

CARVER BANCORP INC

Form 10-Q

February 14, 2019

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 December 31, 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: 001-13007

CARVER BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-3904174

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

75 West 125th Street, New York, New York

10027

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (718) 230-2900

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 every Interactive Data File required to be submitted 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 such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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  
 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

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

Class Outstanding at February 13, 2019

Common Stock, par value \$0.01 3,698,864

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## PART I. FINANCIAL INFORMATION

CARVER BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Unaudited)

	December 31, 2018	March 31, 2018
\$ in thousands except per share data		
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks	\$39,564	\$134,299
Money market investments	509	259
Total cash and cash equivalents	40,073	134,558
Investment securities:		
Available-for-sale, at fair value	102,330	60,709
Held-to-maturity, at amortized cost (fair value of \$11,194 and \$11,909 at December 31, 2018 and March 31, 2018, respectively)	11,340	12,075
Equity securities	416	—
Total investment securities	114,086	72,784
Loans receivable:		
Real estate mortgage loans	323,833	370,261
Commercial business loans	99,118	102,203
Consumer loans	4,456	5,289
Loans, gross	427,407	477,753
Allowance for loan losses	(4,802 )	(5,126 )
Total loans receivable, net	422,605	472,627
Premises and equipment, net	5,252	2,970
Federal Home Loan Bank of New York (“FHLB-NY”) stock, at cost	566	1,768
Accrued interest receivable	2,068	2,023
Other assets	5,775	7,180
Total assets	\$590,425	\$693,910
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing checking	\$61,791	\$62,905
Interest-bearing deposits:		
Interest-bearing checking	27,723	23,570
Savings	99,267	102,550
Money market	93,853	101,990
Certificates of deposit	229,095	293,513
Escrow	1,288	2,355
Total interest-bearing deposits	451,226	523,978
Total deposits	513,017	586,883
Advances from the FHLB-NY and other borrowed money	13,403	38,403
Other liabilities	16,110	16,653
Total liabilities	542,530	641,939
<b>EQUITY</b>		

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Preferred stock, (par value \$0.01 per share: 45,118 Series D shares, with a liquidation preference of \$1,000 per share, issued and outstanding)	45,118	45,118
Common stock (par value \$0.01 per share: 10,000,000 shares authorized; 3,700,608 and 3,698,031 shares issued; 3,698,864 and 3,697,914 shares outstanding at December 31, 2018 and March 31, 2018, respectively)	61	61
Additional paid-in capital	55,513	55,479
Accumulated deficit	(50,661 )	(45,544 )
Treasury stock, at cost (1,944 shares)	(417 )	(417 )
Accumulated other comprehensive loss	(1,719 )	(2,726 )
Total equity	47,895	51,971
Total liabilities and equity	\$ 590,425	\$ 693,910
See accompanying notes to consolidated financial statements		

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CARVER BANCORP, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
\$ in thousands, except per share data				
Interest income:				
Loans	\$4,640	\$5,471	\$14,757	\$16,920
Mortgage-backed securities	386	238	897	733
Investment securities	326	163	915	477
Money market investments	214	181	1,037	433
Total interest income	5,566	6,053	17,606	18,563
Interest expense:				
Deposits	1,263	1,073	4,013	2,961
Advances and other borrowed money	207	291	683	873
Total interest expense	1,470	1,364	4,696	3,834
Net interest income	4,096	4,689	12,910	14,729
(Recovery of) provision for loan losses	(332)	) 6	(278)	) 130
Net interest income after (recovery of) provision for loan losses	4,428	4,683	13,188	14,599
Non-interest income:				
Depository fees and charges	862	817	2,549	2,563
Loan fees and service charges	114	172	256	414
Gain (loss) on sale of loans, net	—	—	(23)	) —
Gain on sale of building, net	154	18	462	52
Other	197	339	466	665
Total non-interest income	1,327	1,346	3,710	3,694
Non-interest expense:				
Employee compensation and benefits	3,003	3,204	9,283	9,335
Net occupancy expense	902	856	3,188	2,555
Equipment, net	323	242	882	626
Data processing	457	385	1,294	1,203
Consulting fees	102	186	211	620
Federal deposit insurance premiums	170	163	666	460
Wire fraud loss	453	—	453	—
Other	1,660	1,906	5,217	5,582
Total non-interest expense	7,070	6,942	21,194	20,381
Loss before income taxes	(1,315)	) (913)	(4,296)	) (2,088)
Income tax expense	34	31	100	91
Net loss	\$(1,349)	\$(944)	\$(4,396)	\$(2,179)
Net loss per common share:				
Basic	\$(0.36)	) \$(0.26)	\$(1.19)	) \$(0.59)
Diluted	(0.36)	) (0.26)	(1.19)	) (0.59)

See accompanying notes to consolidated financial statements

CARVER BANCORP, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
 (Unaudited)

	Three Months		Nine Months	
	Ended December		Ended December	
	31,	31,	31,	31,
\$ in thousands	2018	2017	2018	2017
Net loss	\$(1,349)	\$(944)	\$(4,396)	\$(2,179)
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) of securities available-for-sale, net of income tax expense of \$0	972	(305)	286	203
Total comprehensive loss, net of tax	\$(377)	\$(1,249)	\$(4,110)	