PACIFIC PREMIER BANCORP INC
Form 10-Q
May 14, 2009

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, 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 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 March 31, 2009 was 4,803,451.

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2009

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and due from banks	$ 8,081	$ 8,181
Federal funds sold	28	1,526
Cash and cash equivalents	8,109	9,707
Investment securities available for sale	66,199	56,606
FHLB Stock/Federal Reserve Stock, at cost	14,330	14,330
Loans:		
Loans held for sale, net	652	668
Loans held for investment, net of allowance for loan losses of $6,396 in 2009 and $5,881 in 2008	612,940	622,470
Accrued interest receivable	3,768	3,627
Other real estate owned	55	37
Premises and equipment	9,386	9,588
Deferred income taxes	9,891	10,504
Bank owned life insurance	11,527	11,395
Other assets	409	1,024
Total Assets	$ 737,266	$ 739,956

LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposit accounts		
Noninterest bearing transaction accounts	$ 31,378	$ 29,435
Interest bearing:		
Transaction accounts	66,596	58,861
Retail certificates of deposit	385,822	341,741
Wholesale/brokered certificates of deposit	9,554	27,091
Total Deposits	493,350	457,128
Borrowings	172,000	209,900
Subordinated debentures	10,310	10,310
Accrued expenses and other liabilities	3,395	5,070
Total Liabilities	$ 679,055	$ 682,408
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 15,000,000 shares authorized; 4,803,451 (2009) and 4,903,451 (2008) shares issued and outstanding	$ 47	$ 48
Additional paid-in capital	64,373	64,680
Accumulated deficit	(3,767)	(4,304)
Accumulated other comprehensive loss, net of tax of $1,707 (2009) and $2,011 (2008)	(2,442)	(2,876)
Total Stockholders' Equity	$ 58,211	$ 57,548
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 737,266	$ 739,956

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(UNAUDITED)

	For the Three Months Ended March 31, 2009	March 31, 2008
INTEREST INCOME:		
Loans	$ 10,165	$ 10,938
Other interest-earning assets	787	1,006
Total interest income	10,952	11,944

INTEREST EXPENSE:		
Interest on transaction accounts	255	434
Interest on certificates of deposit	3,456	3,564
Total deposit interest expense	3,711	3,998
Other borrowings	1,861	2,937
Subordinated debentures	103	180
Total interest expense	5,675	7,115
NET INTEREST INCOME	5,277	4,829
PROVISION FOR LOAN LOSSES	1,160	183
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,117	4,646
NONINTEREST INCOME:		
Loan servicing fee income	159	105
Bank and other fee income	212	115
Net gain from loan sales	-	67
Net gain from sale of investment securities	2	-
Other income	257	392
Total noninterest income	630	679
NONINTEREST EXPENSE:		
Compensation and benefits	2,009	2,397
Premises and occupancy	658	607
Data processing	155	154
Net (gain) loss on other real estate owned	(6)	15
FDIC/SAIF insurance premiums	286	66
Legal and audit	132	141
Marketing expense	189	131
Office and postage expense	80	82
Other expense	427	422
Total noninterest expense	3,930	4,015
INCOME BEFORE INCOME TAXES	817	1,310
PROVISION FOR INCOME TAXES	280	464
NET INCOME	$ 537	$ 846

INCOME PER SHARE:		
Basic income per share	$ 0.11	$ 0.17
Diluted income per share	$ 0.09	$ 0.13
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	4,852,895	5,083,243
Diluted	6,038,129	6,390,148

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(dollars in thousands)
(UNAUDITED)

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2007	5,163,488	$ 53	$ 66,417	$ (5,012)	$ (708)		$ 60,750
Net income				847		$ 847	847
Unrealized loss on investments, net of tax of ($201)					(287)	(287)	(287)
Total comprehensive income						$ 560	
Share-based compensation expense			64				64
Common stock repurchased and retired	(259,704)	(4)	(2,065)				(2,069)
Balance at March 31, 2008	4,903,784	$ 49	$ 64,416	$ (4,165)	$ (995)		$ 59,305

	Common Stock Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2008	4,903,451	$ 48	$ 64,680	$ (4,304)	$ (2,876)		$ 57,548

Net income			537			537	537
Unrealized gain on investments, net of tax of $304				434		434	434
Total comprehensive income						$ 971	
Share-based compensation expense		76					76
Common stock repurchased and retired	(100,000)	(1)	(383)				(384)
Stock options exercised	-	-	-	-	-		-
Balance at March 31, 2009	4,803,451	$ 47	$ 64,373	$ (3,767)	$ (2,442)		$ 58,211

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(UNAUDITED)

	Three Months Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 537	$ 846
Adjustments to net income:		
Depreciation and amortization expense	252	222
Provision for loan losses	1,160	183
Share-based compensation	76	64
Loss on sale and disposal of premises and equipment	24	-
Gain on sale, provision, and write-down of foreclosed real estate	(6)	-
Amortization of premium/discounts on securities held for sale, net	19	263
Gain on sale of loans held for sale	-	(67)
Gain on sale of investment securities available for sale	(2)	-
Purchase and origination of loans held for sale	-	(582)
Proceeds from the sales of, and principal payments from, loans held	16	461

for sale		
(Increase) decrease in current and deferred income tax receivable	613	264
(Decrease) increase in accrued expenses and other liabilities	(1,675)	8,772
Income from bank owned life insurance	(132)	(133)
Decrease in accrued interest receivable and other assets	474	53
Net cash provided by operating activities	1,356	10,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and principal payments on loans held for investment	17,372	51,138
Purchase, origination and advances of loans held for investment	(9,260)	(40,194)
Principal payments on securities available for sale	1,963	1,788
Proceeds from sale of foreclosed real estate	45	-
Purchase of securities available for sale	(10,986)	(30,961)
(Increase) decrease in premises and equipment	(26)	(362)
Net cash used in investing activities	(892)	(18,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposit accounts	36,222	9,894
(Repayment of) proceeds from FHLB advances	(37,900)	(35,465)
Proceeds from (repayment of) other borrowings	-	25,163
Repurchase of common stock	(384)	(2,069)
Net cash used in financing activities	(2,062)	(2,477)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,598)	(10,722)
CASH AND CASH EQUIVALENTS, beginning of period	9,707	34,021
CASH AND CASH EQUIVALENTS, end of period	$ 8,109	$ 23,299
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	$ 5,512	$ 4,931
Income taxes paid	$ 475	$ -
NONCASH OPERATING ACTIVITIES DURING THE		

PERIOD				
Restricted stock vested	$	91	$	-
NONCASH INVESTING ACTIVITIES DURING THE PERIOD				
Transfers from loans to foreclosed real estate	$	55	$	-

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

PACIFIC PREMIER BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009
(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"). All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of March 31, 2009, and the results of its operations, changes in stockholders' equity, comprehensive income and cash flows for the three months ended March 31, 2009 and 2008. Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for any other interim period or the full year ending December 31, 2009.

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, 2008.

The Company accounts for its investments in its wholly owned special purpose entity, PPBI Trust I, using the equity method under which the subsidiary's net earnings are recognized in the Company's statement of income.

Note 2 – Recently Issued Accounting Pronouncements

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative and Hedging Activities, an amendment of FASB Statement No. 133". SFAS No. 161 requires enhanced disclosures about a company's derivative and hedging activities. These enhanced disclosures will discuss (a) how and why a company uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations and (c) how derivative instruments and related hedged items affect a company's financial position, results of operations and cash flows. SFAS No. 161 is effective for fiscal years beginning on or after November 15, 2008, with earlier adoption allowed. The Company is currently evaluating the impact of adopting SFAS No. 161.

In May 2008, FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles.” The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with United States generally accepted accounting principles for nongovernmental entities. SFAS No. 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, “The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles.” The Company does not anticipate the adoption of SFAS No. 162 to have a material impact of its financial position, results of operations or cash flow.

In June 2008, FASB issued EITF Issue No. 07-5 (EITF 07-5), “Determining whether an Instrument (or Embedded Feature) is indexed to an Entity's Own Stock.” EITF No. 07-5 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early application is not permitted. Paragraph 11(a) of SFAS No. 133 - specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. EITF 07-5 provides a new two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS No. 133 paragraph 11(a) scope exception. The adoption of EITF 07-5 had no material impact on our financial statements.

In October 2008, the FASB issued Financial Accounting Standards Board Staff Position FSP FAS 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active.” The FSP clarifies the application of SFAS No. 157, “Fair Value Measurements,” in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The FSP is effective immediately, and includes prior periods for which financial statements have not been issued, and therefore the Company is subject to the provisions under the FSP effective September 30, 2008. The implementation of FSP FAS 157-3 did not affect the Company’s fair value measurements as of December 31, 2008.

In April 2009, the FASB issued Financial Accounting Standards Board Staff Position FSP FAS 115-2, “Recognition and Presentation of Other-Than-Temporary Impairments.” This FSP amends the application of SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities” which makes the other-than-temporary impairment guidance more operational and improves the presentation of other-than-temporary impairments in the financial statements. This FSP applies to other-than-temporary impairments of debt and equity securities and requires a company to assert that (a) it does not have the intent to sell the security in question and (b) it is more likely than not have to sell the security in question before recovery of its cost basis to avoid an impairment being considered, other-than-temporary. This FSP also changes the amount of impairment losses recognized in earnings by separating impairments into two components: (i) the amount of impairments related to credit losses and (ii) the amount related to other factors. The amount of impairment related to credit losses is reflected as a charge to earnings, while the amount related to other factors is reflected as an adjustment to shareholders’ equity through comprehensive income. The FSP is effective for interim and annual reporting periods after June 15, 2009, early adoption is permitted for periods ending after March 15, 2009. The implementation of FSP FAS 115-2 did not have a material impact in its financial position, results of operations or cash flow.

Note 3 – Regulatory Matters

It is our goal to maintain capital levels within the regulatory “well capitalized” category. The Company’s (on a consolidated basis) and the Bank’s capital amounts and ratios are presented in the following tables:

	Actual		To be adequately capitalized		To be well capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio

(dollars in thousands)

At March 31, 2009 (Unaudited)						
Total Capital (to risk-weighted assets)						
Bank	$ 71,822	12.01%	$ 47,834	8.00%	$ 59,793	10.00%
Consolidated	72,888	12.09%	N/A	N/A	N/A	N/A
Tier 1 Capital (to adjusted tangible assets)						
Bank	65,426	8.89%	29,427	4.00%	36,784	5.00%
Consolidated	66,492	9.04%	N/A	N/A	N/A	N/A
Tier 1 Risk-Based Capital (to risk-weighted assets)						
Bank	65,426	10.94%	23,917	4.00%	35,876	6.00%
Consolidated	66,492	11.03%	N/A	N/A	N/A	N/A
At December 31, 2008						
Total Capital (to risk-weighted assets)						
Bank	$ 70,761	11.68%	$ 48,457	8.00%	$ 60,571	10.00%
Consolidated	73,741	12.07%	N/A	N/A	N/A	N/A
Tier 1 Capital (to adjusted tangible assets)						
Bank	64,880	8.71%	29,808	4.00%	37,261	5.00%
Consolidated	67,859	8.99%	N/A	N/A	N/A	N/A
Tier 1 Risk-Based Capital (to risk-weighted assets)						
Bank	64,880	10.71%	24,229	4.00%	36,343	6.00%
Consolidated	67,859	11.11%	N/A	N/A	N/A	N/A

Note 4 – Borrowings

At March 31, 2009, total borrowings of the Company amounted to $182.3 million. The borrowings were comprised of Federal Home Loan Bank (“FHLB”) term and overnight borrowings of $138.0 million and $5.5 million, respectively, $10.3 million Trust Preferred Securities at 3.84%, and three inverse putable reverse repurchase agreements totaling $28.5 million at an average rate of 2.43% secured by approximately $32.2 million of mortgage backed securities issued by the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Federal National Mortgage Association. The Bank’s $143.5 million in FHLB advances had a weighted average interest rate of 4.74% and the term advances had a weighted average maturity of 0.89 year as of March 31, 2009. As of such date,

advances from the FHLB were collateralized by pledges of certain real estate loans with an aggregate principal balance of $538.0 million and FHLB stock totaling $12.7 million. As of March 31, 2009, the Bank was able to borrow up to 45% of its total assets as of December 31, 2008 under the line, which amounted to $332.9 million, a decrease of $6.3 million from the year ended December 31, 2008. FHLB advances consisted of the following as of March 31, 2009:

FHLB Advances Maturing in:	Amount	Percent of Total	Weighted Average Annual Interest Rate
	(dollars in thousands)		
One month or less	$ 5,500	3.83%	0.21%
Over six months to one year	100,000	69.69%	4.92%
Over one year	38,000	26.48%	4.92%
Total FHLB advances	$ 143,500	100.00%	4.74%

Note 5 – Subordinated Debentures

In March 2004, the Corporation issued $10.3 million of Floating Rate Junior Subordinated Deferrable Interest Debentures (the “Subordinated Debentures”) to PPBI Trust I, which funded the payment of $10.0 million of Floating Rate Trust Preferred Securities issued by PPBI Trust I in March 2004. The net proceeds from the offering of Trust Preferred Securities were contributed as capital to the Bank to support further growth. Interest is payable quarterly on the Subordinated Debentures at three-month LIBOR plus 2.75% per annum, for an effective rate of 3.84% per annum as of March 31, 2009.

Under FIN 46R, “Consolidation of Variable Interest Entities, an interpretation of ARB No. 51,” the Corporation is not allowed to consolidate PPBI Trust I into the Company’s financial statements. The resulting effect on the Company’s consolidated financial statements is to report the Subordinated Debentures as a component of liabilities. Prior to the issuance of FIN 46R, bank holding companies typically consolidated these entities and reported the Trust Preferred Securities as a component of liabilities.

Note 6 – Earnings Per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing income available to common stockholders including common stock equivalents, such as outstanding stock options and warrants, by the weighted average number of common shares and common stock equivalents outstanding for the period. Stock options totaling 602,550 shares for the three months ended March 31, 2009, and 317,925 shares for the three months ended March 31, 2008, respectively, were excluded from the computations of diluted earnings per share due to their exercise price exceeding the average market price for their respective periods.

The table below set forth the Company's unaudited earnings per share calculations for the three months ended March 31, 2009 and 2008.

	For the Three Months Ended March 31,					
	2009			2008		
	Net Earnings	Shares	Per Share Amount	Net Earnings	Shares	Per Share Amount
	(in thousands, except per share data)					
Net Earnings	$ 537			$ 846		
Basic Earnings available to common stockholders	537	4,852,895	$ 0.11	846	5,083,243	$ 0.17
Effect of warrants and dilutive stock options	-	1,185,234		-	1,306,905	
Diluted Earnings available to common stockholders plus assumed conversions	$ 537	6,038,129	$ 0.09	$ 846	6,390,148	$ 0.13

Note 7 – Fair Value of Financial Instruments

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The statement establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. The standard is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, "Effective Date of FASB Statement No. 157." This FSP delays the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. Adoption of SFAS 157 did not have a material impact on the Company.

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 establishes a three-tiered value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets accessible by the Company

Level 2 – inputs that are observable in the marketplace other than those inputs classified as Level 1

Level 3 – inputs that are unobservable in the marketplace and significant to the valuation

SFAS 157 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

The Company's financial assets and liabilities measured at fair value on a recurring basis include securities available for sale, loans held for sale, and impaired loans. Securities available for sale include mortgage-backed securities and equity securities. Loans held for sale include the guarantee portion of our saleable Small Business Association ("SBA")

loans. Impaired loans include loans that are in a non-accrual status and where the Bank has reduced the principal to the value of the underlying collateral less the anticipated selling cost.

Marketable Securities. Where possible, the Company utilizes quoted market prices to measure debt and equity securities; such items are classified as Level 1 in the hierarchy and include equity securities, US government bonds and securities issued by federally sponsored agencies. When quoted market prices for identical assets are unavailable or the market for the asset is not sufficiently active, varying valuation techniques are used. Common inputs in valuing these assets include, among others, benchmark yields, issuer spreads, forward mortgage-backed securities trade prices and recently reported trades. Such assets are classified as Level 2 in the hierarchy and typically include private label mortgage-backed securities and corporate bonds. Pricing on these securities are provided to the Company by a pricing service vendor. In the Level 3 category, the Company is classifying all the securities that its pricing service vendor cannot price due to lack of trade activity in these securities.

Loans held for sale. The fair value of loans held for sale is determined, when possible, using quoted secondary-market prices. If no such quoted price exists, the fair value of a loan is determined using quoted prices for a similar asset or assets, adjusted for the specific attributes of that loan.

A loan is considered impaired when it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement. Impairment is measured based on the fair value of the underlying collateral or the discounted expected future cash flows. The Company measures impairment on all non-accrual loans for which it has reduced the principal balance to the value of the underlying collateral less the anticipated selling cost. As such, the Company records impaired loans as non-recurring Level 2 when the fair value of the underlying collateral is based on an observable market price or current appraised value. When current market prices are not available or the Company determines that the fair value of the underlying collateral is further impaired below appraised values, the Company records impaired loans as Level 3. At March 31, 2009, substantially all the Company's impaired loans were evaluated based on the fair value of their underlying collateral based upon the most recent appraisal available to management.

The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following fair value hierarchy tables present information about the Company's assets measured at fair value on a recurring basis:

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Assets at Fair Value
	(in thousands)			
Assets				
Marketable securities	$ 39,420	$ 25,640	$ 1,139	$ 66,199
Total assets	$ 39,420	$ 25,640	$ 1,139	$ 66,199

Fair Value Measurement Using

	Significant Other Unobservable Inputs (Level 3)			
	U.S. Treasuries	Govt. Sponsored Agencies	Private Label	Total
	(in thousands)			
Beginning Balance, January 1, 2009	$ -	$ -	$ 1,614	$ 1,614
Total gains or losses (realized/unrealized):				
Included in earnings (or changes in net assets)	-	-	-	-
Included in other comprehensive income	-	-	-	-
Purchases, issuances, and settlements	-	-	-	-
Transfer in and/or out of Level 3	-	-	(475)	(475)
Ending Balance, March 31, 2009	$ -	$ -	$ 1,139	$ 1,139

The following fair value hierarchy table presents information about the Company's assets measured at fair value on a nonrecurring basis:

	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Assets at Fair Value
	(in thousands)			
Assets				
Impaired Loans	$ -	$ 7,593	$ -	$ 7,593
Loans held for sale		652		652
Other real estate owned	-	55	-	55
Total assets	$ -	$ 8,300	$ -	$ 8,300

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"). The standard provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The new standard is effective for the Company on January 1, 2008. The Company did not elect the fair value option for any financial assets or liabilities as of January 1, 2008. Adoption of SFAS 159 did not have a material impact on the Company.

Note 8 – Subsequent Events

On May 5, 2009, the Company filed a registration statement on Form S-3 with the SEC. The registration statement relates to the resale of shares of common stock issuable upon exercise of the warrants to purchase 1,166,400 shares of our common stock that were issued by the Company in January 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

The statements contained herein that are not historical facts are forward-looking statements based on management's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be the same as those anticipated by management. Actual results may differ from those projected in the forward-looking statements. These forward-looking statements include, among others, statements with respect to the Company's beliefs, plans, objectives, goals, guidelines, expectations, anticipations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors (many of which are beyond the Company's control). The words "may", "could", "should", "would", "believe", "anticipate", "estimate", "expect", "intend", "plan" and similar expre intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties. These include, but are not limited to, the following risks: (1) changes in the performance of the financial markets, (2) changes in the demand for and market acceptance of the Company's products and services, (3) changes in general economic conditions including interest rates, presence of competitors with greater financial resources, and the impact of competitive products and pricing, (4) the effect of the Company's policies, (5) the continued availability of adequate funding sources, and (6) various legal, regulatory and litigation risks.

GENERAL

The following presents management's discussion and analysis of the consolidated financial condition and operating results of the Company for the three months ended March 31, 2009 and 2008. The discussion should be read in conjunction with the Company's Management Discussion and Analysis included in the 2008 Annual Report on Form 10-K, plus the unaudited consolidated financial statements and the notes thereto appearing elsewhere in this report. The results for the three months ended March 31, 2009 are not necessarily indicative of the results expected for the year ending December 31, 2009.

We are a California-based bank holding company incorporated in the state of Delaware and registered as a banking holding company under the Bank Holding Company Act of 1956, as amended ("BHCA"), for Pacific Premier Bank, a California state chartered commercial bank. The Bank is subject to examination and regulation by the California Department of Financial Institutions ("DFI"), the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and by the Federal Deposit Insurance Corporation ("FDIC"). Additionally, the Corporation is subject to regulation and supervision by the Federal Reserve. The primary business of the Company is community banking.

The Bank was founded in 1983 as a state chartered savings and loan, became a federally chartered stock savings bank in 1991 and in March 2007, converted to a California state chartered commercial bank. The Bank is a member of the FHLB of San Francisco, which is a member bank of the Federal Home Loan Bank System, and the Federal Reserve. As of March 31, 2009, the Bank's deposit accounts were insured under federal laws by the Deposit Insurance Fund, which is an insurance fund administered by the FDIC. The maximum deposit insurance coverage allowable under federal law increased in October 2008 from $100,000 to $250,000 per account, which expires at the end of 2009, unless extended or made permanent.

We provide banking services within our targeted markets in Southern California to businesses, including the owners and employees of those businesses, professionals, real estate investors and non-profit organizations, as well as consumers in the communities we serve. The Bank operates six depository branches in Southern California located in the cities of Costa Mesa, Huntington Beach, Los Alamitos, Newport Beach, San Bernardino, and Seal Beach. The Company's corporate headquarters are located in Costa Mesa, California. Through our branches and our web site at www.PPBI.net on the Internet, we offer a broad array of deposit products and services for both businesses, and consumer customers including checking, money market and savings accounts, cash management services, electronic banking, and on-line bill payment. We offer a wide array of loan products, such as commercial business loans, lines of credit, commercial real estate loans, U.S. Small Business Administration ("SBA") loans, residential home loans, and home equity loans. The Bank funds its lending and investment activities with retail deposits obtained through its branches, advances from the FHLB of San Francisco, lines of credit, and wholesale and brokered certificates of deposits.

The Company's principal sources of income are the net spread between interest earned on loans and investments and the interest costs associated with deposits and other borrowings used to finance its loan and investment portfolio. Additionally, the Bank generates fee income from loan sales and various products and services offered to both depository and loan customers.

Recent Developments

The global and U.S. economies, and the economies of the local communities in which we operate, have continued to experience a rapid decline in the first quarter of 2009. The financial markets, and the financial services industry in particular, suffered significant disruption in 2008, resulting in many institutions failing or requiring, government intervention to avoid failure. These conditions were brought about primarily by dislocations in the U.S. and global credit markets, including a significant and rapid deterioration of the mortgage lending and related real estate markets.

The United States, state and foreign governments have taken or are considering extraordinary actions in an attempt to deal with the global financial crisis and the severe decline in the economy. In the United States, the federal government has adopted Emergency Economic Stabilization Act of 2008 (enacted on October 3, 2008) and the American Recovery and Reinvestment Act of 2009 (enacted on February 17, 2009). Among other matters, these laws:

- provide for the government to invest additional capital into banks and otherwise facilitate bank capital formation (commonly referred to as the Troubled Asset Relief Program or "TARP");
- increase the limits on federal deposit insurance; and
- provide for various forms of economic stimulus, including to assist homeowners in restructuring and lowering mortgage payments on qualifying loans.

Other laws, regulations, and programs at the federal, state and even local levels are under consideration that seek to address the economic climate and/or the financial institutions industry. The effect of these initiatives cannot be predicted at this time.

CRITICAL ACCOUNTING POLICIES

Management has established various accounting policies which govern the application of accounting principles generally accepted in the United States of America in the preparation of the Company's financial statements. The Company's significant accounting policies are described in the Notes to the Consolidated Financial Statements in our 2008 Annual Report on Form 10-K. Certain accounting policies require management to make estimates and assumptions which have a material impact on the carrying value of certain assets and liabilities; management

considers these to be critical accounting policies. The estimates and assumptions management uses are based on historical experience and other factors, which management believes to be reasonable under the circumstances. Actual results could differ significantly from these estimates and assumptions, which could have a material impact on the carrying value of assets and liabilities at balance sheet dates and the Company's results of operations for future reporting periods.

Management believes that the allowance for loan losses is the critical accounting policy that requires estimates and assumptions in the preparation of the Company's financial statements that is most susceptible to significant change. For further information, see "Allowances for Loan Losses" discussed later in this report and in our 2008 Annual Report on Form 10-K.

FINANCIAL CONDITION

Total assets of the Company were $737.3 million as of March 31, 2009, compared to $740.0 million as of December 31, 2008. The $2.7 million, or 0.36%, decrease in total assets was primarily due to a $9.5 million and $1.6 million decrease in net loans held for investment and cash and cash equivalents, respectively, which was partially offset by an increase of $9.6 million in securities available for sale.

Investment Securities Available for Sale

Investment securities available for sale totaled $66.2 million at March 31, 2009 compared to $56.6 million at December 31, 2008. The increase was primarily due to the purchase of securities totaling $11.1 million which was partially offset by investment principal received of approximately $2.0 million. The investment securities consist of $163,000 in US Treasuries, $39.3 million in government sponsored entities ("GSE") mortgage backed securities, and $26.7 million of private label mortgage backed securities. Thirty five of the private label mortgage-backed securities totaling $1.6 million are rated below investment grade, which is any rating below "BBB". In addition, $32.2 million of the GSE securities have been pledged as collateral for the Bank's $28.5 million of reverse repurchase agreements.

A summary of the Company's investment securities held for sale as of March 31, 2009 and December 31, 2008 is as follows:

	March 31, 2009			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Securities available for sale:				
U.S. Treasury Notes	$ 148	$ 15	$ -	$ 163
Government Sponsored Entity Mortgage-backed securities	37,809	1,457	(9)	39,257
Private Label Mortgage-backed securities - investment grade	29,340	511	(4,664)	25,187
Private Label Mortgage-backed securities - non-investment grade	3,050	-	(1,458)	1,592
Total securities available for sale	$ 70,347	$ 1,983	$ (6,131)	$ 66,199
FHLB stock	$ 12,731	$ -	$ -	$ 12,731
Federal Reserve Bank stock	1,599	-	-	1,599
Total equities held at cost	$ 14,330	$ -	$ -	$ 14,330
Total securities	$ 84,677	$ 1,983	$ (6,131)	$ 80,529

	December 31, 2008			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
	(in thousands)			
Securities available for sale:				
U.S. Treasury Notes	$ 148	$ 19	$ -	$ 167
Government Sponsored Entity Mortgage-backed securities	37,887	996	(30)	38,853
Private Label Mortgage-backed securities - investment grade	20,536	1	(4,573)	15,964
Private Label Mortgage-backed securities - non-investment grade	2,922	-	(1,300)	1,622
Total securities available for sale	$ 61,493	$ 1,016	$ (5,903)	$ 56,606
FHLB stock	$ 12,731	$ -	$ -	$ 12,731
Federal Reserve Bank stock	1,599	-	-	1,599
Total equities held at cost	$ 14,330	$ -	$ -	$ 14,330
Total securities	$ 75,823	$ 1,016	$ (5,903)	$ 70,936

Investment Securities Held for Sale by Contractual Maturity
As of March 31, 2009

	One Year or Less		More than One to Five Years		More than Five to Ten Years		More than TenYears		Total	
	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield	Carrying Value	Yield
	(dollars in thousands)									
US Treasury Notes	$ -	0.00%	$ 80	3.53%	$ 83	4.15%	$ -	0.00%	$ 163	3.84%
Government Sponsored Entity Mortgage-backed securities	$ 2	6.63%	$ -	0.00%	$ 283	5.27%	$ 38,972	5.77%	39,257	5.77%
Private Label Mortgage-backed securities - investment grade	$ -	0.00%	$ 340	1.24%	$ 14,281	6.07%	$ 10,566	7.77%	25,187	6.72%
Private Label Mortgage-backed securities - non-investment grade	$ -	0.00%	$ -	0.00%	$ -	0.00%	$ 1,592	9.11%	1,592	9.11%
Total securities available for sale	$ 2	6.63%	$ 420	1.68%	$ 14,647	6.04%	$ 51,130	6.29%	$ 66,199	6.20%

The Company reviewed individual securities classified as available for sale to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that the Company will be unable to collect all amounts due according to contractual terms of the debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If an other-than-temporary impairment

occurs, the cost basis of the security would have been written down to its fair value as the new cost basis and the write down accounted for as a realized loss. During 2008, the Company took a $1.3 million other-than-temporary impairment charge after management determined that 19 securities were impaired. No additional securities were deemed other-than-temporary impaired during the quarter-ended March 31, 2009.

Loans

Gross loans outstanding totaled $620.0 million at March 31, 2009 compared to $628.8 million at December 31, 2008. The decrease was primarily due to loan payoffs of $9.7 million, which was partially offset by the purchase of $4.0 million of performing multi-family loans and the origination of commercial and industrial business loans.

From time to time, management utilizes loan purchases or sales to manage its liquidity, interest rate risk, loan to deposit ratio, diversification of the loan portfolio, and net balance sheet growth.

A summary of the Company's loan originations, loan purchases, loan sales and principal repayments for the three months ended March 31, 2009 and 2008 are as follows:

	For the Three Months Ended	
	March 31, 2009	March 31, 2008
	(in thousands)	
Beginning balance, gross	$ 628,099	$ 626,692
Loans originated and purchased:		
Real Estate:		
Multi-family	4,051	7,090
Commercial real estate	-	17,315
Business Loans:		
Commercial Owner Occupied (1)	-	4,430
Commercial and Industrial (1)	2,100	7,101
SBA (1)	-	582
Other	850	532
Total loans originated and purchased	7,001	37,050
Total	635,100	663,742
Less:		
Principal repayments	16,671	45,506
Change in undisbursed loan funds	(2,259)	(3,726)
Charge-offs	645	-
Loan Sales	-	5,878
Transfers to Real Estate Owned	55	-
Total Gross loans	619,988	616,084

Less ending balance loans held for sale (gross)	(652)	(870)
Ending balance loans held for investment (gross)	$ 619,336	$ 615,214

(1) Includes lines of credit

The following table sets forth the composition of the Company's loan portfolio in dollar amounts and as a percentage of the portfolio at the dates indicated:

	March 31, 2009			December 31, 2008		
	Amount	Percent of Total	Weighted Average Interest Rate	Amount	Percent of Total	Weighted Average Interest Rate
	(dollars in thousands)					
Real Estate Loans:						
Multi-family	$ 289,803	46.74%	6.30%	$ 287,592	45.74%	6.30%
Commercial	161,409	26.03%	6.99%	165,978	26.40%	6.94%
Construction	-	0.00%	0.00%	-	0.00%	0.00%
Land	2,550	0.41%	0.00%	-	0.00%	0.00%
One-to-four family (1)	8,922	1.44%	8.67%	9,925	1.58%	8.78%
Business Loans:						
Commercial Owner Occupied	107,714	17.37%	7.05%	112,406	17.88%	7.13%
Commercial and Industrial	43,604	7.03%	7.19%	43,235	6.88%	6.75%
SBA	4,620	0.74%	5.67%	4,942	0.79%	6.35%
Other Loans	1,366	0.22%	2.13%	4,689	0.75%	5.63%
Total Gross loans	$ 619,988	100.00%	6.66%	$ 628,767	100.00%	6.68%

(1) Includes second trust deeds.

The following table sets forth the repricing characteristics of the Company's multi-family, commercial real estate and commercial owner occupied loan portfolio in dollar amounts as of March 31, 2009:

	Number of Loans	Amount	Weighted Average Interest Rate	Months to Reprice

		(dollars in thousands)		
1 Year and less (1)	197	$ 156,595	6.107%	3.21
Over 1 Year to 3 Years	112	160,510	6.815%	22.89
Over 3 Years to 5 Years	122	137,699	6.708%	45.22
Over 5 Years to 7 Years	11	21,042	6.685%	70.52
Over 7 Years to 10 Years	24	24,544	6.944%	99.02
Fixed	51	61,085	7.021%	-
Total	517	$ 561,475	6.615%	216.33

(1) Includes three and five year hybrid loans that have reached their initial repricing date.

Allowance for Loan Losses

The allowance for loan losses totaled $6.4 million as of March 31, 2009 and $5.9 million as of December 31, 2008. The increase in the allowance for loan losses was primarily due to loans classified as “special mention” and “substandard” of $9.1 million and $6.1 million, respectively. Net nonaccrual loans and other real estate owned were $7.6 million and $55,000, respectively, at March 31, 2009, compared to $5.2 million and $37,000, respectively, as of December 31, 2008. The increase in net nonaccrual loans was primarily due to two commercial real estate loans totaling $2.4 million consisting of a loan for $1.0 million which was current as of quarter-end, but the property securing the loan was in foreclosure earlier in the quarter. The other loan totaling $1.4 million was 90 days past due at March 31, 2009, is in escrow for $2.0 million and is schedule to close sometime in the second quarter. The allowance for loan losses as a percent of nonperforming loans decreased to 84% as of March 31, 2009 from 113% at December 31, 2008. The ratio of nonperforming assets to total assets at March 31, 2009 was 1.04%, compared to 0.71% at December 31, 2008.

The Bank’s methodology for assessing the appropriateness of the allowance consists of several key elements, including the formula allowance. The formula allowance is calculated by applying loss factors to all loans held for investment.

The loss factors for each segment of the loan portfolio, except for loans secured by single family residences originated prior to 2002, are derived by using the average of the last 10 years and 15 years historical charge-off rates by loan types for commercial banks and savings institutions headquartered in California as collected by the FDIC as the base rate. Then the following internal and external risk factors are added to the average:

Internal Factors
- Changes in lending policies and procedures, including underwriting standards and collection, charge-off, and recovery practices;
- Changes in the nature and volume of the loan portfolio and in the terms of loans, as well as new types of lending;
- Changes in the experience, ability, and depth of lending management and other relevant staff that may have an impact on the Bank’s loan portfolio;
- Changes in volume and severity of past due and classified loans, and in volumes of non-accruals, troubled debt restructurings, and other loan modifications;
    - Changes in the quality of the Bank’s loan review system and the degree of oversight by the Board; and
    - The existence and effect of any concentrations of credit, and changes in the level of such concentrations.

External Factors

- Changes in national, state and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments (includes trends in real estate values and the interest rate environment);
- Changes in the value of the underlying collateral for collateral-dependent loans; and
- The effect of external factors, such as competition, legal, regulatory requirements on the level of estimated credit losses in the Bank's current loan portfolio.

The factor amount for each of the nine above-described risk factors are determined by the Chief Credit Officer and approved by the Credit and Investment Review Committee on a quarterly basis.

For the homogeneous single-family residential loan portfolio, the allowance for loan and lease loss factors for pre-2002 originations of first and second deeds of trust loans are based upon the Bank's 10 year historical loss experience from charge-offs and real estate owned and the migration history analysis. For loans secured by single family residences made after 2001, the factor is calculated using the average of the FDIC charge-off for 10 and 15 years plus the nine credit risk factors mentioned above.

Given the composition of the Company's loan portfolio, the $6.4 million allowance for loan losses was considered adequate to cover losses inherent in the Company's loan portfolio at March 31, 2009. However, no assurance can be given that the Company will not, in any particular period, sustain loan losses that exceed the amount reserved, or that subsequent evaluation of the loan portfolio, in light of the prevailing factors, including economic conditions which may adversely affect the Company's market area or other circumstances, will not require significant increases in the loan loss allowance. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to recognize additional provisions to increase the allowance or take charge-offs in anticipation of future losses.

The table below summarizes the activity of the Company's allowance for loan losses for the three months ended March 31, 2009 and 2008:

	Three Months Ended March 31,	
	2009	2008
	(in thousands)	
Balance, beginning of period	$ 5,881	$ 4,598
Provision for loan losses	1,160	183
Charge-offs		
Real estate:		
One-to-four family	(99)	-
Business Loans:		
Commercial and Industrial	(356)	-
SBA loans	(227)	-
Total charge-offs	(682)	-

Recoveries		
Real estate:		
One-to-four family	21	4
Business Loans:		
SBA loans	12	-
Other loans	4	3
Total recoveries	37	7
Net charge-offs	(645)	7
Balance, end of period	$ 6,396	$ 4,788

Composition of Nonperforming Assets

The table below summarizes the Company's composition of nonperforming assets as of the dates indicated. Net nonperforming assets totaled $7.6 million at March 31, 2009 and $5.2 million as of December 31, 2008, or 1.04% and 0.71% of total assets, respectively. The increase in nonperforming assets was primarily due to an increase in nonperforming commercial real estate loans during the period ended March 31, 2009.

	At March 31, 2009	At December 31, 2008
Nonperforming assets:	(dollars in thousands)	
Real Estate:		
One-to-four family	$ 333	$ 637
Multi-family	-	350
Commercial	5,627	3,188
Business loans:		
Commercial owner occupied	317	-
Commercial and industrial	15	-
SBA	1,300	1,025
Other loans	-	-
Total nonaccrual loans	7,592	5,200
Foreclosed real estate owned ("OREO")	55	37
Total nonperforming	$ 7,647	$ 5,237

assets (1)		
Restructured Loans	$ 827	$ -
Allowance for loan losses as a percent of gross loans receivable (2)	1.03%	0.94%
Allowance for loan losses as a percent of total nonperforming loans, gross	84.25%	113.10%
Nonperforming loans as a percent of gross loans receivable	1.22%	0.83%
Nonperforming assets as a percent of total assets	1.04%	0.71%

(1) Nonperforming assets consist of nonperforming loans and OREO. Nonperforming loans include all loans 90 days or more past due and loans that are less than 90 days and, in the opinion of management, there is reasonable doubt as to the collectability are classified as non-accruing.

(2) Gross loans include loans receivable that are held for investment and held for sale.

Liabilities and Stockholders' Equity

Total liabilities of the Company decreased from $682.4 million at December 31, 2008 to $679.1 million at March 31, 2009. The decrease was primarily due to a decrease in borrowings of $37.9 million which was partially offset by an increase in total deposits of $36.2 million during the three months ended March 31, 2009.

The Company had $172.0 million in borrowings as of March 31, 2009, compared to $209.9 million in such borrowings at December 31, 2008. Borrowings consist primarily of advances from the FHLB which are collateralized by pledges of certain real estate loans with an aggregate principal balance of $538.0 million and FHLB stock totaling $12.7 million at March 31, 2009. See "Note 4 –Borrowings" above. The Bank may borrow up to 45% of its assets under the FHLB line. As of March 31, 2009, the maximum amount that the Bank may borrow through the FHLB was $330.8 million, based on the Bank's assets as of December 31, 2008. The total cost of the Company's borrowings for the three months period ended March 31, 2009 was 4.07%, a decrease of 33 basis points compared to the same period in 2008.

The Corporation had $10.3 million of subordinated debentures as of March 31, 2009 which were used to fund the issuance of trust preferred securities in 2004. The total cost of the subordinated debentures for the three months ended March 31, 2009 was 4.00%, compared to 6.98% for the same period in 2008.

Total deposits were $493.4 million as of March 31, 2009, compared to $457.1 million at December 31, 2008, an annualized increase of 31.7%. The increase in deposits was comprised of increases in retail certificate of deposits and transaction accounts of $44.1 million and $7.7 million, respectively, which were partially offset by a decrease in brokered certificates of deposits of $17.5 million. The total average annualized cost of deposits for the three months ended March 31, 2009 was 3.09%, compared to 4.08% for the same period in 2008.

During the three months ended March 31, 2009, our average annualized cost of funds was 3.37%, a decrease of 85 basis points compared to the same period in 2008.

Total equity was $58.2 million as of March 31, 2009, compared to $57.5 million at December 31, 2008, an increase of $663,000. The increase in equity was primarily due to the net income of $537,000 and an increase in the accumulated adjustment to stockholders' equity of $434,000 due to an increase in value of the Company's investment portfolio. This increase was partially offset by the repurchase and retirement of 100,000 shares of common stock at a cost of $384,000, or at an average cost of $3.84 per share.

RESULTS OF OPERATIONS

Highlights for the three months ended March 31, 2009 and 2008

The Company recorded a first quarter net income of $537,000 or $0.09 per diluted share, compared to net income of $846,000, or $0.13 per diluted share, for the first quarter of 2008. All diluted earnings per share amounts have been adjusted to reflect the dilutive effect of all warrants and stock options, except for options whose exercise price exceeds the closing market price as of March 31, 2009, outstanding. See "Item 1. Financial Statements-Note 6 – Earnings Per Share".

Return on average assets (ROAA) for the three months ended March 31, 2009 was 0.29% compared to 0.45% for the same period in 2008. The Company's return on average equity (ROAE) for the three months ended March 31, 2009 was 3.73% compared to 5.57% for the three months ended December 31, 2008. The Company's basic book value per share increased to $12.15, at March 31, 2009, reflecting an annualized increase of 13.97% from December 31, 2008. The increase was primarily due to the decrease in total equity related to the repurchase and retirement of the Company stock at a cost below our book value during the first quarter of 2009, and an increase in accumulated adjustment to stockholders' equity of $434,000 due to an increase in value of the Company's investment portfolio. The Company's diluted book value per share increased to $9.89, at March 31, 2009, reflecting an annualized increase of 12.08% from December 31, 2008. Options whose exercise price exceeds the closing market price as of March 31, 2009 are excluded from the diluted book value calculation.

Net Interest Income

The Company's earnings are derived predominately from net interest income, which is the difference between the interest income earned on interest-earning assets, primarily loans and securities, and the interest expense incurred on interest-bearing liabilities, primarily deposits and borrowings. The net interest margin is the net interest income divided by the average interest-earning assets.

For the three months ended March 31, 2009, net interest income was $5.3 million compared to $4.8 million for the same period a year earlier. The increase was predominately attributable to a 20.2% decrease in interest expense for

the three months ended March 31, 2009, compared to the same period in 2008. For the three months ended March 31, 2009, interest expense totaled $5.7 million compared to $7.1 million for the same period in 2008. The reduction in interest expense for the 2009 period was primarily due to decreases in deposit expense and borrowing costs associated with the Bank's FHLB and other borrowings of 99 basis points and 33 basis points, respectively, over the prior year period. Partially offsetting the decrease in interest expense was a decrease in interest income for the three months ended March 31, 2009 of $992,000 compared to the same period in the prior year. The decrease in interest income was primarily attributable to the repricing of our adjustable rate loans downward. Our weighted average loan yield for the quarter ended March 31, 2009 was 6.60%, a decrease of 39 basis points from 6.99% for the same period a year earlier.

The net interest margin for the three months ended March 31, 2009 was 3.00% compared to 2.74% for the same period a year ago. The increase was primarily attributable to decreases in the average cost of liabilities of 84 basis points for the three months ended March 31, 2009, compared to the same period in 2008, which was partially offset by a decrease in the average loan yield of 56 basis points for the three months ended March 31, 2009. The changes in the cost of funds and loan yields are primarily attributable to the Federal Reserve Board's reduction of the Fed Fund Rate over a 15 month period by 500 basis points starting in September of 2007 in response to the economic downturn and their affects on the repricing of the Bank's adjustable loan portfolio, maturing deposits, and short-term borrowings. As of March 31, 2009, the Bank had $5.5 million in short-term FHLB advances, $201.6 million of certificate of deposits, and $45.8 million of loans that could reprice in the next quarter.

The following table sets forth the Company's average balance sheets and the related weighted average yields and costs on average interest-earning assets and interest-bearing liabilities, for the three months ended March 31, 2009 and 2008. The yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods shown. Average balances are measured on a daily basis. The yields and costs include fees that are considered adjustments to yields.

	Three Months Ended March 31, 2009			Three Months Ended March 31, 2008		
	(dollars in thousands)					
Assets	Average Balance	Interest	Average Annualized Yield/Cost	Average Balance	Interest	Average Annualized Yield/Cost
Interest-earning assets:						
Cash and cash equivalents	$ 9,390	$ 4	0.17%	$ 274	$ 10	14.60%
Federal funds sold	5,743	4	0.28%	937	7	2.99%
Investment securities	71,780	778	4.34%	76,413	989	5.18%
Loans receivable	616,182	10,165	6.60%	626,078	10,938	6.99%
Total interest-earning assets	703,095	10,951	6.23%	703,702	11,944	6.79%
Non-interest-earning assets	34,803			40,304		
Total assets	$ 737,898			$ 744,006		
Liabilities and Equity						
Interest-bearing liabilities:						
Transaction accounts	$ 93,340	$ 255	1.09%	$ 96,947	$ 434	1.79%
Retail certificates of deposit	367,470	$ 3,304	3.60%	256,493	3,072	4.79%
Wholesale/brokered certificates of deposit	20,210	152	3.01%	38,301	492	5.14%

Total interest-bearing deposits	481,020	3,711	3.09%	391,741	3,998	4.08%
Borrowings	182,693	1,861	4.07%	272,908	2,937	4.30%
Subordinated debentures	10,310	103	4.00%	10,310	180	6.98%
Total borrowings	193,003	1,964	4.07%	283,218	3,117	4.40%
Total interest-bearing liabilities	674,023	5,675	3.37%	674,959	7,115	4.22%
Non-interest-bearing liabilities	6,285			8,335		
Total liabilities	680,308			683,294		
Equity	57,590			60,712		
Total liabilities and equity	$ 737,898			$ 744,006		
Net interest income		$ 5,276			$ 4,829	
Net interest rate spread			2.86%			2.57%
Net interest margin			3.00%			2.74%
Ratio of interest-earning assets to interest-bearing liabilities			104.31%			104.26%

The following table sets forth the effects of changing rates and volumes (changes in the average balances) on the Company's net interest income. Information is provided with respect to (i) effects on interest income attributable to changes in rate (changes in rate multiplied by prior volume); (ii) effects on interest income attributable to changes in volume (changes in volume multiplied by prior rate); and (iii) the net change.

	Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008 Increase (decrease) due to		
	Rate	Volume	Net
	(in thousands)		
Interest-earning assets:			
Cash and cash equivalents	$ 71	$ (77)	$ (6)
Federal funds sold	41	(44)	(3)
Investment securities	(57)	(154)	(211)
Loans receivable, net	(170)	(602)	(772)
Total interest-earning assets	$ (115)	$ (877)	$ (992)
Interest-bearing liabilities:			
Transaction accounts	$ (16)	$ (163)	$ (179)
	4,034	(3,802)	232

Retail certificates of deposit			
Wholesale/brokered certificates of deposit	(181)	(159)	(340)
Borrowings	(926)	(150)	(1,076)
Subordinated debentures	-	(77)	(77)
Total interest-bearing liabilities	$ 2,911	$ (4,351)	$ (1,440)
Change in net interest income	$ (3,026)	$ 3,474	$ 448

Provision for Loan Losses

The Bank's provision for loan losses was $1.2 million for the three months ended March 31, 2009, compared to $183,000 for the same period in 2008. The increase in the provision for the three months ended March 31, 2009 was primarily due to increases in the Bank's loss reserve factors due to the unfavorable business climate and an increase in the Bank's charge-offs compared to the same period in 2008. Net charge-offs in the three months ended March 31, 2009 were $645,000 compared to net recoveries of $7,000 for the same period in 2008. The increase in the Bank's loss reserve factors is due to management's expectation that, with the weakening economy, our borrowers and/or the collateral securing our loans could be adversely impacted. The Bank's Loss Mitigation Department continues collection efforts on loans previously written-down and/or charged-off to maximize potential recoveries. See "Allowance for Loan Losses."

Noninterest Income

Noninterest income for the three months ended March 31, 2009 was $630,000 compared to $679,000 for the same period in 2008. The decrease in the noninterest income for the three months ended March 31, 2009 was primarily due to decreases in gain on the Company's sale of loans of $67,000 and other income of $135,000 compared to the same period in 2008, which was partially offset by gains in loan servicing fee income and bank fee income of $54,000 and $97,000, respectively, compared to the same period in 2008.

Noninterest Expense

Noninterest expenses were $3.9 million for the three months ended March 31, 2009 compared to $4.0 million for the same period in 2008. The decrease in noninterest expense for the three months was the result of a decrease in compensation and benefits expense of $388,000 which was partially offset by an increase in FDIC insurance premiums of $220,000. The decrease in compensation and benefits for the quarter was attributable to management's staff reductions, which occurred in late February 2008, and a reduction in the annual incentive bonus accrual. The number of employees with the Bank at March 31, 2009 was 90 compared to 92 at March 31, 2008.

Provision for Income Taxes

The Company had a tax provision for the three months ended March 31, 2009 of $280,000. For the same period in 2008, the Company had a tax provision of $464,000. The decrease in the tax provision for the three months ended March 31, 2009 was primarily due to a reduction in income before taxes of $493,000. The Company's valuation allowance for deferred taxes was zero at March 31, 2009, as the deferred tax assets based on management's analysis were determined, more likely than not, to be realized.

LIQUIDITY

The Bank's primary sources of funds are principal and interest payments on loans, deposits and borrowings. While maturities and scheduled amortization of loans are a predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. The Bank's average liquidity ratios were 9.40% and 10.12% for the quarters ended March 31, 2009 and 2008, respectively.

The Company's cash flows are comprised of three primary classifications: operating activities, investing activities and financing activities. Net cash provided by operating activities were $1.4 million for the three months ended March 31, 2009, compared to net cash provided by operating activities of $10.3 million for the three months ended March 31, 2008. Net cash used in investing activities was $1.0 million for the three months ended March 31, 2009, compared to net cash used in investing activities of $18.6 million for the three months ended March 31, 2008. Net cash used in financing activities was $2.1 million for the three months ended March 31, 2009, compared to net cash used in financing activities of $2.5 million for the three months ended March 31, 2008.

The Company's most liquid assets are unrestricted cash and short-term investments. The levels of these assets are dependent on the Company's operating, lending and investing activities during any given period. At March 31, 2009, cash and cash equivalents totaled $8.1 million and the market-value of the Bank's investments in mortgage-backed securities totaled $66.2 million. The Company has other sources of liquidity, if a need for additional funds arises, including the utilization of FHLB advances, Federal Funds lines, Federal Reserve Bank's lending programs, and loan sales.

As of March 31, 2009, the Bank had commitments to extend credit of $15.3 million as compared to $14.4 million at December 31, 2008. There were no material changes to the Company's commitments or contingent liabilities as of March 31, 2009 compared to the period ended December 31, 2008 as discussed in the notes to the audited consolidated financial statements of Pacific Premier Bancorp, Inc. for the year ended December 31, 2008 included in the Company's Annual Report on Form 10-K, for such year.

CAPITAL RESOURCES

The regulatory agencies require a minimum ratio of qualifying total capital to risk-adjusted assets of 8.0 percent and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4.0 percent. In addition to the risk-based guidelines, regulators require banking organizations to maintain a minimum amount of Tier 1 capital to total assets, referred to as the leverage ratio, of 4.0 percent. For a bank rated in the highest of the five categories used by regulators to rate banks, the minimum leverage ratio is 3.0 percent. In addition to these uniform risk-based capital guidelines that apply across the industry, the regulators have the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios.

The table in "Item 1. Financial Statements - Note 3 - Regulatory Matters" reflects the Company's and Bank's capital ratios based on the end of the period covered by this report and the regulatory requirements to be adequately capitalized and well capitalized. As of March 31, 2009, the Bank met the capital ratios required to be considered well capitalized.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Management believes that there have been no material changes in the Company's quantitative and qualitative information about market risk since December 31, 2008. For a complete discussion of the Company's quantitative and qualitative market risk, see "Item 7A. Quantitative and Qualitative Disclosure About Market Risk" in the Company's

2008 Annual Report on Form 10-K.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as defined in Rules 13a-15(c) and 15-d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report (the "Evaluation Date") have concluded that as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities, particularly during the period in which this quarterly report was being prepared. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files under the Exchange Act is accumulated and communicated to its Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company was not involved in any legal proceedings other than those occurring in the ordinary course of business, except for the “James Baker v. Century Financial, et al” which was discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008. Management believes that none of these legal proceedings, individually or in the aggregate, will have a material adverse impact on the results of operations or financial condition of the Company.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Part 1A. “Risk Factors” in the Company’s 2008 Annual Report on Form 10-K, other than the addition of the following risk factors:

Difficult market conditions may adversely affect our industry, business, results of operations and access to capital.

Dramatic declines in the housing market over the past year, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities

as well as major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivative and cash securities, in turn, have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The resulting lack of available credit and lack of confidence in the financial markets could materially and adversely affect our financial condition and results of operations and our access to capital. In particular, we may face the following risks in connection with these events:

- Market developments may affect consumer confidence levels and may cause adverse changes in payment patterns, causing increases in delinquencies and default rates on loans and other credit facilities.

- The processes we use to estimate allowance for loan losses and reserves may no longer be reliable because they rely on complex judgments, including forecasts of economic conditions, which may no longer be capable of accurate estimation.

- Our ability to borrow from other financial institutions or raise additional capital on favorable terms or at all could be adversely affected by further disruptions in the capital markets or other events.

- We may be required to pay significantly higher FDIC premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

- We expect to face increased regulation of our industry. Compliance with such regulation may increase our costs, limit our ability to pursue business opportunities, and increase compliance challenges.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Month of Purchase	Total Number of shares purchased/ returned	Average price paid per share	Total number of shares repurchased as part of the publicly announced program	Maximum number of shares that may yet be purchased under the program
Jan-09	-	$ -	-	267,163
Feb-09	100,000	3.84	100,000	167,163
Mar-09	-	-	-	167,163
Total/Average	100,000	$ 3.84	100,000	167,163

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PACIFIC PREMIER BANCORP, INC.,

May 14, 2009 By: /s/ Steven R. Gardner
Date Steven R. Gardner
President and Chief Executive Officer
(principal executive officer)

May 14, 2009 /s/ John Shindler
Date John Shindler
Executive Vice President and Chief Financial Officer
(principal financial and accounting officer)

Index of Exhibits

Exhibit No. Description of Exhibit

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002