

PACIFIC PREMIER BANCORP INC
Form 10-Q
November 08, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 September 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 0-22193

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

33-0743196
(I.R.S Employer Identification No.)

1600 SUNFLOWER AVENUE, 2ND FLOOR, COSTA MESA, CALIFORNIA 92626
(Address of principal executive offices and zip code)

(714) 431-4000
(Registrant'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 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 [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if

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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 [X] 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 definition of “accelerated filer”, “large accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act).

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 Exchange Act Rule 12b-2). Yes [] No [X]

The number of shares outstanding of the registrant's common stock as of November 7, 2012 was 10,349,434.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q
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FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except share data)

ASSETS	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2011 (Unaudited)
Cash and due from banks	\$ 58,216	\$ 60,207	\$ 37,780
Federal funds sold	27	28	28
Cash and cash equivalents	58,243	60,235	37,808
Investment securities available for sale	114,250	115,645	107,761
FHLB stock/Federal Reserve Bank stock, at cost	12,191	12,475	12,982
Loans held for sale, net	4,728	-	-
Loans held for investment	859,373	738,589	734,474
Allowance for loan losses	(7,658)	(8,522)	(8,522)
Loans held for investment, net	851,715	730,067	725,952

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Accrued interest receivable	3,933	3,885	3,732
Other real estate owned	5,521	1,231	2,846
Premises and equipment	10,067	9,819	9,977
Deferred income taxes	5,515	8,998	9,047
Bank owned life insurance	13,362	12,977	12,827
Intangible assets	2,703	2,069	2,126
Other assets	7,108	3,727	3,444
TOTAL ASSETS	\$ 1,089,336	\$ 961,128	\$ 928,502
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposit accounts:			
Noninterest bearing	\$ 211,410	\$ 112,313	\$ 109,194
Interest bearing:			
Transaction accounts	266,478	287,876	285,829
Retail certificates of deposit	417,982	428,688	398,101
Wholesale certificates of deposit	-	-	4,254
Total deposits	895,870	828,877	797,378
Other borrowings	75,500	28,500	28,500
Subordinated debentures	10,310	10,310	10,310
Accrued expenses and other liabilities	7,770	6,664	7,694
TOTAL LIABILITIES	989,450	874,351	843,882
STOCKHOLDERS' EQUITY:			
Preferred stock, \$.01 par value; 1,000,000 shares authorized; no shares outstanding	-	-	-
Common stock, \$.01 par value; 25,000,000 shares authorized; 10,343,434 shares at September 30, 2012, 10,337,626 shares at December 31, 2011, and 10,084,626 shares at September 30, 2011 issued and outstanding	103	103	101
Additional paid-in capital	76,414	76,310	76,517
Retained earnings	22,011	10,046	7,491
Accumulated other comprehensive income,	1,358	318	511

net of tax of \$950 at
September 30, 2012,
\$221 at December 31,
2011, and \$357 at
September 30, 2011

TOTAL STOCKHOLDERS' EQUITY	99,886	86,777	84,620
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,089,336	\$ 961,128	\$ 928,502

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
INTEREST INCOME				
Loans	\$ 12,847	\$ 11,695	\$ 36,182	\$ 33,978
Investment securities and other interest-earning assets	779	850	2,606	3,110
Total interest income	13,626	12,545	38,788	37,088
INTEREST EXPENSE				
Interest-bearing deposits:				
Interest on transaction accounts	280	364	832	1,178
Interest on certificates of deposit	1,164	1,636	3,815	5,251
Total interest-bearing deposits	1,444	2,000	4,647	6,429
Other borrowings	247	237	717	760
Subordinated debentures	81	77	247	230
	1,772	2,314	5,611	7,419

Total interest expense				
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	11,854	10,231	33,177	29,669
PROVISION FOR LOAN LOSSES	145	1,322	145	2,728
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,709	8,909	33,032	26,941
NONINTEREST INCOME				
Loan servicing fees	224	324	615	701
Deposit fees	486	558	1,459	1,641
Net gain (loss) from sales of loans	(41)	16	(31)	(2,445)
Net gain from sales of investment securities	857	845	1,031	1,325
Other-than-temporary impairment loss on investment securities, net	(36)	(170)	(118)	(538)
Gain on FDIC transaction	-	-	5,340	4,189
Other income	420	537	1,082	1,383
Total noninterest income	1,910	2,110	9,378	6,256
NONINTEREST EXPENSE				
Compensation and benefits	4,367	3,363	11,834	10,033
Premises and occupancy	1,063	903	2,922	2,581
Data processing and communications	582	387	1,766	1,035
Other real estate owned operations, net	244	557	981	987
FDIC insurance premiums	165	86	466	653
Legal and audit	473	385	1,511	1,278
Marketing expense	225	379	704	936
Office and postage expense	232	244	612	605
Other expense	680	770	2,081	2,180
Total noninterest expense	8,031	7,074	22,877	20,288
	5,588	3,945	19,533	12,909

NET INCOME BEFORE INCOME TAXES				
INCOME TAX	2,126	1,485	7,568	4,892
NET INCOME	\$ 3,462	\$ 2,460	\$ 11,965	\$ 8,017
EARNINGS PER SHARE				
Basic	\$ 0.34	\$ 0.25	\$ 1.16	\$ 0.80
Diluted	\$ 0.32	\$ 0.23	\$ 1.12	\$ 0.75
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	10,330,814	10,084,626	10,332,223	10,072,984
Diluted	10,832,934	10,570,267	10,709,822	10,667,722

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(dollars in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2012	2011	September 30, 2012	2011
Net Income	\$ 3,462	\$ 2,460	\$ 11,965	\$ 8,017
Other comprehensive income (loss), net of tax:				
Unrealized holding gains on securities arising during the period, net of tax	703 (504)	781 (446)	1,647 (607)	2,207 (782)

Reclassification adjustment for net gain on sale of securities included in net income, net of tax				
Net unrealized gain on securities, net of tax	199	335	1,040	1,425
Comprehensive Income	\$ 3,661	\$ 2,795	\$ 13,005	\$ 9,442

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND OTHER
COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011
(dollars in thousands)
(unaudited)

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2011	10,337,626	\$ 103	\$ 76,310	\$ 10,046	\$ 318	\$ 86,777
Total comprehensive income				11,965	1,040	13,005
Share-based compensation expense			96			96
Common stock repurchased and retired	(13,022)	-	(102)			(102)
Stock options exercised	18,830	-	110			110
Balance at September 30, 2012	10,343,434	\$ 103	\$ 76,414	\$ 22,011	\$ 1,358	\$ 99,886

Balance at December 31, 2010	10,033,836	\$ 100	\$ 79,942	\$ (526)	\$ (914)	\$ 78,602
Total comprehensive income				8,017	1,425	9,442
Share-based compensation expense			204			204
Common stock repurchased and retired	(10,610)	(1)	(69)			(70)
Warrants purchased and retired			(3,660)			(3,660)
Warrants exercised	41,400	1	31			32
Stock options exercised	20,000	1	69			70
Balance at September 30, 2011	10,084,626	\$ 101	\$ 76,517	\$ 7,491	\$ 511	\$ 84,620

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH
FLOWS
(in thousands)
(unaudited)
Nine Months Ended
September 30,
2012 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 11,965	\$ 8,017
Adjustments to net income:		
Depreciation and amortization expense	985	905
	145	2,728

Provision for loan losses		
Share-based compensation expense	96	204
Loss on sale and disposal of premises and equipment	-	63
Loss on sale of other real estate owned	341	340
Write down of other real estate owned	390	110
Amortization of premium/discounts on securities held for sale, net	627	545
Amortization of loan mark-to-market discount	(1,570)	(1,174)
Gain on sale of loans held for sale	(80)	-
Gain on sale of investment securities available for sale	(1,031)	(1,325)