

FIRST PACTRUST BANCORP INC

Form 10-Q

November 06, 2009

[Table of Contents](#)

**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, 2009

**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 6, 2009 the Registrant had 4,248,135 outstanding shares of common stock.

**Table of Contents**

**FIRST PACTRUST BANCORP, INC.**

Form 10-Q Quarterly Report

Index

	<b>Page</b>
PART I - Financial Information	
Item 1 <u>Financial Statements</u>	4
Item 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3 <u>Quantitative and Qualitative Disclosures About Market Risk</u>	25
Item 4 <u>Controls and Procedures</u>	26
PART II - Other Information	
Item 1 <u>Legal Proceedings</u>	26
Item 1A <u>Risk Factors</u>	26
Item 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
Item 3 <u>Defaults Upon Senior Securities</u>	27
Item 4 <u>Submission of Matters to a Vote of Security Holders</u>	27
Item 5 <u>Other Information</u>	27
Item 6 <u>Exhibits</u>	28
<u>SIGNATURES</u>	30

**Table of Contents**

**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 data)****(Unaudited)**

	<b>September 30, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 7,501	\$ 6,629
Federal funds sold	14,175	8,835
Interest-bearing deposits	3,714	3,773
Total cash and cash equivalents	25,390	19,237
Interest-bearing deposit in other financial institution		893
Securities available-for-sale	48,751	17,565
Federal Home Loan Bank stock, at cost	9,364	9,364
Loans receivable, net of allowance of \$11,188 at September 30, 2009 and \$18,286 at December 31, 2008	767,970	793,045
Accrued interest receivable	3,665	4,008
Real estate owned, net	5,277	158
Premises and equipment, net	4,268	4,448
Bank owned life insurance investment	17,846	17,565
Other assets	11,922	10,237
Total assets	\$ 894,453	\$ 876,520
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits		
Noninterest-bearing	\$ 14,580	\$ 14,697
Interest-bearing	622,545	583,480
Total deposits	637,125	598,177
Advances from Federal Home Loan Bank	150,000	175,000
Due to broker	5,875	
Accrued expenses and other liabilities	4,439	4,620
Total liabilities	797,439	777,797
<b>SHAREHOLDERS EQUITY</b>		
Preferred stock, \$.01 par value per share, \$1,000 per share liquidation preference, 5,000,000 shares authorized, 19,300 shares issued and outstanding at September 30, 2009 and December 31, 2008	19,085	19,068
Common stock, \$.01 par value per share, 20,000,000 shares authorized; 5,445,000 shares issued	54	54
Additional paid-in capital	68,076	68,155
Retained earnings	36,573	38,496
Treasury stock, at cost (September 30, 2009 - 1,196,865 shares, December 31, 2008 - 1,192,832 shares)	(25,771)	(25,736)
Unearned employee stock ownership plan shares (September 30, 2009 - 95,220 shares, December 31, 2008 - 126,960 shares)	(1,142)	(1,523)
Accumulated other comprehensive income	139	209

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Total shareholders' equity	97,014	98,723
Total liabilities and shareholders' equity	\$ 894,453	\$ 876,520

See accompanying notes to consolidated financial statements.

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Interest and dividend income				
Loans, including fees	\$ 10,212	\$ 11,513	\$ 32,507	\$ 33,721
Securities	1,278		3,093	75
Dividends and other interest-earning assets	25	132	73	418
<b>Total interest income</b>	<b>11,515</b>	<b>11,645</b>	<b>35,673</b>	<b>34,214</b>
Interest expense				
Deposits	3,036	4,031	10,201	13,413
Federal Home Loan Bank advances	1,212	1,630	4,033	3,985
<b>Total interest expense</b>	<b>4,248</b>	<b>5,661</b>	<b>14,234</b>	<b>17,398</b>
<b>Net interest income</b>	<b>7,267</b>	<b>5,984</b>	<b>21,439</b>	<b>16,816</b>
Provision for loan losses	2,709	1,479	12,395	7,370
<b>Net interest income after provision for loan losses</b>	<b>4,558</b>	<b>4,505</b>	<b>9,044</b>	<b>9,446</b>
Noninterest income				
Customer service fees	343	412	1,025	1,186
Mortgage loan prepayment penalties	11		21	47
Income from bank owned life insurance	95	169	283	485
Other income	3	4	16	10
<b>Total noninterest income</b>	<b>452</b>	<b>585</b>	<b>1,345</b>	<b>1,728</b>
Noninterest expense				
Salaries and employee benefits	1,625	1,616	5,012	5,160
Occupancy and equipment	494	454	1,474	1,360
Advertising	43	73	138	256
Professional fees	128	184	427	440
Stationary, supplies, and postage	86	106	261	298
Data processing	255	268	751	791
ATM costs	91	96	268	298
FDIC expense	337	119	1,231	357
Loan servicing & foreclosure	20	41	575	169
Operating loss on equity investment	87	89	261	267
Other general and administrative	278	260	841	761
<b>Total noninterest expense</b>	<b>3,444</b>	<b>3,306</b>	<b>11,239</b>	<b>10,157</b>
<b>Income/(loss) before income tax expense/(benefit)</b>	<b>1,566</b>	<b>1,784</b>	<b>(850)</b>	<b>1,017</b>
<b>Income tax expense/(benefit)</b>	<b>71</b>	<b>340</b>	<b>(452)</b>	<b>203</b>
<b>Net income/(loss)</b>	<b>\$ 1,495</b>	<b>\$ 1,444</b>	<b>\$ (398)</b>	<b>\$ 814</b>

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Dividends and discount on preferred stock	\$ 251	\$	\$ 752	\$
Net income/(loss) available to common shareholders.	1,244	1,444	(1,150)	814
Basic	\$ .30	\$ .35	\$ (.28)	\$ .20
Diluted	\$ .30	\$ .35	\$ (.28)	\$ .20

See accompanying notes to consolidated financial statements.



**Table of Contents****First PacTrust Bancorp, Inc.****Consolidated Statements of Cash Flows****(In thousands of dollars) (Unaudited)**

	<b>Nine Months Ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$ (398)	\$ 814
Adjustments to reconcile net income/(loss) to net cash provided by operating activities		
Provision for loan losses	12,395	7,370
Net accretion of securities	(1,431)	(53)
Depreciation and amortization	334	337
Employee stock ownership plan compensation expense	231	477
Stock option compensation expense	39	144
Stock award compensation expense	71	318
Bank owned life insurance income	(283)	(485)
Operating loss on equity investment	261	267
Impairment of securities	15	
Loss on sale of property and equipment	2	
Deferred income tax (benefit)/expense	(1,320)	(262)
Write down of other real estate owned		89
Interest capitalized on negative amortizing loans	(16)	(534)
Federal Home Loan Bank stock dividends		