

Territorial Bancorp Inc.  
Form 10-Q  
November 07, 2014  
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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 September 30, 2014**

**or**

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

**For transition period from                      to**

**Commission File Number 1-34403**

**TERRITORIAL BANCORP INC.**

(Exact Name of Registrant as Specified in Charter)

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**Maryland**  
(State or Other Jurisdiction of Incorporation)

**26-4674701**  
(I.R.S. Employer Identification No.)

**1132 Bishop Street, Suite 2200, Honolulu, Hawaii**  
(Address of Principal Executive Offices)

**96813**  
(Zip Code)

**(808) 946-1400**

Registrant's telephone number, including area code

**Not Applicable**

(Former name or former address, 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 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, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
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.

9,969,600 shares of Common Stock, par value \$0.01 per share, were issued and outstanding as of October 31, 2014.



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**TERRITORIAL BANCORP INC.**

Form 10-Q Quarterly Report

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|  | September 30,<br>2014 | December 31,<br>2013 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| Cash and cash equivalents  | \$ 64,723             | \$ 75,365            |
| Investment securities held to maturity, at amortized cost (fair value of \$592,470 and \$598,007 at September 30, 2014 and December 31, 2013, respectively)                    | 589,079               | 613,436              |
| Federal Home Loan Bank stock, at cost  | 11,352                | 11,689               |
| Federal Reserve Bank stock, at cost  | 2,904                 |                      |
| Loans held for sale  | 2,602                 | 2,210                |
| Loans receivable, net  | 925,484               | 856,542              |
| Accrued interest receivable  | 4,450                 | 4,310                |
| Premises and equipment, net  | 5,844                 | 6,056                |
| Bank-owned life insurance  | 41,039                | 40,243               |
| Deferred income taxes receivable   | 6,468                 | 5,075                |
| Prepaid expenses and other assets  | 2,432                 | 1,978                |
| <b>Total assets</b>  | <b>\$ 1,656,377</b>   | <b>\$ 1,616,904</b>  |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                       |                      |
| <b>Liabilities:</b>  |                       |                      |
| Deposits   | \$ 1,327,254          | \$ 1,288,709         |
| Advances from the Federal Home Loan Bank   | 15,000                | 15,000               |
| Securities sold under agreements to repurchase   | 72,000                | 72,000               |
| Accounts payable and accrued expenses  | 21,370                | 23,933               |
| Current income taxes payable   | 1,366                 | 1,414                |
| Advance payments by borrowers for taxes and insurance  | 2,301                 | 3,708                |
| <b>Total liabilities</b>   | <b>1,439,291</b>      | <b>1,404,764</b>     |
| <b>Stockholders Equity:</b>  |                       |                      |
| Preferred stock, \$.01 par value; authorized 50,000,000 shares, no shares issued or outstanding  |                       |                      |
| Common stock, \$.01 par value; authorized 100,000,000 shares; issued and outstanding 9,969,600 and 10,051,377 shares at September 30, 2014 and December 31, 2013, respectively | 100                   | 101                  |
| Additional paid-in capital   | 75,371                | 77,340               |
| Unearned ESOP shares   | (6,973)               | (7,340)              |
| Retained earnings  | 152,295               | 145,826              |
| Accumulated other comprehensive loss   | (3,707)               | (3,787)              |

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|  |              |              |
|--|--------------|--------------|
| Total stockholders' equity                 | 217,086      | 212,140      |
| Total liabilities and stockholders' equity | \$ 1,656,377 | \$ 1,616,904 |

See accompanying notes to consolidated financial statements.

Table of Contents**TERRITORIAL BANCORP INC. AND SUBSIDIARIES****Consolidated Statements of Income (Unaudited)****(Dollars in thousands, except per share data)**

|  | <b>Three Months Ended</b> |               | <b>Nine Months Ended</b> |               |
|--|---------------------------|---------------|--------------------------|---------------|
|  | <b>September 30,</b>      |               | <b>September 30,</b>     |               |
|  | <b>2014</b>               | <b>2013</b>   | <b>2014</b>              | <b>2013</b>   |
| <b>Interest and dividend income:</b>           |                           |               |                          |               |
| Investment securities                          | \$ 4,895                  | \$ 4,775      | \$ 15,055                | \$ 13,847     |
| Loans  | 10,020                    | 9,267         | 29,320                   | 27,696        |
| Other investments                              | 75                        | 49            | 153                      | 213           |
| <b>Total interest and dividend income</b>      | <b>14,990</b>             | <b>14,091</b> | <b>44,528</b>            | <b>41,756</b> |
| <b>Interest expense:</b>                       |                           |               |                          |               |
| Deposits                                       | 1,138                     | 1,031         | 3,332                    | 3,225         |
| Advances from the Federal Home Loan Bank       | 67                        | 67            | 199                      | 235           |
| Securities sold under agreements to repurchase | 346                       | 422           | 1,032                    | 1,370         |
| <b>Total interest expense</b>                  | <b>1,551</b>              | <b>1,520</b>  | <b>4,563</b>             | <b>4,830</b>  |