BBCN BANCORP INC
Form 10-Q
August 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 June 30, 2012
or
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: 000-50245

BBCN BANCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	95-4849715 (IRS Employer Identification Number)
3731 Wilshire Boulevard, Suite 1000, Los Angeles, California (Address of Principal executive offices)	90010 (ZIP Code)

(213) 639-1700
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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 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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller Reporting Company	o

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

As of June 30, 2012, there were 78,014,107 outstanding shares of the issuer's Common Stock, $0.001 par value.

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Forward-Looking Information

Certain matters discussed in this report may constitute forward-looking statements under Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. There can be no assurance that the results described or implied in such forward-looking statements will, in fact, be achieved and actual results, performance, and achievements could differ materially because our business involves inherent risks and uncertainties. The risks and uncertainties include: possible deterioration in economic conditions in our areas of operation; interest rate risk associated with volatile interest rates and related asset-liability matching risk; liquidity risks; risk of significant non-earning assets, and net credit losses that could occur, particularly in times of weak economic conditions or times of rising interest rates; and regulatory risks associated with current and future regulations. For additional information concerning these and other risk factors, and “Part I, Item 1A. Risk Factors” contained in our Annual Report on Form 10-K for the year ended December 31, 2011.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) June 30, 2012	December 31, 2011
ASSETS	(In thousands, except share data)	
Cash and cash equivalents:		
Cash and due from banks	$74,675	$81,785
Interest-earning deposit at Federal Reserve Bank	104,946	217,800
Federal funds sold	0	525
Total cash and cash equivalents	179,621	300,110
Term federal funds sold, original maturities more than 90 days	0	40,000
Securities available for sale, at fair value	666,852	740,920
Loans held for sale, at the lower of cost or fair value	32,590	42,407
Loans receivable, net of allowance for loan losses (June 30, 2012 - $65,505; December 31, 2011 - $61,952)	3,809,033	3,676,874
Other real estate owned, net	6,712	7,624
Federal Home Loan Bank ("FHLB") stock, at cost	24,778	27,373
Premises and equipment, net of accumulated depreciation and amortization (June 30, 2012 - $20,275; December 31, 2011 - $19,018)	21,805	20,913
Accrued interest receivable	12,062	13,439
Deferred tax assets, net	64,780	72,604
Customers’ liabilities on acceptances	11,206	10,515
Bank owned life insurance	43,119	42,514
Investments in affordable housing partnerships	14,161	15,367
Goodwill	89,882	90,473
Other intangible assets, net	3,636	4,276
Prepaid FDIC insurance	8,782	9,720
FDIC loss share receivable	9,287	10,819
Other assets	51,099	40,656
Total assets	$5,049,405	$5,166,604

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) June 30, 2012	December 31, 2011
LIABILITIES AND STOCKHOLDERS' EQUITY	(In thousands, except share data)	
LIABILITIES:		
Deposits:		
Non-interest bearing	$1,064,013	$984,350
Interest bearing:		
Money market and NOW accounts	1,143,329	1,237,378
Savings deposits	183,087	198,063
Time deposits of $100,000 or more	834,719	759,923
Other time deposits	657,532	761,178
Total deposits	3,882,680	3,940,892
Federal Home Loan Bank borrowings	371,143	344,402
Subordinated debentures	41,772	52,102
Accrued interest payable	5,924	6,519
Acceptances outstanding	11,206	10,515
Other liabilities	21,219	16,235
Total liabilities	4,333,944	4,370,665
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.001 par value - authorized 10,000,000 undesignated shares; issued and outstanding 122,000 shares as of December 31, 2011		
Series A, Fixed Rate Cumulative Perpetual Preferred Stock, issued and outstanding 67,000 shares at December 31, 2011, net, with a liquidation preference of $67,428,000 at December 31, 2011	0	65,158
Series B, Fixed Rate Cumulative Perpetual Preferred Stock, issued and outstanding 55,000 shares at December 31, 2011, net, with a liquidation preference of $55,229,000 at December 31, 2011	0	54,192
Common stock, $0.001 par value; authorized, 150,000,000 shares at June 30, 2012 and December 31, 2011; issued and outstanding, 78,014,107 and 77,984,252 shares at June 30, 2012 and December 31, 2011, respectively	78	78
Additional Paid-in Capital	525,985	524,644
Retained earnings	180,567	142,909
Accumulated other comprehensive income, net	8,831	8,958
Total stockholders' equity	715,461	795,939
Total liabilities and stockholders' equity	$5,049,405	$5,166,604

See accompanying notes to condensed consolidated financial statements (unaudited)

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
For the three and six months ended June 30, 2012 and 2011
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands, except share data)		(In thousands, except share data)	
INTEREST INCOME:				
Interest and fees on loans	$62,504	$33,150	$125,923	$66,235
Interest on securities	4,249	3,965	9,158	7,895
Interest on federal funds sold and other investments	190	179	417	358
Total interest income	66,943	37,294	135,498	74,488
INTEREST EXPENSE:				
Interest on deposits	5,245	5,090	10,648	10,221
Interest on FHLB advances	1,603	2,412	3,229	4,984
Interest on other borrowings	593	461	1,260	1,069
Total interest expense	7,441	7,963	15,137	16,274
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	59,502	29,331	120,361	58,214
PROVISION FOR LOAN LOSSES	7,182	10,047	9,782	15,309
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	52,320	19,284	110,579	42,905
NON-INTEREST INCOME:				
Service fees on deposit accounts	3,269	1,413	6,429	2,910
International service fees	1,403	669	2,627	1,239
Loan servicing fees, net	810	418	2,147	881
Wire transfer fees	775	348	1,516	670
Other income and fees	1,354	557	2,694	1,064
Net gains on sales of SBA loans	2,463	4,354	5,426	5,514
Net gains on sales of other loans	146	0	146	0
Net gains on sales and calls of securities available for sale	0	6	816	6
Net valuation gains (losses) on interest rate swaps and caps	10	(106)	13	(117)
Net gains (losses) on sales of OREO	(8)	25	53	27
Total non-interest income	10,222	7,684	21,867	12,194
NON-INTEREST EXPENSE:				
Salaries and employee benefits	14,658	7,625	28,737	14,779
Occupancy	4,232	2,445	7,878	4,882
Furniture and equipment	1,468	934	2,686	1,869
Advertising and marketing	1,525	594	2,983	1,173
Data processing and communications	1,573	923	3,184	1,906
Professional fees	1,069	769	1,682	1,478
FDIC assessments	51	877	1,088	2,166
Credit related expenses	2,290	1,004	4,470	1,748
Merger and integration expense	1,348	381	3,121	892
Other	2,863	1,334	5,683	2,688
Total non-interest expense	31,077	16,886	61,512	33,581

INCOME BEFORE INCOME TAX PROVISION	31,465	10,082	70,934	21,518
INCOME TAX PROVISION	12,101	3,764	27,636	8,454
NET INCOME	$19,364	$6,318	$43,298	$13,064
DIVIDENDS AND DISCOUNT ACCRETION ON PREFERRED STOCK	$(3,771)	$(1,075)	$(5,640)	$(2,150)
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$15,593	$5,243	$37,658	$10,914
EARNINGS PER COMMON SHARE				
Basic	$0.20	$0.14	$0.48	$0.29
Diluted	$0.20	$0.14	$0.48	$0.29

See accompanying notes to condensed consolidated financial statements (unaudited)

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three and six months ended June 30, 2012 and 2011
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)		(In thousands)	
Net income	$19,364	$6,318	$43,298	$13,064
Other comprehensive income (loss):				
Unrealized gain on securities available for sale and interest only strips	809	3,384	493	3,127
Reclassification adjustments for gains realized in income	0	(6)	(816)	(6)
Tax expense (benefit)	269	1,318	(209)	1,224
Change in unrealized gain on securities available for sale and interest only strips	540	2,060	(114)	1,897
Reclassification adjustment for the deferred gain on early settlement of interest-rate caps	(11)	(11)	(22)	(22)
Tax benefit	(5)	(4)	(9)	(9)
Change in unrealized gain on interest-rate caps	(6)	(7)	(13)	(13)
Total other comprehensive gain (loss)	534	2,053	(127)	1,884
Total comprehensive income	$19,898	$8,371	$43,171	$14,948

See accompanying notes to condensed consolidated financial statements (unaudited)

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Unaudited)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (loss), net
	(In thousands, except share data)					
BALANCE, JANUARY 1, 2011	$64,203	37,983,027	$38	$171,364	$120,361	$ 2,597
Issuance of additional shares pursuant to various stock plans		114,300		524		
Tax effects of stock plans				139		
Stock-based compensation				39		
Preferred stock cash dividends accrued (5%)					(1,674)	
Accretion of preferred stock discount	476				(476)	
Comprehensive income:						
Net income					13,064	
Other comprehensive income (loss):						
Change in unrealized gain on securities available for sale, net of tax						1,892
Change in unrealized gain on interest-only strips, net of tax						5
Change in unrealized gain (loss) on interest rate swaps, net of tax						(13)
BALANCE, JUNE 30, 2011	$64,679	38,097,327	$38	$172,066	$131,275	$ 4,481
BALANCE, JANUARY 1, 2012	$119,350	77,984,252	$78	$524,644	$142,909	$ 8,958
Redemption of 122,000 shares of TARP preferred stock	(122,000)					
Issuance of additional shares pursuant to various stock plans		29,855		200		
Tax effects of stock plans						
Stock-based compensation				1,141		
Preferred stock cash dividends accrued (5%)					(2,990)	
Accretion of preferred stock discount	2,650				(2,650)	
Comprehensive income:						
Net income					43,298	
Other comprehensive income (loss):						
Change in unrealized gain on securities available for sale, net of tax						(141)
Change in unrealized gain on interest-only strips, net of tax						27
Change in unrealized gain (loss) on interest rate swaps, net of tax						(13)

BALANCE, JUNE 30, 2012	$0	78,014,107	$78	$525,985	$180,567	$ 8,831

See accompanying notes to condensed consolidated financial statements (unaudited)

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(Unaudited)

	Six Months Ended June 30,	
	2012	2011
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$43,298	$13,064
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization, net of discount accretion	(14,353)	4,329
Stock-based compensation expense	1,141	39
Provision for loan losses	9,782	15,309
Valuation adjustment of loans held for sale	668	35
Valuation adjustment of OREO	1,067	105
Proceeds from sales of loans	88,822	65,602
Originations of loans held for sale	(73,003)	(43,007)
Net gains on sales of SBA and other loans	(6,014)	(5,514)
Net change in bank owned life insurance	(605)	(372)
Net gains on sales and calls of securities available for sale	(816)	(6)
Net gains on sales of OREO	(53)	(27)
Net valuation (gains) losses on interest rate swaps and caps	(13)	117
Change in accrued interest receivable	1,377	579
Change in deferred income taxes	7,604	5,131
Change in prepaid FDIC insurance	938	2,056
Change in investments in affordable housing partnership	1,206	0
Change in FDIC loss share receivable	1,781	0
Change in other assets	(10,384)	(12,008)
Change in accrued interest payable	(595)	(1,448)
Change in other liabilities	6,421	(2,676)
Net cash provided by operating activities	58,269	41,308
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in loans receivable	(128,519)	(95,082)
Proceeds from sales of securities available for sale	1,883	0
Proceeds from sales of OREO	3,160	2,238
Proceeds from matured term federal funds	100,000	0
Proceeds from sales of equipment	3	0
Purchase of premises and equipment	(3,494)	(586)
Purchase of securities available for sale	(15,457)	(19,808)
Purchase of Federal Reserve Bank stock	0	(5)
Redemption of Federal Home Loan Bank Stock	2,595	1,432
Purchase of term federal funds	(60,000)	0
Proceeds from matured, called, or paid-down securities available for sale	84,735	76,143
Net cash used in investing activities	(15,094)	(35,668)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	(56,693)	56,066
Net change in secured borrowings	0	(11,758)
Redemption of subordinated debenture	(10,400)	0
Redemption of preferred stock	(122,000)	0

Payment of cash dividends on Preferred Stock	(3,647)	(1,674)
Proceeds from FHLB borrowings	125,000	0
Repayment of FHLB borrowings	(96,124)	(50,000)
Issuance of additional stock pursuant to various stock plans	200	524
Net cash used in financing activities	(163,664)	(6,842)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(120,489)	(1,202)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	300,110	172,331
CASH AND CASH EQUIVALENTS, END OF PERIOD	$179,621	$171,129
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$15,732	$17,722
Income taxes paid	$19,022	$15,169
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Transfer from loans receivable to other real estate owned	$3,262	$5,139
Transfer from loan receivables to loans held for sale	$656	$17,309
Non-cash goodwill adjustment, net	$591	0

See accompanying notes to condensed consolidated financial statements (unaudited)

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BBCN Bancorp, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BBCN Bancorp, Inc.

BBCN Bancorp, Inc. ("BBCN Bancorp", on a parent-only basis, and "Company," "we" or "our" on a consolidated basis), formerly named Nara Bancorp, Inc., is a bank holding company headquartered in Los Angeles, California. BBCN Bank ("BBCN Bank" or "the Bank"), formerly named Nara Bank, opened for business in June 1989 under the name “United Citizens National Bank” as a national banking association, was renamed “Nara Bank, National Association” in January 1994 and, in January 2005, became “Nara Bank” upon converting to a California state-chartered bank in connection with its holding company reorganization transaction. On November 30, 2011, we merged with Center Financial Corporation ("Center Financial" or "Center") in a merger of equals transaction. Concurrent with the merger, Nara Bancorp, Inc. ("Nara") changed its name to "BBCN Bancorp, Inc." At the bank level, Nara Bank merged into Center Bank, and concurrent with the merger, Center Bank changed its name to "BBCN Bank." The Bank has branches in California, the New York metropolitan area, New Jersey, Washington and Chicago as well as loan production offices in Dallas, Seattle and Denver.

2. Basis of Presentation

Our condensed consolidated financial statements included herein have been prepared without an audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such SEC rules and regulations. The condensed consolidated financial statements include the accounts of BBCN Bancorp and its wholly owned subsidiaries, principally BBCN Bank. All intercompany transactions and balances have been eliminated in consolidation.

We believe that we have made all adjustments, consisting solely of normal recurring accruals, necessary to fairly present our financial position at June 30, 2012 and the results of our operations for the three and six months then ended. Certain reclassifications have been made to prior period amounts to conform to the current year presentation. The results of operations for the interim periods are not necessarily indicative of results to be anticipated for the full year.

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are susceptible to change in the near term relate to the determination of the allowance and provision for loan losses, the evaluation of other than temporary impairment of investment securities, accounting for derivatives and hedging activities, determining the carrying value for cash surrender value of life insurance, carrying value of goodwill and other intangible assets, accounting for deferred tax assets and related valuation allowances, the determination of the fair values of investment securities and other financial instruments, accounting for lease arrangements, accounting for incentive compensation, profit sharing and bonus payments and the valuation of servicing assets.

These unaudited condensed consolidated financial statements should be read along with the audited consolidated financial statements and accompanying notes included in our 2011 Annual Report on Form 10-K.

3. Center Merger

On November 30, 2011, the merger of Center and Nara (the "Merger") was completed. Pursuant to the merger agreement, holders of Center common stock received 0.7805 of a share of common stock of BBCN for each share of Center common stock held immediately prior to the effective time of the merger, rounded to the nearest whole share, plus cash in lieu of the issuance of fractional shares, resulting in our issuance of approximately 31.2 million shares of Company common stock, with a Merger date fair value of $292 million. Outstanding Center stock options and restricted stock awards were converted into stock options with respect to shares of BBCN common stock or shares of BBCN common stock, respectively, with appropriate adjustments to reflect the exchange ratio.

The Merger was accounted for by BBCN using the acquisition method of accounting under ASC 805, Business Combinations. Accordingly, the assets and liabilities of Center were recorded at their respective fair values and represent management's estimates based on available information. Through the Merger, we acquired Center Bank's 21 full-service branch offices as well as two Loan Production Offices, $326 million in cash, loans with a fair value of $1.4 billion, deposits with a fair value of $1.8 billion, and borrowings with a fair value of $149 million. Goodwill of approximately $88 million was initially recorded in conjunction with the transaction. The goodwill arising from the merger is intangible future benefit to the

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Company of acquiring Center Financial, thereby creating a platform for future operations, strengthening our presence in the primary existing markets in Southern California, expanding our national presence through the addition of Center's offices in Chicago, Seattle and Northern California, and realizing annual cost synergies. The results of Center's operations are included in our Consolidated Statements of Income from the date of merger.
The change in goodwill during the three and six months ended June 30, 2012 and 2011 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In Thousands)			
Beginning of period	$89,882	$2,509	$90,473	$2,509
Adjustment	0	0	(591)	0
Impairment	0	0	0	0
End of period	$89,882	$2,509	$89,882	$2,509

The goodwill arising from the Merger was reduced by a net $591 thousand to $87.4 million due to adjustments of certain acquisition date fair value asset and liability estimates during first quarter 2012. There are a number of estimates made in the acquisition accounting as of the acquisition date that may be subject to revisions during the subsequent one-year measurement period. Due to the immateriality of the revision amount, the Company elected not to retrospectively adjust the acquisition date accounting and instead recorded the adjustments in first quarter 2012. Goodwill is not amortized for book purposes and is not deductible for tax purposes.

Direct costs related to the Merger were expensed as incurred. During the three months ended June 30, 2012, we incurred $1.3 million in merger and integration expenses, including $0.5 million in salaries and benefits and $0.9 million in professional fees. During the three months ended June 30, 2011, we incurred $381 thousand in merger and integration expenses. During the six months ended June 30, 2012, we incurred $3.1 million in merger and integration expenses, including $1.1 million in salaries and benefits and $2.0 million in professional fees. During the six months ended June 30, 2011, we incurred $892 thousand in merger and integration expenses.

4. Stock-Based Compensation

The Company has a stock-based incentive plan, the 2007 BBCN Bancorp Equity Incentive Plan (“2007 Plan”). The 2007 Plan, approved by our stockholders on May 31, 2007, was amended and restated on July 25, 2007 and again on December 1, 2011. The 2007 Plan provides for grants of stock options, stock appreciation rights (“SARs”), restricted stock, performance shares and performance units (sometimes referred to individually or collectively as “awards”) to non-employee directors, officers, employees and consultants of the Company. Stock options may be either “incentive stock options” (“ISOs”), as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), or nonqualified stock options (“NQSOs”).
The 2007 Plan gives the Company flexibility to (i) attract and retain qualified non-employee directors, executives and other key employees and consultants with appropriate equity-based awards, (ii) motivate high levels of performance, (iii) recognize employee contributions to the Company’s success, and (iv) align the interests of Plan participants with those of the Company’s stockholders. The exercise price for shares under an ISO may not be less than 100% of fair market value (“FMV”) on the date the award is granted under Code Section 422. Similarly, under the terms of the 2007 Plan the exercise price for SARs and NQSOs may not be less than 100% of FMV on the date of grant. Performance units are awarded to a participant at the market price of the Company’s common stock on the date of award (after the lapse of the restriction period and the attainment of the performance criteria). No minimum exercise price is prescribed for performance shares and restricted stock awarded under the 2007 Plan.
ISOs, SARs and NQSOs have vesting periods of three to five years and have 10-year contractual terms. Restricted stock, performance shares, and performance units will be granted with a restriction period of not less than one year from the grant date for performance-based awards and not more than three years from the grant date for time-based

vesting of grants. Compensation expense for awards is recorded over the vesting period.

Concurrent with the merger, Center's stock-based incentive plan the Center Financial Corporation 2006 Stock Incentive Plan, adopted April 12, 2006, as amended and restated June 13, 2007 ("2006 Plan") converted the outstanding share awards of 585,860 shares and 2,443,513 shares available for future grants at November 30, 2011 at an exchange ratio of 0.7805.

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The 2006 Plan provides for the granting of incentive stock options to officers and employees, and non-qualified stock options and restricted stock awards to employees (including officers) and non-employee directors. The options prices of all options granted under the 2006 Plan must be not less than 100% of the fair market value at the date of grant. All options granted generally vest at the rate of 20% per year except that the options granted to the non-employee directors vest at the rate of 33% per year. All options not exercised generally expire ten years after the date of grant. From both 2007 and 2006 plans, 2,630,451 shares were available for future grants as of June 30, 2012.
The total shares reserved for issuance will serve as the underlying value for all equity awards under the 2007 Plan and the 2006 Plan. With the exception of the shares underlying stock options and restricted stock awards, the board of directors may choose to settle the awards by paying the equivalent cash value or by delivering the appropriate number of shares.
The following is a summary of stock option activity under the 2007 and 2006 Plans for the six months ended June 30, 2012:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2012	830,011	$16.35		
Granted	0	0		
Exercised	(28,639)	7.11		
Forfeited	0	0		
Outstanding - June 30, 2012	801,372	$16.68	5.94	$584,000
Options exercisable - June 30, 2012	791,146	$16.66	5.89	$584,000
Unvested options expected to vest after June 30, 2012	10,226	$18.63	9.42	$0

The following is a summary of restricted and performance unit activity under the 2007 and 2006 Plans for the six months ended June 30, 2012:

	Number of Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Life (Years)
Outstanding - January 1, 2012	52,480	$7.42	
Granted	497,710	10.42	
Vested	(2,000)	8.52	
Forfeited	0	0	
Outstanding - June 30, 2012	548,190	$10.21	9.52

The total fair value of performance units vested for the six months ending June 30, 2012 and 2011 was $22 thousand and $79 thousand, respectively.
The amount charged against income, before income tax benefit of $308 thousand and $5 thousand, in relation to the stock-based payment arrangements, was $743 thousand and $12 thousand for the three months ending June 30, 2012 and 2011, respectively. The amount charged against income, before income tax benefit of $477 thousand and $16 thousand, in relation to the stock-based payment arrangements, was $1.1 million and $39 thousand for the six months ending June 30, 2012 and 2011, respectively. At June 30, 2012, unrecognized compensation expense related to non-vested stock option grants and restricted and performance units aggregated $4.3 million, and is expected to be

recognized over a remaining weighted average vesting period of 1.69 years.
The estimated annual stock-based compensation expense as of June 30, 2012 for each of the succeeding years is indicated in the table below:

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	Stock Based Compensation Expense (In thousands)
Remainder of 2012	$ 1,480
For the year ended December 31:	
2013	1,413
2014	666
2015	645
2016	102
2017	7
Total	$ 4,313

5. Earnings Per Share ("EPS")

Basic EPS does not reflect the possibility of dilution that could result from the issuance of additional shares of common stock upon exercise or conversion of outstanding securities, and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock options or other contracts to issue common stock were exercised or converted to common stock that would then share in our earnings. For the three months ended June 30, 2012 and 2011, stock options and restricted shares awards for approximately 564 thousand shares and 190 thousand shares of common stock were excluded in computing diluted earnings per common share because they were antidilutive. For the six months ended June 30, 2012 and 2011, stock options and restricted shares awards for approximately 564 thousand and 150 thousand of common stock were excluded in computing diluted earnings per common share because they were antidilutive. Additionally, warrants to purchase 337,000 shares of common stock (related to the TARP Capital Purchase Plan) were also antidilutive and excluded for the three and six months ended June 30, 2012. Warrants to purchase 337,000 shares of common stock (related to the TARP Capital Purchase Plan) were excluded for the three and six months ended June 30, 2011.

The following table shows the computation of basic and diluted EPS for the three and six months ended June 30, 2012 and 2011.

	For the three months ended June 30,					
	2012			2011		
	Net income available to common stockholders (Numerator)	Shares (Denominator)	Per Share (Amount)	Net income available to common stockholders (Numerator)	Shares (Denominator)	Per Share (Amount)
	(Dollars in thousands, except share and per share data)					
Net income as reported	$19,364			$6,318		
Less: preferred stock dividends and accretion of preferred stock discount	(3,771)			(1,075)		
Basic EPS - common stock	$15,593	78,007,270	$0.20	$5,243	38,047,371	$0.14
Effect of Dilutive Securities:						
Stock Options and Performance Units		79,063			34,652	
Common stock warrants		55,194			0	
Diluted EPS - common stock	$15,593	78,141,527	$0.20	$5,243	38,082,023	$0.14

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	For the six months ended June 30,					
	June 30, 2012			June 30, 2011		
	Net income available to common stockholders (Numerator)	Shares (Denominator)	Per Share (Amount)	Net income available to common stockholders (Numerator)	Shares (Denominator)	Per Share (Amount)
	(Dollars in thousands, except share and per share data)					
Net income as reported	$43,298			$13,064		
Less: preferred stock dividends and accretion of preferred stock discount	(5,640)			(2,150)		
Basic EPS - common stock	$37,658	77,997,305	$0.48	$10,914	38,017,473	$0.29
Effect of Dilutive Securities:						
Stock Options and Performance Units		75,621			62,177	
Common stock warrants		48,333			0	
Diluted EPS - common stock	$37,658	78,121,259	$0.48	$10,914	38,079,650	$0.29

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6. Securities Available for Sale

The following is a summary of securities available for sale as of the dates indicated:

	At June 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Treasury	$0	$0	$0	$0
GSE collateralized mortgage obligations*	189,221	4,335	(25)	193,531
GSE mortgage-backed securities*	439,123	10,967	(245)	449,845
Trust preferred security	4,494	0	(1,112)	3,382
Municipal bonds	4,507	551	0	5,058
Total debt securities	637,345	15,853	(1,382)	651,816
Mutual funds - GSE mortgage related securities	14,710	326	0	15,036
	$652,055	$16,179	$(1,382)	$666,852

	At December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Treasury	$300	$0	$0	$300
GSE collateralized mortgage obligations*	222,400	5,480	(44)	227,836
GSE mortgage-backed securities*	477,555	10,322	(123)	487,754
Trust preferred securities	5,532	0	(1,184)	4,348
Municipal bonds	5,257	507	0	5,764
Total debt securities	711,044	16,309	(1,351)	726,002
Mutual funds - GSE mortgage related securities	14,710	227	(19)	14,918
	$725,754	$16,536	$(1,370)	$740,920

* Government Sponsored Enterprises (GSE) investments are backed by GNMA, FNMA and FHLMC, and are all residential based investments.

As of June 30, 2012 and December 31, 2011, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity.

The proceeds from sales of securities and the associated gains are listed below:

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
	(In thousands)			
Proceeds	$0	$0	$1,883	$0
Gross gains	0	0	816	0
Gross losses	0	0	0	0

The amortized cost and estimated fair value of debt securities at June 30, 2012, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

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	Amortized Cost	Estimated Fair Value
	(In thousands)	
Available for sale:		
Due within one year	$0	$0
Due after one year through five years	340	359
Due after five years through ten years	2,480	2,791
Due after ten years	6,181	5,290
GSE collaterized mortgage obligations	189,221	193,531
GSE mortgage-backed securities	439,123	449,845
Mutual funds - GSE mortgage related securities	14,710	15,036
	$652,055	$666,852

Securities with carrying values of approximately $380.9 million and $425.5 million at June 30, 2012 and December 31, 2011, respectively, were pledged to secure public deposits, various borrowings and for other purposes as required or permitted by law.

The following table shows our investments' gross unrealized losses and estimated fair value, aggregated by investment category and the length of time that the individual securities have been in a continuous unrealized loss position as of the dates indicated.

	At June 30, 2012								
	Less than 12 months			12 months or longer			Total		
Description of Securities	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(In thousands)								
GSE collaterized mortgage obligations	3	$6,879	$(25)	0	$0	$0	3	$6,879	$(25)
GSE mortgage-backed securities	5	35,691	(217)	1	3,956	(28)	6	39,647	(245)
Trust preferred security	0	0	0	1	3,382	(1,112)	1	3,382	(1,112)
Mutual funds - GSE mortgage related security	0	0	0	0	0	0	0	0	0
	8	$42,570	$(242)	2	$7,338	$(1,140)	10	$49,908	$(1,382)

	At December 31, 2011								
	Less than 12 months			12 months or longer			Total		
Description of Securities	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(In thousands)								
GSE collaterized mortgage obligations	2	$3,305	$(28)	1	$14,007	$(16)	3	$17,312	$(44)
	5	38,082	(123)	0	0	0	5	38,082	(123)

GSE mortgage-backed securities									
Trust Preferred security	0	0	0	1	3,303	(1,184)	1	3,303	(1,184)
Mutual funds - GSE mortgage related security	1	5,229	(19)	0	0	0	1	5,229	(19)
	8	$46,616	$(170)	2	$17,310	$(1,200)	10	$63,926	$(1,370)

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We evaluate securities for other-than-temporary-impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the financial condition and near-term prospects of the issuer, the length of time and the extent to which the fair value of the securities has been less than our cost for the securities, and our intention to sell, or whether it is more likely than not that we will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition.

The trust preferred security at June 30, 2012 has an amortized cost of $4.5 million and an unrealized loss of $1.1 million at June 30, 2012. The trust preferred security is scheduled to mature in May 2047, with a first call date option in May 2012. Management determined this unrealized loss did not represent OTTI at June 30, 2012 as the investment is rated investment grade and there are no credit quality concerns with the obligor. The market value decline is deemed to be due to the current market volatility and is not reflective of management's expectations of our ability to fully recover this investment, which may be at maturity. Interest on the trust preferred security been paid as agreed and management believes this will continue in the future and the trust preferred security will be repaid in full as scheduled. For these reasons, no OTTI was recognized on the trust preferred security at June 30, 2012.

We consider the losses on our investments in an unrealized loss position at June 30, 2012 to be temporary based on: 1) the likelihood of recovery; 2) the information relative to the extent and duration of the decline in market value; and 3) the Company's intention not to sell, and our determination that it is more likely than not that we will not be required to sell a security in an unrealized loss position before recovery of its amortized cost basis.

7. Loans Receivable and Allowance for Loan Losses

The following is a summary of loans receivable by major category:

	June 30, 2012	December 31, 2011
	(In thousands)	
Loan portfolio composition		
Real estate loans:		
Residential	$1,931	$2,043
Commercial & industrial	2,717,924	2,631,880
Construction	43,365	44,756
Total real estate loans	2,763,220	2,678,679
Commercial business	877,405	849,576
Trade finance	175,638	146,684
Consumer and other	60,732	66,631
Total loans outstanding	3,876,995	3,741,570
Less: deferred loan fees	(2,457)	(2,744)
Gross loans receivable	3,874,538	3,738,826
Less: allowance for loan losses	(65,505)	(61,952)
Loans receivable, net	$3,809,033	$3,676,874

Our loan portfolio is made up of four segments: real estate loans, commercial business, trade finance and consumer and other. These segments are further segregated between our loans accounted for under the amortized cost method (referred to as "legacy" loans) and loans acquired (referred to as "acquired" loans), as acquired loans were originally recorded at fair value with no carryover of the related allowance for loan losses. The acquired loans are further segregated between Credit Impaired Loans (ASC 310-30, Loans Acquired with the Credit Deterioration) and Performing Loans (pass graded loans acquired from Center at the time of merger). The following table presents the outstanding principal balance and the related carrying amount of the acquired loans included in our Consolidated Statements of Condition at June 30, 2012 and December 31, 2011:

	June 30, 2012	December 31, 2011
	(In thousands)	
Outstanding principal balance	$1,200,216	$1,458,133
Carrying amount	1,110,669	1,347,524

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The following table presents changes in the accretable discount on the acquired Credit Impaired Loans in the merger for three and six months ended June 30, 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(In thousands)		(In thousands)	
Balance at beginning of period	$29,788	$0	$31,999	$0
Accretion	(3,890)	0	(7,451)	0
Changes in expected cash flows	(2,932)	0	(1,582)	0
Balance at end of period	$22,966	$0	$22,966	$0

The activity in the allowance for loan losses by portfolio segment for the three and six months ended June 30, 2012 is as follows:

	Legacy				Acquired				
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Total
	(In thousands)								
Three Months Ended June 30, 2012									
Balance, beginning of period	$35,809	$ 21,591	$1,823	$1,010	$1,543	$ 517	$ 16	$0	$62,309
Provision (credit) for loan losses	2,650	588	1,341	569	895	440	624	75	7,182
Loans charged off	(2,330)	(1,534)	0	(482)	(155)	(590)	(300)	(218)	(5,609)
Recoveries of charged offs	1,108	235	0	18	0	30	0	232	1,623
Balance, end of period	$37,237	$ 20,880	$3,164	$1,115	$2,283	$ 397	$ 340	$89	$65,505
Six Months Ended June 30, 2012									
Balance, beginning of period	$39,040	$ 20,681	$1,786	$445	$0	$ 0	$ 0	$0	$61,952
Provision (credit) for loan losses	1,333	2,215	1,318	1,118	2,149	917	640	92	9,782
Loans charged off	(4,264)	(2,896)	0	(483)	(169)	(637)	(300)	(243)	(8,992)
Recoveries of charged offs	1,128	880	60	35	303	117	0	240	2,763
Balance, end of period	$37,237	$ 20,880	$3,164	$1,115	$2,283	$ 397	$ 340	$89	$65,505

The activity in the allowance for loan losses by portfolio segment for the three and six months ended June 30, 2011 is as follows:

	Legacy				
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Total
	(In thousands)				
Three Months Ended June 30, 2011					

Balance, beginning of period	$40,910	$ 21,771	$170	$489	$63,340
Provision (credit) for loan losses	10,394	(239)	18	(126)	10,047
Loans charged off	(12,752)	(2,431)	0	(8)	(15,191)
Recoveries of charged offs	511	957	0	32	1,500
Balance, end of period	$39,063	$ 20,058	$188	$387	$59,696
Six Months Ended June 30, 2011					
Balance, beginning of period	$36,563	$ 24,930	$192	$635	$62,320
Provision (credit) for loan losses	17,589	(1,944)	(4)	(332)	15,309
Loans charged off	(15,834)	(4,544)	0	(123)	(20,501)
Recoveries of charged offs	745	1,616	0	207	2,568
Balance, end of period	$39,063	$ 20,058	$188	$387	$59,696

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The following table disaggregates the allowance for loan losses and the loans receivables by impairment methodology at June 30, 2012 and December 31, 2011:

	June 30, 2012								
	Legacy				Acquired				
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Total
	(In thousands)								
Allowance for loan losses:									
Individually evaluated for impairment	$5,735	$6,919	$57	$0	$368	$121	$0	$0	$13,200
Collectively evaluated for impairment	31,502	13,961	3,107	1,115	(4)	276	340	89	50,386
Loans acquired with credit deterioration	0	0	0	0	1,919	0	0	0	1,919
Total	$37,237	$20,880	$3,164	$1,115	$2,283	$397	$340	$89	$65,505
Loans outstanding:									
Individually evaluated for impairment	$48,694	$23,581	$4,970	$136	$12,039	$1,949	$0	$0	$91,369
Collectively evaluated for impairment	1,896,017	606,281	159,289	27,358	700,593	191,281	9,783	30,065	3,620,667
Loans acquired with credit deterioration	0	0	0	0	105,877	54,313	1,596	3,173	164,959
Total	$1,944,711	$629,862	$164,259	$27,494	$818,509	$247,543	$11,379	$33,238	$3,876,995

	December 31, 2011								
	Legacy				Acquired				
	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Real Estate	Commercial Business	Trade Finance	Consumer and Other	Total
	(In thousands)								
Allowance for loan losses:									
Individually evaluated for impairment	$10,525	$7,168	$342	$0	$0	$0	$0	$0	$18,035
Collectively evaluated for impairment	28,515	13,513	1,444	445	0	0	0	0	43,917
Loans acquired with credit	0	0	0	0	0	0	0	0	0

deterioration									
Total	$39,040	$20,681	$1,786	$445	$0	$0	$0	$0	$61,952
Loans outstanding:									
Individually evaluated for impairment	$51,752	$25,150	$4,997	$150	$0	$0	$0	$0	$82,049
Collectively evaluated for impairment	1,694,483	507,841	97,013	12,660	824,786	250,050	43,327	50,003	3,480,163
Loans acquired with credit deterioration	0	0	0	0	107,658	66,535	1,347	3,818	179,358
Total	$1,746,235	$532,991	$102,010	$12,810	$932,444	$316,585	$44,674	$53,821	$3,741,570

As of June 30, 2012 and December 31, 2011, we had a liability for unfunded commitments of $802 thousand and $686 thousand, respectively. For the three months ended June 30, 2012 and 2011, we recognized provision for credit losses related to our unfunded commitments of $116 thousand and $0. For the six months ended June 30, 2012 and 2011, we recognized provision for credit losses related to our unfunded commitments of $116 thousand and $0.

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Individually impaired loans were as follows:

	June 30, 2012	December 31, 2011
	(In Thousands)	
With Allocated Allowance		
Without charge-off	$70,704	$67,202
With charge-off	2,057	341
With No Allocated Allowance		
Without charge-off	15,073	8,123
With charge-off	3,919	6,383
Allowance on Impaired Loans	(13,200)	(18,035)
Impaired Loans, net of allowance	$78,553	$64,014

Note that the impaired loans balances represent recorded investment balances.

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The following table details the amount of our impaired loans by class with no related allowance for loan losses, as well as the amount of impaired loans for which there is a related allowance for loan losses as of June 30, 2012 and December 31, 2011. Loans with no related allowance for loan losses have adequate collateral securing their carrying value, and in some circumstances, have been written down to their current carrying value, which is based on the fair value of the collateral.

	As of June 30, 2012				For the six months ended June 30, 2012		For the three months ended June 30, 2012	
Total Impaired Loans	Recorded Investment	Gross Carrying Value*	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized during Impairment	Average Recorded Investment	Interest Income Recognized during Impairment
As of and for the three and six months ended June 30, 2012								
With Related Allowance:								
Real Estate—Residential	$0	$0	$0	$0	$0	$0	$0	$0
Real Estate—Commercial								
Retail	3,340	3,291	3,381	(604)	2,571	53	2,952	21
Hotel & Motel	23,210	23,117	24,404	(3,210)	21,137	433	22,986	211
Gas Station & Car Wash	3,312	3,304	5,065	(908)	3,676	46	4,381	23
Mixed Use	5,253	5,242	5,283	(163)	4,401	103	5,187	46
Industrial & Warehouse	1,446	1,442	1,456	(394)	3,658	27	3,355	13
Other	11,964	11,942	12,120	(824)	13,132	179	12,264	87
Real Estate—Construction	0	0	0	0	42	0	0	0
Commercial Business	23,696	23,606	26,236	(7,040)	23,126	426	24,982	209
Trade Finance	540	518	968	(57)	1,837	14	491	7
Consumer and Other	0	0	0	0	160	0	240	0
	$72,761	$72,462	$78,913	$(13,200)	$73,740	$1,281	$76,838	$617
With No Related Allowance								
Real Estate—Residential	$0	$0	$0	$0	$0	$0	$0	$0
Real Estate—Commercial								
Retail	953	930	3,627	0	1,321	0	1,288	0
Hotel & Motel	282	282	491	0	94	0	141	0
Gas Station & Car Wash	1,675	1,667	4,127	0	964	0	1,302	0
Mixed Use	0	0	0	0	0	0	0	0
Industrial & Warehouse	5,893	5,874	11,450	0	4,743	18	5,789	9
Other	1,937	1,931	3,346	0	2,339	17	2,457	8

Real Estate—Construction	1,714	1,710	1,710	0	1,719	56	1,719	28
Commercial Business	1,920	1,924	3,188	0	3,240	10	1,992	5
Trade Finance	4,482	4,452	4,452	0	3,079	57	4,384	42
Consumer and Other	136	136	171	0	144	0	141	0
	$18,992	$18,906	$32,562	$0	$17,643	$158	$19,213	$92
Total	$91,753	$91,368	$111,475	$(13,200)	$91,383	$1,439	$96,051	$709

The table above includes total impaired loans (Legacy and Acquired impaired loans).

* Gross carrying value represents unpaid principal balances that were net of charge-offs.

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Acquired Impaired Loans	As of June 30, 2012 Recorded Investment	Gross Carrying Value*	Unpaid Contractual Principal Balance	Related Allowance	For the six months ended June 30, 2012 Average Recorded Investment	Interest Income Recognized during Impairment	For the three months ended June 30, 2012 Average Recorded Investment	Interest Income Recognized during Impairment
	(In Thousands)							
As of and for the three and six months ended June 30, 2012								
With Related Allowance:								
Real Estate—Residential	$0	$0	$0	$0	$0	$0	$0	$0
Real Estate—Commercial								
Retail	953	948	948	(23)	392	27	588	8
Hotel & Motel	6,112	6,112	7,375	(345)	4,151	120	6,227	(12)
Gas Station & Car Wash	0	0	0	0	95	0	142	0
Mixed Use	0	0	0	0	0	0	0	0
Industrial & Warehouse	0	0	0	0	0	0	0	0
Other	0	0	0	0	12	0	18	0
Real Estate—Construction	0	0	0	0	0	0	0	0
Commercial Business	547	544	1,454	(121)	357	39	535	16
Trade Finance	0	0	0	0	0	0	0	0
Consumer and Other	0	0	0	0	0	0	0	0
	$7,612	$7,604	$9,777	$(489)	$5,007	$186	$7,510	$12
With No Related Allowance								
Real Estate—Residential	$0	$0	$0	$0	$0	$0	$0	$0
Real Estate—Commercial								
Retail	0	0	0	0	0	0	0	0
Hotel & Motel	0	0	0	0	0	0	0	0
Gas Station & Car Wash	276	276	1,878	0	125	11	167	1
Mixed Use	0	0	0	0	0	0	0	0
Industrial & Warehouse	3,810	3,807	3,935	0	2,279	(1)	3,039	9
Other	899	896	1,760	0	596	26	795	12
Real Estate—Construction	0	0	0	0	0	0	0	0
Commercial Business	1,404	1,405	1,459	0	569	21	758	13

Trade Finance	0	0	0	0	0	0	0	0
Consumer and Other	0	0	0	0	0	0	0	0
	$6,389	$6,384	$9,032	$0	$3,569	$57	$4,759	$35
Total	$14,001	$13,988	$18,809	$(489)	$8,576	$243	$12,269	$47

The table above includes only Acquired Loans that became impaired.

* Gross carrying value represents unpaid principal balances that were net of charge-offs.

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	For the six months ended June 30, 2011		For the three months ended June 30, 2011	
	Average Recorded Investment	Interest Income Recognized during Impairment	Average Recorded Investment	Interest Income Recognized during Impairment
As of and for the three and six months ended June 30, 2012				
With Related Allowance:				
Real Estate—Residential	$0	$0	$0	$0
Real Estate—Commercial				
Retail	4,509	41	3,091	22
Hotel & Motel	12,631	487	16,272	229
Gas Station & Car Wash	3,256	47	3,313	24
Mixed Use	1,438	0	2,568	0
Industrial & Warehouse	5,194	166	4,021	83
Other	1,744	28	1,267	14
Real Estate—Construction	4,131	240	3,303	120
Commercial Business	25,448	0	20,192	0
Trade Finance	0	0	0	0
Consumer and Other	0	0	0	0
	$58,351	$1,009	$54,027	$492
With No Related Allowance				
Real Estate—Residential	$0	$		