

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

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EUGENE, Ore., Oct. 16, 2013 /PRNewswire/ -- Pacific Continental Corporation (Nasdaq: [PCBK](#)), the holding company of Pacific Continental Bank, today reported financial results for the third quarter 2013.

## Recent highlights:

- Net income \$3.9 million or \$0.22 per diluted share.
- Organic loan growth continued for seventh consecutive quarter.
- Period-end core deposits totaled \$1 billion.
- Net loan recoveries recorded during the quarter.
- Declared fourth quarter 2013 quarterly cash dividend of \$0.10 per share, an increase of \$0.01 over the prior quarter, and special cash dividend of \$0.12 per share.
- Total risk-based capital ratio of 16.42%, significantly above the 10.00% minimum for "well-capitalized" designation.
- Recognized by the Nonprofit Network of Southwest Washington with the Nonprofit Excellence in Corporate Community Support Award.

**Net income** Net income for third quarter 2013 was \$3.9 million or \$0.22 per diluted share compared to net income of \$3.4 million or \$0.19 per diluted share in third quarter 2012. Included in the period were loan recoveries and interest recoveries, on two loans, totaling \$613 thousand and \$982 thousand, respectively. Also included in the period was a \$728 thousand write down on a commercial land development property held in other real estate. Return on average assets, average book equity, and average tangible equity were 1.09%, 8.77%, and

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10.12%, respectively, in third quarter 2013, compared to 1.03%, 7.52%, and 8.56% for the same quarter last year.

"We are pleased with the recent quarter and year-to-date results that reflect the excellent work of all departments within the bank," said Hal Brown, chief executive officer. "Loan and deposit growth strongly supported the board's decision to increase our regular dividend," added Brown.

**Loan growth** Outstanding gross loans at September 30, 2013, were \$978.7 million, up \$18.2 million

over the prior quarter end and up

\$141.7 million

from third quarter 2012. After removing the loans acquired in the Century Bank transaction, organic loan growth for the first nine months of 2013 was

\$59.7 million

representing an annualized growth rate of 9.15%. Loan growth for the third quarter was primarily centered in construction lending and commercial loans. At

September 30, 2013

, loans to dental professionals totaled

\$303.9 million

representing 31.05% of the total loan portfolio. Outstanding loans to dental professionals grew 12.23% during the first nine months of 2013 and 23.74% over

September 30, 2012

. National dental lending at

September 30, 2013

, totaled

\$122.5 million

, up

\$20.2 million

during the third quarter.

"We are pleased to report that the sustained loan growth has been attributable to long standing commercial clients who are now taking advantage of the improving economy, combined with our strong health care referral network and concerted calling efforts on the part of our bankers," said Roger Busse, president and chief operating officer. "While competition for loans continues, we anticipate that our strong loan pipelines should lead to continued growth," added Busse.

**Core deposit growth accelerates** Period-end Company-defined core deposits at September 30, 2013

were  
\$1.0 billion  
and represented an increase of  
\$56.9 million  
from the prior quarter end, reflecting the typical seasonal growth pattern during the last half of  
the year. At period-end  
September 30, 2013  
, noninterest-bearing demand deposits totaled  
\$379.6 million  
and represented 37.37% of core deposits. Century Bank core deposit retention remained strong  
with  
September 30, 2013  
balances at 94.31% of the  
February 1, 2013  
acquisition total.

**Net interest margin** The third quarter 2013 net interest margin, on a tax equivalent basis, was 4.58%, representing a linked-quarter increase of 38 basis points from second quarter 2013, and an increase of 42 basis points from third quarter 2012. Included in the third quarter net interest margin was \$982 thousand of interest recoveries, which contributed 30 basis points to the third quarter margin. In addition, the accretion of the Century Bank loan fair value market adjustment positively impacted the net interest margin by 5 basis points.

**Classified assets, provisioning and loan statistics** At September 30, 2013, classified assets totaled \$54.5 million and represented 30.25% of regulatory capital, compared to \$56.1 million and 31.18% of regulatory capital at December 31, 2012. Classified asset levels were temporarily increased by \$5.8 million as a result of the Century Bank acquisition. Third quarter 2013 classified assets were lower than pre-acquisition levels.

Nonperforming assets, a subcategory of classified assets, totaled \$21.8 million at September 30, 2013, or 1.50% of total assets, a decrease from December 31, 2012, and

September 30, 2012

, ratios of 1.92% and 2.14%, respectively. Nonperforming assets were comprised of \$5.2 million

of nonperforming loans, net of government guarantees, and \$16.6 million

in other real estate owned. Loans past-due 30-89 days were 0.37% of total loans at September 30, 2013

, compared to 0.30% at

December 31, 2012

. This is the seventeenth consecutive quarter in which this ratio was near or below one percent.

Classified dental loans totaled 2.16% of total dental loans with net charge offs of \$377 thousand through

September 30, 2013

. National dental lending statistics remain positive with no loans past due, and 0.60% of the national dental lending portfolio considered classified.

"Principal and interest recoveries of more than \$1.7 million during the quarter reflected the successful efforts of our legal and special assets teams who diligently work on problem loan collection well after loan charge offs occurred," said

Casey Hogan

, executive vice president and chief credit officer.

The Company made no provision for loan losses during the third quarter 2013, with quarter to date net recoveries of \$499 thousand. The allowance for loan losses as a percentage of outstanding loans at September 30, 2013, was 1.72%

compared to 1.88% at

December 31, 2012

, and 1.95% at

September 30, 2012

. The allowance for loan losses as a percentage of total nonperforming loans, net of government guarantees, improved to 325.94% at

September 30, 2013

, from 167.87% reported one year ago, reflecting both a reduction in nonperforming loans and an overall general improvement in the quality of the loan portfolio.

### Capital levels

The Company's capital ratios continued to be well above the minimum FDIC "well-capitalized" designated levels. At September 30, 2013, the Company's Tier 1 leverage ratio, Tier 1 risk-based capital ratio, and Total risk-based capital ratios were 11.56%, 15.16% and 16.42%, respectively, as compared to 12.53%, 17.37% and 18.62% at September 30, 2012, reflecting improved capital leverage. The FDIC's minimum "well-capitalized" ratios are 5.00%, 6.00% and 10.00%, respectively.

In February 2013, the Company's board of directors authorized a stock repurchase plan. The plan authorizes the repurchase up to 892,000 shares or five percent of the Company's outstanding shares. The plan commenced on April 1, 2013, with purchases to occur over a 12-month period. No shares were repurchased under the plan.

**Noninterest income and expense** Noninterest income for the third quarter was \$1.4 million, up \$32 thousand over third quarter 2012, reflecting a small increase in both service charge and bankcard income. Noninterest expense in third quarter 2013 was up \$1.7 million over third quarter 2012, with a portion of the increase centered in other real estate expense, which includes the effects of the \$728 thousand third quarter other real estate write down. In addition, compensation and business development expenses were up, reflecting the addition of business development personnel who have increased calling efforts during 2013 as evidenced by the Bank's loan growth. The third quarter efficiency ratio was 63.82% compared to 62.70% for third quarter 2012.

**Conference call and audio webcast** Management will conduct a live conference call and audio webcast for interested parties relating to the Company's results for the third quarter 2013 on Thursday, October 17, 2013

, at

11:00 a.m.

Pacific /

2:00 p.m.

Eastern. To listen to the conference call, interested parties should call 866-292-1418. Following the formal remarks, a question and answer session will be open to all interested parties. The webcast will be available via Pacific Continental's website

[www.therightbank.com](http://www.therightbank.com)

. To listen to the live audio webcast, click on the webcast presentation link on the Company's home page a few minutes before the presentation is scheduled to begin. An audio webcast replay is typically available within twenty-four hours following the live webcast and will be archived for one year on the Pacific Continental website. Any questions regarding the conference call presentation or webcast should be directed to Shannon Coffin, executive administrative assistant, at 541-686-8685.

**About Pacific Continental Bank** Pacific Continental Bank, the operating subsidiary of Pacific Continental Corporation, delivers highly personalized services through fourteen banking offices in Oregon and Washington. The Bank also operates loan production offices in Tacoma, Washington and Denver, Colorado. Pacific Continental, with \$1.4 billion in assets, has established one of the most unique and attractive metropolitan branch networks in the Pacific Northwest with offices in three of the region's largest markets including Seattle, Portland and Eugene. Pacific Continental targets the banking needs of community-based businesses, health care professionals, professional service providers and nonprofit organizations.

Since its founding in 1972, Pacific Continental Bank has been honored with numerous awards and recognitions from highly regarded third-party organizations including *The Seattle Times*, the *Portland Business Journal*, the *Seattle Business* magazine and *Oregon Business* magazine. A complete list of the company's awards and recognitions – as well as supplementary information about Pacific Continental Bank – can be found online at [www.therightbank.com](http://www.therightbank.com). Pacific Continental Corporation's shares are listed on the Nasdaq Global Select Market under the symbol "PCBK" and are a component of the Russell 2000 Index.

**Forward-Looking Statement Safe Harbor** This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipates," "targets," "expects," "estimates," "intends," "plans," "goals," "believes" "anticipates" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could." The forward-looking statements made represent Pacific Continental's current estimates, projections, expectations, plans or forecasts of its future results and revenues, including but not limited to statements about performance, loan growth, capital strategy, future classified and problem asset migration and credit quality trends and economic conditions generally. These statements are not guarantees of future results or performance and involve certain risks, uncertainties and assumptions that are difficult to predict and are often beyond Pacific Continental's control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements. You should not place undue reliance on any forward-looking statement and should consider all of the following uncertainties and risks, as well as those more fully discussed under "Risk Factors", "Business", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Pacific Continental's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, and in any of Pacific Continental's subsequent SEC filings, including the high concentration of loans of the Company's banking subsidiary in commercial and residential real estate lending and our significant concentration in loans to dental professionals; adverse economic trends in the United States and the markets we serve affecting the Bank's borrower base; a continued decline in the housing and real estate market; a continued increase in unemployment or sustained high levels of unemployment; continued erosion or sustained low levels of consumer confidence; changes in the Federal Reserve's monetary policies and the regulatory environment and increases in associated costs, particularly ongoing compliance expenses and resource allocation needs; vendor quality and efficiency; the Company's ability to control risks associated with rapidly changing technology both from an internal perspective as well as for external providers operational systems or infrastructure failures; increased competition; fluctuating interest rates; a tightening of available credit; the potential adverse impact of legal or regulatory proceedings; and risks related to acquisitions, including integration, retention of key personnel and business, anticipated cost savings and results and performance of the acquired company or the combined entity. Pacific Continental Corporation undertakes no obligation to publicly revise or update any forward-looking statement to reflect the impact of events or circumstances that arise after the date of this release. This statement is included for the express purpose of invoking PSLRA's safe harbor provisions.

**Consolidated Income Statements**

**(In thousands, except share and per share amounts)**

(Unaudited)

Three months ended

Nine months ended

September 30,

September 30,

September 30,

September 30,

2013

2012

2013

2012

Interest and dividend income

Loans

\$ 14,028

\$ 11,971

\$ 39,793

\$ 36,089

Taxable securities

1,489

1,490

4,164

4,886

Tax-exempt securities

488

420

1,430

1,162

Federal funds sold & interest-bearing deposits with banks

2

2

7

4

16,007

13,883

45,394

42,141

Interest expense

Deposits

801

992

2,586

3,149

Federal Home Loan Bank & Federal Reserve borrowings

292

364

905

1,259

Junior subordinated debentures

51

38

140

116

Federal funds purchased

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5

4

12

20

1,149

1,398

3,643

4,544

Net interest income

14,858

12,485

41,751

37,597

Provision for loan losses

-

-

250

1,900

Net interest income after provision for loan losses

14,858

12,485

41,501

35,697

Noninterest income

Service charges on deposit accounts

487

463

1,436

1,359

Other fee income, principally bankcard

432

408

1,217

1,205

Mortgage banking income

-

-

-

72

Bank-owned life insurance income

131

157

387

432

Loss on sale of investment securities

-

-

(8)

-

Impairment losses on investment securities (OTTI)

-

-

(16)

-

Other noninterest income

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397

387

1,248

1,290

1,447

1,415

4,264

4,358

Noninterest expense

Salaries and employee benefits

5,541

4,720

16,344

14,721

Premises and equipment

919

838

2,746

2,553

Data processing

659

538

1,954

1,543

Legal and professional fees

421

435

1,460

1,378

Business development

421

376

1,375

1,088

FDIC insurance assessment

231

285

674

814

Bankcard processing

150

147

418

440

Other real estate expense

1,185

466

1,762

1,082

Merger related expenses<sup>(1)</sup>

-

-

1,246

-

Other noninterest expense

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879

910

2,708

2,579

10,406

8,715

30,687

26,198

Income before provision for income taxes

5,899

5,185

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15,078

13,857

Provision for income taxes

1,959

1,747

4,963

4,587

Net income

\$ 3,940

\$ 3,438

\$ 10,115

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\$ 9,270

Earnings per share:

Basic

\$ 0.22

\$ 0.19

\$ 0.57

\$ 0.51

Diluted

\$ 0.22

\$ 0.19

\$ 0.56

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\$ 0.51

Weighted average shares outstanding:

Basic

17,888,182

17,978,081

17,865,582

18,166,377

Common stock equivalents attributable to stock-based awards

221,100

152,964

191,046

152,957

Diluted

18,109,282

18,131,045

18,056,628

18,319,334

**PERFORMANCE RATIOS**

Return on average assets

1.09%

1.03%

0.95%

0.95%

Return on average equity (book)

8.77%

7.52%

7.46%

6.85%

Return on average equity<sup>(2)</sup> (tangible)

10.12%

8.56%

8.58%

7.81%

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Net interest margin <sup>(3)</sup>

4.58%

4.16%

4.36%

4.28%

Efficiency ratio <sup>(4)</sup>

63.82%

62.70%

66.69%

62.44%

(1)

Represents expenses associated with the acquisition of Century Bank.

(2)

Tangible equity excludes goodwill and core deposit intangible assets related to acquisitions.

(3 )

Net interest margin is reported on a tax-equivalent yield basis at a 35% tax rate.

(4)

Efficiency ratio is noninterest expense divided by operating revenues. Operating revenues are

## **PACIFIC CONTINENTAL CORPORATION**

### **Consolidated Balance Sheets**

**(In thousands, except share amounts)**

(Unaudited)

September 30,

December 31,

September 30,

2013

2012

2012

**ASSETS**

Cash and due from banks

\$ 42,555

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\$ 28,607

\$ 20,840

Interest-bearing deposits with banks

54

94

53

Total cash and cash equivalents

42,609

28,701

20,893

Securities available-for-sale

347,506

389,885

406,175

Loans, less allowance for loan losses and net deferred fees

960,916

854,071

819,922

Interest receivable

4,608

4,520

4,861

Federal Home Loan Bank stock

10,523

10,462

10,557

Property and equipment, net of accumulated depreciation

19,116

19,238

19,478

Goodwill and intangible assets

23,710

22,031

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22,068

Deferred tax asset

9,438

6,230

6,803

Taxes receivable

130

-

-

Other real estate owned

16,602

17,972

19,235

Prepaid FDIC assessment

-

1,746

1,998

Bank-owned life insurance

16,008

15,621

15,469

Other assets

3,712

3,010

2,963

Total assets

\$ 1,454,878

\$ 1,373,487

\$ 1,350,422

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Deposits

Noninterest-bearing demand

\$ 379,598

\$ 329,825

\$ 304,016

Savings and interest-bearing checking

565,204

554,693

520,218

Time \$100,000 and over

81,569

73,610

77,790

Other time

91,158

88,026

78,138

Total deposits

1,117,529

1,046,154

980,162

Federal funds and overnight funds purchased

-

11,570

9,385

Federal Home Loan Bank borrowings

145,000

118,000

165,000

Junior subordinated debentures

8,248

8,248

8,248

Accrued interest and other payables

4,423

6,134

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4,848

Total liabilities

1,275,200

1,190,106

1,167,643

Shareholders' equity

Common stock: 50,000,000 shares authorized. Shares issued and outstanding: 17,888,251 at September

133,597

133,017

133,385

Retained earnings

45,533

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44,533

43,113

Accumulated other comprehensive income

548

5,831

6,281

179,678

183,381

182,779

Total liabilities and shareholders' equity

\$ 1,454,878

\$ 1,373,487

\$ 1,350,422

**CAPITAL RATIOS**

Total capital (to risk weighted assets)

16.42%

18.15%

18.62%

Tier I capital (to risk weighted assets)

15.16%

16.90%

17.37%

Tier I capital (to leverage assets)

11.56%

12.33%

12.53%

Tangible common equity<sup>1</sup>(to tangible assets)

10.90%

11.94%

12.10%

Tangible common equity<sup>1</sup>(to risk-weighted assets)

14.47%

16.67%

17.18%

## OTHER FINANCIAL DATA

Shares outstanding at end of period

17,888,251

17,835,088

17,900,188

Tangible shareholders' equity

\$ 155,968

\$ 161,350

\$ 160,711

Book value per share

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\$ 10.04

\$ 10.28

\$ 10.21

Tangible book value per share

\$ 8.72

\$ 9.05

\$ 8.98

(1)

Tangible common equity excludes goodwill and core deposit intangible assets related to acquisitions.

**PACIFIC CONTINENTAL CORPORATION**

**Loans by Type and Allowance for Loan Losses**

**(In thousands)**

(Unaudited)

September 30,

December 31,

September 30,

2013

2012

2012

**LOANS BY TYPE**

Real estate secured loans:

Permanent loans:

Multi-family residential

\$ 47,795

\$ 45,212

\$ 43,080

Residential 1-4 family

49,206

51,437

53,556

Owner-occupied commercial

244,828

219,276

222,374

Nonowner-occupied commercial

164,708

145,315

140,104

Total permanent real estate loans

506,537

461,240

459,114

Construction loans:

Multi-family residential

22,929

17,022

12,794

Residential 1-4 family

29,880

20,390

18,108

Commercial real estate

24,106

23,235

15,817

Commercial bare land and acquisition & development

11,191

10,668

9,887

Residential bare land and acquisition & development

7,053

8,405

9,108

Total construction real estate loans

95,159

79,720

65,714

Total real estate loans

601,696

540,960

524,828

Commercial loans

372,129

325,604

306,870

Consumer loans

3,660

3,581

3,941

Other loans

1,188

1,112

1,334

Gross loans

978,673

871,257

836,973

Deferred loan origination fees

(955)

(841)

(768)

977,718

870,416

836,205

Allowance for loan losses

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(16,802)

(16,345)

(16,283)

\$ 960,916

\$ 854,071

\$ 819,922

Three months ended

Nine months ended

September 30,

September 30,

September 30,

September 30,

**ALLOWANCE FOR LOAN LOSSES**

2013

2012

2013

2012

Balance at beginning of period

\$ 16,303

\$ 16,175

\$ 16,346

\$ 14,941

Provision for loan losses

-

-

250

1,900

Loan charge offs

(221)

(1,140)

(1,049)

(2,809)

Loan recoveries

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720

1,248

1,255

2,251

Net recoveries (charge offs)

499

108

206

(558)

Balance at end of period

\$ 16,802

\$ 16,283

\$ 16,802

\$ 16,283

**PACIFIC CONTINENTAL CORPORATION**

**Selected Other Financial Information and Ratios**

**(In thousands)**

(Unaudited)

Three months ended

Nine months ended

September 30,

September 30,

September 30,

September 30,

2013

2012

2013

2012

**BALANCE SHEET AVERAGES**

Loans (1)

\$ 974,775

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\$ 832,845

\$ 949,531

\$ 828,283

Allowance for loan losses

(16,403)

(16,151)

(16,419)

(16,002)

Loans, net of allowance

958,372

816,694

933,112

812,281

Securities and short-term deposits

351,536

399,224

371,495

379,338

Earning assets

1,309,908

1,215,918

1,304,607

1,191,619

Noninterest-earning assets

125,349

111,159

124,062

111,707

Assets

\$ 1,435,257

\$ 1,327,077

\$ 1,428,669

\$ 1,303,326

Interest-bearing core<sup>(2)</sup> deposits

\$ 625,795

\$ 579,469

\$ 633,338

\$ 578,648

Noninterest-bearing core<sup>(2)</sup> deposits

346,692

300,091

327,643

290,847

Core deposits <sup>(2)</sup>

972,487

879,560

960,981

869,495

Noncore interest-bearing deposits

105,408

99,852

108,363

92,827

Deposits

1,077,895

979,412

1,069,344

962,322

Borrowings

174,973

161,215

174,217

156,001

Other noninterest-bearing liabilities

4,144

4,606

3,911

4,252

Liabilities

1,257,012

1,145,233

1,247,472

1,122,575

Shareholders' equity (book)

178,245

181,844

181,197

180,751

Liabilities and equity

\$ 1,435,257

\$ 1,327,077

\$ 1,428,669

\$ 1,303,326

Shareholders' equity (tangible)

\$ 154,519

\$ 159,756

\$ 157,657

\$ 158,598

**SELECTED MARKET DATA**

Eugene market gross loans, period-end

\$ 324,320

\$ 240,013

Portland market gross loans, period-end

390,014

375,234

Seattle market gross loans, period-end

136,178

151,745

National health care <sup>(4)</sup> gross loans, period-end

128,161

69,981

Total gross loans, period-end

\$ 978,673

\$ 836,973

Eugene market core deposits, period-end

\$ 596,403

\$ 512,842

Portland market core deposits, period-end

256,710

226,576

Seattle market core deposits, period-end

162,538

143,196

Total core deposits, period-end

1,015,651

882,614

Other deposits, period-end

101,878

97,548

Total

\$ 1,117,529

\$ 980,162

Eugene market core deposits, average

\$ 589,123

\$ 508,927

Portland market core deposits, average

240,612

229,913

Seattle market core deposits, average

142,752

140,720

Total core deposits<sup>(2)</sup>, average

972,487

879,560

Other deposits, average

105,408

99,852

Total

\$ 1,077,895

\$ 979,412

## NET INTEREST MARGIN RECONCILIATION

Yield on average loans

5.81%

5.83%

5.70%

5.93%

Yield on average securities<sup>(5)</sup>

2.53%

2.13%

2.29%

2.35%

Yield on average earning assets<sup>(5)</sup>

4.93%

4.62%

4.73%

4.79%

Rate on average interest-bearing core deposits

0.33%

0.45%

0.35%

0.49%

Rate on average interest-bearing non-core deposits

1.08%

1.34%

1.16%

1.46%

Rate on average interest-bearing deposits

0.43%

0.58%

0.47%

0.63%

Rate on average borrowings

0.79%

1.00%

0.81%

1.19%

Cost of interest-bearing funds

0.50%

0.66%

0.53%

0.73%

Interest rate spread<sup>(5)</sup>

4.42%

3.96%

4.20%

4.06%

Net interest margin<sup>(5)</sup>

4.58%

4.16%

4.36%

4.28%

(1)

Includes loans held-for-sale.

(2)

Core deposits include demand, time deposits, money market deposits, and local time deposits, including

(3)

Tangible equity excludes goodwill and core deposit intangible assets related to acquisitions.

(4)

National health care loans of Pacific Continental Bank are professional, primarily dental, and also includes Open

(5)

Tax-exempt income has been adjusted to approximately \$16.7 million for the 9 months ended

## **PACIFIC CONTINENTAL CORPORATION**

### **Nonperforming Assets and Asset Quality Ratios**

**(In thousands)**

(Unaudited)

September 30,

December 31,

September 30,

2013

2012

2012

**NONPERFORMING ASSETS**

Non-accrual loans

Real estate secured loans:

Permanent loans:

Multi-family residential

\$ -

\$ -

\$ -

Residential 1-4 family

1,206

1,140

2,517

Owner-occupied commercial

2,235

3,805

3,624

Nonowner-occupied commercial

139

-

-

Total permanent real estate loans

3,580

4,945

6,141

Construction loans:

Multi-family residential

-

-

-

Residential 1-4 family

-

-

-

Commercial real estate

-

-

-

Commercial bare land and acquisition & development

-

-

-

Residential bare land and acquisition & development

-

101

104

Total construction real estate loans

-

101

104

Total real estate loans

3,580

5,046

6,245

Commercial loans

2,361

4,315

4,578

Total nonaccrual loans

5,941

9,361

10,823

90-days past due and accruing interest

-

-

-

Total nonperforming loans

5,941

9,361

10,823

Nonperforming loans guaranteed by government

(786)

(905)

(1,123)

Net nonperforming loans

5,155

8,456

9,700

Other real estate owned

16,602

17,972

19,235

Total nonperforming assets, net of guaranteed loans

\$ 21,757

\$ 26,428

\$ 28,935

## ASSET QUALITY RATIOS

Allowance for loan losses ~~as a percentage of total loans~~ <sup>standing</sup>

1.72%

1.88%

1.95%

Allowance for loan losses ~~as a percentage of total~~ <sup>nonperforming loans, total</sup> of government guarantees

325.94%

193.29%

167.87%

Net loan charge offs (recoveries) as a percentage of average loans

-0.03%

0.06%

0.09%

Net nonperforming loans as a percentage of total loans

0.53%

0.97%

1.16%

Nonperforming assets as a percentage of total assets

1.50%

1.92%

2.14%

Consolidated classified asset ratio <sup>(1)</sup>

30.25%

31.18%

32.43%

Past due as a percentage of total loans<sup>(2)</sup>

0.37%

0.30%

0.47%

(1)

Classified asset ratio is defined as standard balance sheet adjustments (including some off-balance sheet items)

(2)

Defined as loans past due more than 90 days and still accruing interest, as a percentage of total loans,

## **PACIFIC CONTINENTAL CORPORATION**

### **Aged Analysis of Loans Receivable (Unaudited)**

**(In thousands)**

**As of September 30, 2013**

Greater

30-59 Days

60-89 Days

Than 90 Days

Total Past

Past Due

Past Due

Past Due

Due and

Total

Total Loans

Still Accruing

Still Accruing

Still Accruing

Nonaccrual

Nonaccrual

Current

Receivable

Real estate loans

Multi-family residential

\$ -

\$ -

\$ -

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

\$ -

\$ -

\$ 47,795

\$ 47,795

Residential 1-4 family

-

-

-

1,206

1,206

48,000

49,206

Owner-occupied commercial

166

166

-

2,235

2,567

242,261

244,828

Nonowner-occupied commercial

1,096

559

-

139

1,794

162,914

164,708

Total real estate loans

1,262

725

-

3,580

5,567

500,970

506,537

Construction

Multi-family residential

-

-

-

-

-

22,929

22,929

Residential 1-4 family

-

-

-

-

-

29,880

29,880

Commercial real estate

-

-

-

-

-

24,106

24,106

Commercial bare land and acquisition & development

-

-

-

-

-

11,191

11,191

Residential bare land and acquisition & development

-

-

-

-

-

7,053

7,053

Total construction loans

-

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

-

-

-

-

95,159

95,159

Commercial and other

1,292

325

-

2,361

3,978

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

369,339

373,317

Consumer

5

-

-

-

5

3,655

3,660

Total

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

\$ 2,559

\$ 1,050

\$ -

\$ 5,941

\$ 9,550

\$ 969,123

\$ 978,673

## PACIFIC CONTINENTAL CORPORATION

### Aged Analysis of Loans Receivable (Unaudited)

(In thousands)

As of September 30, 2012

Greater

30-59 Days

60-89 Days

Than 90 Days

Total Past

Past Due

Past Due

Past Due

Due and

Total

Total Loans

Still Accruing

Still Accruing

Still Accruing

Nonaccrual

Nonaccrual

Current

Receivables

Real estate loans

Multi-family residential

\$ -

\$ -

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

\$ -

\$ -

\$ -

\$ 43,080

\$ 43,080

Residential 1-4 family

208

-

-

2,517

2,725

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

50,831

53,556

Owner-occupied commercial

-

340

-

3,624

3,964

218,410

222,374

Nonowner-occupied commercial

92

-

-

-

92

140,012

140,104

Total real estate loans

300

340

-

6,141

6,781

452,333

459,114

Construction

Multi-family residential

-

-

-

-

-

12,794

12,794

Residential 1-4 family

192

-

-

-

192

17,916

18,108

Commercial real estate

1,598

-

-

-

1,598

14,219

15,817

Commercial bare land and acquisition & development

-

-

-

-

-

9,887

9,887

Residential bare land and acquisition & development

-

-

-

104

104

9,004

9,108

Total construction loans

1,790

-

-

104

1,894

63,820

65,714

Commercial and other

1,508

-

-

4,578

6,086

302,118

308,204

Consumer

5

-

-

-

5

3,936

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

3,941

Total

\$ 3,603

\$ 340

\$ -

\$ 10,823

\$ 14,766

\$ 822,207

\$ 836,973

**PACIFIC CONTINENTAL CORPORATION**

**Credit Quality Indicators (Unaudited)**

**(In thousands)**

**As of September 30, 2013**

Loan Grade

Pass

Special Mention

Substandard

Doubtful

Total

Real estate loans

Multi-family residential

\$ 46,487

\$ -

\$ 1,308

\$ -

\$ 47,795

Residential 1-4 family

40,181

-

9,025

-

49,206

Owner-occupied commercial

239,091

-

5,737

-

244,828

Nonowner-occupied commercial

158,944

-

5,764

-

164,708

Total real estate loans

484,703

-

21,834

-

506,537

Construction

Multi-family residential

22,929

-

-

-

22,929

Residential 1-4 family

29,683

-

197

-

29,880

Commercial real estate

22,548

-

1,558

-

24,106

Commercial bare land and acquisition & development

10,980

-

211

-

11,191

Residential bare land and acquisition & development

4,475

# Pacific Continental Corporation Reports Third Quarter 2013 Results

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-

2,578

-

7,053

Total construction loans

90,615

-

4,544

-

95,159

Commercial and other

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

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360,749

-

12,551

17

373,317

Consumer

3,630

-

30

-

3,660

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

Total

\$ 939,697

\$ -

\$ 38,959

\$ 17

\$ 978,673

## PACIFIC CONTINENTAL CORPORATION

### Credit Quality Indicators (Unaudited)

(In thousands)

As of September 30, 2012

Loan Grade

Pass

Special Mention

Substandard

Doubtful

Total

Real estate loans

Multi-family residential

\$ 41,744

\$ -

\$ 1,336

\$ -

\$ 43,080

Residential 1-4 family

44,899

-

8,657

-

53,556

Owner-occupied commercial

212,243

-

10,131

## Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

-

222,374

Nonowner-occupied commercial

136,518

-

3,586

-

140,104

Total real estate loans

435,404

-

23,710

-

459,114

Construction

Multi-family residential

12,794

-

-

-

12,794

Residential 1-4 family

17,916

-

192

-

18,108

Commercial real estate

14,219

-

1,598

-

15,817

Commercial bare land and acquisition & development

9,887

-

-

-

9,887

Residential bare land and acquisition & development

6,096

-

3,012

-

9,108

Total construction loans

60,912

-

4,802

-

65,714

Commercial and other

298,136

-

10,068

-

308,204

# Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

---

Consumer

3,874

-

67

-

3,941

Total

\$ 798,326

\$ -

\$ 38,647

\$ -

\$ 836,973

## Pacific Continental Corporation Reports Third Quarter 2013 Results

Written by Australian Business

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SOURCE Pacific Continental Corporation

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