704
Total interest expense	2,111	2,723	4,378	5,620
Net interest income	18,147	18,981	36,311	37,790
Provision for loan and lease losses	1,343	5,556	5,443	10,690
Net interest income after provision for loan and lease losses	16,804	13,425	30,868	27,100
Noninterest income				
Trust fee income	1,625	1,625	3,250	3,250
Service charges on deposit accounts	1,079	1,356	2,179	2,692
Investment advisory commission and fee income	1,350	1,194	2,606	2,356
Insurance commission and fee income	2,057	2,072	4,324	4,272
Other service fee income	1,368	1,437	2,890	2,792
Bank owned life insurance income	336	268	1,842	612
Other-than-temporary impairment on equity securities	(6)	(3)	(9)	(10)
Net gain on sales of securities	24	569	282	569
Net gain on mortgage banking activities	1,074	328	2,346	303
Net loss on dispositions of fixed assets	(10)	(9)	(9)	(9)
Net loss on sales and write-downs of other real estate owned	(1,071)	(265)	(1,102)	(617)
Other	174	124	422	245
Total noninterest income	8,000	8,696	19,021	16,455