

Magyar Bancorp, Inc.
Form 10-Q
August 14, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

Commission File Number **000-51726**

Magyar Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

20-4154978
(I.R.S. Employer Identification Number)

400 Somerset Street, New Brunswick, New Jersey
(Address of Principal Executive Office)

08901
(Zip Code)

(732) 342-7600

(Issuer's Telephone Number including area code)

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 past 12 months (or for such shorter period that the registrant was required

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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, 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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a 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

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

Class	Outstanding at August 1, 2012
Common Stock, \$0.01 Par Value	5,807,244

MAGYAR BANCORP, INC.

Form 10-Q Quarterly Report

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MAGYAR BANCORP, INC. AND SUBSIDIARY

Consolidated Balance Sheets

(In Thousands, Except Share and Per Share Data)

	June 30, 2012	September 30, 2011
	(Unaudited)	
Assets		
Cash	\$962	\$ 1,066
Interest earning deposits with banks	25,854	13,968
Total cash and cash equivalents	26,816	15,034
Investment securities - available for sale, at fair value	17,503	25,312
Investment securities - held to maturity, at amortized cost (fair value of \$47,690 and \$45,713 at June 30, 2012 and September 30, 2011, respectively)	46,785	45,000
Federal Home Loan Bank of New York stock, at cost	2,348	2,299
Loans receivable, net of allowance for loan losses of \$3,801 and \$3,812 at June 30, 2012 and September 30, 2011, respectively	377,622	381,254
Bank owned life insurance	9,923	9,660
Accrued interest receivable	1,817	1,921
Premises and equipment, net	21,671	20,574
Other real estate owned ("OREO")	16,370	16,595
Other assets	6,965	6,388
Total assets	\$527,820	\$ 524,037
Liabilities and Stockholders' Equity		
Liabilities		
Deposits	\$426,681	\$ 424,943
Escrowed funds	917	1,043
Federal Home Loan Bank of New York advances	35,688	34,916
Securities sold under agreements to repurchase	15,000	15,000
Accrued interest payable	306	300
Accounts payable and other liabilities	4,445	3,326
Total liabilities	483,037	479,528
Stockholders' equity		
Preferred stock: \$.01 Par Value, 1,000,000 shares authorized; none issued	—	—
Common stock: \$.01 Par Value, 8,000,000 shares authorized; 5,923,742 issued;		

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5,808,004 and 5,801,631 shares outstanding at June 30, 2012 and September 30, 2011, respectively, at cost	59	59
Additional paid-in capital	26,376	26,496
Treasury stock: 115,738 and 122,111 shares at June 30, 2012 and September 30, 2011, respectively, at cost	(1,298)	(1,480)
Unearned Employee Stock Ownership Plan shares	(1,143)	(1,228)
Retained earnings	21,305	21,069
Accumulated other comprehensive loss	(516)	(407)
Total stockholders' equity	44,783	44,509
Total liabilities and stockholders' equity	\$527,820	\$ 524,037

The accompanying notes are an integral part of these statements.

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MAGYAR BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Operations

(In Thousands, Except Per Share Data)

	For the Three Months Ended June 30, 2012 2011 (Unaudited)		For the Nine Months Ended June 30, 2012 2011	
Interest and dividend income				
Loans, including fees	\$4,670	\$5,076	\$ 14,058	\$ 15,228
Investment securities				
Taxable	483	509	1,545	1,544
Tax-exempt	1	1	2	4
Federal Home Loan Bank of New York stock	26	31	79	118
Total interest and dividend income	5,180	5,617	15,684	16,894
Interest expense				
Deposits	969	1,233	3,086	3,927
Borrowings	475	579	1,467	1,786
Total interest expense	1,444	1,812	4,553	5,713
Net interest and dividend income	3,736	3,805	11,131	11,181
Provision for loan losses	340	402	1,033	1,238
Net interest and dividend income after provision for loan losses	3,396	3,403	10,098	9,943
Other income				
Service charges	259	261	761	837
Other operating income	100	113	317	329
Gains on sales of loans	—	35	260	494
Gains on sales of investment securities	138	39	286	74
Losses on OREO	(34)	(131)	(153)	(423)
Total other income	463	317	1,471	1,311
Other expenses				
Compensation and employee benefits	1,784	1,863	5,511	5,720
Occupancy expenses	691	671	2,147	2,047
Advertising	38	43	120	145
Professional fees	204	201	768	751
Service fees	150	138	407	427

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OREO expenses	147	87	546	323
FDIC deposit insurance premiums	178	248	535	954
Other expenses	425	394	1,287	1,250
Total other expenses	3,617	3,645	11,321	11,617
Income (loss) before income tax expense (benefit)	242	75	248	(363)
Income tax expense (benefit)	69	56	34	(152)
Net income (loss)	\$173	\$19	\$214	\$(211)
Net income (loss) per share-basic and diluted	\$0.03	\$0.003	\$0.04	\$(0.04)

The accompanying notes are an integral part of these statements.

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MAGYAR BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income (Loss)

(In Thousands)

	For the Three Months Ended June 30, 2012 2011 (Unaudited)		For the Nine Months Ended June 30, 2012 2011	
	Net income (loss)	\$173	\$19	\$ 214
Other comprehensive income (loss):				
Net unrealized gain on securities available for sale	69	700	184	379
Realized gains on sales of securities available for sale	(138)	(39)	(286)	(74)
Unrealized loss on derivatives	(22)	(27)	(67)	(128)
	(91)	634	(169)	177
Deferred income tax effect	34	(229)	60	(68)
Total other comprehensive (loss) income	(57)	405	(109)	109
Total comprehensive income (loss)	\$116	\$424	\$ 105	\$ (102)

The accompanying notes are an integral part of these statements.

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MAGYAR BANCORP, INC. AND SUBSIDIARY

Consolidated Statement of Changes in Stockholders' Equity

For the Nine Months Ended June 30, 2012

(In Thousands, Except for Share Amounts)

(Unaudited)

	Common Stock Shares Outstanding	Par Value	Additional Paid-In Capital	Treasury Stock	Unearned ESOP Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, September 30, 2011	5,801,631	\$ 59	\$ 26,496	\$(1,480)	\$(1,228)	\$ 21,069	\$ (407)	\$44,509
Comprehensive income:								
Net income	—	—	—	—	—	&nb		