

STEWARDSHIP FINANCIAL CORP
Form 10-Q
November 13, 2013

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 quarterly period ended September 30, 2013

TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-33377

Stewardship Financial Corporation

(Exact name of registrant as specified in its charter)

New Jersey 22-3351447
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

630 Godwin Avenue, Midland Park, NJ 07432
(Address of principal executive offices) (Zip Code)

(201) 444-7100

(Registrant's telephone number, including area code)

(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

The number of shares outstanding, net of treasury stock, of the Registrant's Common Stock, no par value, as of November 4, 2013 was 5,941,658.

Stewardship Financial Corporation

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Stewardship Financial Corporation and Subsidiary

Consolidated Statements of Financial Condition

	September 30, 2013 (Unaudited)	December 31, 2012
Assets		
Cash and due from banks	\$ 14,955,000	\$ 19,962,000
Other interest-earning assets	445,000	1,054,000
Cash and cash equivalents	15,400,000	21,016,000
Securities available for sale	183,411,000	174,700,000
Securities held to maturity; estimated fair value of \$27,512,000 (at September 30, 2013) and \$31,768,000 (at December 31, 2012)	26,161,000	29,718,000
FHLB-NY stock, at cost	2,813,000	2,213,000
Mortgage loans held for sale	910,000	784,000
Loans, net of allowance for loan losses of \$10,704,000 (at September 30, 2013) and \$10,641,000 (at December 31, 2012)	428,799,000	429,832,000
Premises and equipment, net	5,566,000	5,645,000
Accrued interest receivable	2,058,000	2,372,000
Other real estate owned, net	470,000	1,058,000
Bank owned life insurance	13,203,000	10,470,000
Other assets	10,437,000	10,580,000
Total assets	\$ 689,228,000	\$ 688,388,000
Liabilities and shareholders' equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 139,918,000	\$ 124,286,000
Interest-bearing	437,238,000	465,968,000
Total deposits	577,156,000	590,254,000
Federal Home Loan Bank of New York advances	40,100,000	25,000,000
Securities sold under agreements to repurchase	8,044,000	7,343,000
Subordinated debentures	7,217,000	7,217,000
Accrued interest payable	373,000	560,000

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Accrued expenses and other liabilities	2,060,000	1,668,000
Total liabilities	634,950,000	632,042,000
Commitments and contingencies	—	—
Shareholders' equity		
Preferred stock, no par value; 2,500,000 shares authorized; 15,000 shares issued and outstanding at September 30, 2013 and December 31, 2012 liquidation preference of \$15,000,000	14,972,000	14,964,000
Common stock, no par value; 10,000,000 shares authorized; 5,941,398 and 5,924,865 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively	40,679,000	40,606,000
Retained earnings	1,472,000	316,000
Accumulated other comprehensive income (loss), net	(2,845,000)	460,000
Total shareholders' equity	54,278,000	56,346,000
Total liabilities and shareholders' equity	\$689,228,000	\$688,388,000

See notes to unaudited consolidated financial statements.

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Stewardship Financial Corporation and Subsidiary

Consolidated Statements of Income

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012	September 30, 2013	2012
Interest income:				
Loans	\$5,534,000	\$5,951,000	\$17,138,000	\$18,295,000
Securities held to maturity				
Taxable	69,000	109,000	220,000	389,000
Non-taxable	185,000	203,000	576,000	616,000
Securities available for sale				
Taxable	642,000	747,000	1,786,000	2,344,000
Non-taxable	76,000	73,000	230,000	198,000
FHLB dividends	22,000	26,000	70,000	83,000
Other interest-earning assets	8,000	11,000	22,000	28,000
Total interest income	6,536,000	7,120,000	20,042,000	21,953,000
Interest expense:				
Deposits	567,000	802,000	1,800,000	2,679,000
Borrowed money	373,000	457,000	1,102,000	1,402,000
Total interest expense	940,000	1,259,000	2,902,000	4,081,000
Net interest income before provision for loan losses	5,596,000	5,861,000	17,140,000	17,872,000
Provision for loan losses	900,000	2,000,000	3,350,000	6,665,000
Net interest income after provision for loan losses	4,696,000	3,861,000	13,790,000	11,207,000
Noninterest income:				
Fees and service charges	459,000	496,000	1,407,000	1,542,000
Bank owned life insurance	98,000	83,000	251,000	244,000
Gain on calls and sales of securities	—	891,000	2,000	1,336,000
Gain on sales of mortgage loans	150,000	162,000	610,000	727,000
Gain (loss) on sale of other real estate owned	156,000	(37,000)	282,000	432,000
Gain on life insurance proceeds	—	—	537,000	—
Miscellaneous	108,000	87,000	351,000	