CENTRAL VALLEY COMMUNITY BANCORP

Form 10-Q May 11, 2012 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-Q (Mark One)

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

FOR THE QUARTERLY PERIOD ENDED March 31, 2012

o 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 77-0539125

(State or other jurisdiction of incorporation or

organization)

(I.R.S. Employer Identification No.)

7100 N. Financial Dr, Suite 101, Fresno, California 93,720 (Address of principal executive offices) (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 ý No o

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 ý No o

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 o

Accelerated filer o

Non-accelerated filer o Smaller reporting company x (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 o No \circ

As of April 30, 2012 there were 9,592,166 shares of the registrant's common stock outstanding.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY

2012 QUARTERLY REPORT ON FORM 10-Q

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PART 1: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

ASSETS Clunaudited) Cash and due from banks \$20,496 \$19,409 Interest-earning deposits in other banks 30,929 24,467 Federal funds sold 475 928 Total cash and cash equivalents 51,900 44,804 Available-for-sale investment securities (Amortized cost of \$314,497 at March 31, 2012 and \$321,405 at December 31, 2011) 323,748 328,413 Loans, less allowance for credit losses of \$10,285 at March 31, 2012 and \$321,405 at December 31, 2011) 398,063 415,999 \$11,396 at December 31, 2011 6,272 5,872 Other real estate owned 2,253 — Chyber real estate owned 2,893 2,893 Goodwill 23,577 23,577 Bank owned life insurance 11,897 11,655 Federal Home Loan Bank stock 2,893 2,893 Goodwill 23,577 23,577 Ora deposit intangibles 33,48 15,027 Accrued interest receivable and other assets 834,684 849,023 LABILITIES AND SHAREHOLDERS' EQUITY 200,000 20,000 Deposits	(In thousands, except share amounts)	March 31, 2012	December 31, 2011	
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	Total liabilities and shareholders' equity	\$834,684	\$849,023	

See notes to unaudited consolidated financial statements.

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

	For the Thr	For the Three Months	
	Ended March 31,		
(In thousands, except share and per share amounts)	2012	2011	
INTEREST INCOME:			
Interest and fees on loans	\$6,084	\$6,462	
Interest on deposits in other banks	18	50	
Interest on Federal funds sold	_	1	
Interest and dividends on investment securities:			
Taxable	1,073	1,097	
Exempt from Federal income taxes	1,037	800	
Total interest income	8,212	8,410	
INTEREST EXPENSE:			
Interest on deposits	481	717	
Interest on junior subordinated deferrable interest debentures	29	25	
Other	36	70	
Total interest expense	546	812	
Net interest income before provision for credit losses	7,666	7,598	
PROVISION FOR CREDIT LOSSES	400	100	
Net interest income after provision for credit losses	7,266	7,498	
NON-INTEREST INCOME:			
Service charges	689	699	
Appreciation in cash surrender value of bank owned life insurance	94	97	
Loan placement fees	128	57	
(Loss) gain on disposal of other real estate owned	(2) 545	
Net realized gains (losses) on sale and calls of investment securities	347	(16)
Other-than-temporary impairment loss:			
Total impairment loss	_	(31)
Loss recognized in other comprehensive income	_	_	
Net impairment loss recognized in earnings	_	(31)
Federal Home Loan Bank dividends	4	2	
Other income	398	395	
Total non-interest income	1,658	1,748	
NON-INTEREST EXPENSES:			
Salaries and employee benefits	4,129	4,078	
Occupancy and equipment	881	934	
Regulatory assessments	156	289	
Data processing expense	294	276	
Advertising	140	184	
Audit and accounting fees	128	112	
Legal fees	28	93	
Other real estate owned, net	63	9	
Amortization of core deposit intangibles	50	104	
Other expense	1,049	1,074	
Total non-interest expenses	6,918	7,153	

Income before provision for income taxes	2,006	2,093
Provision for income taxes	293	505
Net income	\$1,713	\$1,588
Net income	\$1,713	\$1,588
Preferred stock dividends and accretion	88	99
Net income available to common shareholders	\$1,625	\$1,489
Net income per common share:		
Basic earnings per share	\$0.17	\$0.16
Weighted average common shares used in basic computation	9,570,297	9,475,444
Diluted earnings per share	\$0.17	\$0.16
Weighted average common shares used in diluted computation	9,577,432	9,503,313

See notes to unaudited consolidated financial statements.

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

	For the Three Months Ended March 31,		
(In thousands)	2012	2011	
Net income	\$1,713	\$1,588	
Other Comprehensive Income:			
Unrealized gains on securities:			
Unrealized holdings gains	2,590	108	
Less: reclassification for net (gains) losses included in net income,	(347) 47	
Other comprehensive income, before tax	2,243	155	
Tax expense related to items of other comprehensive income	(923) (64)
Total other comprehensive income	1,320	91	
Comprehensive income	\$3,033	\$1,679	

See notes to unaudited consolidated financial statements.

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CENTRAL VALLEY COMMUNITY BANCORP AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Three Months Ended March 31,		
(In thousands)	2012	2011	
CASH FLOWS FROM OPERATING ACTIVITIES:	2012	2011	
Net income	\$1,713	\$1,588	
Adjustments to reconcile net income to net cash (used in) provided by operating	Ψ1,713	Ψ1,500	
activities:			
Net increase in deferred loan fees	40	135	
Depreciation	259	309	
Accretion	(172) (186)
Amortization	1,635	710	,
Stock-based compensation	50	50	
Tax benefit from exercise of stock options	(20) (81)
Provision for credit losses	400	100	,
Net other than temporary impairment losses on investment securities		31	
Net realized (gains) losses on sales and calls of available-for-sale investment			
securities	(347) 16	
Net loss (gain) on sale of other real estate owned	2	(545)
Increase in bank owned life insurance, net of expenses	(94) (97)
Net decrease (increase) in accrued interest receivable and other assets	304	(698)
Net decrease in prepaid FDIC Assessments	121	252	
Net (decrease) increase in accrued interest payable and other liabilities	(7,999) 3,096	
Provision for (benefit from) deferred income taxes	350	(9)
Net cash (used in) provided by operating activities	(3,758) 4,671	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of available-for-sale investment securities	(16,405) (25,383)
Proceeds from sales or calls of available-for-sale investment securities	4,392	594	
Proceeds from maturity and principal repayments of available-for-sale investment	17 055	0 200	
securities	17,855	8,398	
Net decrease in loans	15,159	9,230	
Proceeds from sale of other real estate owned	82	1,876	
Purchases of premises and equipment	(659) (57)
Purchases of bank owned life insurance	(147) —	
Net cash provided by (used in) investing activities	20,277	(5,342)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net decrease in demand, interest bearing and savings deposits	(8,087) (1,339)
Net decrease in time deposits	(1,503) (4,979)