

First California Financial Group, Inc.  
Form 10-Q  
November 16, 2009

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

FORM 10-Q

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

For the quarterly period ended September 30, 2009

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 000-52498

FIRST CALIFORNIA FINANCIAL GROUP, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

38-3737811  
(I.R.S. Employer  
Identification Number)

3027 Townsgate Road, Suite 300  
Westlake Village, California  
(Address of Principal Executive Offices)

91361  
(Zip Code)

Registrant's telephone number, including area code: (805) 322-9655

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerate filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

11,627,008 shares of Common Stock, \$0.01 par value, as of November 6, 2009

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FIRST CALIFORNIA FINANCIAL GROUP, INC.  
QUARTERLY REPORT ON  
FORM 10-Q

For the Quarterly Period Ended September 30, 2009

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## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

## FIRST CALIFORNIA FINANCIAL GROUP, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets (unaudited)

(in thousands)	September 30, 2009	December 31, 2008
Cash and due from banks	\$ 42,753	\$ 13,712
Federal funds sold	61,395	35,415
Securities available-for-sale, at fair value	302,378	202,462
Loans held-for-sale	—	31,401
Loans, net	928,714	780,373
Premises and equipment, net	20,702	20,693
Goodwill	60,720	50,098
Other intangibles, net	11,997	8,452
Deferred tax assets, net	514	2,572
Cash surrender value of life insurance	11,682	11,355
Foreclosed property	6,120	327
Accrued interest receivable and other assets	22,653	21,185
<b>Total assets</b>	<b>\$ 1,469,628</b>	<b>\$ 1,178,045</b>
Non-interest checking	\$ 297,995	\$ 189,011
Interest checking	83,717	22,577
Money market and savings	320,816	198,606
Certificates of deposit, under \$100,000	140,122	191,888
Certificates of deposit, \$100,000 and over	282,381	215,513
<b>Total deposits</b>	<b>1,125,031</b>	<b>817,595</b>
Securities sold under agreements to repurchase	45,000	45,000
Federal Home Loan Bank advances	104,000	122,000
Junior subordinated debentures	26,740	26,701
Accrued interest payable and other liabilities	7,799	7,826
<b>Total liabilities</b>	<b>1,308,570</b>	<b>1,019,122</b>
Perpetual preferred stock; authorized 2,500,000 shares		
Series A - \$0.01 par value, 1,000 shares issued and outstanding as of September 30, 2009 and December 31, 2008	1,000	1,000
Series B - \$0.01 par value, 25,000 shares issued and outstanding as of September 30, 2009 and December 31, 2008	23,056	22,713
Common stock, \$0.01 par value; authorized 25,000,000 shares; 11,972,034 shares issued at September 30, 2009 and 11,807,624 shares issued at December 31, 2008; 11,625,633 and 11,462,964 shares outstanding at September 30, 2009 and December 31, 2008	118	118
Additional paid-in capital	136,389	135,603
	(3,061 )	(3,050 )

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Treasury stock, 346,401 shares at cost at September 30, 2009 and 344,660 shares at December 31, 2008		
Retained earnings	8,600	11,559
Accumulated other comprehensive loss	(5,044 )	(9,020 )
Total shareholders' equity	161,058	158,923
Total liabilities and shareholders' equity	\$ 1,469,628	\$ 1,178,045

See accompanying notes to consolidated financial statements.

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## FIRST CALIFORNIA FINANCIAL GROUP, INC. AND SUBSIDIARIES

## Consolidated Statements of Operations (unaudited)

(in thousands, except per share data)	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2009	2008	2009	2008
Interest and fees on loans	\$ 13,331	\$ 12,674	\$ 39,144	\$ 39,391
Interest on securities	2,819	2,870	9,847	8,827
Interest on federal funds sold and interest bearing deposits	78	4	368	18
<b>Total interest income</b>	<b>16,228</b>	<b>15,548</b>	<b>49,359</b>	<b>48,236</b>
Interest on deposits	2,938	2,960	9,519	10,375
Interest on borrowings	1,455	1,801	4,512	5,599
Interest on junior subordinated debentures	439	439	1,365	1,316
<b>Total interest expense</b>	<b>4,832</b>	<b>5,200</b>	<b>15,396</b>	<b>17,290</b>
Net interest income before provision for loan losses	11,396	10,348	33,963	30,946
Provision for loan losses	4,117	300	10,296	950
<b>Net interest income after provision for loan losses</b>	<b>7,279</b>	<b>10,048</b>	<b>23,667</b>	<b>29,996</b>
Service charges on deposit accounts	1,111	729	3,199	1,885
Loan sales and commissions	22	143	76	382
Net gain on sale of securities	1,639	—	4,310	—
Net gain (loss) on derivatives	—	(1 )	—	857
Impairment loss on securities	—	—	(565 )	—
Other income	158	146	565	865
<b>Total noninterest income</b>	<b>2,930</b>	<b>1,017</b>	<b>7,585</b>	<b>3,989</b>
Salaries and employee benefits	5,011	4,076	16,032	13,423
Premises and equipment	1,558	1,117	4,871	3,322
Data processing	862	293	1,812	1,008
Legal, audit and other professional services	541	530	1,758	1,386
Printing, stationery and supplies	197	160	600	492
Telephone	237	203	764	540
Directors' expense	142	112	398	322
Advertising, marketing and business development	245	286	1,144	939
Postage	39	36	190	151
Insurance and regulatory assessments	849	364	2,504	932
Loss on and expense of foreclosed property	193	—	442	—
Amortization of intangible assets	417	298	1,210	893
Market value loss on loans held-for-sale	—	—	709	—
Other expenses	1,003	709	2,513	2,001
<b>Total noninterest expense</b>	<b>11,294</b>	<b>8,184</b>	<b>34,947</b>	<b>25,409</b>

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Income (loss) before provision for income taxes	(1,085 )	2,881	(3,695 )	8,576
Provision (benefit) for income taxes	(949 )	1,120	(1,898 )	3,342
Net income (loss)	\$ (136 )	\$ 1,761	\$ (1,797 )	\$ 5,234

Earnings (loss) per common share:

Basic	\$ (0.04 )	\$ 0.15	\$ (0.23 )	\$ 0.46
Diluted	\$ (0.04 )	\$ 0.15		