

FIRST COMMUNITY BANCORP /CA/  
Form 10-Q  
May 12, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2008

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: 00-30747

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**FIRST COMMUNITY BANCORP**

(Exact name of registrant as specified in its charter)

**CALIFORNIA**  
(State or other jurisdiction  
of incorporation or organization)

**33-0885320**  
(I.R.S. Employer  
Identification Number)

**401 West "A" Street  
San Diego, California**  
(Address of principal executive offices)

**92101**  
(Zip Code)

**(619) 233-5588**

(Registrant's telephone number, including area code)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "Accelerated Filer and Large Accelerated Filer" in Rule 12b-2 of the Exchange Act. (check one):

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 Rule 12b-2 of the Exchange Act). Yes  No

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As of May 8, 2008 there were 27,168,736 shares of the registrant's common stock outstanding, excluding 968,492 shares of unvested restricted stock.

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## PART I FINANCIAL INFORMATION

## ITEM 1. Unaudited Condensed Consolidated Financial Statements

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007
(Dollars in thousands, except share data)		
<b>Assets:</b>		
Cash and due from banks	\$ 129,653	\$ 99,363
Federal funds sold		2,000
	<u>129,653</u>	<u>101,363</u>
Total cash and cash equivalents	129,653	101,363
Interest-bearing deposits in financial institutions	286	420
Investments:		
Federal Home Loan Bank stock, at cost	32,768	26,649
Securities available-for-sale (amortized cost of \$115,822 at March 31, 2008 and \$105,984 at December 31, 2007)	117,696	106,888
	<u>150,464</u>	<u>133,537</u>
Total investments	150,464	133,537
Loans, held for sale	57,309	63,565
Loans, net of unearned income	3,909,007	3,949,218
Less allowance for loan losses	(60,199)	(52,557)
	<u>3,848,808</u>	<u>3,896,661</u>
Net loans	3,848,808	3,896,661
Premises and equipment, net	25,702	26,327
Other real estate owned, net	6,055	2,736
Accrued interest receivable	16,594	18,555
Goodwill	486,916	761,990
Core deposit and customer relationship intangibles	41,255	43,785
Cash surrender value of life insurance	68,598	67,846
Other assets	61,076	62,255
	<u>4,892,716</u>	<u>5,179,040</u>
Total assets	\$ 4,892,716	\$ 5,179,040
<b>Liabilities and Shareholders' Equity:</b>		
Deposits:		
Noninterest-bearing	\$ 1,277,302	\$ 1,211,946
Interest-bearing	2,041,842	2,033,200
	<u>3,319,144</u>	<u>3,245,146</u>
Total deposits	3,319,144	3,245,146
Accrued interest payable and other liabilities	45,286	45,054
Borrowings	539,800	612,000
Subordinated debentures	130,173	138,488
	<u>4,034,403</u>	<u>4,040,688</u>
Total liabilities	4,034,403	4,040,688
Shareholders' equity:		
Preferred stock, no par value. Authorized 5,000,000 shares; none issued and outstanding		
Common stock, no par value. Authorized 50,000,000 shares; issued and outstanding 28,147,608 at March 31, 2008 and 28,002,382 at December 31, 2007 (includes 999,189 and 861,269 shares of unvested restricted stock, respectively)	937,559	936,608
Retained earnings (accumulated deficit)	(80,333)	201,220
Accumulated other comprehensive income unrealized gain on securities available-for-sale, net	1,087	524
	<u>858,313</u>	<u>1,138,352</u>
Total shareholders' equity	858,313	1,138,352

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	March 31, 2008	December 31, 2007
Total liabilities and shareholders' equity	\$ 4,892,716	\$ 5,179,040

See "Notes to Unaudited Condensed Consolidated Financial Statements."

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

	Quarter Ended		
	03/31/08	12/31/07	03/31/07
(In thousands, except per share data)			
<b>Interest income:</b>			
Interest and fees on loans	\$ 75,653	\$ 82,742	\$ 90,949
Interest on federal funds sold	40	251	214
Interest on deposits in financial institutions	3	4	6
Interest on investment securities	1,701	1,358	1,376
<b>Total interest income</b>	<b>77,397</b>	<b>84,355</b>	<b>92,545</b>
<b>Interest expense:</b>			
Deposits	11,821	14,391	13,425
Borrowings	5,307	4,306	6,752
Subordinated debentures	2,409	2,715	2,933
<b>Total interest expense</b>	<b>19,537</b>	<b>21,412</b>	<b>23,110</b>
Net interest income before provision for credit losses	57,860	62,943	69,435
Provision for credit losses	26,000	3,000	
<b>Net interest income after provision for credit losses</b>	<b>31,860</b>	<b>59,943</b>	<b>69,435</b>
<b>Noninterest income:</b>			
Service charges on deposit accounts	3,224	3,029	2,817
Other commissions and fees	1,519	1,817	1,323
Gain on sale of loans, net	269	(543)	7,525
Increase in cash surrender value of life insurance	587	649	616
Other income	968	400	2,070
<b>Total noninterest income</b>	<b>6,567</b>	<b>5,352</b>	<b>14,351</b>
<b>Noninterest expense:</b>			
Compensation	18,846	16,669	18,922
Occupancy	4,731	4,871	4,761
Furniture and equipment	1,139	1,183	1,293
Data processing	1,543	1,475	1,558
Other professional services	1,415	1,495	1,437
Business development	756	1,709	707
Communications	824	779	832
Insurance and assessments	540	464	413
Intangible asset amortization	2,530	2,621	2,174
Reorganization charges		390	258
Goodwill write-off	275,000		
Other	2,986	4,689	3,038
<b>Total noninterest expense</b>	<b>310,310</b>	<b>36,345</b>	<b>35,393</b>
(Loss) earnings before income taxes	(271,883)	28,950	48,393
Income taxes	840	11,891	19,847

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	Quarter Ended		
	_____	_____	_____
Net (loss) earnings	\$ (272,723)	\$ 17,059	\$ 28,546
<b>Number of outstanding shares (weighted average):</b>			
Basic	27,145.2	27,645.0	28,867.2
Diluted	27,145.2	27,703.0	28,995.1
<b>(Loss) earnings per share:</b>			
Basic	\$ (10.05)	\$ 0.62	\$ 0.99
Diluted	\$ (10.05)	\$ 0.62	\$ 0.98
Dividends declared per share	\$ 0.32	\$ 0.32	\$ 0.32

See "Notes to Unaudited Condensed Consolidated Financial Statements."

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarter Ended March 31,	
	2008	2007
	(Dollars in thousands)	
Net (loss) earnings	\$ (272,723)	\$ 28,546
Other comprehensive income, net of related income taxes:		
Unrealized holding gains on securities arising during the period	563	169
Comprehensive net (loss) income	\$ (272,160)	\$ 28,715

See "Notes to Unaudited Condensed Consolidated Financial Statements."



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Quarter Ended March 31, 2008

	Common Stock		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total
	Shares	Amount			
(Dollars in thousands, except share data)					
Balance at December 31, 2007	28,002,382	\$ 936,608	\$ 201,220	\$ 524	\$ 1,138,352
Net loss			(272,723)		(272,723)
Exercise of stock options	1,000	30			30
Tax benefits from exercise of options and vesting of restricted stock		5			5
Restricted stock awarded and earned stock compensation, net of shares forfeited	145,255	952			952
Restricted stock surrendered	(1,029)	(36)			(36)
Cash dividends paid (\$0.32 per share)			(8,830)		(8,830)
Other comprehensive income increase in net unrealized gain on securities available-for-sale, net of tax effect of \$408 thousand				563	563
Balance at March 31, 2008	28,147,608	\$ 937,559	\$ (80,333)	\$ 1,087	\$ 858,313

See "Notes to Unaudited Condensed Consolidated Financial Statements."

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Quarter Ended March 31,

2008	2007
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(Dollars in thousands)

Cash flows from operating activities:				
Net (loss) earnings	\$	(272,723)	\$	28,546
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities:				
				&nb