

BBCN BANCORP INC
Form 10-Q
August 07, 2015

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 June 30, 2015

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
(State or other jurisdiction of
incorporation or organization)

95-4849715
(I.R.S. Employer
Identification Number)

3731 Wilshire Boulevard, Suite 1000, Los Angeles,
California
(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)

90010
(ZIP 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 (§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

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 August 3, 2015, there were 79,552,236 outstanding shares of the issuer's Common Stock, \$0.001 par value.

Table of Contents

	Page
<u>PART I FINANCIAL INFORMATION</u>	
	<u>3</u>
Item 1.	<u>7</u>
Condensed Consolidated Statements of Financial Condition - June 30, 2015 (Unaudited) and December 31, 2014	<u>4</u>
Condensed Consolidated Statements of Income - Three and Six Months Ended June 30, 2015 and 2014 (Unaudited)	<u>6</u>
Condensed Consolidated Statements of Comprehensive Income - Three and Six Months Ended June 30, 2015 and 2014 (Unaudited)	<u>7</u>
Condensed Consolidated Statements of Changes in Stockholders' Equity - Six Months Ended June 30, 2015 and 2014 (Unaudited)	<u>8</u>
Condensed Consolidated Statements of Cash Flows - Six Months Ended June 30, 2015 and 2014 (Unaudited)	<u>9</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>10</u>
Item 2	<u>48</u>
Item 3.	<u>68</u>
Item 4.	<u>69</u>
<u>PART II OTHER INFORMATION</u>	
Item 1.	<u>70</u>
Item 1A.	<u>70</u>
Item 2.	<u>70</u>
Item 3.	<u>70</u>
Item 4.	<u>70</u>
Item 5.	<u>70</u>
Item 6.	<u>70</u>
	<u>71</u>

Index to Exhibits

72

2

Table of Contents

Forward-Looking Statements

Some statements in this Quarterly Report on Form 10-Q constitute 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. These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance, perceived opportunities in the market and statements regarding our business strategies, objectives and vision. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words “will,” “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates” or similar expressions. With respect to any such forward-looking statements the Company claims the protection provided for in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties. Our actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in any forward-looking statements. 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, 2014.

The Company does not undertake, and specifically disclaims any obligation, to update any forward looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

Table of ContentsPART I
FINANCIAL INFORMATION

Item 1. Financial Statements

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

	(Unaudited)	
	June 30, 2015	December 31, 2014
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$97,224	\$86,119
Interest bearing deposits in other banks	224,042	376,041
Total cash and cash equivalents	321,266	462,160
Securities available for sale, at fair value	875,405	796,523
Loans held for sale, at the lower of cost or fair value	33,785	28,311
Loans receivable (net of allowance for loan losses of \$70,118 and \$67,758 at June 30, 2015 and December 31, 2014, respectively)	5,745,706	5,497,434
Other real estate owned ("OREO"), net	20,187	21,938
Federal Home Loan Bank ("FHLB") stock, at cost	19,114	28,324
Premises and equipment (net of accumulated depreciation and amortization of \$33,295 and \$29,915 at June 30, 2015 and December 31, 2014, respectively)	35,321	30,722
Accrued interest receivable	13,781	13,634
Deferred tax assets, net	58,892	63,023
Customers' liabilities on acceptances	1,359	1,889
Bank owned life insurance ("BOLI")	46,466	45,927
Investments in affordable housing partnerships	11,910	10,401
Goodwill	105,401	105,401
Core deposit intangible assets, net	3,354	3,887
Servicing assets	10,935	10,341
Other assets	30,437	20,415
Total assets	\$7,333,319	\$7,140,330

(Continued)

Table of Contents

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

	(Unaudited)	
	June 30, 2015	December 31, 2014
	(In thousands, except share data)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest bearing	\$1,689,137	\$1,543,018
Interest bearing:		
Money market and NOW accounts	1,615,974	1,663,855
Savings deposits	196,998	198,205
Time deposits of \$100,000 or more	1,637,673	1,667,367
Other time deposits	618,508	621,007
Total deposits	5,758,290	5,693,452
FHLB advances	580,785	480,975
Subordinated debentures	42,241	42,158
Accrued interest payable	5,954	5,855
Acceptances outstanding	1,359	1,889
Other liabilities	36,102	33,228
Total liabilities	6,424,731	6,257,557
STOCKHOLDERS' EQUITY:		
Common stock, \$0.001 par value; authorized 150,000,000 shares at June 30, 2015 and December 31, 2014; issued and outstanding, 79,550,403 and 79,503,552 shares at June 30, 2015 and December 31, 2014, respectively		79
Additional paid-in capital	541,091	541,589
Retained earnings	367,792	339,400
Accumulated other comprehensive (loss) income, net	(375	) 1,705
Total stockholders' equity	908,588	882,773
Total liabilities and stockholders' equity	\$7,333,319	\$7,140,330

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

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
INTEREST INCOME:				
Interest and fees on loans	\$71,249	\$71,687	\$140,888	\$140,381
Interest on securities	4,215	4,078	8,434	8,172
Interest on federal funds sold and other investments	1,611	688	2,307	1,253
Total interest income	77,075	76,453	151,629	149,806
INTEREST EXPENSE:				
Interest on deposits	7,970	7,272	15,724	13,962
Interest on FHLB advances	1,327	1,311	2,624	2,522
Interest on other borrowings	387	380	767	867
Total interest expense	9,684	8,963	19,115	17,351
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	67,391	67,490	132,514	132,455
PROVISION FOR LOAN LOSSES	1,000	2,996	2,500	6,022
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	66,391	64,494	130,014	126,433
NONINTEREST INCOME:				
Service fees on deposit accounts	3,030	3,360	6,092	6,832
International service fees	1,005	1,113	1,818	2,116
Loan servicing fees, net	855	610	1,575	1,578
Wire transfer fees	871	919	1,633	1,824
Other income and fees	1,570	1,648	3,658	3,267
Net gains on sales of SBA loans	3,119	2,811	6,163	5,533
Net gains on sales of other loans	45	—	227	—
Net gains on sales of securities available for sale	—	—	424	—
Net gains losses on sales of OREO	73	31	183	437
Total noninterest income	10,568	10,492	21,773	21,587
NONINTEREST EXPENSE:				
Salaries and employee benefits	20,932	18,143	42,113	37,082
Occupancy	4,810	4,715	9,502	9,339
Furniture and equipment	2,323	2,012	4,586	4,026
Advertising and marketing	1,484	1,508	2,875	2,596
Data processing and communication	2,463	2,299	4,812	4,420
Professional fees	1,253	1,315	2,677	2,628
FDIC assessments	909	1,080	2,021	2,103
Credit related expenses	1,976	3,016	4,165	4,437
Other	2,548	3,651	5,181	7,382
Total noninterest expense	38,698	37,739	77,932	74,013
INCOME BEFORE INCOME TAX PROVISION	38,261	37,247	73,855	74,007
INCOME TAX PROVISION	15,320	14,935	29,556	29,499
NET INCOME	\$22,941	\$22,312	44,299	\$44,508
EARNINGS PER COMMON SHARE				
Basic	\$0.29	\$0.28	\$0.56	\$0.56

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Diluted	\$0.29	\$0.28	\$0.56	\$0.56
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See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

6

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Net income	\$22,941	\$22,312	\$44,299	\$44,508
Other comprehensive (loss) income:				
Unrealized (losses) gains on securities available for sale and interest only strips	(8,446	) 6,655	(3,191	) 17,795
Reclassification adjustments for gains realized in income	—	—	(424) —
Tax (benefit) expense	(3,583	) 2,752	(1,535	) 7,448
Change in unrealized gains on securities available for sale and interest only strips	(4,863	) 3,903	(2,080	) 10,347