PACIFIC PREMIER BANCORP INC
Form 10-Q
May 08, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

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	33-0743196
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

17901 VON KARMAN AVENUE, SUITE 1200, IRVINE, CALIFORNIA 92614
(Address of principal executive offices and zip code)

(949) 864-8000
(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 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	[X]	Non-accelerated filer (Do not check if a smaller reporting company)	[ ]	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 May 8, 2015 was 21,511,426.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q
INDEX
FOR THE QUARTER ENDED MARCH 31, 2015

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	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)	March 31, 2014 (Unaudited)
Cash and due from banks	$178,096	$110,650	$124,143
Federal funds sold	275	275	276
Cash and cash equivalents	178,371	110,925	124,419
Investment securities available for sale	280,461	201,638	202,142
FHLB and other stock, at cost	30,586	17,067	14,104
Loans held for investment	2,131,387	1,628,622	1,325,372
Allowance for loan losses	(13,646)	(12,200)	(8,685)
Loans held for investment, net	2,117,741	1,616,422	1,316,687
Accrued interest receivable	8,769	7,131	5,865
Other real estate owned	997	1,037	752

Premises and equipment	9,591	9,165	9,643
Deferred income taxes	12,815	9,383	9,180
Bank owned life insurance	38,377	26,822	26,240
Intangible assets	8,203	5,614	6,374
Goodwill	51,010	22,950	22,950
Other assets	16,079	10,743	6,926
TOTAL ASSETS	$2,753,000	$2,038,897	$1,745,282
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposit accounts:			
Noninterest bearing checking	$619,763	$456,754	$412,871
Interest-bearing:			
Checking	130,869	131,635	137,285
Money market/savings	809,408	600,764	529,348
Retail certificates of deposit	406,649	365,168	350,690
Wholesale/brokered certificates of deposit	76,477	76,505	5,009
Total interest-bearing	1,423,403	1,174,072	1,022,332
Total deposits	2,043,166	1,630,826	1,435,203
FHLB advances and other borrowings	343,434	116,643	95,506
Subordinated debentures	70,310	70,310	10,310
Accrued expenses and other liabilities	22,843	21,526	15,403
TOTAL LIABILITIES	2,479,753	1,839,305	1,556,422
STOCKHOLDERS' EQUITY:			
Common stock, $.01 par value; 25,000,000 shares authorized;21,387,818 shares at March 31, 2015, 16,903,884 shares at December 31, 2014, and 17,224,977 shares at March 31, 2014 issued and outstanding	214	169	172
Additional paid-in capital	218,528	147,474	152,325
Retained earnings	53,220	51,431	37,447
Accumulated other comprehensive income (loss), net of tax	1,285	518	(1,084)

(benefit) of $898 at March 31, 2015, $362 at December 31, 2014 and ($757) at March 31, 2014			
TOTAL STOCKHOLDERS' EQUITY	273,247	199,592	188,860
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,753,000	$2,038,897	$1,745,282

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	
	March 31, 2015	March 31, 2014
INTEREST INCOME		
Loans	$24,513	$16,585
Investment securities and other interest-earning assets	1,557	1,437
Total interest income	26,070	18,022
INTEREST EXPENSE		
Deposits	1,606	1,069
FHLB advances and other borrowings	375	243
Subordinated debentures	971	75
Total interest expense	2,952	1,387
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	23,118	16,635
	1,830	949

PROVISION FOR LOAN LOSSES		
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	21,288	15,686
NONINTEREST INCOME		
Loan servicing fees	901	856
Deposit fees	582	454
Net gain from sales of loans	-	548
Net gain from sales of investment securities	116	62
Other-than-temporary impairment recovery (loss) on investment securities, net	-	13
Other income	427	119
Total noninterest income	2,026	2,052
NONINTEREST EXPENSE		
Compensation and benefits	9,522	6,891
Premises and occupancy	1,829	1,588
Data processing and communications	702	1,131
Other real estate owned operations, net	48	13
FDIC insurance premiums	314	237
Legal, audit and professional expense	521	593
Marketing expense	603	176
Office and postage expense	499	369
Loan expense	193	184
Deposit expense	805	761
Merger related expense	3,992	626
Other expense	1,441	972
Total noninterest expense	20,469	13,541
NET INCOME BEFORE INCOME TAX	2,845	4,197
INCOME TAX	1,056	1,565

NET INCOME	$1,789	$2,632
EARNINGS PER SHARE		
Basic	$0.09	$0.15
Diluted	$0.09	$0.15
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	20,091,924	17,041,594
Diluted	20,382,832	17,376,001

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 March 31,	
	2015	2014
Net income	$ 1,789	$ 2,632
Other comprehensive income (loss), net of tax (benefit):		
Unrealized holding gains (losses) on securities arising during the period, net of income taxes (benefits) (1)	835	2,029
Reclassification adjustment for net gain on sale of securities included in net income, net of income taxes (2)	(68)	(36)

Net unrealized gain (loss) on securities, net of income taxes	767	1,993
Comprehensive income	$ 2,556	$ 4,625

(1) Income taxes on the unrealized gains (losses) on securities was $584,000 for the three months ended March 31, 2015 and $1.4 million for the three months ended March 31, 2014.
(2) Income taxes on the reclassification adjustment for net gain on sale of securities included in net income was $48,000 for the three months ended March 31, 2015 and $26,000 for the three months ended March 31, 2014.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(dollars in thousands)
(unaudited)

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 2014	16,903,884	$ 169	$ 147,474	$ 51,431	$ 518	$ 199,592
Net income				1,789		1,789
Other comprehensive income					767	767
Share-based compensation expense			200			200
Common stock issued	4,480,645	45	70,884			70,929
Warrants exercised	2,456	-	15			15
Repurchase of common stock	(5,833)	-	(93)			(93)
Exercise of stock options	6,666	-	48			48

Balance at March 31, 2015	21,387,818	$214	$218,528	$53,220	$1,285	$273,247
Balance at December 31, 2013	16,656,279	$166	$143,322	$34,815	$(3,077)	$175,226
Net income				2,632		2,632
Other comprehensive income					1,993	1,993
Share-based compensation expense			181			181
Common stock repurchased and retired	(3,936)	-	(284)			(284)
Common stock issued	562,469	6	9,006			9,012
Stock options exercised	10,165	-	100			100
Balance at March 31, 2014	17,224,977	$172	$152,325	$37,447	$(1,084)	$188,860

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)

	Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,789	$ 2,632
Adjustments to net income:		
Depreciation and amortization expense	610	549
Amortization of Loan Fees and Discounts	(357)	-
Provision for loan losses	1,830	949
	200	181

Share-based compensation expense		
Loss on sale and disposal of premises and equipment	-	23
Loss on sale of other real estate owned	-	11
Write down of other real estate owned	40	-
Amortization of premium/discounts on securities held for sale, net	804	637
Accretion of loan mark-to-market discount from acquisitions	(371)	(579)
Gain on sale of investment securities available for sale	(116)	(62)
Other-than-temporary impairment recovery on investment securities, net	-	(13)
Gain on sale of loans held for investment	-	(548)
Recoveries on loans	12	37
Principal payments from loans held for sale	-	31
Loss on loans held for sale	-	180
Deferred income tax benefit (provision)	-	(703)
Change in accrued expenses and other liabilities, net	1,144	(3,916)
Income from bank owned life insurance, net	(279)	(189)
Change in accrued interest receivable and other assets, net	(4,934)	(372)
Net cash provided by (used in) operating activities	372	(1,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
	106,409	87,580

Proceeds from sale and principal payments on loans held for investment		
Decrease (increase) in undisbursed loan funds	(39,395)	17,651
Purchase and origination of loans held for investment	(236,554)	(108,020)
Proceeds from sale of other real estate owned	-	423
Principal payments on securities available for sale	6,851	6,212
Purchase of securities available for sale	(40,077)	(4,976)
Proceeds from sale or maturity of securities available for sale	8,771	56,081
Investment in bank owned life insurance	-	(2,000)
Purchases of premises and equipment	(525)	(277)
Redemption (purchase) of Federal Reserve Bank stock	506	(6)
Redemption (purchase) of FHLB stock	(11,656)	1,352
Cash acquired (disbursed) in acquisitions, net	2,961	(7,793)
Net cash provided by (used in) investing activities	(202,709)	46,227
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in deposit accounts	76,322	128,917
Repayment of FHLB advances and other borrowings, net	-	(176,202)
Proceeds from FHLB advances	193,491	-
Proceeds from exercise of stock	48	100

options		
Warrants exercised	15	-
Repurchase of common stock	(93)	(284)
Net cash provided by (used in) financing activities	269,783	(47,469)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67,446	(2,394)
CASH AND CASH EQUIVALENTS, beginning of period	110,925	126,813
CASH AND CASH EQUIVALENTS, end of period	$ 178,371	$ 124,419
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	$ 3,853	$ 1,104
Income taxes paid	3,700	3,500
Assets acquired (liabilities assumed and capital created) in acquisitions (See Note 4):		
Investment securities	53,752	-
FHLB and Other Stock	2,369	-
Loans	332,893	78,833
Core deposit intangible	2,903	-
Deferred income tax	3,969	-
Bank owned life insurance	11,276	-
Goodwill	28,060	5,522
Fixed assets	2,134	74
Other assets	1,726	702
Deposits	(336,018)	-
Other borrowings	(33,300)	(67,617)
Other liabilities	(1,796)	(709)
Common stock and additional paid-in capital	(70,929)	(9,012)
NONCASH INVESTING ACTIVITIES		

DURING THE PERIOD		
Investment securities available for sale purchased and not settled	$ -	$ 557
Loans held for sale transfer to loans held for investment	$ -	$ 2,936

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015
(UNAUDITED)

Note 1 - Basis of Presentation

The consolidated financial statements include the accounts of Pacific Premier Bancorp, Inc. (the “Corporation”) and its wholly owned subsidiaries, including Pacific Premier Bank (the “Bank”) (collectively, the “Company,” “we,” “our” or “us”). A significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company’s financial position as of March 31, 2015, December 31, 2014, and March 31, 2014, the results of its operations and comprehensive income for the three months ended March 31, 2015 and 2014 and the changes in stockholders’ equity and cash flows for the three months ended March 31, 2015 and 2014. Operating results or comprehensive income for the three months ended March 31, 2015 are not necessarily indicative of the results or comprehensive income that may be expected for any other interim period or the full year ending December 31, 2015.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 (the “2014 Annual Report”).

The Company accounts for its investments in its wholly owned special purpose entity, PPBI Trust I, under the equity method whereby the subsidiary’s net earnings are recognized in the Company’s statement of operations.

Note 2 – Recently Issued Accounting Pronouncements

Accounting Standards Adopted in 2015

In January 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-01, Investments-Equity Method and Joint Ventures (Topic 323): "Accounting for Investments in Qualified

Affordable Housing Projects." This Update permits reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense. This new guidance also requires new disclosures for all investors in these projects. ASU No. 2014-01 is effective for interim and annual reporting periods beginning after December 15, 2014 for public business entities and after December 15, 2015 for non public business entities. Upon adoption, the guidance must be applied retrospectively to all periods presented. However, entities that used the effective yield method to account for investments in these projects before adoption may continue to do so for these pre-existing investments. The Company currently accounts for such investments using the effective yield method and plans to do so for these pre-existing investments after adopting ASU No. 2014-01 on January 1, 2015. The Company expects investments made after January 1, 2015 to meet the criteria required for the proportional amortization method and plans to make such an accounting election. The Company adopted the provisions of ASU No. 2014-01 effective January 1, 2015. The adoption had no impact on the Company’s Consolidated Financial Statements.

In January 2014, the FASB issued ASU No. 2014-04, Receivables-Troubled Debt Restructuring By Creditors (Subtopic 310-40): “Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure." The objective of this guidance is to clarify when an in substance repossession or foreclosure occurs, that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. ASU No. 2014-04 states that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, ASU No. 2014-04 requires interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU No. 2014-04 is effective for interim and annual reporting periods beginning after December 15, 2014. The Company adopted the provisions of ASU No. 2014-4 effective January 1, 2015. The adoption had no impact on the Company’s Consolidated Financial Statements.

In June 2014, the FASB issued ASU No. 2014-11, Transfers and Servicing (Topic 860):"Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures." This Update aligns the accounting for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings with the accounting for other typical repurchase agreements. Going forward, these transactions would all be accounted for as secured borrowings. The guidance eliminates sale accounting for repurchase-to-maturity transactions and supersedes the guidance under which a transfer of a financial asset and a contemporaneous repurchase financing could be accounted for on a combined basis as a forward agreement, which has resulted in outcomes referred to as off-balance-sheet accounting. The Update requires a new disclosure for transactions economically similar to repurchase agreements in which the transferor retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. The Update also requires expanded disclosures about the nature of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The Update is effective for interim or annual period beginning after December 15, 2014. All of the Company's repurchase agreements are typical in nature (i.e., not repurchase-to-maturity transactions or repurchase agreements executed as a repurchase financing) and are accounted for as secured borrowings. The Company adopted the provisions of ASU No. 2014-11 effective January 1, 2015. The adoption had no impact on the Company’s Consolidated Financial Statements.

In August 2014, the FASB issued ASU No. 2014-14 Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): “Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure”. This Update addresses classification of government-guaranteed mortgage loans, including those where guarantees are offered by the Federal Housing Administration ("FHA"), the U.S. Department of Housing and Urban Development ("HUD"), and the U.S. Department of Veterans Affairs ("VA"). Although current accounting guidance stipulates proper measurement and classification in situations where a creditor obtains from a debtor, assets in satisfaction of a receivable (such as through foreclosure), current guidance does not specify how to measure and classify foreclosed mortgage loans that are government-guaranteed. Under the provisions of this Update, a creditor would derecognize a mortgage loan that has been foreclosed upon, and recognize a separate receivable if the following conditions are met: (1) the loan has a government guarantee that is not separable from the loan before foreclosure, (2) At the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, (3) At the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. This Update is effective for interim and annual periods beginning after December 15, 2014 for public business entities and after December 15, 2015 for non public business entities. The Company adopted the provisions of ASU No. 2014-14 effective January 1, 2015. The adoption had no impact on the Company's Consolidated Financial Statements.

Accounting Standards Pending Adoption

In August 2014, the FASB issued guidance within ASU 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40): "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This Update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. This Update is effective for interim and annual periods ending after December 15, 2016. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Note 3 – Significant Accounting Policies

Certain Acquired Loans: As part of business acquisitions, the Bank acquires certain loans that have shown evidence of credit deterioration since origination. These acquired loans are recorded at the allocated fair value, such that there is no carryover of the seller's allowance for loan losses. Such acquired loans are accounted for individually. The Bank estimates the amount and timing of expected cash flows for each purchased loan, and the expected cash flows in excess of the allocated fair value is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan's contractual principal and interest over expected cash flows is not recorded (non-accretable difference). Over the life of the loan, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, a loss is recorded through the allowance for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income.

Goodwill and Core Deposit Intangible: Goodwill is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exist that indicate the necessity for such impairment tests to be performed. The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill is the only intangible asset with an indefinite life on our balance sheet.

Core deposit intangible assets arising from whole bank acquisitions are amortized on an accelerated method over their estimated useful lives, which range from 6 to 10 years.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The allowance for loan losses, the fair value of stock-based compensation awards, the fair values of financial instruments and the status of contingencies are particularly subject to change.

Note 4 – Acquisitions

The Company accounted for the following transactions under the acquisition method of accounting which requires purchased assets and liabilities assumed to be recorded at their respective fair values at the date of acquisition. The Company determined the fair value of the core deposit intangible, securities and deposits with the assistance of third party valuations. The fair value of other real estate owned ("OREO") was based on recent appraisals of the properties.

The estimated fair values in these acquisitions are subject to refinement as additional information relative to the closing date fair values become available through the measurement period, which can extend for up to one year after the closing date of the transaction. While additional significant changes to the closing date fair values are not expected, any information relative to the changes in these fair values will be evaluated to determine if such changes are due to events and circumstances that existed as of the acquisition date. During the measurement period, any such changes will be recorded as part of the closing date fair value.

Independence Bank Acquisition

On January 26, 2015, the Company completed its acquisition of Independence Bank ("IDPK") in exchange for consideration valued at $78.5, which consisted of $6.1 million of cash consideration for IDPK common stockholders, $1.5 million of aggregate cash consideration to the holders of IDPK stock options and warrants, and the issuance of 4,480,645 shares of the Corporation's common stock, which was valued at $70.9 million based on the closing stock price of the Company's common stock on January 26, 2015 of $15.83 per share.

IDPK was a Newport Beach, California based state-chartered bank. The acquisition was an opportunity for the Company to strengthen its competitive position as one of the premier community banks headquartered in Southern California. Additionally, the IDPK acquisition enhanced and connected the Company's footprint in Southern California.

Goodwill in the amount of $28.1 million was recognized in the IDPK acquisition. Goodwill recognized in this transaction is not deductible for income tax purposes.

The following table represents the assets acquired and liabilities assumed of IDPK as of January 26, 2015 and the provisional fair value adjustments and amounts recorded by the Company in 2015 under the acquisition method of accounting:

	IDBK Book Value	Fair Value Adjustments	Fair Value
	(dollars in thousands)		
ASSETS ACQUIRED			
Cash and cash equivalents	$10,486		$10,486
	56,503	(382)	56,121

Investment securities			
Loans, gross	339,502	(6,609)	332,893
Allowance for loan losses	(3,301)	3,301	-
Deferred income taxes	3,252	717	3,969
Bank owned life insurance	11,276		11,276
Core deposit intangible	904	1,999	2,903
Other assets	3,756	105	3,860
Total assets acquired	$422,378	$(869)	$421,508
LIABILITIES ASSUMED			
Deposits	$335,685	$333	$336,018
FHLB advances	33,300		33,300
Other liabilities	1,916	(120)	1,796
Total liabilities assumed	370,901	213	371,114
Excess of assets acquired over liabilities assumed	$51,477	$(1,082)	50,394
Consideration paid			78,454
Goodwill recognized			$28,060

Infinity Franchise Holdings Acquisition

On January 30, 2014, the Company completed its acquisition of Infinity Franchise Holdings, LLC (“Infinity Holdings”) and its wholly owned operating subsidiary Infinity Franchise Capital, LLC (“IFC” and together with Infinity Holdings, “IFH”), a national lender to franchisees in the quick service restaurant (“QSR”) industry, and other direct and indirect subsidiaries utilized in its business. The value of the total consideration paid for the IFH acquisition was $17.4 million, which consisted of $8.3 million paid in cash and the issuance of 562,469 shares of the Corporation’s stock, which was valued at $16.02 per share as measured by the 10-day average closing price immediately prior to closing of the transaction.

The acquisition of IFH further diversified our loan portfolio with commercial and industrial and owner-occupied commercial real estate loans, deployed excess liquidity into higher yielding assets, to positively impact our net interest margin and further leveraged our strong capital base. The QSR franchisee lending business is a niche market that we believe provides attractive growth opportunities for the Company in the future. IFH had no delinquent loans or adversely classified assets as of the acquisition date; and the acquisition was accretive to our 2014 earnings per share.

Goodwill in the amount of $5.5 million was recognized in the IFH acquisition. Goodwill represents the future economic benefits arising from net assets acquired that are not individually identified and separately recognized and is attributable to synergies expected to be derived from the combination of the two entities. Goodwill recognized in this transaction is not deductible for income tax purposes.

The following table represents the assets acquired and liabilities assumed of IFH as of January 30, 2014 and the provisional fair value adjustments and amounts recorded by the Company in 2014 under the acquisition method of accounting:

	IFH Book Value	Fair Value Adjustments	Fair Value
	(dollars in thousands)		
ASSETS ACQUIRED			
Cash and cash equivalents	$555	$ -	$555
Loans, gross	78,833	-	78,833
Deferred loan costs	1,082	(1,082)	-
Allowance for loan losses	(268)	268	-
Other assets	776	-	776
Total assets acquired	$80,978	$ (814)	$80,164
LIABILITIES ASSUMED			
Bank loan	$67,617	$ -	$67,617
Accrued compensation	495	-	495
Other liabilities	214	-	214
Total liabilities assumed	68,326	-	68,326
Excess of assets acquired over liabilities assumed	$12,652	$ (814)	11,838
Consideration paid			17,360
Goodwill recognized			$5,522

There were no purchased credit impaired loans acquired from IFH. For loans acquired from IFH and IDPK, the contractual amounts due, expected cash flows to be collected, interest component and fair value as of the respective acquisition dates were as follows:

	Acquired Loans	
	IFH	IDPK
	(dollars in thousands)	
Contractual amounts due	$98,320	$453,987
Cash flows not expected to be collected	-	3,795
Expected cash flows	98,320	450,192
Interest component of expected cash flows	19,487	117,299
Fair value of acquired loans	$78,833	$332,893

In accordance with generally accepted accounting principles, there was no carryover of the allowance for loan losses that had been previously recorded by IFH or IDPK.

The operating results of the Company for the three months ending March 31, 2015 include the operating results of IDPK since the acquisition date. The operating results of the Company for the three months ending March 31, 2014 include the operating results of IFH since the acquisition date. The following table presents the net interest and other income, net income and earnings per share as if the acquisitions of IFH and IDPK were effective as of January 1, 2014. There were no material, nonrecurring adjustments to the pro forma net interest and other income, net income and earnings per share presented below:

	Three months Ended March 31,	
	2015	2014
Net interest and other income	$ 24,687	$ 19,715
Net income	$ 802	$ 3,028
Basic earnings per share	$ 0.04	$ 0.14

Diluted earnings per share	$ 0.04	$ 0.14

Note 5 – Investment Securities

The amortized cost and estimated fair value of securities were as follows:

	March 31, 2015			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Investment securities available for sale:				
Municipal bonds	$103,997	$1,718	$(192)	$105,523
Mortgage-backed securities	174,281	1,097	(440)	174,938
Total securities available for sale	$278,278	$2,815	$(632)	$280,461

	December 31, 2014			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Investment securities available for sale:				
Municipal bonds	$88,599	$1,235	$(173)	$89,661
Mortgage-backed securities	112,159	432	(614)	111,977
Total securities available for sale	$200,758	$1,667	$(787)	$201,638

	March 31, 2014			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Investment securities available for sale:				
Municipal bonds	$77,062	$848	$(586)	77,324
	126,921	65	(2,168)	124,818

Mortgage-backed securities				
Total securities available for sale	$203,983	$913	$(2,754)	$202,142

At March 31, 2015, the Company had $21.9 million in Federal Home Loan Bank (“FHLB”) stock, $5.4 million in Federal Reserve Bank (“FRB”) stock, and $3.3 million in other stock, all carried at cost. During the three months ended March 31, 2015, the Company had net purchases of $13.5 million of FHLB stock through the FHLB stock purchase program.

At March 31, 2015, mortgage-backed securities (“MBS”) with an estimated par value of $59.6 million and a fair value of $61.7 million were pledged as collateral for the Bank’s three reverse repurchase agreements which totaled $28.5 million and HOA reverse repurchase agreements which totaled $14.9 million.

The table below shows the number, fair value and gross unrealized holding losses of the Company’s investment securities by investment category and length of time that the securities have been in a continuous loss position.

	March 31, 2015								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses
	(dollars in thousands)								
Municipal bonds	48	$20,818	$(179)	3	$1,073	$(13)	51	$21,891	$(192)
Mortgage-backed securities	10	21,857	(66)	3	15,111	(374)	13	36,968	(440)
Total	58	$42,675	$(245)	6	$16,184	$(387)	64	$58,859	$(632)

	December 31, 2014								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses
	(dollars in thousands)								
Municipal bonds	35	$18,129	$(117)	16	$6,510	$(56)	51	$24,639	$(173)
Mortgage-backed securities	7	24,353	(105)	4	18,842	(509)	11	43,195	(614)
Total	42	$42,482	$(222)	20	$25,352	$(565)	62	$67,834	$(787)

	March 31, 2014								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses

(dollars in thousands)

Municipal bonds	74	$36,765	$(476)	12	$5,046	$(110)	86	$41,811	$(586)
Mortgage-backed securities	32	93,299	(1,422)	1	12,312	(746)	33	105,611	(2,168)
Total	106	$130,064	$(1,898)	13	$17,358	$(856)	119	$147,422	$(2,754)

The amortized cost and estimated fair value of investment securities available for sale at March 31, 2015, by contractual maturity are shown in the table below.

	One Year or Less		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(dollars in thousands)									
Investment securities available for sale:										
Municipal bonds	$466	$470	$21,044	$21,076	$35,914	$36,539	$46,573	$47,438	$103,997	$105,523
Mortgage-backed securities	-	-	251	255	27,988	28,208	146,042	146,475	174,281	174,938
Total investment securities available for sale	$466	$470	$21,295	$21,331	$63,902	$64,747	$192,615	$193,913	$278,278	$280,461

Any temporary impairment is a result of the change in market interest rates and not the underlying issuers' ability to repay. The Company has the intent and ability to hold these securities until the temporary impairment is eliminated. Accordingly, the Company has not recognized the temporary impairment in earnings.

Unrealized gains and losses on investment securities available for sale are recognized in stockholders' equity as accumulated other comprehensive income or loss. At March 31, 2015, the Company had accumulated other comprehensive income of $2.2 million, or $1.3 million net of tax, compared to accumulated other comprehensive loss of $880,000 or $518,000 net of tax, at December 31, 2014.

Note 6 – Loans Held for Investment

The following table sets forth the composition of our loan portfolio in dollar amounts at the dates indicated:

	March 31, 2015	December 31, 2014	March 31, 2014
	(in thousands)		
Business loans:			
Commercial and industrial	$420,218	$428,207	$271,877
	352,351	210,995	223,848

Commercial owner occupied (1)			
SBA	49,855	28,404	11,045
Warehouse facilities	216,554	113,798	81,033
Real estate loans:			
Commercial non-owner occupied	452,422	359,213	333,490
Multi-family	397,130	262,965	223,200
One-to-four family (2)	116,735	122,795	141,469
Construction	111,704	89,682	29,857
Land	7,243	9,088	6,170
Other loans	6,641	3,298	3,480
Total gross loans (3)	2,130,853	1,628,445	1,325,469
Less loans held for sale, net	-	-	-
Total gross loans held for investment	2,130,853	1,628,445	1,325,469
Deferred loan origination costs/(fees) and premiums/(discounts), net	534	177	(97)
Allowance for loan losses	(13,646)	(12,200)	(8,685)
Loans held for investment, net	$2,117,741	$1,616,422	$1,316,687

(1) Majority secured by real estate.
(2) Includes second trust deeds.
(3) Total gross loans for March 31, 2015 are net of (i) the unaccreted mark-to-market discounts on Canyon National Bank ("Canyon National") loans of $1.2 million, on Palm Desert National Bank ("Palm Desert National") loans of $1.3 million, on SDTB loans of $151,000, and on IDPK loans of $6.9 million and (ii) the mark-to-market premium on FAB loans of $28,000.

From time to time, we may purchase or sell loans in order to manage concentrations, maximize interest income, change risk profiles, improve returns and generate liquidity.

The Company makes residential and commercial loans held for investment to customers located primarily in California. Consequently, the underlying collateral for our loans and a borrower’s ability to repay may be impacted unfavorably by adverse changes in the economy and real estate market in the region.

Under applicable laws and regulations, the Bank may not make secured loans to one borrower in excess of 25% of the Bank’s unimpaired capital plus surplus and likewise in excess of 15% for unsecured loans. These loans-to-one borrower limitations result in a dollar limitation of $83.9 million for secured loans and $50.4 million for unsecured loans at March 31, 2015. At March 31, 2015, the Bank’s largest aggregate outstanding balance of loans to one borrower was $44.9 million of secured credit.

Purchased Credit Impaired

The following table provides a summary of the Company's investment in purchased credit impaired loans, acquired from Canyon National, Palm Desert National and IDPK, as of the period indicated:

	March 31, 2015			
	Canyon National	Palm Desert National	IDPK	Total
	(in thousands)			
Business loans:				
Commercial and industrial	$95	$ -	$601	$696
Commercial owner occupied	549	-	2,388	2,937
Real estate loans:				
Commercial non-owner occupied	965	-	1,379	2,344
One-to-four family	-	1	-	1
Total purchase credit impaired	$1,609	$ 1	$4,368	$5,978

On the acquisition date, the amount by which the undiscounted expected cash flows of the purchased credit impaired loans exceed the estimated fair value of the loan is the "accretable yield." The accretable yield is measured at each financial reporting date and represents the difference between the remaining undiscounted expected cash flows and the current carrying value of the purchased credit impaired loan. At March 31, 2015, the Company had $6.0 million of purchased credit impaired loans, of which $1.7 million were placed on nonaccrual status.

The following table summarizes the accretable yield on the purchased credit impaired for the three months ended March 31, 2015:

Three Months Ended March 31, 2015			
Canyon National	Palm Desert National	IDPK	Total
(in thousands)			

Balance at the beginning of period	$ 1,351	$ 52	$ -	$ 1,403
Accretable yield at acquisition	-	-	602	602
Accretion	(47)	-	(30)	(77)
Disposals and other	-	-	(4)	(4)
Change in accretable yield	-	-	-	-
Balance at the end of period	$ 1,304	$ 52	$ 568	$ 1,924

Impaired Loans

The following tables provide a summary of the Company's investment in impaired loans as of the period indicated:

	Impaired Loans						
	Contractual Unpaid Principal Balance	Recorded Investment	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
	(in thousands)						
March 31, 2015							
Business loans:							
Commercial and industrial	$ 2,225	$ 1,853	$ -	$ 1,853	$ -	$ 618	$ -
Commercial owner occupied	438	379	-	379	-	382	7
Real estate loans:							
Commercial non-owner occupied	698	458	-	458	-	465	12
One-to-four family	254	232	-	232	-	234	5
Totals	$ 3,615	$ 2,922	$ -	$ 2,922	$ -	$ 1,699	$ 24

	Impaired Loans						
	Contractual Unpaid Principal Balance	Recorded Investment	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
	(in thousands)						
December 31, 2014							
Business loans:							
Commercial and industrial	$ -	$ -	$ -	$ -	$ -	$ 11	$ -
Commercial owner occupied	440	388	-	388	-	514	46
SBA	-	-	-	-	-	5	-
Real estate loans:							
Commercial non-owner occupied	1,217	848	-	848	-	908	85
One-to-four family	256	236	-	236	-	440	17
Totals	$ 1,913	$ 1,472	$ -	$ 1,472	$ -	$ 1,878	$ 148

	Impaired Loans						
	Contractual Unpaid Principal Balance	Recorded Investment	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
	(in thousands)						
March 31, 2014							
Business loans:							
Commercial and industrial	$ 67	$ 31	$ -	$ 31	$ -	$ 10	$ -
Commercial owner occupied	870	718	-	718	-	738	-
SBA	246	14	-	14	-	14	9
Real estate loans:							
Commercial non-owner occupied	1,894	1,327	-	1,327	-	1,093	17

One-to-four family	639	593	274	319	104	602	17
Totals	$ 3,716	$ 2,683	$ 274	$ 2,409	$ 104	$ 2,457	$ 43

The Company considers a loan to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement or it is determined that the likelihood of the Company receiving all scheduled payments, including interest, when due is remote. The Company has no commitments to lend additional funds to debtors whose loans have been impaired.

The Company reviews loans for impairment when the loan is classified as substandard or worse, delinquent 90 days, or determined by management to be collateral dependent, or when the borrower files bankruptcy or is granted a troubled debt restructuring ("TDR"). Measurement of impairment is based on the loan's expected future cash flows discounted at the loan's effective interest rate, measured by reference to an observable market value, if one exists, or the fair value of the collateral if the loan is deemed collateral dependent. All loans are generally charged-off at such time the loan is classified as a loss. Valuation allowances are determined on a loan-by-loan basis or by aggregating loans with similar risk characteristics.

The following table provides additional detail on the components of impaired loans at the period end indicated:

	March 31, 2015	December 31, 2014	March 31, 2014
	(in thousands)		
Nonaccruing loans	$2,742	$1,290	$2,497
Accruing loans	180	182	186
Total impaired loans	$2,922	$1,472	$2,683

When loans are placed on nonaccrual status all accrued interest is reversed from earnings. Payments received on nonaccrual loans are generally applied as a reduction to the loan principal balance. If the likelihood of further loss is remote, the Company will recognize interest on a cash basis only. Loans may be returned to accruing status if the Company believes that all remaining principal and interest is fully collectible and there has been at least three months of sustained repayment performance since the loan was placed on nonaccrual.

The Company does not accrue interest on loans 90 days or more past due or when, in the opinion of management, there is reasonable doubt as to the collection of interest. The Company had impaired loans on nonaccrual status of $2.7 million at March 31, 2015, $1.3 million at December 31, 2014, and $2.5 million at March 31, 2014. The Company had no loans 90 days or more past due and still accruing at March 31, 2015, December 31, 2014 or March 31, 2014.

The Company had no new TDRs during the quarter ended March 31, 2015 and March 31, 2014 and had one immaterial TDR outstanding related to a U.S. Small Business Administration ("SBA") loan.

Concentration of Credit Risk

As of March 31, 2015, the Company's loan portfolio was collateralized by various forms of real estate and business assets located principally in California. The Company's loan portfolio contains concentrations of credit in multi-family real estate, commercial non-owner occupied real estate and commercial owner occupied business loans. The Bank maintains policies approved by the Bank's Board of Directors (the "Bank Board") that address these concentrations and continues to diversify its loan portfolio through loan originations, purchases and sales to meet approved concentration levels. While management believes that the collateral presently securing these loans is adequate, there can be no assurances that a significant deterioration in the California real estate market or economy would not expose the Company to significantly greater credit risk.

Credit Quality and Credit Risk Management

The Company's credit quality is maintained and credit risk managed in two distinct areas. The first is the loan origination process, wherein the Bank underwrites credit quality and chooses which risks it is willing to accept. The second is in the ongoing oversight of the loan portfolio, where existing credit risk is measured and monitored, and where performance issues are dealt with in a timely and comprehensive fashion.

The Company maintains a comprehensive credit policy which sets forth minimum and maximum tolerances for key elements of loan risk. The policy identifies and sets forth specific guidelines for analyzing each of the loan products the Company offers from both an individual and portfolio wide basis. The credit policy is reviewed annually by the Bank Board. The Bank's seasoned underwriters ensure all key risk factors are analyzed with nearly all underwriting including a comprehensive global cash flow analysis of the prospective borrowers. The credit approval process mandates multiple-signature approval by the management credit committee for every loan that requires any subjective credit analysis.

Credit risk is managed within the loan portfolio by the Company's Portfolio Management department based on a comprehensive credit and investment review policy. This policy requires a program of financial data collection and analysis, comprehensive loan reviews, property and/or business inspections and monitoring of portfolio concentrations and trends. The Portfolio Management department also monitors asset-based lines of credit, loan covenants and other conditions associated with the Company's business loans as a means to help identify potential credit risk. Individual loans, excluding the homogeneous loan portfolio, are reviewed at least biennially, and in most cases more often, including the assignment of a risk grade.

Risk grades are based on a six-grade Pass scale, along with Special Mention, Substandard, Doubtful and Loss classifications as such classifications are defined by the regulatory agencies. The assignment of risk grades allows the Company to, among other things, identify the risk associated with each credit in the portfolio, and to provide a basis for estimating credit losses inherent in the portfolio. Risk grades are reviewed regularly by the Company's Credit and Portfolio Review committee, and are reviewed annually by an independent third-party, as well as by regulatory agencies during scheduled examinations.

The following provides brief definitions for risk grades assigned to loans in the portfolio:

- Pass classifications represent assets with a level of credit quality which contain no well-defined deficiency or weakness.
- Special Mention assets do not currently expose the Bank to a sufficient risk to warrant classification in one of the adverse categories, but possess correctable deficiencies or potential weaknesses deserving management's close attention.
  - Substandard assets are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. These assets are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. OREO acquired from foreclosure is also

classified as substandard.

- Doubtful credits have all the weaknesses inherent in substandard credits, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.
- Loss assets are those that are considered uncollectible and of such little value that their continuance as assets is not warranted. Amounts classified as loss are promptly charged off.

The Portfolio Management department also manages loan performance risks, collections, workouts, bankruptcies and foreclosures. Loan performance risks are mitigated by our portfolio managers acting promptly and assertively to address problem credits when they are identified. Collection efforts are commenced immediately upon non-payment, and the portfolio managers seek to promptly determine the appropriate steps to minimize the Company's risk of loss. When foreclosure will maximize the Company's recovery for a non-performing loan, the portfolio managers will take appropriate action to initiate the foreclosure process.

When a loan is graded as special mention or substandard or doubtful, the Company obtains an updated valuation of the underlying collateral. If the credit in question is also identified as impaired, a valuation allowance, if necessary, is established against such loan or a loss is recognized by a charge to the allowance for loan losses ("ALLL") if management believes that the full amount of the Company's recorded investment in the loan is no longer collectable. The Company typically continues to obtain or confirm updated valuations of underlying collateral for special mention and classified loans on an annual basis in order to have the most current indication of fair value. Once a loan is identified as impaired, an analysis of the underlying collateral is performed at least quarterly, and corresponding changes in any related valuation allowance are made or balances deemed to be fully uncollectable are charged-off.

The following tables stratify the loan portfolio by the Company's internal risk grading system as well as certain other information concerning the credit quality of the loan portfolio as of the periods indicated:

	Credit Risk Grades			
	Pass	Special Mention	Substandard	Total Gross Loans
March 31, 2015		(in thousands)		
Business loans:				
Commercial and industrial	$410,328	$1,250	$8,640	$420,218
Commercial owner occupied	340,685	-	11,666	352,351
SBA	49,855	-	-	49,855
Warehouse facilities	216,554	-	-	216,554
Real estate loans:				
Commercial non-owner occupied	446,900	-	5,522	452,422
Multi-family	391,690	1,954	3,486	397,130
	115,780	-	955	116,735

One-to-four family				
Construction	111,469	-	235	111,704
Land	7,243	-	-	7,243
Other loans	6,641	-	-	6,641
Totals	$2,097,145	$3,204	$30,504	$2,130,853

	Credit Risk Grades			
	Pass	Special Mention	Substandard	Total Gross Loans
December 31, 2014	(in thousands)			
Business loans:				
Commercial and industrial	$426,379	$-	$1,828	$428,207
Commercial owner occupied	202,390	-	8,605	210,995
SBA	28,132	272	-	28,404
Warehouse facilities	113,798	-	-	113,798
Real estate loans:				
Commercial non-owner occupied	355,274	-	3,939	359,213
Multi-family	261,956	501	508	262,965
One-to-four family	122,146	-	649	122,795
Construction	89,682	-	-	89,682
Land	9,088	-	-	9,088
Other loans	3,298	-	-	3,298
Totals	$1,612,143	$773	$15,529	$1,628,445

	Credit Risk Grades			
	Pass	Special Mention	Substandard	Total Gross Loans
March 31, 2014	(in thousands)			
Business loans:				
Commercial and industrial	$270,024	$-	$1,853	$271,877
Commercial owner occupied	212,663	272	10,913	223,848
SBA	11,031	-	14	11,045
	81,033	-	-	81,033

Warehouse facilities				
Real estate loans:				
Commercial non-owner occupied	328,645	-	4,845	333,490
Multi-family	222,178	508	514	223,200
One-to-four family	140,453	-	1,016	141,469
Construction	29,857	-	-	29,857
Land	6,170	-	-	6,170
Other loans	3,478	-	2	3,480
Totals	$1,305,532	$780	$19,157	$1,325,469

The following tables set forth delinquencies in the Company's loan portfolio at the dates indicated:

		Days Past Due				Non-
	Current	30-59	60-89	90+	Total	Accruing
March 31, 2015			(in thousands)			
Business loans:						
Commercial and industrial	$417,894	$146	$-	$2,178	$420,218	$2,455
Commercial owner occupied	351,600	349	375	27	352,351	527
SBA	49,855	-	-	-	49,855	-
Warehouse facilities	216,554	-	-	-	216,554	-
Real estate loans:						
Commercial non-owner occupied	452,422	-	-	-	452,422	1,602
Multi-family	397,130	-	-	-	397,130	-
One-to-four family	116,533	149	-	53	116,735	79
Construction	111,704	-	-	-	111,704	-
Land	7,243	-	-			