



## 3Q12 Earnings

# Third Quarter Results

- **Net Income of \$9.5 million, and \$9.2 million of net income available to common shareholders in Q3**
  - Earnings per share of \$0.79
- **Non-interest income increased by \$18.9 million to \$19.5 million in the third quarter compared to \$640 thousand for the quarter ending June 30, 2012.**
  - \$12.1 million in bargain purchase gain from the acquisition of Gateway Business Bank, and \$5.5 million in core mortgage banking related income
- **Non-interest Expense totaled \$24.5 million in the third quarter; including \$4.2 million in legal and other costs related to acquisitions and executive management severance payments**
- **Net interest margin grew by 75 bps to 4.02% compared to 3.27% for the quarter ending June 30, 2012 primarily due to:**
  - Higher yield on earning assets, 4.68% for Q3 2012 vs. 4.04% for Q2 2012; improved loan mix resulted in higher average yield on the loan portfolio
  - 12 basis points decrease in the interest-bearing liabilities cost of funds to 72 bps
- **In addition to the bargain purchase gain related to the Gateway acquisition, the company recognized \$7.1 million in goodwill related to the Beach acquisition**
  - The company also recorded \$4.5 and \$0.7 million in CDI for Beach & Gateway respectively

# Third Quarter 2012 – Highlights

- **Grew total assets by \$555 million during the quarter to \$1.67 billion**
  - Completed acquisition of Beach Business Bank on 7/2/12 and Gateway Business Bank on 8/17/12
  - Total loans grew by \$479 million to \$1.3 billion, and resulting in an average yield of 5.38% versus 4.63% for quarter ending 6/30/12
- **Average total deposits grew by \$475 million to \$1.3 billion; overall average cost of deposits were 53 bps, a 11 bps decline from the quarter ending 6/30/12**

# Other items

## Beach Acquisition

**CLOSED JULY 1, 2012**

- Total assets of \$311 million and net income of \$0.4 million for the quarter ended September 30, 2012

## Gateway Acquisition

**CLOSED AUGUST 17, 2012**

- \$12.1 million bargain purchase gain
- Mission Hills Mortgage Bankers contributed \$5.5 million to non-interest income for the quarter
- Mission Hills Mortgage Bankers has originated on average \$110 per month during the 3<sup>rd</sup> quarter



# Summary

- **Asset growth of over \$555 million in Q3; total assets exceed \$1.67 billion**
  - Year-to-date growth of 67% through acquisition and organic growth
- **Closed acquisitions of Beach Business Bank and Gateway Business Bank**
- **75 basis points expansion in Net Interest Margin primarily due to improved yields on loan portfolio and reduction of average cost of funds**
- **Strong organic loan originations and De Novo deposit growth**
- **Improved ability to generate strong core earnings**
  - Mortgage banking activities produced \$5.5 million in non-interest income following the acquisition of Gateway Business Bank on 8/17/12
  - New branches delivering organic funding growth