

PACIFIC PREMIER BANCORP INC

Form 10-Q

August 09, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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, 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 0-22193

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or
organization)

33-0743196

(I.R.S Employer Identification No.)

17901 VON KARMAN AVENUE, SUITE 1200, IRVINE, CALIFORNIA 92614

(Address of principal executive offices and zip code)

(949) 864-8000

(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 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer”, and “smaller reporting company” in Rule 12b-2 of the Exchange Act).

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 Exchange Act Rule 12b-2). Yes No

The number of shares outstanding of the registrant's common stock as of August 8, 2013 was 16,641,991.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q
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FOR THE QUARTER ENDED JUNE 30, 2013

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL
CONDITION
(dollars in thousands, except share data)

ASSETS	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)	June 30, 2012 (Unaudited)
Cash and due from banks	\$ 103,946	\$ 59,325	\$ 64,945
Federal funds sold	26	27	27
Cash and cash equivalents	103,972	59,352	64,972
Investment securities available for sale	313,047	84,066	146,134
FHLB/Federal Reserve Bank/TIB stock, at cost	11,917	11,247	12,744
Loans held for sale, net	3,617	3,681	2,401
Loans held for investment	1,055,430	982,207	795,319
Allowance for loan losses	(7,994)	(7,994)	(7,658)
Loans held for investment, net	1,047,436	974,213	787,661
Accrued interest receivable	5,766	4,126	3,968
Other real estate owned	1,186	2,258	9,339

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Premises and equipment	9,997	8,575	9,429
Deferred income taxes	8,644	6,887	5,585
Bank owned life insurance	23,674	13,485	13,240
Intangible assets	7,135	2,626	2,781
Goodwill	18,234	-	-
Other assets	3,833	3,276	6,781
TOTAL ASSETS	\$ 1,558,458	\$ 1,173,792	\$ 1,065,035
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Deposit accounts:			
Noninterest bearing	\$ 345,063	\$ 213,636	\$ 150,538
Interest bearing:			
Transaction accounts	631,951	329,925	327,556
Retail certificates of deposit	332,015	361,207	435,097
Wholesale certificates of deposit	5,160	-	-
Total deposits	1,314,189	904,768	913,191
FHLB advances and other borrowings	48,082	115,500	28,500
Subordinated debentures	10,310	10,310	10,310
Accrued expenses and other liabilities	17,066	8,697	16,965
TOTAL LIABILITIES	1,389,647	1,039,275	968,966
STOCKHOLDERS' EQUITY:			
Common stock, \$.01 par value; 25,000,000 shares authorized; 16,635,786 shares at June 30, 2013, 13,661,648 shares at December 31, 2012, and 10,329,934 shares at June 30, 2012 issued and outstanding	166	137	103
Additional paid-in capital	142,759	107,453	76,258
Retained earnings	27,545	25,822	18,549
	(1,659)	1,105	1,159

Accumulated other comprehensive income (loss), net of tax (benefit) of (\$1,160) at June 30, 2013, \$772 at December 31, 2012, and \$810 at June 30, 2012

TOTAL STOCKHOLDERS' EQUITY	168,811	134,517	96,069
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,558,458	\$ 1,173,792	\$ 1,065,035

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
INTEREST INCOME				
Loans	\$ 13,688	\$ 12,098	\$ 27,084	\$ 23,335
Investment securities and other interest-earning assets	1,248	948	2,087	1,827
Total interest income	14,936	13,046	29,171	25,162
INTEREST EXPENSE				
Interest-bearing deposits:				
Interest on transaction accounts	280	223	498	552
Interest on certificates of deposit	753	1,224	1,554	2,651
Total interest-bearing deposits	1,033	1,447	2,052	3,203
FHLB advances and other borrowings	238	235	478	470
Subordinated debentures	76	82	153	166
Total interest expense	1,347	1,764	2,683	3,839
	13,589	11,282	26,488	21,323

NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES				
PROVISION FOR LOAN LOSSES	322	-	618	-
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	13,267	11,282	25,870	21,323
NONINTEREST INCOME				
Loan servicing fees	318	214	644	391
Deposit fees	457	472	897	973
Net gain from sales of loans	222	10	945	10
Net gain from sales of investment securities	1,068	174	1,068	174
Other-than-temporary impairment loss on investment securities, net	(5)	(45)	(35)	(82)
Gain on FDIC transaction	-	5,340	-	5,340
Other income	371	364	636	662
Total noninterest income	2,431	6,529	4,155	7,468
NONINTEREST EXPENSE				
Compensation and benefits	5,687	3,947	10,784	7,467
Premises and occupancy	1,329	981	2,622	1,859
Data processing and communications	755	817	1,390	1,184
Other real estate owned operations, net	574	590	611	737
FDIC insurance premiums	196	168	336	301
Legal, audit and professional expense	249	552	844	1,038
Marketing expense	264	264	470	479
Office and postage expense	322	217	585	380
Loan expense	184	177	432	413
Deposit expense	515	34	675	98
Merger related expense	4,978	-	6,723	-
Other expense	803	458	1,563	890
Total noninterest expense	15,856	8,205	27,035	14,846

NET INCOME (LOSS) BEFORE INCOME TAXES	(158)	9,606	2,990	13,945
INCOME TAX	91	3,795	1,267	5,442
NET INCOME (LOSS)	\$ (249)	\$ 5,811	\$ 1,723	\$ 8,503
EARNINGS (LOSS) PER SHARE				
Basic	\$ (0.02)	\$ 0.56	\$ 0.12	\$ 0.82
Diluted	\$ (0.02)	\$ 0.55	\$ 0.11	\$ 0.80
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	15,516,537	10,329,934	14,939,179	10,332,935
Diluted	15,516,537	10,669,005	15,721,262	10,647,590

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income (loss)	\$ (249)	\$ 5,811	\$ 1,723	\$ 8,503
Other comprehensive income (loss), net of tax (benefit):				
Unrealized holding gains on securities arising during the period	(6,548)	1,118	(5,764)	1,256
Reclassification adjustment for net gain on sale of securities included in net income (1)	1,068	174	1,068	174
Income tax (benefit)	(2,255)	532	(1,932)	589
Net unrealized gain (loss) on securities, net of tax	(3,225)	760	(2,764)	841
Comprehensive income (loss)	\$ (3,474)	\$ 6,571	\$ (1,041)	\$ 9,344

(1) Income tax expense associated with the reclassification adjustment for the three months ended June 30, 2013 and 2012 was \$438 and \$71, respectively, and the six months ended June 30, 2013 and 2012 was \$438 and \$71, respectively.

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(dollars in thousands)
(unaudited)

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 2012	13,661,648	\$ 137	\$ 107,453	\$ 25,822	\$ 1,105	\$ 134,517
Net Income				1,723		1,723
Other comprehensive loss					(2,764)	(2,764)
Share-based compensation expense			423			423
Common stock repurchased and retired	(3,666)	-	(22)			(22)
Common stock issued	2,972,472	29	34,895			34,924
Stock options exercised	5,332	-	10			10
Balance at June 30, 2013	16,635,786	\$ 166	\$ 142,759	\$ 27,545	\$ (1,659)	\$ 168,811
Balance at December 31, 2011	10,337,626	\$ 103	\$ 76,310	\$ 10,046	\$ 318	\$ 86,777
Net Income				8,503		8,503
Other comprehensive income					841	841
Share-based compensation expense			27			27
	(13,022)	-	(102)			(102)

Common stock repurchased and retired						
Stock options exercised	5,330	-	23			23
Balance at June 30, 2012	10,329,934	\$ 103	\$ 76,258	\$ 18,549	\$ 1,159	\$ 96,069

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH
FLOWS

(in thousands)

(unaudited)

Six Months Ended June 30,

2013

2012

CASH FLOWS
FROM OPERATING
ACTIVITIES

Net income	\$ 1,723	\$ 8,503
Adjustments to net income:		
Depreciation and amortization expense	904	642
Provision for loan losses	618	-
Share-based compensation expense	423	27
Loss (gain) on sale of other real estate owned	226	305
Write down of other real estate owned	354	302
Amortization of premium/discounts on securities held for sale, net	1,366	378
Amortization of loan mark-to-market discount from FDIC transaction	(1,529)	(1,048)
Gain on sale of loans held for sale	-	(10)
Gain on sale of investment securities available for sale	(1,068)	(174)

Other-than-temporary impairment loss on investment securities, net	35	82
Gain on sale of loans held for investment	(945)	-
Purchase and origination of loans held for sale	-	(2,995)
Recoveries on loans	229	95
Principal payments from loans held for sale	64	595
Gain on FDIC transaction	-	(5,340)
Deferred income tax provision	(1,757)	3,413
Change in accrued expenses and other liabilities, net	6,011	(159)
Income from bank owned life insurance, net	(282)	(263)
Change in accrued interest receivable and other assets, net	437	(1,364)
Net cash provided by operating activities	6,809	2,989
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and principal payments on loans held for investment	86,720	92,770
Net change in undisbursed loan funds	146,741	57,361
Purchase and origination of loans held for investment	(236,886)	(143,900)
Proceeds from sale of other real estate owned	1,488	5,315
Principal payments on securities available for sale	16,600	7,505
Purchase of securities available for sale	(6,208)	(70,467)
Proceeds from sale or maturity of securities	102,755	44,151

available for sale		
Purchases of premises and equipment	(1,055)	(252)
Purchase of Federal Reserve Bank stock	(1,276)	63
Redemption of FHLB stock	1,259	1,058
Cash acquired in PDNB transaction	-	39,491
Cash acquired in acquisitions, net	138,752	-
Net cash provided by investing activities	248,890	33,095
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease) increase in deposit accounts	(131,304)	(31,268)
Repayment of FHLB advances and other borrowings	(84,323)	-
Proceeds from issuance of common stock, net of issuance cost	4,560	-
Proceeds from exercise of stock options	10	23
Repurchase of common stock	(22)	(102)
Net cash (used in) provided by financing activities	(211,079)	(31,347)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,620	4,737
CASH AND CASH EQUIVALENTS, beginning of period	59,352	60,235
CASH AND CASH EQUIVALENTS, end of period	\$ 103,972	\$ 64,972

PACIFIC PREMIER BANCORP, INC. AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH
FLOWS (Continued)

(in thousands)
(unaudited)
Six Months Ended June 30,
2013 2012

SUPPLEMENTAL
CASH FLOW
DISCLOSURES

Interest paid	\$ 2,637	\$ 3,827
Income taxes paid	5,850	3,775
Assets acquired (liabilities assumed and capital created) in acquisitions (See Note 3):		
Investment securities	347,196	101
FRB and FHLB Stock	-	1,390
FHLB Stock and TIB Stock	653	-
FDIC receivable	-	167
Loans	68,815	63,773
Core deposit intangible	4,766	840
Other real estate owned	752	11,533
Goodwill	18,234	-
Fixed assets	1,446	-
Other assets	7,800	3,656
Deposits	(540,725)	(115,582)
Other borrowings	(16,905)	-
Other liabilities	(6,276)	(29)
Additional paid-in capital	(30,364)	-
NONCASH INVESTING ACTIVITIES DURING THE PERIOD		
Transfers from loans to other real estate owned	\$ 244	\$ 2,497
Investment securities available for sale purchased and not settled	\$ -	\$ 10,460

Accompanying notes are an integral part of these consolidated financial statements.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2013
(UNAUDITED)

Note 1 - Basis of Presentation

The consolidated financial statements include the accounts of Pacific Premier Bancorp, Inc. (the "Corporation") and its wholly owned subsidiaries, including Pacific Premier Bank (the "Bank") (collectively, the "Company," "we," "our" or "us"). All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of June 30, 2013, December 31, 2012, and June 30, 2012, the results of its operations and comprehensive income for the three and six months ended June 30, 2013 and 2012 and the changes in stockholders' equity and cash flows for the three and six months ended June 30, 2013 and 2012. Operating results or comprehensive income for the three and six months ended June 30, 2013 are not necessarily indicative of the results or comprehensive income that may be expected for any other interim period or the full year ending December 31, 2013.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, as amended (the "2012 Annual Report").

The Company accounts for its investments in its wholly owned special purpose entity, PPBI Trust I, under the equity method whereby the subsidiary's net earnings are recognized in the Company's statement of operations.

Note 2 – Recently Issued Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities". ASU 2011-11 affects all entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement. The requirements amend the disclosure requirements on offsetting in Section 210-20-50. This information is intended to enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments in the scope of this ASU. The amended guidance is effective for interim and annual periods beginning after January 1, 2013 and should be applied retrospectively to all periods presented. The adoption of the disclosure requirements had no impact on the Company's consolidated financial statements.

In October 2012, the FASB issued ASU 2012-06, "Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution." The amendments in this update clarify the applicable guidance for subsequently measuring an indemnification asset recognized as a result of a government-assisted acquisition of a financial institution. The update provides that changes

in cash flows expected to be collected on the indemnification asset arising subsequent to initial recognition as a result of changes in cash flows expected to be collected on the related indemnified assets should be accounted for on the same basis as the change in the assets subject to indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement. The Company is required to adopt this update prospectively for the quarter ending June 30, 2013. The requirements of the update are consistent with the Company's existing accounting policy; therefore, adoption has no impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." This update requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, entities are required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. The adoption of the disclosure requirements had no impact on the Company's consolidated financial statements.

Note 3 – Acquisitions

San Diego Trust Bank (“SDTB”) Acquisition

Effective June 25, 2013, the Bank acquired SDTB (“SDTB Acquisition”), a San Diego, California based state-chartered bank, pursuant to the terms of a definitive agreement entered into by the Corporation, the Bank and SDTB on March 6, 2013. As a result of the SDTB Acquisition, the Bank acquired and recorded at the acquisition date assets with a fair value of approximately \$201.1 million, including:

\$125.9 million in investment securities, including Federal Home Loan Bank (“FHLB”) stock;

\$42.4 million of loans;

\$14.1 million of cash and cash equivalents;

\$6.4 million in goodwill;

\$5.8 million in bank owned life insurance;

\$3.7 million of other types of assets; and

\$2.8 million of a core deposit intangible.

Also as a result of the SDTB Acquisition, the Bank recorded equity of \$14.4 million in connection with the Corporation's stock issued to SDTB shareholders as part of the acquisition consideration and assumed at acquisition date liabilities with a fair value of approximately \$186.7 million, including:

\$178.8 million in deposit transaction accounts;

\$5.1 million in retail certificates of deposit;

\$1.9 million other liabilities; and

\$922,000 in deferred tax liability.

The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB Accounting Standards Codification (“ASC”) Topic 820: Fair Value Measurements and Disclosures.

The acquisition is an opportunity for the Company to acquire a banking network that will complement our existing banking franchise and expand our footprint into a new market. Additionally, this partnership will improve the Company’s deposit base, lower its cost of deposits and provide the opportunity to accelerate future core deposit growth. Additionally, the acquisition of SDTB allowed the Company to deploy a portion of its current capital base into a compelling investment.

First Associations Bank (“FAB”) Acquisition

Effective March 15, 2013, the Bank acquired FAB (“FAB Acquisition”), a Dallas, Texas, based Texas-chartered bank, pursuant to the terms of a definitive agreement entered into by the Corporation, the Bank and FAB on October 15, 2012. As a result of the FAB Acquisition, the Bank acquired and recorded at the acquisition date assets with a fair value of approximately \$394.1 million, including:

- \$223.0 million in investment securities, including FHLB and TIB-The Independent Bankers Bank (“TIB”) stock;
- \$124.7 million of cash and cash equivalents;
- \$26.4 million of loans;
- \$11.9 million in goodwill;
- \$6.2 million of other types of assets; and
- \$1.9 million of a core deposit intangible.

Also as a result of the FAB Acquisition, the Bank recorded equity of \$15.9 million in connection with the Corporation's stock issued to FAB shareholders as part of the acquisition consideration and assumed at acquisition date liabilities with a fair value of approximately \$378.2 million, including:

- \$329.5 million in deposit transaction accounts;
- \$17.4 million in retail certificates of deposit;
- \$9.9 million in wholesale deposits;
- \$16.9 million in other borrowings;
- \$3.9 million in deferred tax liability; and
- \$536,000 of other liabilities.

The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

The acquisition is a unique opportunity for the Company to acquire a highly efficient, consistently profitable and niche focused business that will complement our existing banking franchise. Additionally, this partnership will

improve the Company’s deposit base, lower its cost of deposits and provide the platform to accelerate future core deposit growth. Additionally, the acquisition of FAB allowed the Company to deploy a portion of its current capital base into a compelling investment.

Palm Desert National Bank (“Palm Desert National”) Acquisition

Effective April 27, 2012, the Bank acquired certain assets and assumed certain liabilities of Palm Desert National Bank (“Palm Desert National”) from the Federal Deposit Insurance Corporation (“FDIC”) as receiver for Palm Desert National (the “Palm Desert National Acquisition”), pursuant to the terms of a purchase and assumption agreement entered into by the Bank and the FDIC on April 27, 2012. The Palm Desert National Acquisition included one branch of Palm Desert National that became a branch of the Bank upon consummation of the Palm Desert National Acquisition. The Bank did not enter into any loss sharing agreements with the FDIC in connection the Palm Desert National Acquisition. As a result of the Palm Desert National Acquisition, the Bank acquired and recorded at the acquisition date certain assets with a fair value of approximately \$120.9 million, including \$63.8 million of loans, \$39.5 million of cash and cash equivalents, \$11.5 million of other real estate owned (“OREO”), \$1.5 million in investment securities, including FHLB stock and Federal Reserve Bank stock, \$840,000 of a core deposit intangible and \$3.8 million of other types of assets. Liabilities with a fair value of approximately \$118.0 million, including \$50.1 million in deposit transaction accounts, \$30.8 million in retail certificates of deposit, \$34.1 million in whole sale certificates of deposits, which were purposefully run off during the second quarter of 2012, \$2.4 million in deferred tax liability and \$578,000 of other liabilities. The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

Canyon National Bank (“Canyon National) Acquisition

Effective February 11, 2011, the Bank acquired certain assets and assumed certain liabilities of Canyon National Bank (“Canyon National”) from the FDIC as receiver for Canyon National (the “Canyon National Acquisition”), pursuant to the terms of a purchase and assumption agreement entered into by the Bank and the FDIC on February 11, 2011. The Canyon National Acquisition included the three branches of Canyon National, all of which became branches of the Bank upon consummation of the Canyon National Acquisition. The Bank did not enter into any loss sharing agreements with the FDIC in connection with the Canyon National Acquisition. As a result of the Canyon National Acquisition, the Bank acquired and received certain assets with a fair value of approximately \$208.9 million, including \$149.7 million of loans, \$16.1 million of a FDIC receivable, \$13.2 million of cash and cash equivalents, \$12.8 million of investment securities, \$12.0 million of OREO, \$2.3 million of a core deposit intangibles, \$1.5 million of other assets and \$1.3 million of FHLB and Federal Reserve Bank stock. Liabilities with a fair value of approximately \$206.6 million were also assumed, including \$204.7 million of deposits, \$1.9 million in deferred tax liability and \$39,000 of other liabilities. The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

Note 4 – Investment Securities

The amortized cost and estimated fair value of securities were as follows:

	June 30, 2013			Estimated
	Amortized	Unrealized	Unrealized	Fair
	Cost	Gain	Loss	Value
	(in thousands)			
Investment securities				

available for
sale:

U.S. Treasury	\$ 73	\$ 10	\$ -	\$ 83
Corporate	9,169	-	-	9,169
Municipal bonds	96,257	226	(1,736)	94,747
Mortgage-backed securities	210,367	736	(2,055)	209,048
Total securities available for sale	315,866	972	(3,791)	313,047

December 31, 2012

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
				(in thousands)

Investment securities available for sale:

U.S. Treasury	\$ 147	\$ 12	\$ -	\$ 159
Municipal bonds	25,401	1,186	(1)	26,586
Mortgage-backed securities	56,641	1,162	(482)	57,321
Total securities available for sale	82,189	2,360	(483)	84,066

June 30, 2012

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
				(in thousands)

Investment securities available for sale:

U.S. Treasury	\$ 247	\$ 14	\$ -	\$ 261
Municipal bonds	39,928	1,259	(71)	41,116
Mortgage-backed securities	103,990	1,389	(622)	104,757
Total securities available for sale	144,165	2,662	(693)	146,134

At June 30, 2013, the Company had an \$8.6 million investment in FHLB stock carried at cost. During the second quarter of 2013, the FHLB has repurchased \$1.9 million of the Company's excess FHLB stock through its stock repurchase program.

At June 30, 2013, mortgage-backed securities ("MBS") with an estimated par value of \$34.8 million and a fair value of \$36.0 million were pledged as collateral for the Bank's three reverse repurchase agreements which totaled \$28.5 million.

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The table below shows the number, fair value and gross unrealized holding losses of the Company's investment securities by investment category and length of time that the securities have been in a continuous loss position.

	June 30, 2013								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses
Municipal bonds	122	\$51,937	\$(1,736)	-	\$-	\$-	122	\$51,937	\$(1,736)
Mortgage-backed securities	29	86,940	(1,916)	17	713	(138)	46	87,653	(2,054)
Total	151	\$138,877	\$(3,652)	17	\$713	\$(138)	168	\$139,590	\$(3,790)

	December 31, 2012								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses
Municipal bonds	1	\$292	\$(1)	-	\$-	\$-	1	\$292	\$(1)
Mortgage-backed securities	2	15,128	(152)	31	1,012	(330)	33	16,140	(482)
Total	3	\$15,420	\$(153)	31	\$1,012	\$(330)	34	\$16,432	\$(483)

	June 30, 2012								
	Less than 12 months			12 months or Longer			Total		
	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses	Number	Fair Value	Gross Unrealized Holding Losses
Municipal bonds	12	\$5,245	\$(71)	-	\$-	\$-	12	\$5,245	\$(71)
Mortgage-backed securities	7	21,090	(82)	41	1,185	(540)	48	22,275	(622)
Total	19	\$26,335	\$(153)	41	\$1,185	\$(540)	60	\$27,520	\$(693)

The amortized cost and estimated fair value of investment securities available for sale at June 30, 2013, by contractual maturity are shown in the table below.

	One Year or Less		More than One Year to Five Years		More than Five Years to Ten Years		More than Ten Years		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investment securities available for sale:										
U.S. Treasury	\$-	\$-	\$73	\$83	\$-	\$-	\$-	\$-	\$73	\$83
Corporate	2,006	2,006	7,163	7,163	-	-	-	-	9,169	9,169
Municipal bonds	-	-	7,998	7,900	43,271	42,550	44,988	44,297	96,257	94,747
Mortgage-backed securities	-	-	51	54	16,080	15,931	194,235	193,063	210,366	209,048
Total investment securities available for sale	2,006	2,006	15,285	15,200	59,351	58,481	239,223	237,360	315,865	313,047

Any temporary impairment is a result of the change in market interest rates and not the underlying issuers' ability to repay. The Company has the intent and ability to hold these securities until the temporary impairment is eliminated. Accordingly, the Company has not recognized the temporary impairment in earnings.

Unrealized gains and losses on investment securities available for sale are recognized in stockholders' equity as accumulated other comprehensive income (loss). At June 30, 2013, the Company had accumulated other comprehensive loss of \$2.8 million, or \$1.7 million net of tax, compared to accumulated other comprehensive income of \$1.9 million, or \$1.1 million net of tax, at December 31, 2012.

Note 5 – Loans Held for Investment

The following table sets forth the composition of our loan portfolio in dollar amounts at the dates indicated:

	June 30, 2013	December 31, 2012	June 30, 2012
Business loans:			
Commercial and industrial	\$ 146,240	\$ 115,354	\$ 84,191
Commercial owner occupied (1)	201,802	150,934	150,428
SBA	5,820	6,882	3,995
Warehouse facilities	135,317	195,761	61,111

Real estate loans:			
Commercial non-owner occupied	295,767	253,409	242,700
Multi-family	172,797	156,424	183,742
One-to-four family (2)	84,672	97,463	56,694
Construction	2,135	-	281
Land	10,438	8,774	11,191
Other loans	4,969	1,193	4,019
Total gross loans (3)	1,059,957	986,194	798,352
Less loans held for sale, net	3,617	3,681	2,401
Total gross loans held for investment	1,056,340	982,513	795,951
Less:			
Deferred loan origination costs (fees) and premiums (discounts), net	(910)	(306)	(632)
Allowance for loan losses	(7,994)	(7,994)	(7,658)
Loans held for investment, net	\$ 1,047,436	\$ 974,213	\$ 787,661

(1) Majority secured by real estate.

(2) Includes second trust deeds.

(3) Total gross loans for June 30, 2013 is net of the mark-to-market discounts on Canyon National loans of \$2.1 million, on Palm Desert National loans of \$4.0 million, and on SDTB loans of \$560,000 and of the mark-to-market premium on FAB loans of \$103,000.

From time to time, we may purchase or sell loans in order to manage concentrations, maximize interest income, change risk profiles, improve returns and generate liquidity.

The Company makes residential and commercial loans held for investment to customers located primarily in Southern California. Consequently, the underlying collateral for our loans and a borrower's ability to repay may be impacted unfavorably by adverse changes in the economy and real estate market in the region.

Under applicable laws and regulations, the Bank may not make secured loans to one borrower in excess of 25% of unimpaired capital plus surplus and likewise in excess of 15% for unsecured loans. These loans-to-one borrower limitations result in a dollar limitation of \$45.2 million for secured loans and \$27.1 million for unsecured loans at June 30, 2013. At June 30, 2013, the Bank's largest aggregate outstanding balance of loans to one borrower was \$35.0 million of secured credit.

Purchased Credit Impaired

The following table provides a summary of the Company's investment in purchased credit impaired loans, acquired from Canyon National and Palm Desert National, as of the period indicated:

	June 30, 2013		
	Canyon	Palm Desert	
	National	National	Total
	(in thousands)		
Business loans:			
Commercial and industrial	\$ 81	\$ 185	\$ 266
Commercial owner occupied (1)	942	-	942
Real estate loans:			
Commercial non-owner occupied	1,019	-	1,019
One-to-four family (2)	-	24	24
Land	1,066	-	1,066
Total purchase credit impaired	\$ 3,108	\$ 209	\$ 3,317

On the acquisition date, the amount by which the undiscounted expected cash flows of the purchased credit impaired loans exceed the estimated fair value of the loan is the "accretable yield." The accretable yield is measured at each financial reporting date and represents the difference between the remaining undiscounted expected cash flows and the current carrying value of the purchased credit impaired loan. At June 30, 2013, the Company had \$3.3 million

of purchased credit impaired loans, of which \$21,000 were placed on nonaccrual status.

The following table summarizes the accretable yield on the purchased credit impaired for the six months ended June 30, 2013:

	Six Months Ended June 30, 2013		
	Canyon National	Desert National	Total
Balance at the beginning of period	\$ 2,029	\$ 247	\$ 2,276
Accretable yield at acquisition	-	-	-
Accretion	(243)	(44)	(287)
Disposals and other	-	(514)	(514)
Change in accretable yield	157	448	605
Balance at the end of period	\$ 1,943	\$ 137	\$ 2,080

Impaired Loans

The following tables provide a summary of the Company's investment in impaired loans as of the period indicated:

	Impaired Loans						
	Contractual Unpaid Principal Balance	Recorded Investment	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
June 30, 2013							
Business loans:							
Commercial and industrial	\$ 423	\$ 308	\$ 233	\$ 76	\$ 233	\$ 454	\$ 19
Commercial owner	-	-	-	-	-	122	-

occupied							
SBA	-	-	-	-	-	84	1
Real estate							
loans:							
Commercial							
non-owner							
occupied	531	450	-	450	-	1,254	3
Multi-family	1,046	1,035	-	1,035	-	217	2
One-to-four							
family	836	813	501	312	360	837	26
Totals	\$ 2,836	\$ 2,606	\$ 734	\$ 1,873	\$ 593	\$ 2,968	\$ 51

Impaired Loans

	Contractual Unpaid Principal Balance	Recorded Investmen	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
	(in thousands)						
December 31, 2012							
Business							
loans:							
Commercial							
and							
industrial	\$ 707	\$ 593	\$ 287	\$ 306	\$ 270	\$ 203	\$ 29
Commercial							
owner							
occupied	-	-	-	-	-	444	-
SBA	810	259	-	259	-	468	21
Real estate							
loans:							
Commercial							
non-owner							
occupied	746	670	-	670	-	1,031	59
Multi-family	315	266	-	266	-	1,123	22
One-to-four							
family	960	948	541	407	395	720	59
Totals	\$ 3,538	\$ 2,736	\$ 828	\$ 1,908	\$ 665	\$ 3,989	\$ 190

Impaired Loans

	Contractual Unpaid Principal Balance	Recorded Investmen	With Specific Allowance	Without Specific Allowance	Specific Allowance for Impaired Loans	Average Recorded Investment	Interest Income Recognized
	(in thousands)						
June 30, 2012							
Business							
loans:							

Commercial and industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ -
Commercial owner occupied	507	478	-	478	-	889	-
SBA	1,723	549	-	549	-	564	16
Real estate loans:							
Commercial non-owner occupied	2,304	2,095	-	2,095	-	1,279	32
Multi-family	1,442	1,404	-	1,404	-	1,412	45
One-to-four family	670	667	-	667	-	708	22
Totals	\$ 6,646	\$ 5,193	\$ -	\$ 5,193	\$ -	\$ 5,052	\$ 115

The Company considers a loan to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement or it is determined that the likelihood of the Company receiving all scheduled payments, including interest, when due is remote. The Company has no commitments to lend additional funds to debtors whose loans have been impaired.

The Company reviews loans for impairment when the loan is classified as substandard or worse, delinquent 90 days, or determined by management to be collateral dependent, or when the borrower files bankruptcy or is granted a troubled debt restructurings (“TDRs”). Measurement of impairment is based on the loan’s expected future cash flows discounted at the loan’s effective interest rate, measured by reference to an observable market value, if one exists, or the fair value of the collateral if the loan is deemed collateral dependent. All loans are generally charged-off at such time the loan is classified as a loss. Valuation allowances are determined on a loan-by-loan basis or by aggregating loans with similar risk characteristics.

The following table provides additional detail on the components of impaired loans at the period end indicated:

	June 30, 2013	December 31, 2012	June 30, 2012
Nonaccruing loans	\$1,969	\$1,988	\$3,826
Accruing loans	637	748	1,367
Total impaired loans	\$2,606	\$2,736	\$5,193

When loans are placed on nonaccrual status all accrued interest is reversed from earnings. Payments received on nonaccrual loans are generally applied as a reduction to the loan principal balance. If the likelihood of further loss is remote, the Company will recognize interest on a cash basis only. Loans may be returned to accruing status if the Company believes that all remaining principal and interest is fully collectible and there has been at least three months

of sustained repayment performance since the loan was placed on nonaccrual.

The Company does not accrue interest on loans 90 days or more past due or when, in the opinion of management, there is reasonable doubt as to the collection of interest. The Company had impaired loans on nonaccrual status of \$2.0 million at June 30, 2013 and December 31, 2012, and \$3.8 million at June 30, 2012. The Company had no loans 90 days or more past due and still accruing at June 30, 2013, December 31, 2012 or June 30, 2012.

The Company had an immaterial amount of TDRs related to two U.S. Small Business Administration (“SBA”) loans which were all completed prior to 2011.

Concentration of Credit Risk

As of June 30, 2013, the Company’s loan portfolio was collateralized by various forms of real estate and business assets located principally in Southern California. The Company’s loan portfolio contains concentrations of credit in multi-family real estate, commercial non-owner occupied real estate and commercial owner occupied business loans. The Bank maintains policies approved by the Bank’s Board of Directors (the “Bank Board”) that address these concentrations and continues to diversify its loan portfolio through loan originations, purchases and sales to meet approved concentration levels. While management believes that the collateral presently securing these loans is adequate, there can be no assurances that further significant deterioration in the California real estate market and economy would not expose the Company to significantly greater credit risk.

Credit Quality and Credit Risk Management

The Company’s credit quality is maintained and credit risk managed in two distinct areas. The first is the loan origination process, wherein the Bank underwrites credit quality and chooses which risks it is willing to accept. The second is in the ongoing oversight of the loan portfolio, where existing credit risk is measured and monitored, and where performance issues are dealt with in a timely and comprehensive fashion.

The Company maintains a comprehensive credit policy which sets forth minimum and maximum tolerances for key elements of loan risk. The policy identifies and sets forth specific guidelines for analyzing each of the loan products the Company offers from both an individual and portfolio wide basis. The credit policy is reviewed annually by the Bank Board. The Bank’s seasoned underwriters ensure all key risk factors are analyzed with nearly all underwriting including a comprehensive global cash flow analysis of the prospective borrowers. The credit approval process mandates multiple-signature approval by the management credit committee for every loan that requires any subjective credit analysis.

Credit risk is managed within the loan portfolio by the Company’s Portfolio Management department based on a comprehensive credit and investment review policy. This policy requires a program of financial data collection and analysis, comprehensive loan reviews, property and/or business inspections and monitoring of portfolio concentrations and trends. The Portfolio Management department also monitors asset-based lines of credit, loan covenants and other conditions associated with the Company’s business loans as a means to help identify potential credit risk. Individual loans, excluding the homogeneous loan portfolio, are reviewed at least biennially, and in most cases more often, including the assignment of a risk grade.

Risk grades are based on a six-grade Pass scale, along with Special Mention, Substandard, Doubtful and Loss classifications as such classifications are defined by the regulatory agencies. The assignment of risk grades allows the Company to, among other things, identify the risk associated with each credit in the portfolio, and to provide a basis for estimating credit losses inherent in the portfolio. Risk grades are reviewed regularly by the Company’s Credit and Investment Review committee, and are reviewed annually by an independent third-party, as well as by regulatory agencies during scheduled examinations.

The following provides brief definitions for risk grades assigned to loans in the portfolio:

Pass classifications represent assets with a level of credit quality which contain no well-defined deficiency or weakness.

Special Mention assets do not currently expose the Bank to a sufficient risk to warrant classification in one of the adverse categories, but possess correctable deficiency or potential weaknesses deserving management's close attention.

Substandard assets are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. These assets are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. OREO acquired from foreclosure is also classified as substandard.

Doubtful credits have all the weaknesses inherent in substandard credits, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss assets are those that are considered uncollectible and of such little value that their continuance as assets is not warranted. Amounts classified as loss are promptly charged off.

The Portfolio Management department also manages loan performance risks, collections, workouts, bankruptcies and foreclosures. Loan performance risks are mitigated by our portfolio managers acting promptly and assertively to address problem credits when they are identified. Collection efforts are commenced immediately upon non-payment, and the portfolio managers seek to promptly determine the appropriate steps to minimize the Company's risk of loss. When foreclosure will maximize the Company's recovery for a non-performing loan, the portfolio managers will take appropriate action to initiate the foreclosure process.

When a loan is graded as special mention or substandard or doubtful, the Company obtains an updated valuation of the underlying collateral. If the credit in question is also identified as impaired, a valuation allowance, if necessary, is established against such loan or a loss is recognized by a charge to the allowance for loan losses ("ALLL") if management believes that the full amount of the Company's recorded investment in the loan is no longer collectable. The Company typically continues to obtain updated valuations of underlying collateral for special mention and classified loans on an annual basis in order to have the most current indication of fair value. Once a loan is identified as impaired, an analysis of the underlying collateral is performed at least quarterly, and corresponding changes in any related valuation allowance are made or balances deemed to be fully uncollectable are charged-off.

The following tables stratify the loan portfolio by the Company's internal risk grading system as well as certain other information concerning the credit quality of the loan portfolio as of the periods indicated:

	Credit Risk Grades			Total Gross
	Pass	Special Mention	Substandard	Loans
June 30, 2013	(in thousands)			
Business loans:				
Commercial and industrial	\$143,034	\$88	\$3,118	\$146,240
Commercial owner occupied	186,271	2,298	13,233	201,802
SBA	5,820	-	-	5,820
	135,317	-	-	135,317

Warehouse facilities				
Real estate loans:				
Commercial non-owner occupied	289,210	356	6,201	295,767
Multi-family	170,726	515	1,556	172,797
One-to-four family	83,395	-	1,277	84,672
Construction	2,135	-	-	2,135
Land	10,430	-	8	10,438
Other loans	4,960	-	9	4,969
Totals	\$1,031,298	\$3,257	\$25,402	\$1,059,957

		Credit Risk Grades		
		Special		Total Gross
	Pass	Mention	Substandard	Loans
December 31, 2012		(in thousands)		

Business loans:				
Commercial and industrial	\$111,895	\$92	\$3,367	\$115,354
Commercial owner occupied	136,330	2,674	11,930	150,934
SBA	6,819	-	63	6,882
Warehouse facilities	195,761	-	-	195,761
Real estate loans:				
Commercial non-owner occupied	240,585	687	12,137	253,409
Multi-family	143,003	11,583	1,838	156,424
One-to-four family	96,061	-	1,402	97,463
Land	8,762	-	12	8,774
Other loans	1,177	-	16	1,193
Totals	\$940,393	\$15,036	\$30,765	\$986,194

		Credit Risk Grades		
		Special		Total Gross
	Pass	Mention	Substandard	Loans
June 30, 2012		(in thousands)		
Business loans:				
	\$81,359	\$1,753	\$1,079	\$84,191

Commercial and industrial				
Commercial owner occupied	134,749	4,036	11,643	150,428
SBA	3,858	-	137	3,995
Warehouse facilities	61,111	-	-	61,111
Real estate loans:				
Commercial non-owner occupied	236,685	668	5,347	242,700
Multi-family	166,309	9,898	7,535	183,742
One-to-four family	55,303	-	1,391	56,694
Construction	281	-	-	281
Land	8,591	-	2,600	11,191
Other loans	3,892	-	127	4,019
Totals	\$752,138	\$16,355	\$29,859	\$798,352

The following tables set forth delinquencies in the Company's loan portfolio at the dates indicated:

	Current	Days Past Due			Total	Non-Accruing
		30-59	60-89	90+		
June 30, 2013						
Business loans:						
Commercial and industrial	\$146,000	\$7	\$233	\$-	\$146,240	\$96
Commercial owner occupied	201,162	640	-	-	201,802	-
SBA	5,795	-	25	-	5,820	-
Warehouse facilities	135,317	-	-	-	135,317	-
Real estate loans:						
Commercial non-owner occupied	295,767	-	-	-	295,767	450
Multi-family	171,762	-	-	1,035	172,797	1,035
One-to-four family	84,290	22	322	38	84,672	451
Land	10,438	-	-	-	10,438	-
Other loans	4,969	-	-	-	4,969	-
Totals	\$1,057,635	\$669	\$580	\$1,073	\$1,059,957	\$2,032

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	Current	Days Past Due			Total	Non-Accruing
		30-59	60-89	90+		
December 31, 2012						
	(in thousands)					
Business loans:						
Commercial and industrial	\$ 115,078	\$-	\$58	\$218	\$ 115,354	\$347
Commercial owner occupied	150,689	-	245	-	150,934	14
SBA	6,697	-	-	185	6,882	260
Warehouse facilities	195,761	-	-	-	195,761	-
Real estate loans:						
Commercial non-owner occupied	253,409	-	-	-	253,409	670
Multi-family	156,424	-	-	-	156,424	266
One-to-four family	97,283	101	-	79	97,463	522
Land	8,774	-	-	-	8,774	127
Other loans	1,188	5	-	-	1,193	-
Totals	\$985,303	\$106	\$303	\$482	\$986,194	\$2,206

	Current	Days Past Due			Total	Non-Accruing
		30-59	60-89	90+		
June 30, 2012						
	(in thousands)					
Business loans:						
Commercial and industrial	\$84,141	\$-	\$50	\$-	\$84,191	\$9
Commercial owner occupied	148,900	-	-	1,528	150,428	1,528
SBA	3,475	46	-	474	3,995	503
Warehouse facilities	61,111	-	-	-	61,111	-
Real estate loans:						
Commercial non-owner occupied	241,290	259	-	1,151	242,700	2,094
Multi-family	180,907	-	2,835	-	183,742	3,115
One-to-four family	56,588	93	-	13	56,694	486

Construction	281	-	-	-	281	-
Land	10,934	-	-	257	11,191	691
Other loans	4,018	1	-	-	4,019	-
Totals	\$791,645	\$399	\$2,885	\$3,423	\$798,352	\$8,426

Note 6 – Allowance for Loan Losses

The Company's ALLL covers estimated credit losses on individually evaluated loans that are determined to be impaired as well as estimated credit losses inherent in the remainder of the loan portfolio. The ALLL is prepared using the information provided by the Company's credit and investment review process together with data from peer institutions and economic information gathered from published sources.

The loan portfolio is segmented into groups of loans with similar risk characteristics. Each segment possesses varying degrees of risk based on, among other things, the type of loan, the type of collateral, and the sensitivity of the borrower or industry to changes in external factors such as economic conditions. An estimated loss rate calculated using the Company's actual historical loss rates adjusted for current portfolio trends, economic conditions, and other relevant internal and external factors, is applied to each group's aggregate loan balances.

The following provides a summary of the ALLL calculation for the major segments within the Company's loan portfolio.

Owner Occupied Commercial Real Estate Loans, Commercial and Industrial Loans and SBA Loans

The Company's base ALLL factor for owner occupied commercial real estate loans, commercial business loans and SBA loans is determined by management using the Bank's actual trailing 36 month, 24 month, trailing 12 month and annualized trailing six month charge-off data. Adjustments to those base factors are made for relevant internal and external factors. For owner occupied commercial real estate loans, commercial business loans and SBA loans, those factors include:

- Changes in national, regional and local economic conditions, including trends in real estate values and the interest rate environment,

- Changes in the nature and volume of the loan portfolio, including new types of lending,

- Changes in volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans, and

- The existence and effect of concentrations of credit, and changes in the level of such concentrations.

The resulting total ALLL factor is compared for reasonableness against the 10-year average, 15-year average, and trailing 12 month total charge-off data for all FDIC insured commercial banks and savings institutions based in California. This factor is applied to balances graded pass-1 through pass-5. For loans risk graded as watch or worse, progressively higher potential loss factors are applied based on management's judgment, taking into consideration the specific characteristics of the Bank's portfolio and analysis of results from a select group of the Company's peers.

Multi-Family and Non-Owner Occupied Commercial Real Estate Loans

The Company's base ALLL factor for multi-family and non-owner occupied commercial real estate loans is determined by management using the Bank's actual trailing 36 month, 24 month, trailing 12 month and annualized

trailing six month charge-off data. Adjustments to those base factors are made for relevant internal and external factors. For multi-family and non-owner occupied commercial real estate loans, those factors include:

Changes in national, regional and local economic conditions, including trends in real estate values and the interest rate environment,

Changes in volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans, and

The existence and effect of concentrations of credit, and changes in the level of such concentrations.

The resulting total ALLL factor is compared for reasonableness against the 10-year average, 15-year average, and trailing 12 month total charge-off data for all FDIC insured commercial banks and savings institutions based in California. This factor is applied to balances graded pass-1 through pass-5. For loans risk graded as watch or worse, progressively higher potential loss factors are applied based on management's judgment, taking into consideration the specific characteristics of the Bank's portfolio and analysis of results from a select group of the Company's peers.

One-to-Four Family and Consumer Loans

The Company's base ALLL factor for one-to-four family and consumer loans is determined by management using the Bank's actual trailing 36 month, trailing 24 month, trailing 12 month and annualized trailing six month charge-off data. Adjustments to those base factors are made for relevant internal and external factors. For one-to-four family and consumer loans, those factors include:

Changes in national, regional and local economic conditions, including trends in real estate values and the interest rate environment, and

Changes in volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans.

The resulting total ALLL factor is compared for reasonableness against the 10-year average, 15-year average, and trailing 12 month total charge-off data for all FDIC insured commercial banks and savings institutions based in California. This factor is applied to balances graded pass-1 through pass-5. For loans risk graded as watch or worse, progressively higher potential loss factors are applied based on management's judgment, taking into consideration the specific characteristics of the Bank's portfolio and analysis of results from a select group of the Company's peers.

Warehouse Facilities

The Company's warehouse facilities are structured as repurchase facilities, whereby we purchase funded one-to-four family loans on an interim basis. Therefore, the base ALLL factor for warehouse facilities is equal to that for one-to-four family and consumer loans as discussed above. Adjustments to the base factor are made for relevant internal and external factors. Those factors include:

Changes in national, regional and local economic conditions, including trends in real estate values and the interest rate environment,

Changes in the nature and volume of the loan portfolio, including new types of lending, and

The existence and effect of concentrations of credit, and changes in the level of such concentrations.

The resulting total ALLL factor is compared for reasonableness against the 10-year average, 15-year average, and trailing 12 month total charge-off data for one-to-four family loans for all FDIC insured commercial banks and

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savings institutions based in California. This factor is applied to balances graded pass-1 through pass-5. For loans risk graded as watch or worse, progressively higher potential loss factors are applied based on management's judgment, taking into consideration the specific characteristics of the Bank's portfolio and analysis of results from a select group of the Company's peers.

The following tables summarize the allocation of the ALLL as well as the activity in the ALLL attributed to various segments in the loan portfolio as of and for the six months ended for the periods indicated:

	Commercial and industrial	Commercial owner occupied	SBA	Warehouse	Commercial non-owner occupied	Multi-family	One-to-four family	Construction	Land	Other loans	Total
	(dollars in thousands)										
As of December 31,	\$1,310	\$1,512	\$79	\$1,544	\$1,459	\$1,145	\$862	\$-	\$31	\$52	\$7,994
Provision for losses	(58)	-	(5)	-	(757)	(11)	(10)	-	-	(6)	(847)
Net reserves	21	-	44	-	-	-	44	-	-	120	229
Provisions for losses (in millions)	806	229	(50)	(844)	806	(593)	243	-	149	(128)	618
As of June 30,	\$2,079	\$1,741	\$68	\$700	\$1,508	\$541	\$1,139	\$-	\$180	\$38	\$7,994
Allocation of allowance to:											
Commercially originated loans	\$233	\$-	\$-	\$-	\$-	\$-	\$360	\$-	\$-	\$-	\$593
Commercial portfolio	1,846	1,741	68	700	1,508	541	779	-	180	38	7,401
Commercially originated for investment	308	-	-	-	450	1,035	813	-	-	-	2,606
Allocation of allowance to:											
Commercially originated for investment	75.65 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	44.28 %	0.00 %	0.00 %	0.00 %	22.76 %
Commercially originated for investment	\$145,932	\$201,802	\$5,820	\$135,317	\$295,317	\$171,762	\$83,859	\$2,135	\$10,438	\$4,969	\$1,057,000
Allocation of allowance to:											
Commercially originated for investment	1.26 %	0.86 %	1.17 %	0.52 %	0.51 %	0.31 %	0.93 %	0.00 %	1.72 %	0.76 %	0.70 %

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ed for ment ross	\$146,240	\$201,802	\$5,820	\$135,317	\$295,767	\$172,797	\$84,672	\$2,135	\$10,438	\$4,969	\$1,059
nce to ans	1.42	% 0.86	% 1.17	% 0.52	% 0.51	% 0.31	% 1.35	% 0.00	% 1.72	% 0.76	% 0.75
	Commercial and industrial	Commercial owner occupied	SBA	Warehouse	Commercial non-owner occupied	Multi-family	One-to-four family	Construction	Land	Other loans	Tot
	(dollars in thousands)										
e, ber 31,	\$1,361	\$1,119	\$80	\$1,347	\$1,287	\$2,281	\$931	\$-	\$39	\$77	\$8,522
-offs	(191)	(265)	(109)	-	(88)	-	(305)	-	-	(1)	(959
ries	2	-	77	-	-	-	5	-	-	11	95
ons for ion in)	78	222	103	(439)	468	3	(328)	-	(39)	(68)	-
sses	78	222	103	(439)	468	3	(328)	-	(39)	(68)	-
e, June 2	\$1,250	\$1,076	\$151	\$908	\$1,667	\$2,284	\$303	\$-	\$-	\$19	\$7,658
t of nce ed to:											
cally ed ed loans	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
l io on	1,250	1,076	151	908	1,667	2,284	303	-	-	19	7,658
ually ed for ment	-	478	549	-	2,095	1,404	667	-	-	-	5,193
c s to ans ually ed for ment	0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00	% 0.00
vely ed for ment	\$84,191	\$149,950	\$3,446	\$61,111	\$240,605	\$182,338	\$56,027	\$281	\$11,191	\$4,019	\$793,1
l s to ans vely ed for	1.48	% 0.72	% 4.38	% 1.49	% 0.69	% 1.25	% 0.54	% 0.00	% 0.00	% 0.47	% 0.97

ment
ross

\$84,191 \$150,428 \$3,995 \$61,111 \$242,700 \$183,742 \$56,694 \$281 \$11,191 \$4,019 \$798,3

nce to
ans

1.48 % 0.72 % 3.78 % 1.49 % 0.69 % 1.24 % 0.53 % 0.00 % 0.00 % 0.47 % 0.96

Note 7 – Subordinated Debentures

In March 2004, the Corporation issued \$10.3 million of Floating Rate Junior Subordinated Deferrable Interest Debentures (the “Subordinated Debentures”) to PPBI Trust I, which funded the payment of \$10.0 million of Floating Rate Trust Preferred Securities (“Trust Preferred Securities”) issued by PPBI Trust I in March 2004. The net proceeds from the offering of Trust Preferred Securities were contributed as capital to the Bank to support further growth. Interest is payable quarterly on the Subordinated Debentures at three-month LIBOR plus 2.75% per annum, for an effective rate of 3.03% per annum as of June 30, 2013.

The Corporation is not allowed to consolidate PPBI Trust I into the Company’s consolidated financial statements. The resulting effect on the Company’s consolidated financial statements is to report only the Subordinated Debentures as a component of the Company’s liabilities.

Note 8 – Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period, excluding common shares in treasury. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted from the issuance of common stock that would then share in earnings and excludes common shares in treasury. Stock options exercisable for shares of common stock are excluded from the computation of diluted earnings per share if they are anti-dilutive due to their exercise price exceeding the average market price during the period.

The impact of stock options which are anti-dilutive are excluded from the computations of diluted earnings per share. The dilutive impact of these securities could be included in future computations of diluted earnings per share if the market price of the common stock increases. The following table sets forth the number of stock options excluded for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Stock options excluded	61,870	410,179	81,919	434,595

The following tables set forth the Company’s unaudited earnings per share calculations for the periods indicated:

	Three Months Ended June 30,	
	2013	2012

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	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
	(dollars in thousands, except per share data)					
Net income	\$ (249)			\$ 5,811		
Basic income available to common stockholders	(249)	15,516,537	\$ (0.02)	5,811	10,329,934	\$ 0.56
Effect of warrants and dilutive stock options	-	-		-	339,071	
Diluted income available to common stockholders plus assumed conversions	\$ (249)	15,516,537	\$ (0.02)	\$ 5,811	10,669,005	\$ 0.55

	Six Months Ended June 30,					
	2013		Per Share Amount	2012		Per Share Amount
	Net Income	Shares	Net Income	Net Income	Shares	Net Income
	(dollars in thousands, except per share data)					
Net income	\$ 1,723			\$ 8,503		
Basic income available to common stockholders	1,723	14,939,179	\$ 0.12	8,503	10,332,935	\$ 0.82
Effect of warrants and dilutive stock options	-	782,083		-	314,655	
Diluted income available to common stockholders plus assumed conversions	\$ 1,723	15,721,262	\$ 0.11	\$ 8,503	10,647,590	\$ 0.80

Note 9 – Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants

on the measurement date. Financial instruments are considered Level 1 when the valuation is based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the fair values presented. The following methods and assumptions were used by the Company to estimate the fair value of its financial instruments at June 30, 2013, December 31, 2012 and June 30, 2012:

Cash and due from banks – The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Securities Available for Sale – Where possible, the Company utilizes quoted market prices to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities, US government bonds and securities issued by federally sponsored agencies. When quoted market prices for identical assets are unavailable or the market for the asset is not sufficiently active, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads, forward mortgage-backed securities trade prices and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include private label mortgage-backed securities and corporate bonds. Pricing on these securities are provided to the Company by a pricing service vendor. In the Level 3 category, the Company is classifying the securities that reflected an OTTI charge based on the discounted cash flow of the security or a determination of fair value that requires significant management judgment or consideration.

FHLB, Federal Reserve Bank Stock and TIB Stock – The carrying value approximates the fair value based upon the redemption provisions of the stock and are classified as Level 1.

Loans Held for Sale - The fair value of loans held for sale is determined, when possible, using quoted secondary-market prices. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan. Loans held for sale are classified as Level 2.

Loans Held for Investment— For variable-rate loans that re-price frequently and have no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. The carrying amount of accrued interest receivable approximates its fair value as a Level 1 classification.

OREO – OREO assets are recorded at the fair value less estimated costs to sell at the time of foreclosure. The fair value of OREO assets is generally based on recent real estate appraisals adjusted for estimated selling costs. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Accrued Interest Receivable/Payable – The carrying amount approximates fair value and are classified as Level 1.

Deposit Accounts— The fair values estimated for demand deposits (interest and noninterest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the

reporting date (i.e., their carrying amounts) resulting in a Level 1 classification. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of the aggregate expected monthly maturities on time deposits in a Level 2 classification. The carrying amount of accrued interest payable approximates its fair value as a Level 2 classification.

FHLB Advances and Other Borrowings— For these instruments, the fair value of short term borrowings is estimated to be the carrying amount and is classified as Level 1. The fair value of long term borrowings and debentures is determined using rates currently available for similar borrowings or debentures with similar credit risk and for the remaining maturities and are classified as Level 2. The carrying amount of accrued interest payable approximates its fair value as a Level 2 classification.

Subordinated Debentures – The fair value of subordinated debentures is estimated by discounting the balance by the current three-month LIBOR rate plus the current market spread. The fair value is determined based on the maturity date as the Company does not currently have intentions to call the debenture and are classified as Level 2.

Off-Balance Sheet Commitments and Standby Letters of Credit – The majority of the Bank’s commitments to extend credit carry current market interest rates if converted to loans. Because these commitments are generally unassignable by either the Bank or the borrower, they only have value to the Bank and the borrower. The notional amount disclosed for off-balance sheet commitments and standby letters of credit is the amount available to be drawn down all lines and letters of credit. The cost to assume is calculated at 10% of the notional amount and are classified as Level 2.

Estimated fair values are disclosed for financial instruments for which it is practicable to estimate fair value. These estimates are made at a specific point in time based on relevant market data and information about the financial instruments. These estimates do not reflect any premium or discount that could result from offering the Company’s entire holdings of a particular financial instrument for sale at one time, nor do they attempt to estimate the value of anticipated future business related to the instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of these estimates.

The fair value estimates presented herein are based on pertinent information available to management as of the periods indicated.

	Carrying Amount	At June 30, 2013			Estimated Fair Value
		Level 1	Level 2	Level 3	
(in thousands)					
Assets:					
Cash and cash equivalents	\$ 103,972	\$ 103,972	\$-	\$-	\$ 103,972
Securities available for sale	313,047	206,226	105,764	1,057	313,047
Federal Reserve Bank, TIB and FHLB stock, at cost	11,917	11,917	-	-	11,917
Loans held for sale, net	3,617	-	3,617	-	3,617

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Loans held for investment, net	1,047,436	-	-	1,124,670	1,124,670
Accrued interest receivable	5,766	5,766	-	-	5,766
Liabilities:					
Deposit accounts	1,314,189	978,117	336,238	-	1,314,355
Other borrowings	48,082	-	50,074	-	50,074
Subordinated debentures	10,310	-	4,818	-	4,818
Accrued interest payable	213	213	-	-	213
	Notional Amount	Level 1	Level 2	Level 3	Cost to Cede or Assume
Off-balance sheet commitments and standby letters of credit	\$236,425	\$-	\$23,643	\$-	\$23,643

At December 31, 2012

	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value
	(in thousands)				
Assets:					
Cash and cash equivalents	\$59,352	\$59,352	\$-	\$-	\$59,352
Securities available for sale	84,066	81,042	2,072	952	84,066
Federal Reserve Bank and FHLB stock, at cost	11,247	11,247	-	-	11,247
Loans held for sale, net	3,681	-	3,681	-	3,681
Loans held for investment, net	974,213	-	-	1,049,589	1,049,589
Accrued interest	4,126	4,126	-	-	4,126

receivable

Liabilities:

Deposit accounts	904,768	548,101	363,382	-	911,483
FHLB advances	87,000	87,000	-	-	87,000
Other borrowings	28,500	-	31,267	-	31,267
Subordinated debentures	10,310	-	4,973	-	4,973
Accrued interest payable	142	142	-	-	142

	Notional Amount	Level 1	Level 2	Level 3	Cost to Cede or Assume
Off-balance sheet commitments and standby letters of credit	\$131,450	\$-	\$13,145	\$-	\$13,145

At June 30, 2012

	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value

(in thousands)

Assets:

Cash and cash equivalents	\$64,972	\$64,972	\$-	\$-	\$64,972
Securities available for sale	146,134	102,004	43,203	927	146,134
Federal Reserve Bank and FHLB stock, at cost	12,744	12,744	-	-	12,744
Loans held for sale, net	2,401	-	2,401	-	2,401
Loans held for investment, net	787,661	-	-	869,751	869,751
Accrued interest receivable	3,968	3,968	-	-	3,968
Liabilities:	913,191	477,661	439,328	-	916,989

Deposit accounts					
Other borrowings	28,500	-	32,177	-	32,177
Subordinated debentures	10,310	-	7,513	-	7,513
Accrued interest payable	151	151	-	-	151
	Notional Amount	Level 1	Level 2	Level 3	Cost to Cede or Assume
Off-balance sheet commitments and standby letters of credit	\$ 126,544	\$-	\$ 12,654	\$-	\$ 12,654

A loan is considered impaired when it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Impairment is measured based on the fair value of the underlying collateral or the discounted expected future cash flows. The Company measures impairment on all non-accrual loans for which it has reduced the principal balance to the value of the underlying collateral less the anticipated selling cost. As such, the Company records impaired loans as non-recurring Level 2 when the fair value of the underlying collateral is based on an observable market price or current appraised value. When current market prices are not available or the Company determines that the fair value of the underlying collateral is further impaired below appraised values, the Company records impaired loans as Level 3. At June 30, 2013, substantially all the Company's impaired loans were evaluated based on the fair value of their underlying collateral based upon the most recent appraisal available to management.

The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a recurring basis at the dates indicated:

June 30, 2013			
Fair Value Measurement			
Using			
		Level	Securities
Level 1	Level 2	3	at
	(in thousands)		Fair
			Value

Investment securities available for sale:				
U.S. Treasury	\$83	\$-	\$-	\$83
Corporate	-	9,169	-	9,169
Municipal bonds	-	94,747	-	94,747
Mortgage-backed securities	206,143	1,848	1,057	209,048
Total securities available for sale	\$206,226	\$105,764	\$1,057	\$313,047
Stock:				
FHLB stock	\$8,622	\$-	\$-	\$8,622
Federal Reserve Bank stock	3,295	-	-	3,295
Total stock	\$11,917	\$-	\$-	\$11,917
Total securities	\$218,143	\$105,764	\$1,057	\$324,964

June 30, 2012
Fair Value Measurement
Using

	Level 1	Level 2 (in thousands)	Level 3	Securities at Fair Value
Investment securities available for sale:				
U.S. Treasury	\$261	\$-	\$-	\$261
Municipal bonds	-	41,116	-	41,116
Mortgage-backed securities	101,743	2,087	927	104,757
Total securities available for sale	\$102,004	\$43,203	\$927	\$146,134
Stock:				
FHLB stock	\$10,725	\$-	\$-	\$10,725
Federal Reserve Bank stock	2,019	-	-	2,019
Total stock	\$12,744	\$-	\$-	\$12,744
Total securities	\$114,748	\$43,203	\$927	\$158,878

The following table provides a summary of the changes in balance sheet carrying values associated with Level 3 financial instruments during the six months ended for the periods indicated:

Six Months Ended

	June 30, 2013	June 30, 2012
(in thousands)		
Balance, beginning of period	\$ 952	\$ 991
Total gains or (losses) realized/unrealized:		
Included in earnings (or changes in net assets)	(35)	(82)
Included in other comprehensive income	186	124
Purchases, issuances, and settlements	(117)	(146)
Transfer in and/or out of Level 3	71	40
Balance, end of period	\$ 1,057	\$ 927

The following table provides a summary of the financial instruments the Company measures at fair value on a non-recurring basis as of the periods indicated:

	June 30, 2013			Assets at Fair Value
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	
	(in thousands)			
Assets				
Impaired loans	\$-	\$ -	\$2,606	\$2,606
Other real estate owned	-	-	1,186	1,186
Total assets	\$-	\$ -	\$3,792	\$3,792

	June 30, 2012			Assets at
	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	
	(in thousands)			

	Fair Value			
	(in thousands)			
Assets				
Impaired				
loans	\$-	\$ -	\$5,193	\$5,193
Other				
real				
estate				
owned	-	-	9,339	9,339
Total				
assets	\$-	\$ -	\$14,532	\$14,532

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains information and statements that are considered “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 represent plans, estimates, objectives, goals, guidelines, expectations, intentions, projections and statements of our beliefs concerning future events, business plans, objectives, expected operating results and the assumptions upon which those statements are based. Forward-looking statements include without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and are typically identified with words such as “may,” “could,” “should,” “will,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” or words or phrases of similar meaning. We caution that the forward-looking statements are based largely on our expectations and are subject to a number of known and unknown risks and uncertainties that are subject to change based on factors which are, in many instances, beyond our control. Actual results, performance or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements.

The following factors, among others, could cause our financial performance to differ materially from that expressed in such forward-looking statements:

- The strength of the United States economy in general and the strength of the local economies in which we conduct operations;

- The effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System (the “Federal Reserve”);

- Inflation/deflation, interest rate, market and monetary fluctuations;

- The timely development of competitive new products and services and the acceptance of these products and services by new and existing customers;

- The willingness of users to substitute competitors' products and services for our products and services;

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The impact of changes in financial services policies, laws and regulations, including those concerning taxes, banking, securities and insurance, and the application thereof by regulatory bodies;

Technological changes;

The effect of the SDTB Acquisition, the FAB Acquisition, the Palm Desert National Acquisition, the Canyon National Acquisition and other acquisitions we may make, if any, including, without limitation, the failure to achieve the expected revenue growth and/or expense savings from such acquisitions;

Changes in the level of our nonperforming assets and charge-offs;

The effect of changes in accounting policies and practices, as may be adopted from time-to-time by bank regulatory agencies, the SEC, the Public Company Accounting Oversight Board, the FASB or other accounting standards setters;

Possible other-than-temporary impairments (“OTTI”) of securities held by us;

The impact of current governmental efforts to restructure the United States financial regulatory system, including enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”);

Changes in consumer spending, borrowing and savings habits;

The effects of our lack of a diversified loan portfolio, including the risks of geographic and industry concentrations;

Ability to attract deposits and other sources of liquidity;

Changes in the financial performance and/or condition of our borrowers;

Changes in the competitive environment among financial and bank holding companies and other financial service providers;

Geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism and/or military conflicts, which could impact business and economic conditions in the United States and abroad;

Unanticipated regulatory or judicial proceedings; and

Our ability to manage the risks involved in the foregoing.

If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained in this Quarterly Report on Form 10-Q and other reports and registration statements filed by us with the SEC. Therefore, we caution you not to place undue reliance on our forward-looking information and statements. We will not update the forward-looking information and statements to reflect actual results or changes in the factors affecting the forward-looking information and statements. For information on the factors that could cause actual results to differ from the expectations stated in the forward-looking statements, see “Risk Factors” under Part I, Item 1A of our 2012 Annual Report.

Forward-looking information and statements should not be viewed as predictions, and should not be the primary basis upon which investors evaluate us. Any investor in our common stock should consider all risks and uncertainties

disclosed in our filings with the SEC, all of which are accessible on the SEC's website at <http://www.sec.gov>.

GENERAL

This discussion should be read in conjunction with our Management Discussion and Analysis of Financial Condition and Results of Operations included in our 2012 Annual Report, plus the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. The results for the three and six months ended June 30, 2013 are not necessarily indicative of the results expected for the year ending December 31, 2013.

The Corporation is a California-based bank holding company incorporated in the state of Delaware and registered as a bank holding company under the Bank Holding Company Act of 1956, as amended ("BHCA"). Our wholly owned subsidiary, Pacific Premier Bank, is a California state chartered commercial bank. As a bank holding company, the Corporation is subject to regulation and supervision by the Federal Reserve. We are required to file with the Federal Reserve quarterly and annual reports and such additional information as the Federal Reserve may require pursuant to the BHCA. The Federal Reserve may conduct examinations of bank holding companies, such as the Corporation, and its subsidiaries. The Corporation is also a bank holding company within the meaning of the California Financial Code (the "Financial Code"). As such, the Corporation and its subsidiaries are subject to examination by, and may be required to file reports with, the California Department of Financial Institutions ("DFI").

A bank holding company, such as the Corporation, is required to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such a policy. The Federal Reserve, under the BHCA, has the authority to require a bank holding company to terminate any activity or to relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve's determination that such activity or control constitutes a serious risk to the financial soundness and stability of any bank subsidiary of the bank holding company.

As a California state-chartered commercial bank which is a member of the Federal Reserve, the Bank is subject to supervision, periodic examination and regulation by the DFI and the Federal Reserve. The Bank's deposits are insured by the FDIC through the Deposit Insurance Fund. In general terms, insurance coverage is unlimited for non-interest bearing transaction accounts and up to \$250,000 per depositor for all other accounts in accordance with the Dodd-Frank Act. As a result of this deposit insurance function, the FDIC also has certain supervisory authority and powers over the Bank. If, as a result of an examination of the Bank, the regulators should determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of the Bank's operations are unsatisfactory or that the Bank or our management is violating or has violated any law or regulation, various remedies are available to the regulators. Such remedies include the power to enjoin unsafe or unsound practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in capital, to restrict growth, to assess civil monetary penalties, to remove officers and directors and ultimately to request the FDIC to terminate the Bank's deposit insurance. As a California-chartered commercial bank, the Bank is also subject to certain provisions of California law.

We provide banking services within our targeted markets in Southern California to businesses, including the owners and employees of those businesses, professionals, real estate investors and non-profit organizations, as well as consumers in the communities we serve. At June 30, 2013, the Bank operated 13 full-service depository branches in Southern California located in the cities of Encinitas, Huntington Beach, Irvine, Los Alamitos, Newport Beach, Palm Springs, Palm Desert, Point Loma, San Bernardino, San Diego and Seal Beach and one office located Dallas, Texas. Our corporate headquarters are located in Irvine, California. Through our branches and our web site at www.ppbi.com, we offer a broad array of deposit products and services for both business and consumer customers, including checking, money market and savings accounts, cash management services, electronic banking, and on-line bill payment. We also offer a variety of loan products, including commercial business loans, lines of credit,

commercial real estate loans, SBA loans, residential home loans, and home equity loans. The Bank funds its lending and investment activities with retail deposits obtained through its branches, advances from the FHLB, lines of credit, and wholesale and brokered certificates of deposits.

Our principal source of income is the net spread between interest earned on loans and investments and the interest costs associated with deposits and borrowings used to finance the loan and investment portfolios. Additionally, the Bank generates fee income from loan and investment sales and various products and services offered to both depository and loan customers.

CRITICAL ACCOUNTING POLICIES

Management has established various accounting policies that govern the application of U.S. GAAP in the preparation of our financial statements. Our significant accounting policies are described in the Notes to the Consolidated Financial Statements in our 2012 Annual Report. There have been no significant changes to our Critical Accounting Policies as described in our 2012 Annual Report.

Certain accounting policies require management to make estimates and assumptions which have a material impact on the carrying value of certain assets and liabilities; management considers these to be critical accounting policies. The estimates and assumptions management uses are based on historical experience and other factors, which management believes to be reasonable under the circumstances. Actual results could differ significantly from these estimates and assumptions, which could have a material impact on the carrying value of assets and liabilities at balance sheet dates and our results of operations for future reporting periods.

We consider the ALLL to be a critical accounting policy that requires judicious estimates and assumptions in the preparation of our financial statements that is particularly susceptible to significant change. For further information, see "Allowances for Loan Losses" discussed in Note 6 to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q and in our 2012 Annual Report.

SDTB ACQUISITION

Effective June 25, 2013, the Bank acquired SDTB, a San Diego based state-chartered bank pursuant to the terms of a definitive agreement entered into by the Corporation, the Bank and SDTB on March 6, 2013. As a result of the SDTB Acquisition, the Bank acquired and recorded at the acquisition date assets with a fair value of approximately \$201.1 million, including:

\$125.9 million in investment securities, including FHLB stock;

\$42.4 million of loans;

\$14.1 million of cash and cash equivalents;

\$6.4 million in goodwill;

\$5.8 million in bank owned life insurance;

\$3.7 million of other types of assets; and

\$2.8 million of a core deposit intangible.

Also as a result of the SDTB Acquisition, the Bank recorded equity of \$14.4 million in connection with the Corporation's stock issued to SDTB shareholders as part of the acquisition consideration and assumed at acquisition

date liabilities with a fair value of approximately \$186.7 million, including:

\$178.8 million in deposit transaction accounts;

\$5.1 million in retail certificates of deposit;

\$1.9 million other liabilities; and

\$922,000 in deferred tax liability.

The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

The acquisition is an opportunity for the Company to acquire a banking network that will complement our existing banking franchise and expand our footprint into a new market. Additionally, this partnership will improve the Company's deposit base, lower its cost of deposits and provide the opportunity to accelerate future core deposit growth. Additionally, the acquisition of SDTB allowed the Company to deploy a portion of its current capital base into a compelling investment.

FAB ACQUISITION

Effective March 15, 2013, the Bank acquired FAB, a Dallas, Texas, based Texas-chartered bank pursuant to the terms of a definitive agreement entered into by the Bank and the FAB on October 15, 2012. As a result of the FAB Acquisition, the Bank acquired and recorded at the acquisition date assets with a fair value of approximately \$394.1 million, including:

\$223.0 million in investment securities, including FHLB and TIB Bank stock;

\$124.7 million of cash and cash equivalents;

\$26.4 million of loans;

\$11.9 million in goodwill;

\$6.2 million of other types of assets; and

\$1.9 million of a core deposit intangible.

Also as a result of the FAB Acquisition, the Bank recorded equity of \$15.9 million in connection with the Corporation's stock issued to FAB shareholders as part of the acquisition consideration and assumed at acquisition date liabilities with a fair value of approximately \$378.2 million, including:

\$329.5 million in deposit transaction accounts;

\$17.4 million in retail certificates of deposit;

\$9.9 million in wholesale deposits;

\$16.9 million in other borrowings;

\$3.9 million in deferred tax liability; and

\$536,000 of other liabilities.

The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

The acquisition is a unique opportunity for the Company to acquire a highly efficient, consistently profitable and niche focused business that will complement our existing banking franchise. Additionally, this partnership will improve the Company's deposit base, lower its cost of deposits and provide the platform to accelerate future core deposit growth. Additionally, the acquisition of FAB allowed the Company to deploy a portion of its current capital base into a compelling investment.

Palm Desert National Acquisition

Effective April 27, 2012, the Bank acquired certain assets and assumed certain liabilities of Palm Desert National from the FDIC as receiver for Palm Desert National, pursuant to the terms of a purchase and assumption agreement entered into by the Bank and the FDIC on April 27, 2012. The Palm Desert National Acquisition included one branch of Palm Desert National that became a branch of the Bank upon consummation of the Palm Desert National Acquisition. The Bank did not enter into any loss sharing agreements with the FDIC in connection the Palm Desert National Acquisition. As a result of the Palm Desert National Acquisition, the Bank acquired and recorded at the acquisition date certain assets with a fair value of approximately \$120.9 million, including \$63.8 million of loans, \$39.5 million of cash and cash equivalents, \$11.5 million of OREO, \$1.5 million in investment securities, including FHLB stock and Federal Reserve Bank stock, \$840,000 of a core deposit intangible and \$3.8 million of other types of assets. Liabilities with a fair value of approximately \$118.0 million, including \$50.1 million in deposit transaction accounts, \$30.8 million in retail certificates of deposit, \$34.1 million in whole sale certificates of deposits, which were purposefully run off during the second quarter of 2012, \$2.4 million in deferred tax liability and \$578,000 of other liabilities. The fair values of the assets acquired and liabilities assumed were determined based on the requirements of FASB ASC Topic 820: Fair Value Measurements and Disclosures.

RESULTS OF OPERATIONS

In the second quarter of 2013, we reported adjusted earnings of \$3.0 million, or \$0.19 per share on a diluted basis, before non-recurring merger-related expenses, compared with adjusted earnings for the second quarter of 2012 of \$2.6 million, or \$0.24 per share on a diluted basis, before the gain on FDIC transaction. For the three months ended June 30, 2013, the Company's adjusted return on average assets was 0.86% and adjusted return on average equity was 7.59%, compared with an adjusted return on average assets of 1.00% and an adjusted return on average equity of 11.08% for the three months ended June 30, 2012.

Taking into account the one-time merger-related expenses incurred in the second quarter in connection with the SDTB Acquisition of \$5.0 million and the gain on FDIC transaction with the Palm Desert National Acquisition of \$5.3 million, the Company recorded a net loss of \$249,000, or \$0.02 per share on a diluted basis, for the second quarter of 2013, compared to net income of \$5.8 million, or \$0.55 per share on a diluted basis, for the second quarter of 2012.

For the first six months of 2013, the Company's net income totaled \$1.7 million or \$0.11 per diluted share, down from \$5.8 million or \$0.55 per diluted share for the first six months of 2012. The decrease in net income was primarily due to the a \$5.3 million gain on FDIC transaction recorded on the Palm Desert acquisition in the first six months of 2012 and merger related expenses of \$6.7 million recorded on the acquisitions of FAB and SDTB in the first six months of 2013. Additionally, in the first half of 2013, we had higher net interest income of \$5.2 million, partially offset by

higher compensation and benefits expense of \$3.3 million. For the six months ended June 30, 2013, our return on average assets was 0.27% and return on average equity was 2.30%, down from a return on average assets of 1.71% and a return on average equity of 18.88% for the same comparable period of 2012.

Net Interest Income

Our earnings are derived predominately from net interest income, which is the difference between the interest income earned on interest-earning assets, primarily loans and securities, and the interest expense incurred on interest-bearing liabilities, primarily deposits and borrowings. The spread between the yield on interest-earning assets and the cost of interest-bearing liabilities and the relative dollar amounts of these assets and liabilities principally affect net interest income.

Net interest income totaled \$13.6 million in the second quarter of 2013, up \$2.3 million or 20.4%, compared to the second quarter of 2012. The increase in net interest income reflected higher average interest-earning assets of \$338.5 million, partially offset by a decrease in net interest margin to 4.01%. The increase in average interest-earning assets was primarily from a \$228.3 million increase in loans, \$134.8 million increase in securities and \$25.5 million increase in cash and cash equivalents, primarily from the Company's acquisition activities and organic loan growth. The decrease in the net interest margin of 63 basis points is primarily attributable to a decrease in yield on average interest-earning assets of 96 basis points, primarily from a higher mix of lower yielding investment securities and cash and cash equivalents along with a decrease in the loan portfolio yield. Partially offsetting this decrease was lower deposit costs of 31 basis points from an improved mix of lower costing deposits associated with our acquisitions. The loan yield decline of 88 basis points primarily reflected a lower portfolio weighted average rate that decreased 71 basis points to 5.18% at June 30, 2013, and a reduction in deferred fee recognition on loan payoffs.

Compared to the first six months of 2012, net interest income for the first six months of 2013 increased \$5.2 million or 24.2%. The increase in net interest income reflected an increase in average interest-earning assets of \$295.5 million or 31.0% in the first half of 2013 to \$1.2 billion. Partially offsetting the average interest-earning asset increase was a lower net interest margin of 4.28%, compared with 4.48% in the first half of 2012. The increase in average interest-earning assets for the period was primarily due to an increase in average loans of \$229.1 million and securities of \$67.2 million primarily associated with organic loan growth, loan purchases and acquisitions. The decrease in the current period net interest margin of 20 basis points primarily reflected a decrease in our interest-earning asset yield of 57 basis points, partially offset by a decrease in the cost of deposits of 38 basis points.

The following tables present for the periods indicated the average dollar amounts from selected balance sheet categories calculated from daily average balances and the total dollar amount, including adjustments to yields and costs, of:

Interest income earned from average interest-earning assets and the resultant yields; and

Interest expense incurred from average interest-bearing liabilities and resultant costs, expressed as rates.

The tables also set forth our net interest income, net interest rate spread and net interest rate margin for the periods indicated. The net interest rate margin reflects the relative level of interest-earning assets to interest-bearing liabilities and equals our net interest rate spread divided by average interest-earning assets for the periods indicated.

Average Balance Sheet			
Three Months Ended		Three Months Ended	
June 30, 2013		June 30, 2012	
Average	Average	Average	Average
Balance	Interest Yield/Cost	Balance	Interest Yield/Cost

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Assets		(dollars in thousands)							
Interest-earning assets:									
Cash and cash equivalents	\$98,451	\$60	0.24	%	\$72,988	\$35	0.19	%	
Federal funds sold	26	-	0.00	%	27	-	0.00	%	
Investment securities	297,912	1,188	1.60	%	163,151	913	2.24	%	
Loans receivable, net (1)	964,486	13,688	5.69	%	736,178	12,098	6.57	%	
Total interest-earning assets	1,360,875	14,936	4.40	%	972,344	13,046	5.36	%	
Noninterest-earning assets									
	44,064				48,880				
Total assets	\$1,404,939				\$1,021,224				
Liabilities and Equity									
Deposit accounts:									
Noninterest-bearing									
	\$309,311	\$-	0.00	%	\$140,352	\$-	0.00	%	
Interest-bearing:									
Transaction accounts									
	521,784	280	0.22	%	323,813	223	0.28	%	
Retail certificates of deposit	336,165	745	0.89	%	416,818	1,221	1.18	%	
Wholesale certificates of deposit									
	4,690	8	0.68	%	3,514	3	0.34	%	
Total deposits	1,171,950	1,033	0.35	%	884,497	1,447	0.66	%	
FHLB advances and other borrowings									
	53,891	238	1.77	%	28,588	235	3.31	%	
Subordinated debentures									
	10,310	76	2.96	%	10,310	82	3.20	%	
Total borrowings	64,201	314	1.96	%	38,898	317	3.28	%	
Total deposits and borrowings	1,236,151	1,347	0.44	%	923,395	1,764	0.77	%	
Other liabilities									
	9,645				5,627				
Total liabilities	1,245,796				929,022				
Stockholders' equity									
	159,143				92,202				
Total liabilities and equity	\$1,404,939				\$1,021,224				
Net interest income		\$13,589				\$11,282			
Net interest rate spread (2)			3.96	%				4.59	%
Net interest margin (3)			4.01	%				4.64	%
Ratio of interest-earning assets to deposits and borrowings			110.09%			105.30%			

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(1) Average balance includes loans held for sale and nonperforming loans and is net of deferred loan origination fees, unamortized discounts and premiums, and ALLL.

(2) Represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.

(3) Represents net interest income divided by average interest-earning assets.

	Average Balance Sheet							
	Six Months Ended				Six Months Ended			
	June 30, 2013				June 30, 2012			
	Average		Average	Average		Average		
	Balance	Interest	Yield/Cost	Balance	Interest	Yield/Cost		
(dollars in thousands)								
Assets								
Interest-earning assets:								
Cash and cash equivalents	\$83,879	\$98	0.24 %	\$84,583	\$86	0.20 %		
Federal funds sold	27	-	0.00 %	27	-	0.00 %		
Investment securities	216,854	1,989	1.83 %	149,683	1,741	2.33 %		
Loans receivable, net (1)	946,631	27,084	5.77 %	717,551	23,335	6.50 %		
Total interest-earning assets	1,247,391	29,171	4.71 %	951,844	25,162	5.28 %		
Noninterest-earning assets								
	41,789			44,690				
Total assets	\$1,289,180			\$996,534				
Liabilities and Equity								
Deposit accounts:								
Noninterest-bearing:								
Noninterest-bearing	\$273,440	\$-	0.00 %	\$129,269	\$-	0.00 %		
Interest-bearing:								
Transaction accounts								
Transaction accounts	451,104	498	0.22 %	309,614	552	0.36 %		
Retail certificates of deposit								
Retail certificates of deposit	342,782	1,545	0.91 %	420,226	2,649	1.27 %		
Wholesale certificates of deposit								
Wholesale certificates of deposit	2,772	9	0.65 %	1,757	2	0.23 %		
Total deposits	1,070,098	2,052	0.39 %	860,866	3,203	0.75 %		
FHLB advances and other borrowings								
FHLB advances and other borrowings	49,355	478	1.95 %	28,577	470	3.31 %		
Subordinated debentures								
Subordinated debentures	10,310	153	2.99 %	10,310	166	3.24 %		
Total borrowings	59,665	631	2.13 %	38,887	636	3.29 %		
Total deposits and borrowings	1,129,763	2,683	0.48 %	899,753	3,839	0.86 %		
Other liabilities	9,685			6,689				

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Total liabilities	1,139,448		906,442	
Stockholders' equity	149,732		90,092	
Total liabilities and equity	\$1,289,180		\$996,534	
Net interest income		\$26,488		\$21,323
Net interest rate spread (2)		4.23 %		4.42 %
Net interest margin (3)		4.28 %		4.48 %
Ratio of interest-earning assets to deposits and borrowings		110.41 %		105.79 %

(1) Average balance includes loans held for sale and nonperforming loans and is net of deferred loan origination fees, unamortized discounts and premiums, and ALLL.

(2) Represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.

(3) Represents net interest income divided by average interest-earning assets.

Changes in our net interest income are a function of changes in both volumes and rates of interest-earning assets and interest-bearing liabilities. The following table presents the impact the volume and rate changes have had on our net interest income for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, we have provided information on changes to our net interest income with respect to:

Changes in interest rates (changes in interest rates multiplied by prior volume);

Changes in volume (changes in volume multiplied by prior rate); and

The net change or the combined impact of volume and rate changes allocated proportionately to changes in volume and changes in interest rates.

	Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012			Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012		
	Increase (decrease) due to			Increase (decrease) due to		
	Rate	Volume	Net	Rate	Volume	Net
	(in thousands)					
Interest-earning assets						
Cash and cash equivalents	\$ 11	\$ 14	\$ 25	\$ 13	\$ (1)	\$ 12
Investment securities	(317)	592	275	(420)	668	248
Loans receivable, net	(1,811)	3,401	1,590	(3,045)	6,794	3,749

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Total interest-earning assets	\$ (2,117)	\$ 4,007	\$ 1,890	\$ (3,452)	\$ 7,461	\$ 4,009
Interest-bearing liabilities						
Transaction accounts	\$ (57)	\$ 114	\$ 57	\$ (258)	\$ 204	\$ (54)
Retail certificates of deposit	(267)	(209)	(476)	(671)	(433)	(1,104)
Wholesale/brokered certificates of deposit	4	1	5	6	1	7
FHLB advances and other borrowings	(142)	145	3	(244)	252	8
Subordinated debentures	(6)	-	(6)	(13)	-	(13)
Total interest-bearing liabilities	\$ (468)	\$ 51	\$ (417)	\$ (1,180)	\$ 24	\$ (1,156)
Change in net interest income	\$ (1,649)	\$ 3,956	\$ 2,307	\$ (2,272)	\$ 7,437	\$ 5,165

Provision for Loan Losses

There was no provision for loan loss recorded in the second quarter of 2012, compared to \$322,000 recorded in the second quarter of 2013, to cover the increase in our loan balance. Strong credit quality metrics and the recent charge-off history within our loan portfolio were significant factors in estimating the adequacy of our ALLL. Compared to the second quarter of 2012, net loan charge-offs increased \$26,000 to \$322,000 during the second quarter of 2013.

For the first six months of 2013, a provision for loan losses of \$618,000 was recorded that matched the net loan charge-offs over the same period. This compares with no provision for loan losses and net loan charge-offs of \$864,000 for the first six months of 2012.

For purchased credit impaired loans, charge-offs are recorded when there is a decrease in the estimated cash flows of the credit from original cash flow estimates. Purchased credit impaired loans were recorded at their estimated fair value, which incorporated our estimated expected cash flows until the ultimate resolution of these credits. To the extent actual or projected cash flows are less than originally estimated, additional provisions for loan losses or charge-offs will be recognized into earnings or against the allowance, if applicable. To the extent actual or projected cash flows are more than originally estimated, the increase in cash flows is prospectively recognized in loan interest income. Due to the accounting rules associated with our purchased credit impaired loans, each quarter we are required to re-estimate cash flows which could cause volatility in our reported net interest margin and provision for loans losses. During the second quarter of 2013, there were no charge-offs associated with purchased credit impaired loans, compared to \$265,000 for the same period in 2012.

Our Loss Mitigation Department continues collection efforts on loans previously written down and/or charged-off to maximize potential recoveries. See "Allowance for Loan Losses" discussed below in this Quarterly Report on Form 10-Q.

Noninterest Income

Noninterest income for the second quarter of 2013 amounted to \$2.4 million, down \$4.1 million or 62.8%, compared to the second quarter of 2012. The decrease was primarily attributable to the bargain purchase gain of \$5.3 million from the Palm Desert Acquisition, partially offset by higher gain on sale of securities of \$894,000, gain on sale of loans of \$212,000 and loan servicing fees of \$104,000. The increase in gain on sale of securities was primarily related to the sale of \$101.7 million of securities received in the FAB Acquisition as the portfolio was restructured during the second quarter of 2013.

Noninterest income for the first half of 2013 amounted to \$4.2 million, down \$3.3 million or 44.4% compared to the first half of 2012. The decrease was primarily related to a gain on FDIC transaction of \$5.3 million in the year-ago period for the of Palm Desert National Acquisition, compared to no bargain purchase recorded in the first six months of 2013. Partially offsetting that gain was higher net gains from the sale of loans of \$935,000 and from the sales of investment securities of \$894,000.

Noninterest Expense

Noninterest expense totaled \$15.9 million for the second quarter of 2013, up \$7.7 million or 93.2%, compared to the second quarter of 2012. The increase primarily related to higher costs in the second quarter of 2013 when compared to the second quarter of 2012 associated with the following expense categories:

One-time merger related expenses increased by \$5.0 million;

Compensation and benefits costs increased by \$1.7 million, primarily due to the increase in employees from our acquisition activities and new hires in the lending and credit areas to increase our production of commercial and industrial (“C&I”) loans, commercial real estate (“CRE”) loans, SBA loans, homeowner association (“HOA”) loans, and construction loans;

Deposit expenses of \$481,000, primarily due to our acquisition activities;

Premises and occupancy by \$348,000, primarily due to our acquisition activities and a new leased corporate headquarters needed to support our growth; and

Other expense of \$345,000, primarily related to core deposit intangible amortization and higher miscellaneous expenses related to our acquisition activities.

These higher costs were partially offset by a decline of \$303,000 in OREO operations activity.

Compared to the first six months of 2012, noninterest expense increased \$12.2 million or 82.1%. The increase primarily related to one-time costs associated with the acquisitions of SDTB and FAB of \$6.7 million, as well as higher compensation and benefits costs of \$3.3 million, premises and occupancy costs of \$763,000, other expense of \$673,000, deposit expenses of \$577,000, data processing and communications costs of \$206,000, and office and postage expense of \$205,000. The increases in these categories primarily related to the acquisitions of FAB and SDTB, and business expansion initiatives over the first half of 2013.

Income Taxes

Operating results during the second quarter of 2013 included \$955,000 of merger costs that were treated as non-deductible for tax purposes. These expenses were largely the cause for a negative effective tax rate of 57.6% for the second quarter of 2013, compared to an effective tax rate of 39.5% in the second quarter of 2012. The merger costs also primarily impacted the difference between the effective tax rate for the first half of 2013 at 42.4%, compared to

39.0% for the same period of 2012. At June 30, 2013, we had no valuation allowance against our deferred tax asset of \$8.6 million based on management's analysis that the asset was more-likely-than-not to be realized.

FINANCIAL CONDITION

At June 30, 2013, assets totaled \$1.6 billion, up \$493.4 million or 46.3% from June 30, 2012 and up \$384.7 million or 32.8% from December 31, 2012. The increase in assets since year-end 2012 was primarily related to the of FAB Acquisitions, which added assets at the acquisition date of \$394.1 million, partially offset by \$49.0 million of FAB deposits held by the Bank at December 31, 2012 and SDTB, which added assets at the acquisition date of \$201.1 million. Partially offsetting these acquisition increases was a decrease of \$82.3 million in deposits and to pay down of \$67.4 million of FHLB borrowings.

The increase in assets from June 30, 2012 was primarily related to FAB assets in the amount of \$394.1 million and SDTB assets in the amount of \$201.1 million. Partially offsetting these increases were the assets used to fund the decrease in certificates of deposit of \$103.1 million.

Loans

Net loans held for investment totaled \$1.0 billion at June 30, 2013, an increase of \$259.8 million or 33.0% from June 30, 2012 and an increase of \$73.2 million or 7.5% from December 31, 2012. The increase in loans from December 31, 2012 was primarily related to an increase in business loan balances of \$20.2 million and real estate loan balances of \$49.7 million. The increase in loans from June 30, 2012 was primarily related to increases from organic growth including warehouse facility lending of \$74.2 million and the FAB Associations and SDTB Acquisitions.

During the second quarter of 2013, commitments on our warehouse repurchase facility credits increased \$3.4 million to total \$317.3 million with our end of period utilization rates for these loans dropping from 44.3% at March 31, 2013 to 42.7% at June 30, 2013. Our average daily outstanding balance for these warehouse facilities decreased \$19.6 million to \$125.7 million when comparing the second quarter with the first quarter of 2013.

The following table sets forth the composition of our loan portfolio in dollar amounts, as a percentage of the portfolio and gives the weighted average interest rate by loan category at the dates indicated:

	June 30, 2013			December 31, 2012			June 30, 2012		
	Amount	Percent of Total	Weighted Average Interest Rate	Amount	Percent of Total	Weighted Average Interest Rate	Amount	Percent of Total	Weighted Average Interest Rate
(dollars in thousands)									
Business loans:									
Commercial and industrial	\$ 146,240	13.8 %	5.10 %	\$ 115,354	11.7 %	5.25 %	\$ 84,191	10.5 %	5.47 %
Commercial owner occupied (1)	201,802	19.0 %	5.57 %	150,934	15.3 %	6.11 %	150,428	18.8 %	6.31 %
SBA	5,820	0.5 %	5.02 %	6,882	0.7 %	6.04 %	3,995	0.5 %	6.06 %
Warehouse facilities	135,317	12.8 %	4.26 %	195,761	19.9 %	4.80 %	61,111	7.7 %	5.34 %
Real estate loans:									
Commercial non-owner occupied	295,767	27.9 %	5.47 %	253,409	25.6 %	5.68 %	242,700	30.4 %	5.99 %
Multi-family	172,797	16.3 %	5.21 %	156,424	15.9 %	5.78 %	183,742	23.0 %	5.95 %
One-to-four family (2)	84,672	8.0 %	6.05 %	97,463	9.9 %	4.67 %	56,694	7.1 %	5.11 %

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Construction	2,135	0.2 %	8.44 %	-	0.0 %	0.00 %	281	0.1 %	5.25 %
Land	10,438	1.0 %	7.19 %	8,774	0.9 %	4.89 %	11,191	1.4 %	5.37 %
Other loans	4,969	0.5 %	5.90 %	1,193	0.1 %	6.20 %	4,019	0.5 %	6.99 %
Total gross loans (3)	1,059,957	100.0 %	5.18 %	986,194	100.0 %	5.44 %	798,352	100.0 %	5.88 %
Less loans held for sale	3,617			3,681			2,401		
Total gross loans held for investment	1,056,340			982,513			795,951		
Less:									
Deferred loan origination costs/(fees) and premiums/(discounts)	(910)			(306)			(632)		
Allowance for loan losses	(7,994)			(7,994)			(7,658)		
Loans held for investment, net	\$1,047,436			\$974,213			\$787,661		

(1) Majority secured by real estate.

(2) Includes second trust deeds.

(3) Total gross loans for June 30, 2013 is net of the unaccreted mark-to-market discounts on Canyon National loans of \$2.1 million, on Palm Desert National loans of \$4.0 million, and on SDTB loans of \$560,000 and of the mark-to-market premium on FAB loans of \$103,000.

Gross loans held for investment totaled \$1.1 billion at June 30, 2013, compared to \$796.0 million at June 30, 2012 and \$982.5 million at December 31, 2012. The increase in gross loans held for investment of \$260.4 million or 32.7% from the year-ago first quarter was primarily related to increases from organic growth and the acquisition of FAB and SDTB. The increase of \$73.8 million or 7.5% since December 31, 2012 included loan originations of \$213.7 million, loans acquired of \$69.2 million and loans purchased of \$23.2 million, partially offset by an increase in undisbursed loan funds of \$146.7 million, loan repayments of \$78.6 million, and loan sales of \$7.2 million. The increase in the undisbursed loan funds was primarily related to the reduction in the utilization rate for warehouse facility loans.

The following table sets forth loan originations, purchases, sales and principal repayments relating to our gross loans for the periods indicated:

	Six Months Ended	
	June 30, 2013	June 30, 2012
	(in thousands)	
Beginning balance gross loans	\$986,194	\$739,254
Loans originated:		
Business loans:		
Commercial and industrial	28,474	16,894
	20,859	6,516

Commercial owner occupied (1)		
SBA	3,995	1,332
Warehouse facilities	74,860	51,449
Real estate loans:		
Commercial non-owner occupied	39,970	32,529
Multi-family	41,608	6,497
One-to-four family (2)	825	6,086
Other loans	3,068	663
Total loans originated	213,659	121,966
Loans purchased:		
Business loans:		
Commercial and industrial	30,084	5,033
Commercial owner occupied	38,635	11,786
Real estate loans:		
Commercial non-owner occupied	16,763	55,313
Multi-family	36	3,690
One-to-four family	1,639	4,437
Construction	1,399	198
Land	2,770	5,395
Other loans	716	2,256
Total loans purchased	92,042	88,108
Total loan production	305,701	210,074
Principal repayments	(78,619)	(92,186)
Sales of loans	(7,220)	(584)
Change in undisbursed loan funds, net	(146,741)	(57,361)
Charge-offs	(847)	(959)
Change in mark-to-market discounts from acquisitions	2,485	2,611
	(996)	(2,497)

Transfer to other real estate owned		
Net increase in gross loans	73,763	59,098
Ending balance gross loans	\$1,059,957	\$798,352

(1) Majority
secured by real
estate.

(2) Includes
second trust
deeds.

The following table sets forth the weighted average interest rates, weighted average number of months to reprice and the periods to repricing for our gross loan portfolio at the date indicated:

Periods to Repricing	Number of Loans	June 30, 2013		
		Amount (dollars in thousands)	Weighted Average Interest Rate	Weighted Average Months to Reprice
1 Year and less	858	\$497,542	5.40%	3.25
Over 1 Year to 3 Years	38	32,734	4.67%	24.47
Over 3 Years to 5 Years	251	262,087	4.66%	50.87
Over 5 Years to 7 Years	31	66,960	4.19%	76.07
Over 7 Years to 10 Years	12	14,828	4.44%	101.72
Total adjustable	1,190	874,151	5.04%	25.57
Fixed	787	185,806	5.87%	
Total	1,977	\$1,059,957	5.18%	

Delinquent Loans. When a borrower fails to make required payments on a loan and does not cure the delinquency within 30 days, we normally record a notice of default and, after providing the required notices to the borrower, commence foreclosure proceedings. If the loan is not reinstated within the time permitted by law, we may sell the property at a foreclosure sale. At these foreclosure sales, we generally acquire title to the property. At June 30, 2013,

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loans delinquent 30 or more days as a percentage of total gross loans was 0.22%, up from 0.09% at December 31, 2012 but down from 0.84% at June 30, 2012.

The following table sets forth delinquencies in the Company's loan portfolio at the dates indicated:

	30 - 59 Days		60 - 89 Days		90 Days or More (1)		Total	
	Principal Balance		Principal Balance		Principal Balance		Principal Balance	
	# of Loans	of Loans	# of Loans	of Loans	# of Loans	of Loans	# of Loans	of Loans
	(dollars in thousands)							
At June 30, 2013								
Business loans:								
Commercial and industrial								
	1	\$ 7	1	\$ 233	-	\$ -	2	\$ 240
Commercial owner occupied								
	1	640	-	-	-	-	1	640
SBA								
	-	-	1	25	-	-	1	25
Real estate loans:								
Multi-family								
	-	-	-	-	1	1,035	1	1,035
One-to-four family								
	1	22	3	322	2	38	6	382
Total								
	3	\$ 669	5	\$ 580	3	\$ 1,073	11	\$ 2,322
Delinquent loans to total gross loans								
		0.06 %		0.05 %		0.10 %		0.22 %
At December 31, 2012								
Business loans:								
Commercial and industrial								
	-	\$ -	1	\$ 58	1	\$ 218	2	\$ 276
Commercial owner occupied								
	-	-	1	245	-	-	1	245
SBA								
	-	-	-	-	4	185	4	185
Real estate loans:								
One-to-four family								
	2	101	-	-	2	79	4	180
Other								
	1	5	-	-	-	-	1	5

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Total	3	\$ 106	2	\$ 303	7	\$ 482	12	\$ 891
Delinquent loans to total gross loans		0.01 %		0.03 %		0.05 %		0.09 %
At June 30, 2012								
Business loans:								
Commercial and industrial								
	-	\$ -	1	\$ 50	-	\$ -	1	\$ 50
Commercial owner occupied								
	-	-	-	-	3	1,528	3	1,528
SBA	1	46	-	-	6	474	7	520
Real estate loans:								
Commercial non-owner occupied								
	1	259	-	-	2	1,151	3	1,410
Multi-family	-	-	1	2,835	-	-	1	2,835
One-to-four family								
	1	93	-	-	1	13	2	106
Land	-	-	-	-	1	257	1	257
Other	2	1	-	-	-	-	2	1
Total	5	\$ 399	2	\$ 2,885	13	\$ 3,423	20	\$ 6,707
Delinquent loans to total gross loans		0.05 %		0.36 %		0.43 %		0.84 %

(1) All loans that are delinquent 90 days or more are on nonaccrual status and reported as part of nonperforming loans.

Allowance for Loan Losses. The ALLL represents an estimate of probable losses inherent in our loan portfolio and is determined by applying a systematically derived loss factor to individual segments of the loan portfolio. The adequacy and appropriateness of the ALLL and the individual loss factors are reviewed each quarter by management.

The loss factor for each segment of our loan portfolio is generally based on our actual historical loss rate experience with emphasis on recent past periods to account for current economic conditions and supplemented by management judgment for certain segments where we lack loss history experience. We also consider historical charge-off rates for the last 10 and 15 years for commercial banks and savings institutions headquartered in California as collected and reported by the FDIC. The loss factor is adjusted by qualitative adjustment factors to arrive at a final loss factor for each loan portfolio segment. For additional information regarding the qualitative adjustments, please see "Allowances for Loan Losses" discussed in our 2012 Annual Report. The qualitative factors allow management to assess current trends within our loan portfolio and the economic environment to incorporate their effect when calculating the ALLL. The final loss factors are applied to pass graded loans within our loan portfolio. Higher factors are applied to loans graded below pass, including classified and criticized assets.

No assurance can be given that we will not, in any particular period, sustain loan losses that exceed the amount reserved, or that subsequent evaluation of our loan portfolio, in light of the prevailing factors, including economic

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conditions which may adversely affect our market area or other circumstances, will not require significant increases in the loan loss allowance. In addition, regulatory agencies, as an integral part of their examination process, periodically review our ALLL and may require us to recognize additional provisions to increase the allowance or take charge-offs in anticipation of future losses.

Our ALLL at June 30, 2013 was \$8.0 million, up from \$7.7 million at June 30, 2012 and equal to the ALLL at December 31, 2012. At June 30, 2013, given the composition of our loan portfolio, the ALLL was considered adequate to cover estimated losses inherent in the loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the ALLL change, the Company's estimate of probable loan losses could also change, which could affect the level of future provisions for loan losses.

The following table sets forth the Company's ALLL and its corresponding percentage of the loan category balance and the percent of loan balance to total gross loans in each of the loan categories listed for the periods indicated:

Balance at End of Period Applicable to	June 30, 2013			December 31, 2012			June 30, 2012		
	Amount	% of Total	% of Loans in Category to Total Loans	Amount	% of Total	% of Loans in Category to Total Loans	Amount	% of Total	% of Loans in Category to Total Loans
(dollars in thousands)									
Business loans:									
Commercial and industrial	\$2,079	1.42 %	13.8 %	\$1,310	1.14 %	11.7 %	\$1,250	1.48 %	10.5 %
Commercial owner occupied	1,741	0.86 %	19.0 %	1,512	1.00 %	15.3 %	1,076	0.72 %	18.8 %
SBA	68	1.17 %	0.5 %	79	1.15 %	0.7 %	151	3.78 %	0.5 %
Warehouse facilities	700	0.52 %	12.8 %	1,544	0.79 %	19.9 %	908	1.49 %	7.7 %
Real estate loans:									
Commercial non-owner occupied	1,508	0.51 %	27.9 %	1,459	0.58 %	25.6 %	1,667	0.69 %	30.4 %
Multi-family	541	0.31 %	16.3 %	1,145	0.73 %	15.9 %	2,284	1.24 %	23.0 %
One-to-four family	1,139	1.35 %	8.0 %	862	0.88 %	9.9 %	303	0.53 %	7.1 %
Construction	-	0.00 %	0.2 %	-	0.00 %	0.0 %	-	0.00 %	0.1 %
Land	180	1.72 %	1.0 %	31	0.35 %	0.9 %	-	0.00 %	1.4 %
Other Loans	38	0.76 %	0.5 %	52	4.36 %	0.1 %	19	0.47 %	0.5 %
Total	\$7,994	0.75 %	100.0 %	\$7,994	0.81 %	100.0 %	\$7,658	0.96 %	100.0 %

The ALLL as a percent of nonaccrual loans was 393.4% at June 30, 2013, up from 90.89% at June 30, 2012, and from 362.4% at December 31, 2012. The increase in ALLL as a percent of nonaccrual loans at June 30, 2013,

compared to year-end 2012 was due to an decrease in nonaccrual loans during the first half of 2013. At June 30, 2013, the ratio of ALLL to total gross loans was 0.75%, down from 0.96% at June 30, 2012, and from 0.81% at December 31, 2012. Our ratio of ALLL plus the remaining unamortized credit discount on the loans acquired to total gross loans was 1.11% at June 30, 2013, down from 1.20% at June 30, 2012, and 1.34% at December 31, 2012.

The following table sets forth the activity within the Company's ALLL in each of the loan categories listed for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	(dollars in thousands)			
Balance, beginning of period	\$ 7,994	\$ 8,116	\$ 7,994	\$ 8,522
Provision for loan losses	322	-	618	-
Charge-offs:				
Business loans:				
Commercial and industrial	-	-	(58)	(191)
Commercial owner occupied	-	(265)	-	(265)
SBA	-	(1)	(5)	(109)
Real estate:				
Commercial non-owner occupied	(356)	(87)	(757)	(88)
Multi-family	(11)	-	(11)	-
One-to-four family	-	(183)	(10)	(305)
Other loans	-	-	(6)	(1)
Total charge-offs	(367)	(536)	(847)	(959)
Recoveries :				
Business loans:				
Commercial and industrial	14	1	21	2
SBA	25	66	44	77
Real estate:				
One-to-four family	1	4	44	5
Other loans	5	7	120	11
	45	78	229	95

Total recoveries				
Net loan charge-offs	(322)	(458)	(618)	(864)
Balance at end of period	\$ 7,994	\$ 7,658	\$ 7,994	\$ 7,658
Ratios:				
Net charge-offs to average total loans, net	0.13 %	0.25 %	0.13 %	0.24 %
Allowance for loan losses to gross loans at end of period	0.75 %	0.96 %	0.75 %	0.96 %

Investment Securities

Investment securities available for sale totaled \$313.0 million at June 30, 2013, up \$166.9 million or 114.2% from June 30, 2012 and up \$229.0 million or 75.2% from December 31, 2012. The increase over both period ends was primarily due to the acquisitions of FAB and SDTB. At acquisition date, we added investment securities available for sale from the FAB Acquisition of \$222.4 million and from the SDTB Acquisition of \$124.8 million. These additions were partially offset by the sale of \$101.7 million of securities during 2013, and \$16.6 million in principal pay downs. Additionally, during the second half of 2012, we sold \$68.4 million in securities while purchasing only \$15.6 million. At June 30, 2013, the end of period yield on investment securities was 2.04%, down from 2.22% at June 30, 2012, and 2.06% at December 31, 2012. At June 30, 2013, 42 of our 51 private label MBS were classified as substandard or impaired and had a book value of \$1.7 million and a market value of \$2.2 million. Interest received from these securities is applied against their respective principal balances. Our entire private label MBS were acquired when we redeemed our shares in certain mutual funds in 2008.

The following tables set forth the amortized cost, unrealized gains and losses, and estimated fair value of our investment securities portfolio at the dates indicated:

	June 30, 2013			Estimated Fair Value
	Amortized Cost	Unrealized Gain	Unrealized Loss	
Investment securities available for sale:				
U.S. Treasury	\$ 73	\$ 10	\$ -	\$ 83
Corporate	9,169	-	-	9,169

Municipal bonds	96,257	226	(1,736)	94,747
Mortgage-backed securities	210,367	736	(2,055)	209,048
Total securities available for sale	315,866	972	(3,791)	313,047

December 31, 2012

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Investment securities available for sale:				
U.S. Treasury	\$ 147	\$ 12	\$ -	\$ 159
Municipal bonds	25,401	1,186	(1)	26,586
Mortgage-backed securities	56,641	1,162	(482)	57,321
Total securities available for sale	82,189	2,360	(483)	84,066

June 30, 2012

	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Investment securities available for sale:				
U.S. Treasury	\$ 247	\$ 14	\$ -	\$ 261
Municipal bonds	39,928	1,259	(71)	41,116
Mortgage-backed securities	103,990	1,389	(622)	104,757
Total securities available for sale	144,165	2,662	(693)	146,134

The following table sets forth the fair values and weighted average yields on our investment securities available for sale portfolio by contractual maturity at the date indicated:

				June 30, 2013					
				More than Five					
One Year or Less	More than One to Five Years	Years to Ten Years		More than Ten Years				Total	
Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value	Weighted Fair Value
Average Yield	Average Yield	Average Yield	Average Yield	Average Yield	Average Yield	Average Yield	Average Yield	Average Yield	Average Yield

		Gain in (Loss) Accumulated Other Comprehensive Income (AOCI)				Loss in Accumulated Other Comprehensive Income (AOCI)			
(dollars in thousands)									
Caa3	1	\$ 71	\$(11)	\$ 7	-	\$ -	\$ -	\$ -	\$ -
C	-	-	-	-	1	-	(4)	2	
CC	-	-	-	-	2	394	(33)	26	
D	3	420	6	5	1	39	(8)	13	
Total	4	\$ 491	\$(5)	\$ 12	4	\$ 433	\$(45)	\$ 41	

	Six Months Ended June 30, 2013				Six Months Ended June 30, 2012				
		Non Credit Gain in Accumulated OTTI Other Comprehensive Income (AOCI)					Non Credit Gain in Accumulated OTTI Other Comprehensive Income loss (AOCI)		
Rating	Number	Fair Value	Gain	(Loss)	Number	Fair Value	loss	(AOCI)	
(dollars in thousands)									
Caa2	1	\$ 71	\$(11)	\$ 9	-	\$ -	\$ -	\$ -	\$ -
C	-	-	-	-	1	-	(3)	2	
CC	-	-	-	-	2	394	(33)	31	
D	5	420	(24)	46	6	180	(46)	66	
Total	6	\$ 491	\$(35)	\$ 55	9	\$ 574	\$(82)	\$ 99	

The largest OTTI credit loss for any single debt security was \$32,000 for the three and six months ended June 30, 2013 and \$25,000 for the same period in the prior year.

Nonperforming Assets

Nonperforming assets consist of loans on which we have ceased accruing interest (nonaccrual loans), restructured loans and OREO. It is our general policy to account for a loan as nonaccrual when the loan becomes 90 days delinquent or when collection of interest appears doubtful.

At June 30, 2013, nonperforming assets totaled \$3.2 million or 0.21% of total assets, down from \$17.8 million or 1.67% at June 30, 2012 and down from \$4.5 million or 0.38% at December 31, 2012. During the second quarter of 2013, nonperforming loans decreased \$174,000 to total \$2.0 million and OREO decreased \$1.1 million to total \$1.2 million.

The following table sets forth our composition of nonperforming assets at the dates indicated:

	June 30,	December 31,	June 30,
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	2013	2012	2012
	(dollars in thousands)		
Nonperforming assets			
Business loans:			
Commercial and industrial	\$96	\$347	\$9
Commercial owner occupied	-	14	1,528
SBA (1)	-	260	503
Real estate:			
Commercial non-owner occupied	450	670	2,094
Multi-family	1,035	266	3,115
One-to-four family	451	522	486
Land	-	127	691
Total nonaccrual loans	2,032	2,206	8,426
Other real estate owned:			
Commercial non-owner occupied	-	-	117
One-to-four family	-	-	179
Land	942	2,258	7,579
Commercial owner occupied	244	-	1,464
Total other real estate owned	1,186	2,258	9,339
Total nonperforming assets, net	\$3,218	\$4,464	\$17,765
Allowance for loan losses	\$7,994	\$7,994	\$7,658
Allowance for loan losses as a percent of total nonperforming loans	393.41 %	362.38 %	90.89 %
Nonperforming loans as a percent of gross loans	0.19 %	0.22 %	1.06 %

Nonperforming assets as a percent of total assets	0.21	%	0.38	%	1.67	%
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(1) The SBA totals include the guaranteed amount of \$185,000 as of December 31, 2012, and \$237,000 as of June 30, 2012.

Liabilities and Stockholders' Equity

Total liabilities were \$1.4 billion at June 30, 2013, compared to \$969.0 million at June 30, 2012 and \$1.0 billion at December 31, 2012. The increase of \$409.4 million from the year ended December 31, 2012 was predominately related to increases in deposits associated with net deposits added from the acquisitions of FAB and SDTB of \$462.2 million at the acquisition dates, partially offset by a decrease in FHLB advances and other borrowings of \$67.4 million.

Deposits. Deposits totaled \$1.3 billion at June 30, 2013, up \$401.0 million or 43.9% from June 30, 2012 and \$409.4 million or 45.3% from December 31, 2012. The increase over both prior periods was predominately related to the FAB Acquisition, which added deposits of \$356.8 million at the closing of the acquisition, partially offset by FAB's deposits held by the Bank at acquisition of \$78.5 million and the SDTB Acquisition, which added deposits of \$183.9 million at the closing of the acquisition. Excluding the deposit acquisition increases, we had an adjusted net decrease in deposits of \$82.3 million in the first half of 2013 and 139.7 million since June 30, 2012. The decrease in deposits for both periods was primarily associated with the lowering of pricing on certificates of deposits, which resulted in a desired runoff upon maturity. The increase in deposits during the first half of 2013 included interest-bearing transaction accounts of \$302.0 million and noninterest-bearing accounts of \$131.4 million, partially offset by a decrease in retail certificates of deposit of \$29.2 million. At June 30, 2013, we had no brokered deposits. The total weighted average cost of deposits at June 30, 2013 decreased to 0.35%, from 0.63% at June 30, 2012 and from 0.51% at December 31, 2012.

At June 30, 2013, our gross loan to deposit ratio was 80.7%, down from 87.4% at June 30, 2012 and from 109.0% at December 31, 2012.

The following table sets forth the distribution of the Company's deposit accounts at the dates indicated and the weighted average interest rates on each category of deposits presented:

	June 30, 2013			December 31, 2012			June 30, 2012			
	Balance	% of Total Deposits	Weighted Average Rate	Balance	% of Total Deposits	Weighted Average Rate	Balance	% of Total Deposits	Weighted Average Rate	
Transaction accounts:										
Noninterest bearing checking	\$345,063	26.3 %	0.00 %	\$213,636	23.6 %	0.00 %	\$150,538	16.5 %	0.00 %	
Interest bearing checking	124,790	9.5 %	0.11 %	14,299	1.6 %	0.10 %	92,270	10.1 %	0.16 %	

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Money market	425,884	32.4 %	0.29 %	236,206	26.1 %	0.32 %	145,727	16.0 %	0.36 %
Regular passbook	81,277	6.2 %	0.15 %	79,420	8.8 %	0.22 %	89,559	9.8 %	0.26 %
Total transaction accounts	977,014	74.4 %	0.15 %	543,561	60.1 %	0.19 %	478,094	52.4 %	0.19 %
Certificates of deposit accounts:									
Less than 1.00%	163,550	12.4 %	0.51 %	147,813	16.3 %	0.58 %	128,398	14.1 %	0.71 %
1.00 - 1.99	158,871	12.1 %	1.14 %	197,554	21.8 %	1.16 %	286,137	31.3 %	1.16 %
2.00 - 2.99	12,404	0.9 %	2.80 %	13,439	1.5 %	2.78 %	17,515	1.9 %	2.72 %
3.00 - 3.99	1,143	0.1 %	3.44 %	1,130	0.1 %	3.44 %	1,331	0.1 %	3.45 %
4.00 - 4.99	285	0.0 %	4.23 %	395	0.1 %	4.29 %	719	0.1 %	4.29 %
5.00 and greater	922	0.1 %	5.26 %	876	0.1 %	5.27 %	997	0.1 %	5.28 %
Total certificates of deposit accounts	337,175	25.6 %	0.91 %	361,207	39.9 %	1.00 %	435,097	47.6 %	1.12 %
Total deposits	\$1,314,189	100.0 %	0.35 %	\$904,768	100.0 %	0.51 %	\$913,191	100.0 %	0.63 %

Borrowings. At June 30, 2013, total borrowings amounted to \$58.4 million, up \$19.6 million or 50.5% from June 30, 2012 and down \$67.4 million or 53.61% from December 31, 2012. The decrease from December 31, 2012 is due to the repayment of \$87.0 million in FHLB borrowings, partially offset by repurchase agreements related to HOA deposits. This repurchase agreement debt was offered as a service to certain HOA depositors that adds protection for deposit amounts above FDIC insurance levels. Total borrowings at June 30, 2013 represented 3.7% of total assets and had an end of period weighted average cost of 2.13%, compared with 3.6% of total assets and at a weighted average cost of 3.2% at June 30, 2012 and 10.7% of total assets at a weighted average cost of 1.19% at December 31, 2012. At June 30, 2013, total borrowings were comprised of the following:

Three reverse repurchase agreements totaling \$28.5 million at a weighted average rate of 3.26% and secured by approximately \$36.0 million of government sponsored entity MBS;

HOA reverse repurchase agreements totaling \$19.6 million at a weighted average rate of 0.02%; and

Subordinated Debentures used to fund the issuance of Trust Preferred Securities in 2004 of \$10.3 million with a rate of 3.03%. For additional information about the Subordinated Debentures and Trust Preferred Securities, see Note 7 to the Consolidated Financial Statements in this report.

The following table sets forth certain information regarding the Company's borrowed funds at the dates indicated:

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	June 30, 2013		December 31, 2012		June 30, 2012	
	Balance	Weighted Average Rate	Balance	Weighted Average Rate	Balance	Weighted Average Rate
(dollars in thousands)						
FHLB advances	\$-	0.00%	\$87,000	0.28%	\$-	0.00%
Reverse repurchase agreements	48,082	1.94%	28,500	3.26%	28,500	3.26%
Subordinated debentures	10,310	3.03%	10,310	3.09%	10,310	3.22%
Total borrowings	\$58,392	2.13%	\$125,810	1.19%	\$38,810	3.25%
Weighted average cost of borrowings during the quarter	1.96	%	3.24	%	3.28	%
Borrowings as a percent of total assets	3.7	%	10.7	%	3.6	%

Stockholders' Equity. Total stockholders' equity was \$168.8 million as of June 30, 2013, up from \$96.1 million at June 30, 2012 and \$134.5 million at December 31, 2012. On January 9, 2013, the Corporation issued 495,000 new shares of its common stock at a public offering price of \$10.00 per share in connection with the exercise of the over-allotment option granted to the underwriters as part of an underwritten public offering that was completed on December 11, 2012. The net proceeds from the exercise of the over-allotment option, after deducting underwriting discounts and commissions, was \$4.7 million. On March 15, 2013, as a result of the FAB Acquisition, the Bank recorded equity of \$15.9 million in connection with the Corporation's stock issued to FAB shareholders as part of the acquisition consideration. On June 25, 2013, as a result of the SDTB Acquisition, the Bank recorded equity of \$14.4 million in connection with the Corporation's stock issued to SDTB shareholders as part of the acquisition consideration. The current year increase of \$34.3 million in stockholders' equity was related to the over-allotment exercise, equity consideration for the FAB Acquisition, equity consideration for the SDTB Acquisition, net income for the first half of 2013 of \$1.7 million, partially offset by an unfavorable change in accumulated other comprehensive income to a loss of \$2.8 million.

Our book value per share increased to \$10.15 at June 30, 2013, up from \$9.30 at June 30, 2012 and \$ 9.85 at December 31, 2012. At June 30, 2013, the Company's tangible common equity to tangible assets ratio was 9.36%, up from 8.78% at June 30, 2012, but down from 11.26% at December 31, 2012.

Tangible common equity to tangible assets (the "tangible common equity ratio") is a non-GAAP financial measure derived from GAAP-based amounts. We calculate the tangible common equity ratio by excluding the balance of intangible assets from common shareholders' equity and dividing by tangible assets. We believe that this information is important to shareholders' as tangible equity is a measure that is consistent with the calculation of capital for bank regulatory purposes, which excludes intangible assets from the calculation of risk-based ratios.

PACIFIC PREMIER BANCORP, INC. AND
SUBSIDIARIES
GAAP Reconciliation
(dollars in thousands)

	June 30, 2013	December 31, 2012	June 30, 2012	
Total stockholders' equity	\$ 168,811	\$ 134,517	\$ 96,069	
Less:				
Intangible assets	(25,369)	(2,626)	(2,781)	
Tangible common equity	\$ 143,442	\$ 131,891	\$ 93,288	
Total assets	\$ 1,558,458	\$ 1,173,792	\$ 1,065,035	
Less:				
Intangible assets	(25,369)	(2,626)	(2,781)	
Tangible assets	\$ 1,533,089	\$ 1,171,166	\$ 1,062,254	
Tangible common equity ratio	9.36	%	11.26	%
			8.78	%

CAPITAL RESOURCES AND LIQUIDITY

Our primary sources of funds are deposits, advances from the FHLB and other borrowings, principal and interest payments on loans, and income from investments. While maturities and scheduled amortization of loans are a predictable source of funds, deposit inflows and outflows as well as loan prepayments are greatly influenced by general interest rates, economic conditions, and competition.

Our primary sources of funds generated during the first six months of 2013 were from:

- Net change of \$146.7 million of undisbursed loan funds;
- Cash of \$138.8 million acquired from the FAB and SDTB acquisitions;
- Proceeds of \$102.8 million from the sale of securities available for sale;
- Proceeds of \$86.7 million from the sale and principal payments on loans held for investment;
- Principal payments of \$16.6 million from securities available for sale; and
- Net proceeds from the issuance of stock related to the underwriter's over-allotment option of \$4.7 million.

We used these funds to:

- Purchase and originate loans held for investment of \$236.9 million;

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Absorb deposit outflows of \$131.3 million; and
Repay FHLB advances and other borrowings of \$84.3 million.

Our most liquid assets are unrestricted cash and short-term investments. The levels of these assets are dependent on our operating, lending and investing activities during any given period. Our liquidity position is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. At June 30, 2013, cash and cash equivalents totaled \$104.0 million and the market value of our investment securities available for sale totaled \$313.0 million. If additional funds are needed, we have additional sources of liquidity that can be accessed, including FHLB advances, Federal Funds lines, the Federal Reserve's lending programs and loan sales. As of June 30, 2013, the maximum amount we could borrow through the FHLB was \$631.4 million, of which \$217.8 million was available for borrowing based on collateral pledged of \$354.2 million in real estate loans. At June 30, 2013, we had unsecured lines of credit aggregating \$62.3 million, which consisted of \$59.0 million with other financial institutions from which to draw funds and \$3.3 million with the Federal Reserve Bank. At June 30, 2013, no funds were drawn against these unsecured lines of credit. For the quarter ended June 30, 2013, our average liquidity ratio was 20.56%. The Company regularly models liquidity stress scenarios to ensure that adequate liquidity is available and has contingency funding plans in place which are reviewed and tested on a regular basis.

To the extent that 2013 deposit growth is not sufficient to satisfy our ongoing commitments to fund maturing and withdrawable deposits, repay maturing borrowings, fund existing and future loans, or make investments, we may access funds through our FHLB borrowing arrangement, unsecured lines of credit or other sources.

The Bank has a policy in place that permits the purchase of brokered funds, in an amount not to exceed 5% of total deposits, as a secondary source for funding. At June 30, 2013, we had no brokered time deposits.

The Corporation is a corporate entity separate and apart from the Bank that must provide for its own liquidity. The Corporation's primary sources of liquidity are dividends from the Bank. There are statutory and regulatory provisions that limit the ability of the Bank to pay dividends to the Corporation. Management believes that such restrictions will not have a material impact on the ability of the Corporation to meet its ongoing cash obligations.

The Corporation has never declared or paid dividends on its common stock and does not anticipate declaring or paying any cash dividends in the foreseeable future. The Corporation's board of directors has authorized stock repurchase plans, which allow the Corporation to proactively manage its capital position and return excess capital to its stockholders. Shares purchased under such plans also provide the Corporation with shares of common stock necessary to satisfy obligations related to stock compensation awards. No shares were repurchased under our stock repurchase plans during the three or six months ended June 30, 2013. See Part II, Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds for additional information.

Contractual Obligations and Off-Balance Sheet Commitments

Contractual Obligations. The Company enters into contractual obligations in the normal course of business primarily as a source of funds for its asset growth and to meet required capital needs.

The following schedule summarizes maturities and payments due on our obligations and commitments, excluding accrued interest, as of the date indicated:

June 30, 2013				Total
Less than 1 year	1 - 3 years	3 -5 years	More than 5 years	
(in thousands)				

Contractual obligations					
FHLB advances	\$-	\$-	\$-	\$-	\$-
Other borrowings	19,582	-	10,000	18,500	48,082
Subordinated debentures	-	-	-	10,310	10,310
Certificates of deposit	291,281	40,635	1,996	3,263	337,175
Operating leases	2,233	5,414	4,880	7,563	20,090
Total contractual cash obligations	\$313,096	\$46,049	\$16,876	\$39,636	\$415,657

Off-Balance Sheet Commitments. We utilize off-balance sheet commitments in the normal course of business to meet the financing needs of our customers and to reduce our own exposure to fluctuations in interest rates. These financial instruments include commitments to originate real estate, business and other loans held for investment, undisbursed loan funds, lines and letters of credit, and commitments to purchase loans and investment securities for portfolio. The contract or notional amounts of those instruments reflect the extent of involvement we have in particular classes of financial instruments.

Commitments to originate loans held for investment are agreements to lend to a customer as long as there is no violation of any condition established in the commitment. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some commitments expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Undisbursed loan funds and unused lines of credit on home equity and commercial loans include committed funds not disbursed. Letters of credit are conditional commitments we issue to guarantee the performance of a customer to a third party. As of June 30, 2013, we had commitments to extend credit on existing lines and letters of credit of \$236.4 million, compared to \$126.5 million at June 30, 2012 and \$131.5 million at December 31, 2012.

The following table summarizes our contractual commitments with off-balance sheet risk by expiration period at the date indicated:

	June 30, 2013				Total
	Less than 1 year	1 - 3 years	3 -5 years	More than 5 years	
Other unused commitments					
Home equity lines of credit	\$101	\$333	\$1,437	\$3,242	\$5,113
Commercial and industrial	35,736	6,335	1,307	989	44,367
Warehouse facilities	-	-	-	181,963	181,963

Standby letters of credit	2,829	744	-	-	3,573
All other	973	50	-	386	1,409
Total commitments	\$39,639	\$7,462	\$2,744	\$186,580	\$236,425

Regulatory Capital Compliance

The Corporation and the Bank are subject to risk-based capital regulations which quantitatively measure capital against risk-weighted assets, including certain off-balance sheet items. These regulations define the elements of the Tier 1 and Tier 2 components of total capital and establish minimum ratios of 4% for Tier 1 capital and 8% for total capital for capital adequacy purposes. Supplementing these regulations is a leverage requirement. This requirement establishes a minimum leverage ratio (at least 3% or 4%, depending upon an institution's regulatory status) which is calculated by dividing Tier 1 capital by adjusted quarterly average assets (after deducting goodwill). In addition, the Bank is subject to the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") which imposes a number of mandatory supervisory measures. Among other matters, FDICIA established five capital categories, ranging from "well capitalized" to "critically under capitalized." Such classifications are used by regulatory agencies to determine a bank's deposit insurance premium and approval of applications authorizing institutions to increase their asset size or otherwise expand business activities or acquire other institutions. Under FDICIA, a "well capitalized" bank must maintain minimum leverage, Tier 1 and total capital ratios of 5%, 6% and 10%, respectively. The Federal Reserve applies comparable tests for bank holding companies. At June 30, 2013, the Corporation and the Bank exceeded the requirements for "well capitalized" institutions under the tests pursuant to FDICIA and of the Federal Reserve.

On December 11, 2012, we completed an underwritten public offering of 3.3 million shares of common stock for net proceeds, after deducting underwriting discounts and commissions, of \$31.2 million. On January 9, 2013, the Corporation issued 495,000 new shares of its common stock at a public offering price of \$10.00 per share in connection with the exercise of the over-allotment option granted to the underwriters as part of the offering. The net proceeds from the exercise of the over-allotment option, after deducting underwriting discounts and commissions, was \$4.7 million. During March of 2013, the Corporation injected \$8.7 million of the proceeds from the offering into the Bank, which enhanced the Bank's regulatory capital ratios.

The Bank's and the Company's capital amounts and ratios are presented in the following table along with the well capitalized requirement at the dates indicated:

	Actual		Minimum Required for Capital Adequacy Purposes		Required to be Well Capitalized Under Prompt Corrective Action Regulations	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
At June 30, 2013						
Tier 1 Capital (to adjusted tangible						

(dollars in thousands)

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assets)						
Bank	\$151,488	10.97%	\$55,251	4.00%	\$69,063	5.00%
Consolidated	153,890	11.15%	55,201	4.00%	N/A	N/A

Tier 1 Risk-Based Capital (to risk-weighted assets)						
Bank	151,488	13.34%	45,419	4.00%	68,129	6.00%
Consolidated	153,890	13.54%	45,456	4.00%	N/A	N/A

Total Capital (to risk-weighted assets)						
Bank	159,721	14.07%	90,839	8.00%	113,549	10.00%
Consolidated	162,124	14.27%	90,911	8.00%	N/A	N/A

At December
31, 2012

Tier 1 Capital (to adjusted tangible assets)						
Bank	\$129,055	12.07%	\$42,773	4.00%	\$53,466	5.00%
Consolidated	135,883	12.71%	42,771	4.00%	N/A	N/A

Tier 1 Risk-Based Capital (to risk-weighted assets)						
Bank	129,055	12.99%	39,750	4.00%	59,625	6.00%
Consolidated	135,883	13.61%	39,924	4.00%	N/A	N/A

Total Capital (to risk-weighted assets)						
Bank	137,049	13.79%	79,500	8.00%	99,375	10.00%
Consolidated	144,004	14.43%	79,848	8.00%	N/A	N/A

At June 30,
2012

Tier 1 Capital (to adjusted tangible assets)						
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Bank	\$96,086	9.48 %	\$40,526	4.00%	\$50,657	5.00 %
Consolidated	97,168	9.60 %	40,493	4.00%	N/A	N/A

Tier 1 Risk-Based Capital (to risk-weighted assets)						
Bank	96,086	11.28%	34,060	4.00%	51,090	6.00 %
Consolidated	97,168	11.35 %	34,245	4.00%	N/A	N/A

Total Capital (to risk-weighted assets)						
Bank	103,745	12.18 %	68,120	8.00%	85,150	10.00 %
Consolidated	104,931	12.26 %	68,490	8.00%	N/A	N/A

On July 2, 2013, the Federal Reserve issued a final rule implementing a revised regulatory capital framework for U.S. banks in accordance with the Basel III international accord and satisfying related mandates under the Dodd-Frank Act. Under the final rule, minimum capital requirements will increase for both quantity and quality of capital held by banking organizations. The final rule includes a new common equity tier 1 minimum capital requirement of 4.5% of risk-weighted assets and increases the minimum tier 1 capital requirement from 4.0% to 6.0% of risk-weighted assets. The minimum total risk-based capital requirement remains unchanged at 8.0% of total risk-weighted assets. In addition to these minimum capital requirements, the final rule requires banking organizations to hold a buffer of common equity tier 1 capital in an amount above 2.5% of total risk-weighted assets to avoid restrictions on capital distributions and discretionary bonus payments to executive officers.

The final rule also establishes a standardized approach for determining risk-weighted assets. Under the final rule, risk weights for residential mortgage loans that apply under current capital rules will continue to apply and banking organizations with less than \$15 billion in total assets may continue to include existing trust preferred securities as capital. The final rule allows banking organizations that are not subject to the advanced approaches rule, like us, to make a one-time election not to include most elements of accumulated other comprehensive income in regulatory capital and instead use the existing treatment under current capital rules.

The minimum regulatory capital requirements and compliance with a standardized approach for determining risk-weighted assets of the final rule are effective for us on January 1, 2015. The capital conservation buffer framework transition period begins January 1, 2016, with full implementation effective January 1, 2019. The Company is evaluating the impact of the final Basel III capital rules, and based on management's initial review, we expect to exceed all capital requirements under the new rules. We will continue to evaluate and monitor our capital ratios under the new rules prior to the initial implementation date of January 1, 2015.

The final rule also enhances the risk-sensitivity of the advanced approaches risk-based capital rule, including among others, revisions to better address counterparty credit risk and interconnectedness among financial institutions and incorporation of the Federal Reserve's market risk rule into the integrated capital framework. These provisions of the final rule generally apply only to large, internationally active banking organizations or banking organizations with significant trading activity and do not directly impact us.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Management believes that there have been no material changes in our quantitative and qualitative information about market risk since December 31, 2012. For a complete discussion of our quantitative and qualitative market risk, see “Item 7A. Quantitative and Qualitative Disclosure About Market Risk” in our 2012 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this Quarterly Report on Form 10-Q relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We were not involved in any legal proceedings other than those occurring in the ordinary course of business, except for the class action case captioned “James Baker v. Century Financial, et al” which was discussed in “Item 3. Legal Proceedings” in our 2012 Annual Report, and the class action case captioned “Mike Hall v. San Diego Trust Bank, et al”.

In June 2013, a complaint was filed against SDTB, its former executive officers and directors, the Bank and the Corporation. The lawsuit alleges SDTB’s former executive officers and directors breached their fiduciary duties by entering into the definitive acquisition agreement with the Corporation and the Bank that resulted in payouts to SDTB’s former executive officers and directors at the expense of SDTB’s shareholders. The complaint alleges that SDTB issued a materially false and misleading proxy statement in connection with SDTB’s solicitation of its shareholders to approve the merger with the Bank. The complaint further accuses the Corporation and the Bank of aiding and abetting the alleged breaches of fiduciary duties by SDTB’s executive officers and directors. The lead plaintiff failed to make any application to enjoin the merger in advance, and has not made any application since the merger was concluded on June 25, 2013 to attempt to rescind it. The complaint does not seek any monetary damages other than the costs and disbursements. The Company believes the complaint to be without merit and has filed a demurrer to have the case dismissed.

Management believes that none of these legal proceedings, individually or in the aggregate, will have a material adverse impact on our results of operations or financial condition.

Item 1A. Risk Factors

There were no material changes to the risk factors as previously disclosed under Item 1A. of our 2012 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended
Exhibit 31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15(d)-14(a) under the Securities Exchange Act of 1934, as amended
Exhibit 32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS	XBRL Instance Document (1)
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document (1)
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (1)
Exhibit 101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document (1)
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document (1)
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (1)

(1) Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACIFIC PREMIER BANCORP, INC.,

August 9, 2013
Date

By: /s/ Steve Gardner
Steve Gardner
President and Chief Executive Officer
(principal executive officer)

August 9, 2013
Date

By: /s/ Kent J. Smith
Kent J. Smith
Executive Vice President and Chief Financial
Officer
(principal financial and accounting officer)

Index to Exhibits

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