

CENTRAL VALLEY COMMUNITY BANCORP
Form 10-Q
November 12, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 000—31977

CENTRAL VALLEY COMMUNITY BANCORP
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

77-0539125
(I.R.S. Employer Identification No.)

7100 N. Financial Dr, Suite 101, Fresno, California
(Address of principal executive offices)

93720
(Zip code)

Registrant's telephone number (559) 298-1775

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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer

Accelerated filer

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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 Rule 12b-2 of the Exchange Act). Yes No

As of November 8, 2013 there were 10,914,680 shares of the registrant's common stock outstanding.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY

2013 QUARTERLY REPORT ON FORM 10-Q

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PART 1: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Cash and due from banks	\$32,190	\$22,405
Interest-earning deposits in other banks	49,854	30,123
Federal funds sold	154	428
Total cash and cash equivalents	82,198	52,956
Available-for-sale investment securities (Amortized cost of \$419,270 at September 30, 2013 and \$381,074 at December 31, 2012)	417,833	393,965
Loans, less allowance for credit losses of \$9,732 at September 30, 2013 and \$10,133 at December 31, 2012	505,501	385,185
Bank premises and equipment, net	10,565	6,252
Other real estate owned	124	—
Bank owned life insurance	19,290	12,163
Federal Home Loan Bank stock	4,499	3,850
Goodwill	29,776	23,577
Core deposit intangibles	1,764	583
Accrued interest receivable and other assets	20,237	11,697
Total assets	\$1,091,787	\$890,228
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$327,099	\$240,169
Interest bearing	616,690	511,263
Total deposits	943,789	751,432
Short-term borrowings	—	4,000
Junior subordinated deferrable interest debentures	5,155	5,155
Accrued interest payable and other liabilities	15,970	11,976
Total liabilities	964,914	772,563
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, no par value, \$1,000 per share liquidation preference; 10,000,000 shares authorized, Series C, issued and outstanding: 7,000 shares at September 30, 2013 and December 31, 2012	7,000	7,000
Common stock, no par value; 80,000,000 shares authorized; issued and outstanding: 10,913,550 at September 30, 2013 and 9,558,746 at December 31, 2012	53,948	40,583
Retained earnings	66,771	62,496
Accumulated other comprehensive (loss) income, net of tax	(846) 7,586
Total shareholders' equity	126,873	117,665
Total liabilities and shareholders' equity	\$1,091,787	\$890,228

See notes to unaudited consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except share and per share amounts)	For the Three Months		For the Nine Months	
	Ended September 30, 2013	2012	Ended September 30, 2013	2012
INTEREST INCOME:				
Interest and fees on loans	\$8,677	\$6,111	\$19,523	\$18,248
Interest on deposits in other banks	45	36	104	70
Interest on Federal funds sold	—	—	—	1
Interest and dividends on investment securities:				
Taxable	588	741	1,341	2,694
Exempt from Federal income taxes	1,593	1,118	4,329	3,233
Total interest income	10,903	8,006	25,297	24,246
INTEREST EXPENSE:				
Interest on deposits	342	371	947	1,307
Interest on junior subordinated deferrable interest debentures	25	27	74	82
Other	—	36	17	109
Total interest expense	367	434	1,038	1,498
Net interest income before provision for credit losses	10,536	7,572	24,259	22,748
PROVISION FOR CREDIT LOSSES	—	—	—	500
Net interest income after provision for credit losses	10,536	7,572	24,259	22,248
NON-INTEREST INCOME:				
Service charges	911	690	2,282	2,055
Appreciation in cash surrender value of bank owned life insurance	149	101	342	291
Loan placement fees	128	181	507	408
Interchange fees	268	198	678	570
Net realized gain on sale of assets	—	—	1	4
Net gain on disposal of other real estate owned	—	—	—	12
Net realized gains on sales of investment securities	—	843	1,133	1,287
Federal Home Loan Bank dividends	59	4	113	11
Other income	298	267	811	775
Total non-interest income	1,813	2,284	5,867	5,413
NON-INTEREST EXPENSES:				
Salaries and employee benefits	5,048	3,773	12,916	11,859
Occupancy and equipment	1,134	906	2,936	2,664
Regulatory assessments	220	163	517	488
Data processing	357	274	949	851
Advertising	124	139	346	419
Audit and accounting fees	135	126	406	379
Legal fees	(18) 36	84	118
Acquisition and integration	271	—	784	—
Other real estate owned, net	5	6	5	78
Amortization of core deposit intangibles	84	50	184	150
Other	1,631	1,182	4,021	3,285
Total non-interest expenses	8,991	6,655	23,148	20,291

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Income before provision for income taxes	3,358	3,201	6,978	7,370
Provision for income taxes	389	745	939	1,492
Net income	\$2,969	\$2,456	\$6,039	\$5,878
Preferred stock dividends and accretion	87	87	262	262
Net income available to common shareholders	\$2,882	\$2,369	\$5,777	\$5,616
Net income per common share:				
Basic earnings per share	\$0.26	\$0.25	\$0.58	\$0.59
Weighted average common shares used in basic computation	10,899,086	9,602,473	10,020,057	9,588,321
Diluted earnings per share	\$0.26	\$0.25	\$0.57	\$0.58
Weighted average common shares used in diluted computation	10,958,811	9,635,339	10,080,034	9,613,202
Cash dividend per common share	\$0.05	\$—	\$0.15	\$—

See notes to unaudited consolidated financial statements.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In thousands)	For the Three Months		For the Nine Months	
	Ended September 30, 2013	2012	Ended September 30, 2013	2012
Net income	\$2,969			