

BBCN BANCORP INC
Form 10-Q
November 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to section 13 or 15 (d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2013

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: 000-50245

BBCN BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware 95-4849715
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

3731 Wilshire Boulevard, Suite 1000, Los Angeles, 90010
California (ZIP Code)
(Address of Principal executive offices)

(213) 639-1700
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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 (§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 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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 1, 2013, there were 79,267,580 outstanding shares of the issuer's Common Stock, \$0.001 par value.

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Forward-Looking Information

Certain matters discussed in this report may constitute forward-looking statements under Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. There can be no assurance that the results described or implied in such forward-looking statements will, in fact, be achieved and actual results, performance, and achievements could differ materially because our business involves inherent risks and uncertainties. The risks and uncertainties include: possible deterioration in economic conditions in our areas of operation; interest rate risk associated with volatile interest rates and related asset-liability matching risk; liquidity risks; risk of significant non-earning assets, and net credit losses that could occur, particularly in times of weak economic conditions or times of rising interest rates; and regulatory risks associated with current and future regulations. For additional information concerning these and other risk factors, see "Part II, Item 1A. Risk Factors" contained herein and "Part I, Item 1A. Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2012.

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FINANCIAL INFORMATION

Item 1. Financial Statements

BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited)	
	September 30, 2013	December 31, 2012
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$172,483	\$88,506
Interest earning deposit at the Federal Reserve Bank (the "FRB")	172,869	224,410
Total cash and cash equivalents	345,352	312,916
Securities available for sale, at fair value	708,566	704,403
Loans held for sale, at the lower of cost or fair value	49,480	51,635
Loans receivable, net of allowance for loan losses (September 30, 2013 - \$65,715; December 31, 2012 - \$66,941)	4,833,224	4,229,311
Other real estate owned ("OREO"), net	27,582	2,698
Federal Home Loan Bank ("FHLB") stock, at cost	27,958	22,495
Premises and equipment, net of accumulated depreciation and amortization (September 30, 2013 - \$24,925; December 31, 2012 - \$22,201)	29,747	22,609
Accrued interest receivable	13,108	12,117
Deferred tax assets, net	80,768	60,240
Customers' liabilities on acceptances	6,126	10,493
Bank owned life insurance	44,593	43,767
Investments in affordable housing partnerships	11,983	13,164
Goodwill	119,881	89,878
Other intangible assets, net	5,563	3,033
Prepaid FDIC insurance	—	7,574
FDIC loss share receivable	2,430	5,797
Other assets	34,626	48,531
Total assets	\$6,340,987	\$5,640,661

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BBCN BANCORP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited)	
	September 30, 2013	December 31, 2012
	(In thousands, except share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest bearing	\$1,362,675	\$1,184,285
Interest bearing:		
Money market and NOW accounts	1,267,113	1,248,304
Savings deposits	228,073	180,686
Time deposits of \$100,000 or more	1,475,321	1,088,611
Other time deposits	687,920	682,149
Total deposits	5,021,102	4,384,035
FHLB advances	421,446	420,722
Subordinated debentures	57,303	41,846
Accrued interest payable	4,827	4,355
Acceptances outstanding	6,126	10,493
Other liabilities	28,953	28,106
Total liabilities	5,539,757	4,889,557
STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value; authorized 150,000,000 shares at September 30, 2013 and December 31, 2012; issued and outstanding, 79,247,719 and 78,041,511 shares at September 30, 2013 and December 31, 2012, respectively	79	78
Additional paid-in capital	538,062	525,354
Retained earnings	266,478	216,590
Accumulated other comprehensive income, net	(3,389) 9,082
Total stockholders' equity	801,230	751,104
Total liabilities and stockholders' equity	\$6,340,987	\$5,640,661

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands, except share data)			
INTEREST INCOME:				
Interest and fees on loans	\$67,747	\$61,553	\$196,249	\$187,476
Interest on securities	3,802	3,782	10,755	12,940
Interest on federal funds sold and other investments	486	120	1,153	537
Total interest income	72,035	65,455	208,157	200,953
INTEREST EXPENSE:				
Interest on deposits	5,959	5,214	17,014	15,862
Interest on FHLB advances	1,251	1,603	3,693	4,832
Interest on other borrowings	465	407	1,271	1,667
Total interest expense	7,675	7,224	21,978	22,361
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	64,360	58,231	186,179	178,592
PROVISION FOR LOAN LOSSES	744	6,900	9,050	16,682
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	63,616	51,331	177,129	161,910
NONINTEREST INCOME:				
Service fees on deposit accounts	3,321	3,121	9,118	9,550
International service fees	1,196	1,183	3,700	3,810
Loan servicing fees, net	1,004	1,031	3,009	3,178
Wire transfer fees	916	833	2,619	2,349
Other income and fees	1,583	1,364	4,036	4,058
Net gains on sales of SBA loans	2,827	—	8,816	5,426
Net gains on sales of other loans	—	—	62	146
Net gains on sales of securities available for sale	—	133	54	949
Net valuation gains on interest rate swaps and caps	—	11	—	24
Net (losses) gains on sales of OREO	(48) (12) (57) 41
Total noninterest income	10,799	7,664	31,357	29,531
NONINTEREST EXPENSE:				
Salaries and employee benefits	16,535	13,611	49,086	42,348
Occupancy	4,360	3,910	13,206	11,788
Furniture and equipment	1,728	1,495	4,914	4,181
Advertising and marketing	1,393	1,159	3,856	4,142
Data processing and communications	1,983	1,659	5,488	4,843
Professional fees	1,440	876	4,184	2,558
FDIC assessments	818	644	2,370	1,732
Credit related expenses	2,646	2,613	6,564	6,967
Merger and integration expense	931	183	2,621	3,304
Other	3,912	2,620	11,161	8,419
Total noninterest expense	35,746	28,770	103,450	90,282
INCOME BEFORE INCOME TAX PROVISION	38,669	30,225	105,036	101,159
INCOME TAX PROVISION	15,117	11,827	41,352	39,463
NET INCOME	\$23,552	\$18,398	63,684	\$61,696

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DIVIDENDS AND DISCOUNT ACCRETION ON PREFERRED STOCK	\$—	\$—	\$—	\$(5,640)
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	\$23,552	\$18,398	\$63,684	\$56,056
EARNINGS PER COMMON SHARE				
Basic	\$0.30	\$0.24	\$0.81	\$0.72
Diluted	\$0.30	\$0.24	\$0.80	\$0.72

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	(In thousands)			
Net income	\$23,552	\$18,398	\$63,684	