

FIRST PACTRUST BANCORP INC

Form 10-Q

November 14, 2011

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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 September 30, 2011

FIRST PACTRUST BANCORP, INC.

(Exact name of registrant as specified in its charter)

000-49806

(Commission File Number)

Maryland

(State of incorporation)

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04-3639825

(IRS Employer Identification No.)

610 Bay Boulevard, Chula Vista, California

(Address of Principal Executive Offices)

91910

(ZIP Code)

(619) 691-1519

(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 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 (p232.405) 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 definition of accelerated filer and large accelerated filer in Rule 12B-2 of the Exchange Act.

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.

As of November 7, 2011 the Registrant had 11,723,673 outstanding shares of common stock.

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FIRST PACTRUST BANCORP, INC.

Form 10-Q Quarterly Report

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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This report contains certain forward-looking statements within the meaning of Section 27a of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. First PacTrust Bancorp, Inc. (the Company) and Pacific Trust Bank (the Bank) intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, as amended, and are including this statement for purposes of these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of the Company and the Bank, are generally identifiable by use of the words such as believe, expect, intend, anticipate, estimate, project, or similar expressions. The ability of the Company and the Bank to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors that could have a material adverse effect on the operations and future prospects of the Company, the Bank, and the Bank's wholly owned subsidiaries include, but are not limited to, changes in: interest rates; the economic health of the local real estate market; general economic conditions; legislative/regulatory provisions; monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board; the quality or composition of the loan and securities portfolios; demand for loan products; deposit flows; competition; demand for financial services in the Bank's market area; and impact of new accounting pronouncements. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Table of Contents**ITEM 1 FINANCIAL STATEMENTS****First PacTrust Bancorp, Inc.****Consolidated Statements of Financial Condition****(In thousands of dollars except share and per share data)****(Unaudited)**

	September 30, 2011	December 31, 2010
ASSETS		
Cash and due from banks	\$ 5,556	\$ 5,371
Interest-bearing deposits	69,544	53,729
Total cash and cash equivalents	75,100	59,100
Securities available-for-sale	64,926	64,790
Federal Home Loan Bank stock, at cost	7,310	8,323
Loans, net of allowance of \$8,993 at September 30, 2011 and \$14,637 at December 31, 2010	695,740	678,175
Accrued interest receivable	3,220	3,531
Real estate owned, net	20,551	6,562
Premises and equipment, net	9,385	6,344
Bank owned life insurance investment	18,372	18,151
Prepaid FDIC assessment	2,603	3,521
Other assets	31,770	13,124
Total assets	\$ 928,977	\$ 861,621
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest-bearing	\$ 20,934	\$ 15,171
Interest-bearing	49,242	44,860
Money market accounts	87,029	89,708
Savings accounts	135,836	124,620
Certificates of deposit	418,568	371,949
Total deposits	711,609	646,308
Advances from Federal Home Loan Bank	20,000	75,000
Accrued expenses and other liabilities	5,880	4,304
Total liabilities	737,489	725,612
Commitments and contingent liabilities		
SHAREHOLDERS EQUITY		
Preferred stock, \$.01 par value per share, \$1,000 per share liquidation preference, 50,000,000 shares authorized, 32,000 shares issued and outstanding at September 30, 2011; No shares issued or outstanding at December 31, 2010		
Common stock, \$.01 par value per share, 196,863,844 shares authorized; 11,715,595 shares issued and 10,552,205 shares outstanding at September 30, 2011; 9,863,390 shares issued and 8,693,228 shares outstanding at December 31, 2010	117	99
Class B non-voting non-convertible Common stock, \$.01 par value per share, 3,136,156 shares authorized; 1,044,065 shares issued and outstanding at September 30, 2011 and 1,036,156 shares issued and outstanding at December 31, 2010	10	10
Additional paid-in capital	178,754	119,998

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Additional paid-in capital-warrants	3,172	3,172
Retained earnings	35,065	35,773
Treasury stock, at cost (September 30, 2011-1,163,390 shares, December 31, 2010-1,170,162 shares,)	(24,986)	(25,135)
Unearned Employee Stock Ownership Plan (ESOP) shares (September 30, 2011 10,580 shares, December 31, 2010 42,320 shares)	(127)	(507)
Accumulated other comprehensive income/(loss)	(517)	2,599
Total shareholders equity	191,488	136,009
Total liabilities and shareholders equity	\$ 928,977	\$ 861,621

See accompanying notes to consolidated financial statements.

Table of Contents**First PacTrust Bancorp, Inc.****Consolidated Statements of Income and Comprehensive Income/(Loss)****(In thousands of dollars except share and per share data)****(Unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Interest and dividend income				
Loans, including fees	\$ 7,757	\$ 9,164	\$ 22,936	\$ 26,967
Securities	1,017	1,410	3,263	4,026
Dividends and other interest-earning assets	49	64	155	153
Total interest income	8,823	10,638	26,354	31,146
Interest expense				
Savings	95	186	283	673
NOW	18	24	50	87
Money market	62	138	189	482
Certificates of deposit	1,072	1,559	3,225	5,116
Federal Home Loan Bank advances	92	592	960	2,285
Total interest expense	1,339	2,499	4,707	8,643
Net interest income	7,484	8,139	21,647	22,503
Provision for loan losses	823	781	1,274	8,629
Net interest income after provision for loan losses	6,661	7,358	20,373	13,874
Noninterest income				
Customer service fees	396	336	1,107	995
Mortgage loan prepayment penalties	54		80	
Income from bank owned life insurance	77	57	221	165
Net gain on sales of securities available-for-sale	1,450		2,887	
Other	35	61	119	25
Total noninterest income	2,012	454	4,414	1,185
Noninterest expense				
Salaries and employee benefits	3,251	1,614	9,488	4,778
Occupancy and equipment	730	437	1,926	1,386
Advertising	71	67	182	227
Professional fees	667	238	1,416	547
Stationery, supplies, and postage	105	86	336	266
Data processing	356	289	972	858
ATM costs	81	74	223	224
FDIC expense	222	391	997	1,172
Loan servicing and foreclosure	327	150	783	916
Operating loss on equity investment	79	82	235	254
Valuation allowance for OREO	1,329	386	1,887	1,414
Loss/(gain) on sale of other real estate owned	105	(259)	924	61
Other general and administrative	338	291	1,107	927
Total noninterest expense	7,661	3,846	20,476	13,030

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Income before income taxes	1,012	3,966	4,311	2,029
Income tax expense	368	934	1,425	580
Net income	\$ 644	\$ 3,032	\$ 2,886	\$ 1,449
Preferred stock dividends and discount accretion	\$ 138	\$ 251	\$ 138	\$ 753
Net income available to common shareholders	\$ 506	\$ 2,781	\$ 2,748	\$ 696
Basic earnings per common share	\$.04	\$.66	\$.27	\$.17
Diluted earnings per common share	\$.04	\$.66	\$.27	\$.17
Weighted average common shares outstanding-basic	11,542,752	4,202,533	10,326,009	4,191,836
Weighted average common shares outstanding-diluted	11,544,142	4,202,533	10,329,271	4,191,836
Comprehensive income/(loss)	(760)	2,799	(230)	2,450

See accompanying notes to consolidated financial statements.

Table of Contents**First PacTrust Bancorp, Inc.****Consolidated Statements of Shareholder s Equity****(In thousands of dollars, except share and per share data)****(Unaudited)**

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned ESOP	Additional Paid in capital Warrants	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2010	\$ 19,094	\$ 54	\$ 67,958	\$ 35,515	\$ (25,788)	\$ (1,015)	\$	\$ 1,667	\$ 97,485
Net Income				2,825					2,825
Change in net unrealized gain on securities available-for-sale, net of reclassification and tax effects								932	932
Total comprehensive income									3,757
Forfeiture and retirement of stock			10		(10)				
Stock option compensation expense			94						94
Stock awards earned			29						29
Amortization of preferred stock discount	35			(35)					
Repurchase of Preferred Stock	(19,129)		(171)						(19,300)
Issuance of stock awards			(668)		668				
Issuance of warrants							3,172		3,172
Purchase of 506 shares of treasury stock					(5)				(5)
Employee stock ownership plan shares earned			(53)			508			455
Tax benefit/(loss) of RRP shares vesting			(6)						(6)
Dividends declared (\$.25 per common share)				(1,503)					(1,503)
Preferred stock dividends				(925)					(925)
Warrant dividends				(104)					(104)
Net proceeds from stock issuance		55	52,805						52,860
Balance at December 31, 2010	\$	\$ 109	\$ 119,998	\$ 35,773	\$ (25,135)	\$ (507)	\$ 3,172	\$ 2,599	\$ 136,009
Net Income	\$	\$	\$	\$ 2,886	\$	\$	\$	\$	\$ 2,886
Change in net unrealized gain (losses) on securities available-for-sale, net of reclassification and tax effects								(3,116)	(3,116)

Total comprehensive
income/(loss)

(230)

See accompanying notes to consolidated financial statements.

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	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned ESOP	Additional Paid in capital Warrants	Accumulated Other Comprehensive Income	Total
Forfeiture and retirement of stock			13		(13)				
Stock option compensation expense			614						614
Stock awards earned			130						130
Issuance of stock awards			(107)		107				
Purchase of 318 shares of treasury stock					(4)				(4)
Employee stock ownership plan shares earned			102			380			482
Tax benefit/(loss) of RRP shares vesting			(1)						(1)
Dividends declared (\$.33 per common share)				(3,456)					