

GREEN BANKSHARES, INC.

Form 10-Q

August 10, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **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 0-14289

GREEN BANKSHARES, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: GREEN BANKSHARES, INC. - Form 10-Q

Tennessee
(State or other jurisdiction of
incorporation or organization)
62-12222567
(I.R.S. Employer
Identification No.)
100 North Main Street, Greeneville, Tennessee 37743-4992

(Address of principal executive offices) (Zip Code)

(423) 639-5111

(Registrant's telephone number, including area code)

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 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 definitions of "accelerated filer", "large 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 ☒
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, \$0.01 Par Value	133,160,384
Class	Outstanding as of August 1, 2012

Table of Contents

GREEN BANKSHARES, INC.

FORM 10-Q

For the Quarter Ended June 30, 2012

INDEX

<u>PART I. FINANCIAL INFORMATION</u>	3
<u>ITEM 1. FINANCIAL STATEMENTS</u>	3
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	15
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	25
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	27
<u>PART II. OTHER INFORMATION</u>	27
<u>ITEM 1. LEGAL PROCEEDINGS</u>	27
<u>ITEM 1A. RISK FACTORS</u>	27
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	27
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	27
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	27
<u>ITEM 5. OTHER INFORMATION</u>	27
<u>ITEM 6. EXHIBITS</u>	28

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****GREEN BANKSHARES, INC.****(UNAUDITED)****CONSOLIDATED BALANCE SHEETS***(Dollars and shares in thousands, except per share amounts)*

(Dollars and shares in thousands, except per share data)	Successor Company June 30, 2012	Successor Company December 31, 2011
Assets		
Cash and due from banks	\$ 653	\$ 2,091
Other assets	4,451	3,804
Equity method investment in Capital Bank, NA	324,281	315,293
Total assets	\$ 329,385	\$ 321,188
Liabilities and Shareholders' Equity		
Liabilities		
Subordinated debentures	\$ 45,798	\$ 45,180
Deferred income tax liability	15,620	15,608
Accrued interest payable and other liabilities	307	255
Total liabilities	61,725	61,043
Shareholders' Equity		
Preferred stock: no par value: 1,000 shares authorized, 0 shares outstanding		
Common stock \$.01 par value: 300,000 shares authorized, 133,160 shares outstanding	1,332	1,332
Additional paid in capital	257,628	257,627
Retained earnings	8,969	2,647
Accumulated other comprehensive (loss)	(269)	(1,461)
Total shareholders' equity	267,660	260,145
Total Liabilities and Shareholders' Equity	\$ 329,385	\$ 321,188

See accompanying notes to consolidated financial statements

Table of Contents**GREEN BANKSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)***(Dollars and shares in thousands, except per share amounts)*

	Successor Company Three Months Ended June 30, 2012	Predecessor Company Three Months Ended June 30, 2011	Successor Company Six Months Ended June 30, 2012	Predecessor Company Six Months Ended June 30, 2011
Interest and dividend income				
Loans, including fees	\$	\$ 23,804	\$	\$ 48,404
Investment securities:				
Taxable		1,686		3,088
Tax-exempt		281		586
Federal Home Loan Bank and other stock		134		272
Federal funds sold and other		170		350
Total interest income		26,075		52,700
Interest expense				
Deposits		4,561		9,892
Federal funds purchased and repurchase agreements		4		8
Federal Home Loan Bank advances and notes payable		1,570		3,113
Subordinated debentures	841	488	1,683	969
Total interest expense	841	6,623	1,683	13,982
Net interest income (loss)	(841)	19,452	(1,683)	38,718
Provision for loan losses		14,333		28,229
Net interest income (loss) after provision for loan losses	(841)	5,119	(1,683)	10,489
Non-interest income				
Equity method income in Capital Bank, NA	3,801		7,796	
Service charges on deposit accounts		6,377		12,208
Other charges and fees		369		799
Trust and investment services income		497		1,012
Mortgage banking income		112		199
Other income	16	881	32	1,646
Total non-interest income	3,817	8,236	7,828	15,864
Non-interest expense				
Salaries and employee benefits		8,203		17,311

Edgar Filing: GREEN BANKSHARES, INC. - Form 10-Q

Net occupancy and equipment expense		2,348		5,020
Foreclosed asset related expense		6,294		10,097
Other expense	430	7,925	624	15,370
Total non-interest expense	430	24,770	624	47,798
Income (loss) before income taxes	2,546	(11,415)	5,521	(21,445)
Income tax benefit	(503)	(281)	(801)	
Net income (loss)	\$ 3,049	\$ (11,134)		