PACIFIC PREMIER BANCORP INC
Form 10-Q
May 15, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

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	33-0743196
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

1600 SUNFLOWER AVENUE, 2ND FLOOR, COSTA MESA, CALIFORNIA 92626
(Address of principal executive offices and zip code)

(714) 431-4000
(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 [X] No [_]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [_] No [_]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 (Do not check if a smaller reporting company)	[ ]	Smaller reporting company	[X]

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

The number of shares outstanding of the registrant's common stock as of May 15, 2012 was 10,329,934.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q
INDEX
FOR THE QUARTER ENDED MARCH 31, 2012

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	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)	March 31, 2011 (Unaudited)
Cash and due from banks	$ 93,622	$ 60,207	$ 46,302
Federal funds sold	27	28	10,578
Cash and cash equivalents	93,649	60,235	56,880
Investment securities available for sale	150,739	115,645	140,927
FHLB stock/Federal Reserve Bank stock, at cost	11,975	12,475	14,161
Loans held for sale, net	62	-	-
Loans held for investment	695,195	738,589	699,953
Allowance for loan losses	(8,116)	(8,522)	(8,879)
Loans held for investment, net	687,079	730,067	691,074
Accrued interest receivable	3,632	3,885	4,014
Other real estate owned	1,768	1,231	10,509
Premises and equipment	9,550	9,819	8,166
Deferred income taxes	8,654	8,998	8,977
Bank owned life insurance	13,096	12,977	12,583
Intangible assets	2,013	2,069	2,243
Other assets	2,954	3,727	6,948

TOTAL ASSETS	$	985,171	$	961,128	$	956,482
LIABILITIES AND STOCKHOLDERS' EQUITY						
LIABILITIES:						
Deposit accounts:						
Noninterest bearing	$	125,448	$	112,313	$	118,241
Interest bearing:						
Transaction accounts		311,152		287,876		287,694
Retail certificates of deposit		410,117		428,688		413,126
Wholesale certificates of deposit		-		-		13,725
Total deposits		846,717		828,877		832,786
Other borrowings		28,500		28,500		28,500
Subordinated debentures		10,310		10,310		10,310
Accrued expenses and other liabilities		10,165		6,664		5,217
TOTAL LIABILITIES		895,692		874,351		876,813
STOCKHOLDERS' EQUITY:						
Preferred stock, $.01 par value; 1,000,000 shares authorized; no shares outstanding		-		-		-
Common stock, $.01 par value; 15,000,000 shares authorized; 10,329,934 shares at March 31, 2012, 10,337,626 shares at December 31, 2011, and 10,084,626 shares at March 31, 2011 issued and outstanding		103		103		101
Additional paid-in capital		76,239		76,310		76,326
Retained earnings		12,738		10,046		4,246
Accumulated other comprehensive income (loss), net of tax (benefit) of $278 at March 31, 2012, $221 at December 31, 2011, and ($702) at March 31, 2011		399		318		(1,004)
TOTAL STOCKHOLDERS' EQUITY		89,479		86,777		79,669
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	985,171	$	961,128	$	956,482

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			
	March 31, 2012		March 31, 2011	
INTEREST INCOME				
Loans	$	11,237	$	10,533
Investment securities and other interest-earning assets		879		1,201
Total interest income		12,116		11,734

INTEREST EXPENSE				
Interest-bearing deposits:				
Interest on transaction accounts		329		445
Interest on certificates of deposit		1,427		1,823
Total interest-bearing deposits		1,756		2,268
Other borrowings		235		288
Subordinated debentures		84		76
Total interest expense		2,075		2,632
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES		10,041		9,102
PROVISION FOR LOAN LOSSES		-		106
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES		10,041		8,996
NONINTEREST INCOME				
Loan servicing fees		177		217
Deposit fees		501		448
Net gain from sales of loans		-		86
Net gain from sales of investment securities		-		164
Other-than-temporary impairment loss on investment securities, net		(37)		(214)
Gain on FDIC transaction		-		4,189
Other income		298		349
Total noninterest income		939		5,239
NONINTEREST EXPENSE				
Compensation and benefits		3,520		3,181
Premises and occupancy		878		800
Data processing and communications		367		301
Other real estate owned operations, net		147		263
FDIC insurance premiums		133		264
Legal and audit		486		392
Marketing expense		215		229
Office and postage expense		163		167
Other expense		732		762
Total noninterest expense		6,641		6,359
NET INCOME BEFORE INCOME TAXES		4,339		7,876
INCOME TAX		1,647		3,104
NET INCOME	$	2,692	$	4,772
EARNINGS PER SHARE				
Basic	$	0.26	$	0.47
Diluted	$	0.25	$	0.44

WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	10,335,935	10,049,311
Diluted	10,626,174	10,857,123

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(dollars in thousands)
(unaudited)

	Three Months Ended March 31, 2012	2011
	(in thousands)	
Net Income	$ 2,692	$ 4,772
Other comprehensive income (loss), net of tax:		
Unrealized holding gains on securities arising during the period, net of tax	81	132
Reclassification adjustment for net gain on sale of securities included in net income, net of tax	-	(222)
Net unrealized gain (loss) on securities, net of tax	81	(90)
Comprehensive Income	$ 2,773	$ 4,682

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(dollars in thousands)
(unaudited)

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2011	10,337,626	$ 103	$ 76,310	$ 10,046	$ 318	$ 86,777

Total comprehensive income				2,692	81	2,773
Share-based compensation expense			8			8
Common stock repurchased and retired	(13,022)	-	(102)			(102)
Stock options exercised	5,330	-	23			23
Balance at March 31, 2012	10,329,934	$ 103	$ 76,239	$ 12,738	$ 399	$ 89,479
Balance at December 31, 2010	10,033,836	$ 100	$ 79,942	$ (526)	$ (914)	$ 78,602
Total comprehensive income				4,772	(90)	4,682
Share-based compensation expense			13			13
Common stock repurchased and retired	(10,610)	(1)	(69)			(70)
Warrants purchased and retired			(3,660)			(3,660)
Warrants exercised	41,400	1	31			32
Stock options exercised	20,000	1	69			70
Balance at March 31, 2011	10,084,626	$ 101	$ 76,326	$ 4,246	$ (1,004)	$ 79,669

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)

	Three Months Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,692	$ 4,772
Adjustments to net income:		
Depreciation and amortization expense	312	265
Provision for loan losses	-	106
Share-based compensation expense	8	13
	-	6

Loss on sale and disposal of premises and equipment		
Loss (gain) on sale of other real estate owned	(35)	16
Write down of other real estate owned	184	-
Amortization of premium/discounts on securities held for sale, net	140	235
Amortization of loan mark-to-market discount from FDIC transaction	(344)	(65)
Gain on sale of investment securities available for sale	-	(164)
Other-than-temporary impairment loss on investment securities, net	37	214
Gain on sale of loans held for investment	-	(86)
Purchase and origination of loans held for sale	(62)	-
Recoveries on loans	17	-
Gain on FDIC transaction	-	(4,189)
Deferred income tax provision	344	248
Change in accrued expenses and other liabilities, net	(2,016)	(4,905)
Income from bank owned life insurance, net	(119)	(129)
Change in accrued interest receivable and other assets, net	459	2,450
Net cash provided by (used in) operating activities	1,617	(1,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and principal payments on loans held for investment	35,219	20,307
Net change in undisbursed loan funds	40,077	15,263
Purchase and origination of loans held for investment	(33,243)	(21,451)
Proceeds from sale of other real estate owned	1,158	1,892
Principal payments on securities available for sale	2,719	5,749
Purchase of securities available for sale	(32,351)	-
Proceeds from sale or maturity of securities available for sale	-	20,556
Purchases of premises and equipment	(43)	(174)
	-	495

Purchase of Federal Reserve Bank stock				
Redemption of Federal Home Loan Bank of San Francisco stock		500		-
Cash acquired in FDIC transaction		-		26,389
Net cash provided by investing activities		14,036		69,026
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase (decrease) in deposit accounts		17,840		(30,767)
Repayment of FHLB advances and other borrowings		-		(40,000)
Proceeds from exercise of stock options		23		32
Warrants purchased and retired		-		(3,660)
Repurchase of common stock		(102)		-
Net cash (used in) provided by financing activities		17,761		(74,395)
NET DECREASE IN CASH AND CASH EQUIVALENTS		33,414		(6,582)
CASH AND CASH EQUIVALENTS, beginning of period		60,235		63,462
CASH AND CASH EQUIVALENTS, end of period	$	93,649	$	56,880

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

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

	Three Months Ended March 31,			
		2012		2011
SUPPLEMENTAL CASH FLOW DISCLOSURES				
Interest paid	$	2,041	$	2,624
Income taxes paid		1,475		115
Assets acquired (liabilities assumed) in Canyon National acquisition (See Note 3):		-		
Investment securities		-		14,076
FDIC receivable		-		2,838
Loans		-		149,739
Core deposit intangible		-		2,270
Other real estate owned		-		11,953

Fixed assets	-	42
Other assets	-	1,599
Deposits	-	(204,678)
Other liabilities	-	(39)
NONCASH INVESTING ACTIVITIES DURING THE PERIOD		
Transfers from loans to other real estate owned	$ 1,843	$ -
Investment securities available for sale purchased and not settled	$ 5,517	$ -

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2012
(UNAUDITED)

Note 1 - Basis of Presentation

The consolidated financial statements include the accounts of Pacific Premier Bancorp, Inc. (the "Corporation") and its wholly owned subsidiary, Pacific Premier Bank (the "Bank") (collectively, the "Company," "we," "our" or "us"). All significa 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 March 31, 2012, December 31, 2011, and March 31, 2011, the results of its operations for the three months ended March 31, 2012 and 2011 and the changes in stockholders' equity, other comprehensive income and cash flows for the three months ended March 31, 2012 and 2011. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for any other interim period or the full year ending December 31, 2012.

Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America 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, 2011.

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 income.

Note 2 – Recently Issued Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." The provisions of ASU No. 2011-04 result in a consistent definition of fair value and common requirements for the measurement of and disclosure about fair value between U.S. GAAP and International Financial Reporting Standards ("IFRS"). The changes to U.S. GAAP as a result of ASU No. 2011-04 are as follows: (1) The concepts of highest and best use and valuation premise are only relevant when measuring the fair value of nonfinancial assets (that is, it does not apply to financial assets or any liabilities); (2) U.S. GAAP currently prohibits application of a blockage factor in valuing financial instruments with quoted prices in active markets. ASU No. 2011-04 extends that prohibition to all fair value measurements; (3) An exception is provided to the basic fair value measurement principles for an entity that holds a group of financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk that are managed on the basis of the entity's net exposure to either of those risks, which exception allows the entity, if certain criteria are met, to measure the fair value of the net asset or liability position in a manner consistent with how market participants would price the net risk position; (4) Aligns the fair value measurement of instruments classified within an entity's shareholders' equity with the guidance for liabilities; and (5) Disclosure requirements have been enhanced for Level 3 fair value measurements to disclose quantitative information about unobservable inputs and assumptions used, to describe the valuation processes used by the entity, and to qualitatively describe the sensitivity of fair value measurements to changes in unobservable inputs and the interrelationships between those inputs. In addition, entities must report the level in the fair value hierarchy of items that are not measured at fair value in the statement of condition but whose fair value must be disclosed. The Company adopted the provisions of ASU No. 2011-04 effective January 1, 2012. The fair value measurement provisions of ASU No. 2011-04 had no impact on the Company's Consolidated Financial Statements. See Note 9 to the Consolidated Financial Statements for the enhanced disclosures required by ASU No. 2011-04.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income." The provisions of ASU No. 2011-05 allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both options, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. Under either method, entities are required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. ASU No. 2011-05 also eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders' equity but does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. ASU No. 2011-05 was effective for the Company's interim reporting period beginning on or after January 1, 2012, with retrospective application required. In December 2011, the FASB issued ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." The provisions of ASU No. 2011-12 defer indefinitely the requirement for entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. ASU No. 2011-12, which shares the same effective date as ASU No. 2011-05, does not defer the requirement for entities to present components of comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company adopted the provisions of ASU No. 2011-05 and ASU No. 2011-12 which resulted in a new statement of comprehensive income for the interim period ended March 31, 2012. The adoption of ASU No. 2011-05 and ASU No. 2011-12 had no impact on the Company's statements of income and condition.

In April 2011, the FASB issued ASU No. 2011-03, "Reconsideration of Effective Control for Repurchase Agreements." ASU No. 2011-03 modifies the criteria for determining when repurchase agreements would be accounted for as a secured borrowing rather than as a sale. Currently, an entity that maintains effective control over transferred financial assets must account for the transfer as a secured borrowing rather than as a sale. The provisions of ASU No. 2011-03 removes from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee. The FASB believes that contractual rights and obligations determine effective control and that there does not need to be a requirement to assess the ability to exercise those rights. ASU No. 2011-03 does not change the other existing criteria used in the assessment of effective control. The provisions of ASU No. 2011-03 are effective prospectively for transactions, or modifications of existing transactions, that occur on or after January 1, 2012. The Company accounts for all of its repurchase agreements as collateralized financing arrangements. The Company adopted the provisions of ASU No. 2011-04 effective January 1, 2012. The provisions of ASU No. 2011-03 had no impact on the Company's Consolidated Financial Statements.

Future Application of Accounting Pronouncements

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures About Offsetting Assets and Liabilities." This project began as an attempt to converge the offsetting requirements under U.S. GAAP and IFRS. However, as the Boards were not able to reach a converged solution with regards to offsetting requirements, the Boards developed convergent disclosure requirements to assist in reconciling differences in the offsetting requirements under U.S. GAAP and IFRS. The new disclosure requirements mandate that entities disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position as well as instruments and transactions subject to an agreement similar to a master netting arrangement. ASU No. 2011-11 also requires disclosure of collateral received and posted in connection with master netting agreements or similar arrangements. ASU No. 2011-11 is effective for interim and annual reporting periods beginning on or after January 1, 2013. As the provisions of ASU No. 2011-11 only impact the disclosure requirements related to the offsetting of assets and liabilities, the adoption will have no impact on the Company's Consolidated Financial Statements.

Note 3 – Canyon National Bank Acquisition

Effective February 11, 2011, the Bank acquired certain assets and assumed certain liabilities of Canyon National Bank ("Canyon National") from the Federal Deposit Insurance Corporation (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. 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 other real estate owned, $2.3 million of a core deposit intangibles, $1.5 million of other assets and $1.3 million of Federal Home Loan Bank ("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 Accounting Standards Codification ("ASC") Topic 820: Fair Value Measurements and Disclosures.

Note 4 – Loans Held for Investment

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

	March 31, 2012	December 31, 2011 (in thousands)	March 31, 2011
Real estate loans:			
Multi-family	$ 185,367	$ 193,830	$ 235,443
Commercial non-owner occupied	168,672	164,341	156,616
One-to-four family (1)	52,280	60,027	48,291
Construction	-	-	5,631
Land	7,246	6,438	10,002
Business loans:			

Commercial owner occupied (2)	146,904	152,299	156,379
Commercial and industrial	83,947	86,684	76,854
Warehouse facilities	44,246	67,518	9,352
SBA	3,948	4,727	3,268
Other loans	3,139	3,390	1,264
Total gross loans (3)	695,749	739,254	703,100
Less loans held for sale, net	62	-	-
Total gross loans held for investment	695,687	739,254	703,100
Less:			
Deferred loan origination costs/(fees) and premiums/(discounts), net	(492)	(665)	(3,147)
Allowance for loan losses	(8,116)	(8,522)	(8,879)
Loans held for investment, net	$ 687,079	$ 730,067	$ 691,074

(1) Includes second trust deeds.

(2) Majority secured by real estate.

(3) Total gross loans for March 31, 2012 is net of the mark-to-market discount on Canyon National loans of $4.1 million.

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 grants 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 $25.0 million for secured loans and $15.0 million for unsecured loans at March 31, 2012. At March 31, 2012, the Bank's largest aggregate outstanding balance of loans to one borrower was $20.0 million of secured credit.

Purchase Credit Impaired

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

	March 31, 2012 (in thousands)
Real estate loans:	
Commercial non-owner occupied	$ 1,061
Land	2,253

Business loans:		
Commercial owner occupied		1,970
Commercial and industrial		101
Total purchase credit impaired	$	5,385

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.

The following table summarizes the accretable yield on the purchased credit impaired for the three months ended March 31, 2012:

	Three Months Ended March 31, 2012 (in thousands)	
Balance at the beginning of period	$	3,248
Accretion		(161)
Disposals and other		(54)
Balance at the end of period	$	3,033

Impaired Loans

The following tables provides 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	Average Recorded Investment	Interest Income Recognized

					Loans		
				(in thousands)			
March 31, 2012							
Real estate loans:							
Multi-family	$1,446	$1,414	$-	$1,414	$-	$1,417	$23
Commercial non-owner occupied	709	648	-	648	-	1,069	11
One-to-four family	1,170	973	-	973	-	671	11
Business loans:							
Commercial owner occupied	1,043	913	-	913	-	1,154	-
Commercial and industrial	81	76	-	76	-	351	1
SBA	2,171	604	-	604	-	547	8
Totals	$6,620	$4,628	$-	$4,628	$-	$5,209	$54

	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
				(in thousands)			
December 31, 2011							
Real estate loans:							
Multi-family	$1,450	$1,423	$-	$1,423	$-	$2,309	$88
Commercial non-owner occupied	1,592	1,495	-	1,495	-	2,283	198
One-to-four family	705	521	-	521	-	311	47
Land	-	-	-	-	-	11	1
Business loans:							
Commercial owner occupied	1,771	1,641	-	1,641	-	1,635	64
Commercial and industrial	1,321	1,138	-	1,138	-	373	62
SBA	2,427	773	-	773	-	887	68
Other loans	-	-	-	-	-	2	-
Totals	$9,266	$6,991	$-	$6,991	$-	$7,811	$528

	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
				(in thousands)			

March 31, 2011							
Real estate loans:							
Multi-family	$3,300	$3,300	$-	$3,300	$-	$2,036	$ 17
Commercial non-owner occupied	2,476	2,476	463	2,012	47	2,371	34
One-to-four family	3,743	3,742	-	3,742	-	2,898	44
Construction							