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## Section 1: 8-K (8-K)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): **July 30, 2018**

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**Merchants Bancorp**

(Exact Name of Registrant as Specified in its Charter)

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

**001-38258**  
(Commission  
File Number)

**20-5747400**  
(IRS Employer  
Identification No.)

**11555 North Meridian Street, Suite 400**  
**Carmel, Indiana 46032**  
(Address of Principal Executive Offices) (Zip Code)

**(317) 569-7420**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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## Item 2.02. Results of Operations and Financial Condition.

On July 30, 2018, Merchants Bancorp issued a press release reporting its financial results for the second quarter of 2018. The press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

## Item 9.01. Financial Statements and Exhibits.

### (d) Exhibits.

| Exhibit No. | Description   |
|-------------|---|
| 99.1        | <a href="#">Press Release dated July 30, 2018 issued by Merchants Bancorp</a> |

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## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### MERCHANTS BANCORP

Date: July 30, 2018

By: /s/ John F. Macke  
Name: John F. Macke  
Title: Chief Financial Officer

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## Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



PRESS RELEASE

Merchants Bancorp Reports Second Quarter 2018 Results

*For Release July 30, 2018*

- Net income of \$15.7 million, or \$0.52 per common share, increased by 6% compared with June 30, 2017
- Total assets of \$3.8 billion, increased by \$393.5 million, or 12% compared to December 31, 2017
- Return on average assets of 1.70% for three months ended June 30, 2018
- Announced on June 13, 2018, its plans to acquire Farmers-Merchants Bank of Paxton, Illinois

**CARMEL, Indiana** — (PR Newswire) - Merchants Bancorp (the “Company” or “Merchants”) (Nasdaq: MBIN), parent company of Merchants Bank of Indiana, today reported second quarter 2018 net income of \$15.7 million, or \$0.52 per common share, based on 28.7 million shares. This

compared with \$14.8 million, or \$0.66 per common share, based on 21.1 million shares in the second quarter of 2017. The decrease in earnings per common share reflected the additional common shares associated with the Company's initial public offering in October of 2017.

The Company also reported net income of \$30.7 million for the six months ended June 30, 2018, a \$6.8 million, or 29% increase, compared with \$23.9 million in the comparable period of 2017. Earnings per common share of \$1.01 for the six months ended June 30, 2018 compared with \$1.05 on a lower share count in the comparable period of 2017.

"The second quarter built on our momentum from the first quarter as we continue to record strong returns on our asset base. We are pleased with our loan and deposit growth through the second quarter, as we build a pipeline for future growth throughout 2018 and beyond. Our asset quality also remains strong and stable, as we continue to attract new customers by delivering the products and services that are valued in our select markets," said Michael Petrie, Chairman and CEO of Merchants.

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## **Total Assets**

Total assets increased \$393.5 million, or 12%, to \$3.8 billion at June 30, 2018, compared with \$3.4 billion at December 31, 2017. The increase was due primarily to increases in loans. Return on average assets was 1.70% for the three months ended June 30, 2018, compared with 2.06% for the three months ended June 30, 2017.

Total loans receivable before allowance for loan losses increased \$459.6 million, or 33%, to \$1.8 billion at June 30, 2018, compared with \$1.4 billion at December 31, 2017. This increase was primarily due to growth in multi-family and healthcare financing, as well as mortgage warehouse lines of credit.

## **Asset Quality**

The allowance for loan losses increased by \$2.3 million, to \$10.6 million, at June 30, 2018, compared with \$8.3 million at December 31, 2017. The increase reflected a higher amount of loans held for investment, as non-performing loans increased to \$4.3 million, or 0.24% of total loans at June 30, 2018, compared with \$3.1 million, or .23% of total loans, at December 31, 2017.

## **Total Deposits**

Total deposits increased \$232.8 million, or 8%, to \$3.2 billion at June 30, 2018, compared with \$2.9 billion at December 31, 2017. The increase was due primarily to growth in certificates of deposit and demand deposits during the quarter. Total brokered deposits increased to \$1.1 billion, or 33% of total deposits at June 30, 2018, compared with 32% at December 31, 2017.

## **Interest Income**

Interest income increased \$11.7 million, or 52%, to \$34.1 million for the three months ended June 30, 2018, compared with \$22.5 million for the three months ended June 30, 2017. This increase was due to both loan growth and higher loan yields. The average balance of loans, including loans held for sale, during the three months ended June 30, 2018, increased by \$601.0 million, or 33%, to \$2.5 billion, compared with \$1.9 billion for the three months ended June 30, 2017. The average yield on loans increased 59 basis points, to 4.71%, for the three months ended June 30, 2018, compared with 4.12% for the three months ended June 30, 2017.

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## **Interest Expense**

Total interest expense increased \$5.2 million, or 77%, to \$11.9 million for the three months ended June 30, 2018, compared with the three months ended June 30, 2017. Interest expense on deposits increased \$5.0 million, or 106%, to \$9.7 million for the three months ended June 30, 2018, compared with the three months ended June 30, 2017. The increase in the cost of deposits was due primarily to the higher volume of certificates of deposits, but also to the overall increase in interest rates since last year. There was a 47 basis point increase in the average cost of interest-bearing deposits, to 1.53%, for the three months ended June 30, 2018, compared with 1.06% for the same period in 2017, and an increase in the average balance of interest-bearing deposits of \$762.7 million, or 43%, to \$2.6 billion for the three months ended June 30, 2018.

## **Net Interest Income**

Net interest income increased \$6.5 million, or 41%, to \$22.2 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The increase was due to the overall growth in interest-earning assets, particularly in loans and loans held for sale, coupled with a 24 basis point increase in our interest rate spread, to 2.03%, for the three months ended June 30, 2018, from 1.79% for the three months ended June 30, 2017. The net interest margin increased 23 basis points to 2.51% for the three months ended June 30, 2018, from 2.28% for the three months ended June 30, 2017.

## **Noninterest Income**

Noninterest income decreased by \$5.0 million, or 30%, to \$11.6 million for the three months ended June 30, 2018, compared with the three months ended June 30, 2017. The decrease was due to a decrease of \$7.4 million, or 48%, in the gain on sale of loans, primarily associated with lower volume of multi-family loan sales in the secondary market. These decreases were partially offset by a \$2.2 million increase in loan servicing fees that were positively impacted by a \$1.8 million fair market value adjustment in mortgage servicing rights.

## **Noninterest Expense**

Noninterest expense increased \$3.7 million, or 45%, to \$12.0 million for the three months ended June 30, 2018, compared with \$8.3 million for the three months ended June 30, 2017. The increase was due primarily to a \$2.1 million, or 40%, increase in salaries and employee benefits. The increase in salaries and employee benefits was due primarily to an increase in the number of employees resulting from acquisitions, business growth, and additional hiring associated with becoming a

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publicly traded company. The higher salary costs, along with lower noninterest income, contributed to an increase in the efficiency ratio, to 35.5% in the second quarter of 2018, compared with 25.5% for the second quarter of 2017.

## **Income Taxes**

Income tax expense decreased \$3.9 million, or 43%, to \$5.2 million for the three months ended June 30, 2018, compared with the three months ended June 30, 2017. The decrease was due primarily to the lower tax rates under the recent federal income tax reform legislation, and by a 13% decrease in pre-tax income over the same period. The effective tax rate was 24.9% for the three months ended June 30, 2018 compared with 38.1% for the three months ended June 30, 2017.

## **Segments**

Banking income increased by 113% in the second quarter, Mortgage Warehousing income increased by 25%, and Multi-family Mortgage Banking income decreased by 39%, compared with the second quarter of 2017, as the Company continues to diversify its business mix.

## **About Merchants Bancorp**

Merchants Bancorp is a diversified bank holding company headquartered in Carmel, Indiana operating multiple lines of business with a focus on Federal Housing Administration ("FHA") multi-family housing and healthcare facility financing and servicing; mortgage warehouse financing; retail and correspondent residential mortgage banking; agricultural lending; and traditional community banking. Merchants Bancorp, with \$3.8 billion in assets and \$3.2 billion in deposits as of June 30, 2018, conducts its business through its direct and indirect subsidiaries, Merchants Bank of Indiana, P/R Mortgage and Investment Corp., Joy State Bank, RICHMAC Funding LLC, and Merchants Mortgage, a division of Merchants Bank of Indiana. For more information and financial data, please visit Merchants' Investor Relations page at [investors.merchantsbankofindiana.com](http://investors.merchantsbankofindiana.com).

## **Forward-Looking Statements**

This press release contains forward-looking statements which reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "goal," "target," "outlook," "aim," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current

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expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including those factors identified in "Risk Factors" or "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K. Any forward-looking statements presented herein are made only as of the date of this press release, and we do not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

## **Media Contact: Rebecca Marsh**

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**Consolidated Balance Sheets**  
(Unaudited)  
(In thousands, except share data)

|   | June 30,<br>2018    | December 31,<br>2017 |
|---|---------------------|----------------------|
| <b>Assets</b>   |                     |                      |
| Cash and due from banks   | \$ 18,347           | \$ 18,905            |
| Interest-earning demand accounts  | 334,056             | 340,614              |
| Cash and cash equivalents   | 352,403             | 359,519              |
| Securities purchased under agreements to resell   | 6,954               | 7,043                |
| Trading securities  | 135,075             | 140,837              |
| Available for sale securities   | 385,925             | 408,371              |
| Federal Home Loan Bank (FHLB) stock   | 7,723               | 7,539                |
| Loans held for sale (includes \$51,768 at fair value for 2018)  | 953,150             | 995,319              |
| Loans receivable, net of allowance for loan losses of \$10,588 and \$8,311, respectively  | 1,823,691           | 1,366,349            |
| Premises and equipment, net   | 8,584               | 5,354                |
| Mortgage servicing rights   | 70,085              | 66,079               |
| Interest receivable   | 10,306              | 8,326                |
| Goodwill  | 5,369               | 3,902                |
| Intangible assets, net  | 1,839               | 1,512                |
| Other assets and receivables  | 25,578              | 22,983               |
| Total assets  | <u>\$ 3,786,682</u> | <u>\$ 3,393,133</u>  |
| <b>Liabilities and Shareholders' Equity</b>   |                     |                      |
| <b>Liabilities</b>  |                     |                      |
| Deposits  |                     |                      |
| Noninterest bearing   | \$ 585,464          | \$ 620,700           |
| Interest bearing  | 2,590,886           | 2,322,861            |
| Total deposits  | 3,176,350           | 2,943,561            |
| Borrowings  | 189,515             | 56,612               |
| Deferred and current tax liabilities, net   | 12,563              | 12,422               |
| Other liabilities   | 15,335              | 13,064               |
| Total liabilities   | <u>3,393,763</u>    | <u>3,025,659</u>     |
| <b>Commitments and Contingencies</b>  |                     |                      |
| <b>Shareholders' Equity</b>   |                     |                      |
| Common stock, without par value Authorized - 50,000,000 shares Issued and outstanding - 28,694,036 shares at June 30, 2018 and 28,685,167 shares at December 31, 2017 | 134,952             | 134,891              |
| Preferred stock - \$1,000 per share, without par value Authorized - 5,000,000 shares Issued and outstanding - 41,625 shares   | 41,581              | 41,581               |
| Retained earnings   | 217,856             | 192,008              |
| Accumulated other comprehensive loss  | (1,470)             | (1,006)              |
| Total shareholders' equity  | <u>392,919</u>      | <u>367,474</u>       |
| Total liabilities and shareholders' equity  | <u>\$ 3,786,682</u> | <u>\$ 3,393,133</u>  |

**Consolidated Statement of Income**  
(Unaudited)  
(In thousands, except share data)

|                              | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               |
|------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                              | 2018                           | 2017          | 2018                         | 2017          |
| <b>Interest Income</b>       |                                |               |                              |               |
| Loans                        | \$ 28,790                      | \$ 19,022     | \$ 53,402                    | \$ 34,805     |
| Investment securities:       |                                |               |                              |               |
| Trading                      | 1,489                          | 1,448         | 2,478                        | 2,824         |
| Available for sale           | 1,625                          | 1,022         | 3,167                        | 1,916         |
| Federal Home Loan Bank stock | 81                             | 79            | 210                          | 160           |
| Other                        | 2,138                          | 893           | 3,904                        | 1,766         |
| Total interest income        | <u>34,123</u>                  | <u>22,464</u> | <u>63,161</u>                | <u>41,471</u> |
| <b>Interest Expense</b>      |                                |               |                              |               |
| Deposits                     | 9,741                          | 4,740         | 16,757                       | 8,511         |
| Borrowed funds               | 2,176                          | 2,000         | 4,090                        | 3,705         |
| Total interest expense       | <u>11,917</u>                  | <u>6,740</u>  | <u>20,847</u>                | <u>12,216</u> |
| <b>Net interest income</b>   | <u>22,206</u>                  | <u>15,724</u> | <u>42,314</u>                | <u>29,255</u> |
| Provision for loan losses    | 998                            | 240           | 2,404                        | 480           |

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| <b>Net Interest Income After Provision for Loan Losses</b> | 21,208     | 15,484     | 39,910     | 28,775     |
| <b>Noninterest Income</b>                                  |            |            |            |            |
| Gain on sale of loans                                      | 7,831      | 15,167     | 18,723     | 20,609     |
| Loan servicing fees, net                                   | 2,555      | 395        | 2,233      | 2,384      |
| Mortgage warehouse fees                                    | 684        | 662        | 1,170      | 1,258      |
| Other income   | 560        | 402        | 817        | 466        |
| Total noninterest income                                   | 11,630     | 16,626     | 22,943     | 24,717     |
| <b>Noninterest Expense</b>                                 |            |            |            |            |
| Salaries and employee benefits                             | 7,268      | 5,175      | 13,755     | 9,067      |
| Loan expenses  | 1,302      | 1,069      | 2,258      | 1,953      |
| Occupancy and equipment                                    | 761        | 398        | 1,326      | 754        |
| Professional fees  | 677        | 315        | 1,165      | 530        |
| Deposit insurance expense                                  | 236        | 210        | 482        | 474        |
| Technology expense   | 293        | 261        | 584        | 506        |
| Other expense  | 1,463      | 833        | 2,700      | 1,618      |
| Total noninterest expense                                  | 12,000     | 8,261      | 22,270     | 14,902     |
| <b>Income Before Income Taxes</b>                          | 20,838     | 23,849     | 40,583     | 38,590     |
| <b>Provision for Income Taxes</b>                          | 5,186      | 9,091      | 9,870      | 14,702     |
| <b>Net Income</b>  | \$ 15,652  | \$ 14,758  | \$ 30,713  | \$ 23,888  |
| <b>Dividends on Preferred Stock</b>                        | (832)      | (832)      | (1,665)    | (1,664)    |
| <b>Net Income allocated to Common Shareholders</b>         | 14,820     | 13,926     | 29,048     | 22,224     |
| <b>Basic earnings per share</b>                            | \$ 0.52    | \$ 0.66    | \$ 1.01    | \$ 1.05    |
| <b>Diluted earnings per share</b>                          | \$ 0.52    | \$ 0.66    | \$ 1.01    | \$ 1.05    |
| <b>Weighted-average shares outstanding</b>                 |            |            |            |            |
| Basic  | 28,692,749 | 21,114,400 | 28,691,857 | 21,114,400 |
| Diluted  | 28,720,805 | 21,127,923 | 28,715,687 | 21,125,590 |
| <b>Dividends per share</b>                                 | \$ 0.06    | \$ 0.05    | \$ 0.12    | \$ 0.10    |

### Key Operating Results

(Unaudited)

(\$ in thousands)

|   | Three Months Ended |                |               | Six Months Ended |               |
|---|--------------------|----------------|---------------|------------------|---------------|
|   | June 30, 2018      | March 31, 2018 | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Noninterest Expense                               | 12,000             | 10,270         | 8,261         | 22,270           | 14,902        |
| Net Interest Income (before provision for losses) | 22,206             | 20,108         | 15,724        | 42,314           | 29,255        |
| Noninterest Income                                | 11,630             | 11,313         | 16,626        | 22,943           | 24,717        |
| Total Income                                      | 33,836             | 31,421         | 32,350        | 65,257           | 53,972        |
| Efficiency Ratio                                  | 35.47%             | 32.69%         | 25.54%        | 34.13%           | 27.61%        |
| Average Assets                                    | 3,684,225          | 3,364,165      | 2,872,200     | 3,525,080        | 2,751,823     |
| Net Income  | 15,652             | 15,061         | 14,758        | 30,713           | 23,888        |
| Return on Average Assets before annualizing       | 0.42%              | 0.45%          | 0.51%         | 0.87%            | 0.87%         |
| Annualization factor                              | 4.00               | 4.00           | 4.00          | 2.00             | 2.00          |
| Return on Average Assets                          | 1.70%              | 1.79%          | 2.06%         | 1.74%            | 1.74%         |
| Return on Average Tangible Common Equity (1)      | 17.41%             | 17.38%         | 31.00%        | 17.41%           | 25.40%        |
| Tangible Book Value Per Common Share (1)          | \$ 11.99           | \$ 11.54       | \$ 8.73       | \$ 11.99         | \$ 8.73       |
| Tangible Common Equity/Tangible Assets (1)        | 9.11%              | 9.02%          | 5.97%         | 9.11%            | 5.97%         |

(1) Non-GAAP financial measure - see "Reconciliation of Non-GAAP Measures"

#### (1) Reconciliation of Non-GAAP Financial Measures

Certain non-GAAP financial measures provide useful information to management and investors that is supplementary to the company's financial condition, results of operations and cash flows computed in accordance with GAAP; however, they do have a number of limitations. As such, the reader should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. A reconciliation of GAAP to non-GAAP financial measures is below. Net Income Available to Common Shareholders excludes preferred stock. Tangible common equity is calculated by excluding the balance of goodwill

and other intangible assets and preferred stock from the calculation of total assets. Tangible Assets is calculated by excluding the balance of goodwill and intangible assets. Tangible book value per share is calculated by dividing tangible common equity by the number of shares outstanding.

|  | Three Months Ended |                |               | Six Months Ended |               |
|--|--------------------|----------------|---------------|------------------|---------------|
|  | June 30, 2018      | March 31, 2018 | June 30, 2017 | June 30, 2018    | June 30, 2017 |
| Net Income                                   | 15,652             | 15,061         | 14,758        | 30,713           | 23,888        |
| Less: Preferred Stock Dividends              | (832)              | (833)          | (832)         | (1,665)          | (1,664)       |
| Net Income Available to Common Shareholders  | 14,820             | 14,228         | 13,926        | 29,048           | 22,224        |
| Average Shareholders Equity                  | 389,069            | 375,687        | 221,777       | 382,415          | 217,122       |
| Less: Average Goodwill & Intangibles         | (7,031)            | (6,616)        | (523)         | (7,128)          | (523)         |
| Less: Average Preferred stock                | (41,581)           | (41,581)       | (41,581)      | (41,581)         | (41,581)      |
| Average Tangible Common Shareholder's Equity | 340,457            | 327,490        | 179,673       | 333,706          | 175,018       |
| Annualization Factor                         | 4.00               | 4.00           | 4.00          | 2.00             | 2.00          |
| Return on Average Tangible Common Equity     | 17.41%             | 17.38%         | 31.00%        | 17.41%           | 25.40%        |
| Total Equity                                 | 392,919            | 379,713        | 226,513       | 392,919          | 226,513       |
| Less: Goodwill and Intangibles               | (7,208)            | (7,054)        | (523)         | (7,208)          | (523)         |
| Less: Preferred Stock                        | (41,581)           | (41,581)       | (41,581)      | (41,581)         | (41,581)      |
| Tangible Common Equity                       | 344,130            | 331,078        | 184,409       | 344,130          | 184,409       |
| Assets                                       | 3,786,682          | 3,675,849      | 3,091,500     | 3,786,682        | 3,091,500     |
| Less: Goodwill and Intangibles               | (7,208)            | (7,054)        | (523)         | (7,208)          | (523)         |
| Tangible Assets                              | 3,779,474          | 3,668,795      | 3,090,977     | 3,779,474        | 3,090,977     |
| Ending common shares                         | 28,694,036         | 28,692,206     | 21,114,400    | 28,694,036       | 21,114,400    |
| Tangible Book Value per Common Share         | \$ 11.99           | \$ 11.54       | \$ 8.73       | \$ 11.99         | \$ 8.73       |
| Tangible Common Equity/Tangible Assets       | 9.11%              | 9.02%          | 5.97%         | 9.11%            | 5.97%         |

**Merchants Bancorp**  
**Average Balance Analysis**  
(\$ in thousands)  
(Unaudited)

|                               | Three Months Ended<br>June 30, 2018 |          |            | Three Months Ended<br>March 31, 2018 |          |            | Three Months Ended<br>June 30, 2017 |        |            |
|-------------------------------|-------------------------------------|----------|------------|--------------------------------------|----------|------------|-------------------------------------|--------|------------|
|                               | Average Balance                     | Int.     | Yield/Rate | Average Balance                      | Int.     | Yield/Rate | Average Balance                     | Int.   | Yield/Rate |
| <b>Assets:</b>                |                                     |          |            |                                      |          |            |                                     |        |            |
| Interest bearing deposits     | \$ 517,594                          | \$ 2,219 | 1.72%      | \$ 457,235                           | \$ 1,895 | 1.68%      | \$ 374,780                          | \$ 972 | 1.04%      |
| Securities available for sale | 407,896                             | 1,625    | 1.60%      | 416,266                              | 1,542    | 1.50%      | 356,375                             | 1,022  | 1.15%      |
| Trading securities            | 175,876                             | 1,489    | 3.40%      | 121,029                              | 989      | 3.31%      | 187,978                             | 1,448  | 3.09%      |
| Loans and loans held for sale | 2,451,061                           | 28,790   | 4.71%      | 2,247,890                            | 24,612   | 4.44%      | 1,850,018                           | 19,022 | 4.12%      |
| Total Interest Earning Assets | 3,552,427                           | 34,123   | 3.85%      | 3,242,420                            | 29,038   | 3.63%      | 2,769,151                           | 22,464 | 3.25%      |
| Allowance for loan losses     | (9,986)                             |          |            | (9,071)                              |          |            | (6,759)                             |        |            |
| Noninterest-earning assets    | 141,784                             |          |            | 130,816                              |          |            | 109,808                             |        |            |
| Total assets                  | \$ 3,684,225                        |          |            | \$ 3,364,165                         |          |            | \$ 2,872,200                        |        |            |

**Liabilities/Equity:**

|                           |         |       |       |         |       |       |         |       |       |
|---------------------------|---------|-------|-------|---------|-------|-------|---------|-------|-------|
| Interest bearing checking | 783,798 | 3,285 | 1.68% | 645,339 | 2,425 | 1.52% | 365,133 | 1,447 | 1.59% |
| Savings deposits          | 264,343 | 190   | 0.29% | 381,749 | 215   | 0.23% | 325,436 | 211   | 0.26% |
| Money market              | 796,217 | 3,265 | 1.64% | 816,707 | 2,887 | 1.43% | 873,581 | 2,552 | 1.17% |

|  |                     |                  |                |                     |                  |                |                     |                  |                |
|--|---------------------|------------------|----------------|---------------------|------------------|----------------|---------------------|------------------|----------------|
| Certificates of deposit  | 708,525             | 3,001            | 1.70%          | 398,992             | 1,489            | 1.51%          | 226,030             | 530              | 0.94%          |
| Total interest bearing deposits  | 2,552,883           | 9,741            | 1.53%          | 2,242,787           | 7,016            | 1.27%          | 1,790,180           | 4,740            | 1.06%          |
| Borrowings   | 69,430              | 2,176            | 12.57%         | 65,635              | 1,914            | 11.83%         | 56,756              | 2,000            | 14.13%         |
| Total Interest Bearing Liabilities   | 2,622,313           | 11,917           | 1.82%          | 2,308,422           | 8,930            | 1.57%          | 1,846,936           | 6,740            | 1.46%          |
| Noninterest bearing deposits   | 643,334             |                  |                | 656,284             |                  |                | 771,273             |                  |                |
| Noninterest-bearing liabilities  | 29,509              |                  |                | 23,772              |                  |                | 32,215              |                  |                |
| Total liabilities  | 3,295,156           |                  |                | 2,988,478           |                  |                | 2,650,424           |                  |                |
| Equity   | 389,069             |                  |                | 375,687             |                  |                | 221,777             |                  |                |
| Total liabilities and equity   | <u>\$ 3,684,225</u> |                  |                | <u>\$ 3,364,165</u> |                  |                | <u>\$ 2,872,201</u> |                  |                |
| <b>Net Interest Income</b>   |                     | <u>\$ 22,206</u> |                |                     | <u>\$ 20,108</u> |                |                     | <u>\$ 15,724</u> |                |
| <b>Interest Rate Spread</b>  |                     |                  | <u>2.03%</u>   |                     |                  | <u>2.06%</u>   |                     |                  | <u>1.79%</u>   |
| <b>Net Interest-Earning Assets</b>   | <u>\$ 930,114</u>   |                  |                | <u>\$ 933,998</u>   |                  |                | <u>\$ 922,215</u>   |                  |                |
| <b>Net Interest Margin</b>   |                     |                  | <u>2.51%</u>   |                     |                  | <u>2.52%</u>   |                     |                  | <u>2.28%</u>   |
| <b>Average Interest Earning Assets to Average Interest Bearing Liabilities</b> |                     |                  | <u>135.47%</u> |                     |                  | <u>140.46%</u> |                     |                  | <u>149.93%</u> |

**Segment Results**  
(Unaudited)  
(\$ in thousands)

| Segment                       | Net Income<br>Three Months Ended |                  | Net Income<br>Six Months Ended |                  | Total Assets        |                     |
|-------------------------------|----------------------------------|------------------|--------------------------------|------------------|---------------------|---------------------|
|                               | June 30,                         |                  | June 30,                       |                  | June 30,            | December 31,        |
|                               | 2018                             | 2017             | 2018                           | 2017             | 2018                | 2017                |
| Multi-family Mortgage Banking | \$ 4,765                         | 7,783            | \$ 10,249                      | 11,300           | \$ 146,262          | \$ 134,390          |
| Mortgage Warehousing          | 5,774                            | 4,623            | 10,404                         | 8,418            | 1,550,255           | 1,352,748           |
| Banking                       | 6,485                            | 3,041            | 12,465                         | 5,454            | 2,071,022           | 1,889,140           |
| Other                         | (1,372)                          | (689)            | (2,405)                        | (1,284)          | 19,143              | 16,855              |
| Total                         | <u>\$ 15,652</u>                 | <u>\$ 14,758</u> | <u>\$ 30,713</u>               | <u>\$ 23,888</u> | <u>\$ 3,786,682</u> | <u>\$ 3,393,133</u> |

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