

FIRST PACTRUST BANCORP INC

Form 10-Q

November 07, 2006

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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, 2006

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 7, 2006 the Registrant had 4,409,741 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 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,	December 31,
	2006	2005
ASSETS		
Cash and due from banks	\$ 7,592	\$ 6,240
Federal funds sold	1,250	1,270
Interest-bearing deposits	6,057	6,363
Total cash and cash equivalents	14,899	13,873
Interest-bearing deposit in other financial institution	992	1,507
Securities available-for-sale	13,998	14,012
Federal Home Loan Bank stock, at cost	9,922	8,523
Loans receivable, net of allowance of \$4,788 at September 30, 2006 and \$4,691 at December 31, 2005	744,037	688,497
Accrued interest receivable	3,578	2,968
Premises and equipment, net	4,978	5,180
Bank owned life insurance investment	16,175	15,675
Other assets	4,905	4,942
Total assets	\$ 813,484	\$ 755,177
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing	\$ 14,930	\$ 16,706
Interest-bearing	538,118	491,450
Total deposits	553,048	508,156
Advances from Federal Home Loan Bank	174,500	164,200
Accrued expenses and other liabilities	5,215	5,052
Total liabilities	732,763	677,408
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	65,500	66,127
Retained earnings	41,542	39,962
Treasury stock, at cost (September 30, 2006 - 1,041,059 shares, December 31, 2005 - 1,035,338 shares)	(23,525)	(23,293)
Unearned Employee Stock Ownership Plan shares (September 30, 2006 - 222,180 shares, December 31, 2005 - 253,920 shares)	(2,666)	(3,047)
Unearned employee stock award shares (December 31, 2005 - 103,204 shares)	(1,866)	(1,866)
Accumulated other comprehensive loss	(184)	(168)
Total shareholders equity	80,721	77,769

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Total liabilities and shareholders' equity	\$ 813,484	\$ 755,177
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See accompanying notes to consolidated financial statements.

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

	Three months ended		Nine months ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Interest and dividend income				
Loans, including fees	\$ 11,672	\$ 8,807	\$ 32,644	\$ 25,204
Securities	156	157	470	467
Dividends and other interest-earning assets	184	212	497	371
Total interest income	12,012	9,176	33,611	26,042
Interest expense				
Deposits	5,308	3,220	13,878	8,494
Federal Home Loan Bank advances	2,059	1,242	5,554	3,289
Total interest expense	7,367	4,462	19,432	11,783
Net interest income	4,645	4,714	14,179	14,259
Provision (benefit) for loan losses	(83)	(44)	100	208
Net interest income after provision for loan losses	4,728	4,758	14,079	14,051
Noninterest income				
Customer service fees	362	311	1,024	932
Mortgage loan prepayment penalties	53	45	141	145
Income from bank owned life insurance	139	192	455	508
Other income	5	4	14	20
Total noninterest income	559	552	1,634	1,605
Noninterest expense				
Salaries and employee benefits	1,864	1,834	5,673	5,623
Occupancy and equipment	444	478	1,329	1,427
Advertising	91	102	293	319
Professional fees	91	85	319	368
Stationary, supplies, and postage	125	105	336	307
Data processing	215	220	651	643
ATM costs	129	127	386	372
Operating loss on equity investment	79	99	276	297
Other general and administrative	354	245	1,093	818
Total noninterest expense	3,392	3,295	10,356	10,174
Income before income taxes	1,895	2,015	5,357	5,482
Income tax expense	640	661	1,868	1,908
Net income	\$ 1,255	\$ 1,354	\$ 3,489	\$ 3,574

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Comprehensive income	\$ 1,424	\$ 1,209	\$ 3,473	\$ 3,429
Earnings per share				
Basic	\$.31	\$.33	\$.86	\$.86
Diluted	\$.30	\$.32	\$.83	\$.84

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,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,489	\$ 3,574
Adjustments to reconcile net income to net cash provided by operating activities		
Net amortization on securities	(15)	(15)
Provision for loan losses	100	208
Depreciation and amortization	352	378
Federal Home Loan Bank stock dividends	(324)	(243)
Bank owned life insurance income	(455)	(508)
Employee stock ownership plan compensation expense	909	826
Stock award/option expense	535	542
Operating loss on equity investment	276	297
Gain/Loss on sale of property & equipment	24	
Deferred income tax (benefit)/expense	(185)	(70)
Net change in:		
Deferred loan fees	(226)	(550)
Accrued interest receivable	(610)	(459)
Other Assets	222	(140)
Accrued interest payable and other liabilities	929	162
Net cash provided by operating activities	5,021	4,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan originations and principal collections, net	(55,414)	(18,030)
Purchase of Loans		(22,057)
Net change in other interest bearing deposits	515	989
Purchase of Federal Home Loan Bank stock	(1,075)	(615)
Redemption of Federal Home Loan Bank stock		216
Purchase of securities available-for-sale		(4,316)
Proceeds from maturities and principal repayment of securities available-for-sale	1	3
Funding of equity investment	(1,104)	(852)
Purchase of bank owned life insurance investment		(15,000)
Additions to premises and equipment	(174)	(383)
Net cash provided by investing activities	(57,251)	(60,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	44,892	40,057
Net change in Federal Home Loan Bank open line		