

FIRST PACTRUST BANCORP INC

Form 10-Q

November 02, 2007

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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, 2007

FIRST PACTRUST BANCORP, INC.

(Exact name of registrant as specified in its charter)

000-49806

(Commission File Number)

Maryland

(State of incorporation)

04-3639825

(IRS Employer Identification No.)

610 Bay Boulevard, Chula Vista, California

(Address of Principal Executive Offices)

91910

(ZIP Code)

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(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 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.

Large accelerated Filer Accelerated Filer Non-accelerated Filer

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 2, 2007 the Registrant had 4,403,698 outstanding shares of common stock.

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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 Litigation 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)**

	September 30, 2007	December 31, 2006
ASSETS		
Cash and due from banks	\$ 6,245	\$ 6,934
Federal funds sold	1,605	245
Interest-bearing deposits	5,392	6,816
Total cash and cash equivalents	13,242	13,995
Interest-bearing deposit in other financial institution	992	992
Securities available-for-sale	14,208	13,989
Federal Home Loan Bank stock, at cost	6,753	9,794
Loans receivable, net of allowance of \$5,372 at September 30, 2007 and \$4,670 at December 31, 2006	704,745	740,044
Accrued interest receivable	3,996	3,958
Premises and equipment, net	4,849	4,910
Bank owned life insurance investment	16,861	16,349
Other assets	4,830	4,312
Total assets	\$ 770,476	\$ 808,343
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing	\$ 14,867	\$ 14,362
Interest-bearing	567,323	556,181
Total deposits	582,190	570,543
Advances from Federal Home Loan Bank	99,500	151,200
Accrued expenses and other liabilities	5,209	4,859
Total liabilities	686,899	726,602
SHAREHOLDERS' EQUITY		
Preferred stock, \$.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding		
Common stock, \$.01 par value per share, 20,000,000 shares authorized; 5,445,000 shares issued	54	54
Additional paid-in capital	67,218	65,940
Retained earnings	42,129	41,993
Treasury stock, at cost (September 30, 2007 1,041,302 shares, December 31, 2006 1,039,246 shares)	(23,594)	(23,515)
Unearned Employee Stock Ownership Plan shares (September 30, 2007 179,860 shares, December 31, 2006 211,600 shares)	(2,158)	(2,539)
Accumulated other comprehensive loss	(72)	(192)
Total shareholders' equity	83,577	81,741
Total liabilities and shareholders' equity	\$ 770,476	\$ 808,343

See accompanying notes to consolidated financial statements.

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

	Three months ended		Nine months ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Interest and dividend income				
Loans, including fees	\$ 10,972	\$ 11,672	\$ 33,565	\$ 32,644
Securities	156	156	470	470
Dividends and other interest-earning assets	134	184	462	497
Total interest income	11,262	12,012	34,497	33,611
Interest expense				
Deposits	6,143	5,308	18,035	13,878
Federal Home Loan Bank advances	1,160	2,059	3,868	5,554
Total interest expense	7,303	7,367	21,903	19,432
Net interest income	3,959	4,645	12,594	14,179
Provision for loan losses	804	(83)	714	100
Net interest income after provision for loan losses	3,155	4,728	11,880	14,079
Noninterest income				
Customer service fees	392	360	1,191	1,022
Mortgage loan prepayment penalties	31	55	68	143
Income from bank owned life insurance	166	139	530	455
Other income	4	5	13	14
Total noninterest income	593	559	1,802	1,634
Noninterest expense				
Salaries and employee benefits	1,741	1,864	5,653	5,673
Occupancy and equipment	470	444	1,385	1,329
Advertising	101	91	293	293
Professional fees	165	91	424	319
Stationary, supplies, and postage	96	125	341	336
Data processing	272	215	756	651
ATM costs	118	129	358	386
Operating loss on equity investment	259	79	431	276
Other general and administrative	398	354	1,153	1,093
Total noninterest expense	3,620	3,392	10,794	10,356
Income before income taxes	128	1,895	2,888	5,357
Income tax expense (benefit)	(155)	640	767	1,868
Net income	\$ 283	\$ 1,255	\$ 2,121	\$ 3,489

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Comprehensive income	\$ 416	\$ 1,424	\$ 2,241	\$ 3,473
Earnings per share				
Basic	\$.07	\$.31	\$.51	\$.86
Diluted	\$.07	\$.30	\$.50	\$.83

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended	
	September 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,121	\$ 3,489
Adjustments to reconcile net income to net cash provided by operating activities		
Net amortization on securities	(15)	(15)
Provision for loan losses	714	100
Depreciation and amortization	335	352
Federal Home Loan Bank stock dividends	(347)	(324)
Bank owned life insurance income	(530)	(455)
Employee stock ownership plan compensation expense	806	909
Stock award compensation expense	515	441
Stock option compensation expense	237	94
Operating loss on equity investment	431	276
Loss on sale of property & equipment	4	24
Deferred income tax (benefit)/expense	(236)	34
Interest capitalized on negative amortizing loans	(1,273)	(1,225)
Net change in:		
Deferred loan fees	(157)	(226)
Accrued interest receivable	(38)	(610)
Other assets	203	222
Accrued interest payable and other liabilities	(129)	929
Net cash provided by operating activities	2,641	4,015
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan originations and principal collections, net	37,073	(54,189)
Increase in other interest bearing deposits		515
Purchase of Federal Home Loan Bank stock		(1,075)
Purchase of Loans	(1,058)	
Proceeds from maturities and principal repayment of securities available-for-sale	1	1
Redemption of Federal Home Loan Bank stock	3,388	
Funding of equity investment	(56)	(1,104)
Additions to premises and equipment	(278)	(174)
Net cash provided by investing activities	39,070	(56,026)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	11,647	44,892
Net change in Federal Home Loan Bank open line	(37,700)	15,300