

# Section 1: 10-Q (10-Q)

[Table of Contents](#)

## 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 March 31, 2019

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



**PACIFIC PREMIER**  
BANCORP, INC.

(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 every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated  
filer

Accelerated filer

Non-accelerated filer

(Do not check if a  
smaller reporting  
company)

Smaller reporting  
company

Emerging growth  
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of Each Class</b>	<b>Trading Symbol</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, par value \$0.01 per share	PPBI	NASDAQ Stock Market

The number of shares outstanding of the registrant's common stock as of May 3, 2019 was 62,689,976.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES  
FORM 10-Q  
INDEX  
FOR THE QUARTER ENDED MARCH 31, 2019

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

Consolidated Statements of Financial Condition 3

Consolidated Statements of Income 4

Consolidated Statements of Comprehensive Income 5

Consolidated Statements of Stockholders' Equity 6

Consolidated Statements of Cash Flows 7

Notes to Consolidated Financial Statements 8

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations 48

Item 3 - Quantitative and Qualitative Disclosures About Market Risk 75

Item 4 - Controls and Procedures 75

PART II - OTHER INFORMATION 76

Item 1 - Legal Proceedings 76

Item 1A - Risk Factors 76

Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds 76

Item 3 - Defaults Upon Senior Securities 76

Item 4 - Mine Safety Disclosures 76

Item 5 - Other Information 76

Item 6 - Exhibits 77

**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)  
 (unaudited)

<b>ASSETS</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Cash and due from banks	\$ 122,947	\$ 125,036
Interest-bearing deposits with financial institutions	55,435	78,370
Cash and cash equivalents	178,382	203,406
Interest-bearing time deposits with financial institutions	5,896	6,143
Investments held-to-maturity, at amortized cost (fair value of \$43,980 and \$44,672 as of March 31, 2019 and December 31, 2018, respectively)	43,894	45,210
Investment securities available-for-sale, at fair value	1,171,410	1,103,222
FHLB, FRB and other stock, at cost	94,751	94,918
Loans held for sale, at lower of cost or fair value	11,671	5,719
Loans held for investment	8,865,855	8,836,818
Allowance for loan losses	(37,856)	(36,072)
Loans held for investment, net	8,827,999	8,800,746
Accrued interest receivable	40,302	37,837
Other real estate owned	180	147
Premises and equipment	61,523	64,691
Deferred income taxes, net	9,275	15,627
Bank owned life insurance	111,400	110,871
Intangible assets	96,120	100,556
Goodwill	808,726	808,726
Other assets	118,966	89,568
Total assets	<u>\$ 11,580,495</u>	<u>\$ 11,487,387</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposit accounts:		
Noninterest-bearing checking	\$ 3,423,893	\$ 3,495,737
Interest-bearing:		
Checking	560,274	526,088
Money market/savings	3,138,875	3,225,849
Retail certificates of deposit	1,007,559	1,009,066
Wholesale/brokered certificates of deposit	584,574	401,611
Total interest-bearing	<u>5,291,282</u>	<u>5,162,614</u>
Total deposits	8,715,175	8,658,351
FHLB advances and other borrowings	609,591	667,681
Subordinated debentures	110,381	110,313
Accrued expenses and other liabilities	138,284	81,345
Total liabilities	<u>9,573,431</u>	<u>9,517,690</u>
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.01 par value; 1,000,000 authorized; none issued and outstanding	—	—
Common stock, \$.01 par value; 150,000,000 shares authorized at March 31, 2019 and December 31, 2018; 62,773,299 shares 62,480,755 shares issued and outstanding, respectively.	617	617
Additional paid-in capital	1,676,024	1,674,274
Retained earnings	325,363	300,407
Accumulated other comprehensive income (loss)	5,060	(5,601)
Total stockholders' equity	<u>2,007,064</u>	<u>1,969,697</u>
Total liabilities and stockholders' equity	<u>\$ 11,580,495</u>	<u>\$ 11,487,387</u>



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

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
<b>INTEREST INCOME</b>			
Loans	\$ 121,476	\$ 126,341	\$ 84,173
Investment securities and other interest-earning assets	9,767	9,680	6,654
Total interest income	131,243	136,021	90,827
<b>INTEREST EXPENSE</b>			
Deposits	13,284	12,041	5,914
FHLB advances and other borrowings	4,802	4,701	2,023
Subordinated debentures	1,751	1,733	1,609
Total interest expense	19,837	18,475	9,546
Net interest income before provision for credit losses	111,406	117,546	81,281
Provision for credit losses	1,526	2,258	2,253
Net interest income after provision for credit losses	109,880	115,288	79,028
<b>NONINTEREST INCOME</b>			
Loan servicing fees	398	408	345
Service charges on deposit accounts	1,330	1,351	1,150
Other service fee income	356	270	146
Debit card interchange fee income	1,071	1,139	1,036
Earnings on bank-owned life insurance	910	929	611
Net gain from sales of loans	1,729	1,929	2,958
Net gain from sales of investment securities	427	—	6
Other income	1,460	944	1,414
Total noninterest income	7,681	6,970	7,666
<b>NONINTEREST EXPENSE</b>			
Compensation and benefits	33,388	33,838	28,873
Premises and occupancy	7,535	7,504	4,781
Data processing	2,930	3,868	2,702
Other real estate owned operations, net	3	1	1
FDIC insurance premiums	800	750	611
Legal, audit and professional expense	2,998	3,105	1,839
Marketing expense	1,497	1,700	1,530
Office, telecommunications and postage expense	1,210	1,579	1,080
Loan expense	873	1,046	591
Deposit expense	3,583	3,105	1,676
Merger-related expense	655	2,597	936
CDI amortization	4,436	4,631	2,274
Other expense	3,669	3,515	2,914
Total noninterest expense	63,577	67,239	49,808
Net income before income taxes	53,984	55,019	36,886
Income tax	15,266	15,376	8,884
Net income	\$ 38,718	\$ 39,643	\$ 28,002
<b>EARNINGS PER SHARE</b>			
Basic	\$ 0.62	\$ 0.64	\$ 0.61
Diluted	0.62	0.63	0.60
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>			
Basic	61,987,605	61,917,184	45,893,496

---

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)

<td colspan="2" style="vertical-align:bottom;backg

	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Net income	\$ 38,718	\$ 39,643	\$ 28,002
Other comprehensive income, net of tax:			
Unrealized holding gain (loss) on securities available-for-sale arising during the period, net of income taxes <sup>(1)</sup>	10,967		