BBCN BANCORP INC
Form 10-Q
August 07, 2015

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, 2015
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 (I.R.S. 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	x	Accelerated filer	o
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 August 3, 2015, there were 79,552,236 outstanding shares of the issuer’s Common Stock, $0.001 par value.

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Forward-Looking Statements

Some statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, expectations regarding the business environment in which we operate, projections of future performance, perceived opportunities in the market and statements regarding our business strategies, objectives and vision. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words “will,” “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates” or similar expressions. With respect to any such forward-looking statements the Company claims the protection provided for in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties. Our actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in any forward-looking statements. 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, see Part II, Item 1A. Risk Factors contained herein and Part I, Item 1A. Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2014.
The Company does not undertake, and specifically disclaims any obligation, to update any forward looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

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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, 2015	December 31, 2014
ASSETS	(In thousands, except share data)	
Cash and cash equivalents:		
Cash and due from banks	$97,224	$86,119
Interest bearing deposits in other banks	224,042	376,041
Total cash and cash equivalents	321,266	462,160
Securities available for sale, at fair value	875,405	796,523
Loans held for sale, at the lower of cost or fair value	33,785	28,311
Loans receivable (net of allowance for loan losses of $70,118 and $67,758 at June 30, 2015 and December 31, 2014, respectively)	5,745,706	5,497,434
Other real estate owned ("OREO"), net	20,187	21,938
Federal Home Loan Bank ("FHLB") stock, at cost	19,114	28,324
Premises and equipment (net of accumulated depreciation and amortization of $33,295 and $29,915 at June 30, 2015 and December 31, 2014, respectively)	35,321	30,722
Accrued interest receivable	13,781	13,634
Deferred tax assets, net	58,892	63,023
Customers’ liabilities on acceptances	1,359	1,889
Bank owned life insurance ("BOLI")	46,466	45,927
Investments in affordable housing partnerships	11,910	10,401
Goodwill	105,401	105,401
Core deposit intangible assets, net	3,354	3,887
Servicing assets	10,935	10,341
Other assets	30,437	20,415
Total assets	$7,333,319	$7,140,330

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

	(Unaudited) June 30, 2015	December 31, 2014
LIABILITIES AND STOCKHOLDERS' EQUITY	(In thousands, except share data)	
LIABILITIES:		
Deposits:		
Noninterest bearing	$1,689,137	$1,543,018
Interest bearing:		
Money market and NOW accounts	1,615,974	1,663,855
Savings deposits	196,998	198,205
Time deposits of $100,000 or more	1,637,673	1,667,367
Other time deposits	618,508	621,007
Total deposits	5,758,290	5,693,452
FHLB advances	580,785	480,975
Subordinated debentures	42,241	42,158
Accrued interest payable	5,954	5,855
Acceptances outstanding	1,359	1,889
Other liabilities	36,102	33,228
Total liabilities	6,424,731	6,257,557
STOCKHOLDERS' EQUITY:		
Common stock, $0.001 par value; authorized 150,000,000 shares at June 30, 2015 and December 31, 2014; issued and outstanding, 79,550,403 and 79,503,552 shares at June 30, 2015 and December 31, 2014, respectively	80	79
Additional paid-in capital	541,091	541,589
Retained earnings	367,792	339,400
Accumulated other comprehensive (loss) income, net	(375)	1,705
Total stockholders' equity	908,588	882,773
Total liabilities and stockholders' equity	$7,333,319	$7,140,330

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
INTEREST INCOME:				
Interest and fees on loans	$71,249	$71,687	$140,888	$140,381
Interest on securities	4,215	4,078	8,434	8,172
Interest on federal funds sold and other investments	1,611	688	2,307	1,253
Total interest income	77,075	76,453	151,629	149,806
INTEREST EXPENSE:				
Interest on deposits	7,970	7,272	15,724	13,962
Interest on FHLB advances	1,327	1,311	2,624	2,522
Interest on other borrowings	387	380	767	867
Total interest expense	9,684	8,963	19,115	17,351
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	67,391	67,490	132,514	132,455
PROVISION FOR LOAN LOSSES	1,000	2,996	2,500	6,022
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	66,391	64,494	130,014	126,433
NONINTEREST INCOME:				
Service fees on deposit accounts	3,030	3,360	6,092	6,832
International service fees	1,005	1,113	1,818	2,116
Loan servicing fees, net	855	610	1,575	1,578
Wire transfer fees	871	919	1,633	1,824
Other income and fees	1,570	1,648	3,658	3,267
Net gains on sales of SBA loans	3,119	2,811	6,163	5,533
Net gains on sales of other loans	45	—	227	—
Net gains on sales of securities available for sale	—	—	424	—
Net gains losses on sales of OREO	73	31	183	437
Total noninterest income	10,568	10,492	21,773	21,587
NONINTEREST EXPENSE:				
Salaries and employee benefits	20,932	18,143	42,113	37,082
Occupancy	4,810	4,715	9,502	9,339
Furniture and equipment	2,323	2,012	4,586	4,026
Advertising and marketing	1,484	1,508	2,875	2,596
Data processing and communication	2,463	2,299	4,812	4,420
Professional fees	1,253	1,315	2,677	2,628
FDIC assessments	909	1,080	2,021	2,103
Credit related expenses	1,976	3,016	4,165	4,437
Other	2,548	3,651	5,181	7,382
Total noninterest expense	38,698	37,739	77,932	74,013
INCOME BEFORE INCOME TAX PROVISION	38,261	37,247	73,855	74,007
INCOME TAX PROVISION	15,320	14,935	29,556	29,499
NET INCOME	$22,941	$22,312	44,299	$44,508
EARNINGS PER COMMON SHARE				
Basic	$0.29	$0.28	$0.56	$0.56

Diluted	$0.29	$0.28	$0.56	$0.56

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Net income	$22,941	$22,312	$44,299	$44,508
Other comprehensive (loss) income:				
Unrealized (losses) gains on securities available for sale and interest only strips	(8,446)	6,655	(3,191)	17,795
Reclassification adjustments for gains realized in income	—	—	(424)	—
Tax (benefit) expense	(3,583)	2,752	(1,535)	7,448
Change in unrealized gains on securities available for sale and interest only strips	(4,863)	3,903	(2,080)	10,347
Total other comprehensive (loss) income	(4,863)	3,903	(2,080)	10,347
Total comprehensive income	$18,078	$26,215	$42,219	$54,855

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common stock				
	Shares	Amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income, net
	(Dollars in thousands, except share data)				
BALANCE, JANUARY 1, 2014	79,441,525	$79	$540,876	$278,604	$ (10,185)
Issuance of additional shares pursuant to various stock plans	52,207				
Stock-based compensation			297		
Cash dividends declared on common stock				(11,917)	
Comprehensive income:					
Net income				44,508	
Other comprehensive income					10,347
BALANCE, JUNE 30, 2014	79,493,732	$79	$541,173	$311,195	$ 162
BALANCE, JANUARY 1, 2015	79,503,552	$79	$541,589	$339,400	$ 1,705
Issuance of additional shares pursuant to various stock plans	46,851	1	(22)		
Tax effect of stock plans			46		
Stock-based compensation			628		
Redemption of common stock warrant			(1,150)		
Cash dividends declared on common stock				(15,907)	
Comprehensive income:					
Net income				44,299	
Other comprehensive loss					(2,080)
BALANCE, JUNE 30, 2015	79,550,403	$80	$541,091	$367,792	$ (375)

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

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BBCN BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30, 2015	2014
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$44,299	$44,508
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization, net of discount accretion	(1,901)	(10,008)
Stock-based compensation expense	628	297
Provision for loan losses	2,500	6,022
Valuation adjustment of OREO	631	448
Proceeds from sales of loans held for sale	73,890	68,143
Originations of loans held for sale	(74,496)	(77,035)
Net gains on sales of SBA and other loans	(6,390)	(5,533)
Net change in BOLI	(539)	(584)
Net gains on sales of securities available for sale	(424)	—
Net gains on sales of OREO	(183)	(437)
Loss on disposal of equipment	7	—
Additions in servicing assets	(2,189)	(1,672)
Change in accrued interest receivable	(147)	270
Change in deferred income taxes, net	5,666	9,293
Change in investments in affordable housing partnership	(1,509)	669
Change in other assets	(9,869)	11,222
Change in accrued interest payable	99	1,266
Change in other liabilities	2,874	(337)
Net cash provided by operating activities	32,947	46,532
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in loans receivable	(248,001)	(261,309)
Proceeds from sales of securities available for sale	22,510	—
Proceeds from sales of OREO	6,286	5,035
Proceeds from sales of other loans held for sale	3,295	—
Proceeds from sales and disposals of equipment	7	—
Purchase of premises and equipment	(8,121)	(2,987)
Purchase of securities available for sale	(176,184)	(82,552)
Purchase of FHLB stock	(150)	(536)
Redemption of FHLB stock	9,360	78
Proceeds from matured or paid-down securities available for sale	69,227	57,640
Net cash used in investing activities	(321,771)	(284,631)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	64,962	323,694
Redemption of subordinated debentures	—	(15,464)
Proceeds from FHLB advances	150,000	40,000
Repayment of FHLB advances	(50,000)	—
Redemption of common stock warrant	(1,150)	—
Cash dividends paid on Common Stock	(15,907)	(11,917)
Issuance of additional stock pursuant to various stock plans	(21)	—
Tax effects of issuance of shares from various stock plans	46	—
Net cash provided by financing activities	147,930	336,313

NET CHANGE IN CASH AND CASH EQUIVALENTS	(140,894)	98,214
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	462,160	316,705
CASH AND CASH EQUIVALENTS, END OF PERIOD	$321,266	$414,919
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$19,016	$16,085
Income taxes paid	$29,873	$14,245
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Transfer from loans receivable to OREO	$5,142	$1,368
Transfer from loans receivable to loans held for sale	$1,773	$34
Loans to facilitate sales of loans held for sale	$—	$5,250

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 the "Company" on a consolidated basis), headquartered in Los Angeles, California, is the holding company for BBCN Bank ("BBCN Bank" or the "Bank"). The Bank has branches in California, New Jersey, and the New York City, Chicago, Seattle and Washington, D.C. metropolitan areas, as well as loan production offices in Atlanta, Dallas, Denver, Northern California, Seattle and Annandale. The Company is a corporation organized under the laws of the state of Delaware and a bank holding company registered under the Bank Holding Company Act of 1956, as amended.

2. Basis of Presentation
The condensed consolidated financial statements included herein have been prepared without an audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”), except for the Condensed Consolidated Statement of Financial Condition as of December 31, 2014 which was derived from audited financial statements included in the Company's 2014 Annual Report on Form 10-K. 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. The Company has made all adjustments, consisting solely of normal recurring accruals, that in the opinion of management, are necessary to fairly present the Company's financial position at June 30, 2015 and the results of 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, the determination of the carrying value for cash surrender value of life insurance, the determination of the 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 the Company's 2014 Annual Report on Form 10-K.
Recent Accounting Pronouncements:
FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This update to the ASC is the culmination of efforts by the FASB and the International Accounting Standards Board (IASB) to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards (IFRS). The core principal of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 describes a 5-step process entities can apply to achieve the core principle of revenue recognition and requires disclosures sufficient to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers and the significant

judgments used in determining that information. The amendments in ASU 2014-9 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and early application is not allowed. The adoption of ASU 2014-9 is not expected to have a significant impact on the Company's financial statements.
FASB ASU No. 2015-10, Technical Corrections and Improvements. The amendments in ASU 2015-10 represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments that require transition guidance are effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. The adoption of ASU 2015-10 is not expected to have a significant impact on the Company's financial statements.

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3. Stock-Based Compensation

The Company has a stock-based incentive plan, the 2007 BBCN Bancorp Equity Incentive Plan (the “2007 Plan”). The 2007 Plan, approved by the Company's 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 the 2007 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 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 fair market value 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 recognized over the vesting period.

The Company has another stock-based incentive plan, the 2006 Stock Incentive Plan, adopted April 12, 2006, as amended and restated June 13, 2007 (the "2006 Plan"). 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 option 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.

Under the 2007 Plan and 2006 Plan, 2,495,362 shares were available for future grants as of June 30, 2015.

The total shares reserved for issuance will serve as the underlying value for all equity awards under the 2007 Plan and 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.

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The following is a summary of stock option activity under the 2007 Plan and 2006 Plan for the six months ended June 30, 2015:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding - January 1, 2015	591,652	$19.00		
Granted	—	—		
Exercised	—	—		
Expired	(3,902)	25.94		
Forfeited	—	—		
Outstanding - June 30, 2015	587,750	$18.93	2.22	$—
Options exercisable - June 30, 2015	417,750	$20.19	2.22	$—

The following is a summary of restricted and performance unit activity under the 2007 Plan and 2006 Plan for the six months ended June 30, 2015:

	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding - January 1, 2015	175,668	$13.52
Granted	15,000	14.11
Vested	(53,083)	12.20
Forfeited	(2,288)	14.38
Outstanding - June 30, 2015	135,297	$14.07

The total fair value of restricted performance units vested for the six months ended June 30, 2015 and 2014 was $725 thousand and $862 thousand, respectively.

The amount charged against income related to stock-based payment arrangements was $420 thousand and $184 thousand for the three months ended June 30, 2015 and 2014, respectively. For the six months ended June 30, 2015 and 2014, $628 thousand and $297 thousand, respectively, of stock-based payment arrangements were charged against income.

The income tax benefit recognized was $168 thousand and $74 thousand for the three months ended June 30, 2015 and 2014, respectively, and the amount recognized was $251 thousand and $115 thousand for the six months ended June 30, 2015 and 2014, respectively.

At June 30, 2015, the unrecognized compensation expense related to non-vested stock option grants was $756 thousand which is expected to be recognized over a weighted average vesting period of 3.80 years. At June 30, 2015, the unrecognized compensation expense related to non-vested restricted units and performance units was $1.6 million which is expected to be recognized over a weighted average vesting period of 3.07 years.

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4. 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 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, 2015 stock options and restricted shares awards for 596,982 shares of common stock were excluded in computing diluted earnings per common share because they were antidilutive. For the six months period ended June 30, 2015, stock options and restricted share awards for 595,209 shares of common stock were excluded in computing diluted earnings per common share because they were antidilutive. Additionally, warrants issued pursuant to the Company's participation in the U.S. Treasury's TARP Capital Purchase Plan, to purchase 19,013 shares and 18,482 shares of common stock were antidilutive and excluded for the three and six months ended June 30, 2015 and 2014, respectively.

The following tables show the computation of basic and diluted EPS for the three months and six months ended June 30, 2015 and 2014.

	Three Months Ended June 30,					
	2015			2014		
	Net income (Numerator)	Weighted-Average Shares (Denominator)	Per Share (Amount)	Net income (Numerator)	Weighted-Average Shares (Denominator)	Per Share (Amount)
	(In thousands, except share and per share data)					
Basic EPS - common stock	$22,941	79,549,097	$0.29	$22,312	79,490,767	$0.28
Effect of dilutive securities:						
Stock options and performance units		20,778			40,119	
Common stock warrants		38,530			83,160	
Diluted EPS - common stock	$22,941	79,608,405	$0.29	$22,312	79,614,046	$0.28

	Six Months Ended June 30,					
	2015			2014		
	Net income available to common stockholders (Numerator)	Weighted-Average Shares (Denominator)	Per Share (Amount)	Net income available to common stockholders (Numerator)	Weighted-Average Shares (Denominator)	Per Share (Amount)
	(In thousands, except share and per share data)					
Basic EPS - common stock	$44,299	79,539,789	$0.56	$44,508	79,481,359	$0.56
Effect of Dilutive Securities:						
Stock Options and Performance Units		24,155			49,132	
Common stock warrants		46,712			87,955	
Diluted EPS - common stock	$44,299	79,610,656	$0.56	$44,508	79,618,446	$0.56

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5. Securities Available for Sale

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

	At June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Government agency and U.S. Government sponsored enterprises				
Collateralized mortgage obligations	$363,759	$1,774	$(3,380)	$362,153
Mortgage-backed securities	450,974	4,211	(2,858)	452,327
Trust preferred securities	4,538	—	(575)	3,963
Municipal bonds	39,672	438	(441)	39,669
Total debt securities	858,943	6,423	(7,254)	858,112
Mutual funds	17,425	—	(132)	17,293
	$876,368	$6,423	$(7,386)	$875,405

	At December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
Debt securities:				
U.S. Government agency and U.S. Government sponsored enterprises				
Collateralized mortgage obligations	$304,947	$1,376	$(3,549)	$302,774
Mortgage-backed securities	460,487	6,528	(1,526)	465,489
Trust preferred securities	4,531	—	(544)	3,987
Municipal bonds	6,487	443	—	6,930
Total debt securities	776,452	8,347	(5,619)	779,180
Mutual funds	17,425	—	(82)	17,343
	$793,877	$8,347	$(5,701)	$796,523

As of June 30, 2015 and December 31, 2014, 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.

For the three months ended June 30, 2015 and 2014, $8.4 million of unrealized losses and $6.7 million of unrealized gains, respectively, were included in accumulated other comprehensive loss. For the six months ended June 30, 2015 and 2014, $3.2 million of unrealized losses and $17.8 million of unrealized gains, respectively, were included in accumulated other comprehensive loss. There were no gains or losses reclassified out of accumulated other comprehensive loss for the three months ended June 30, 2015 and 2014. A total of $424 thousand and $0 of net gains on sales of securities were reclassified out of accumulated other comprehensive loss into earnings for the six months ended June 30, 2015 and 2014, respectively.

The proceeds from sales of securities and the associated gross gains and losses recorded in earnings are listed below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			

Proceeds	$—	$—	$22,510	$—
Gross gains	—	—	424	—
Gross losses	—	—	—	—

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The amortized cost and estimated fair value of debt securities at June 30, 2015, 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.

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Available for sale:		
Due within one year	$340	$340
Due after one year through five years	882	959
Due after five years through ten years	23,894	24,024
Due after ten years	19,094	18,309
U.S. Government agency and U.S. Government sponsored enterprises		
Collateralized mortgage obligations	363,759	362,153
Mortgage-backed securities	450,974	452,327
Mutual funds	17,425	17,293
	$876,368	$875,405

Securities with carrying values of approximately $339.1 million and $366.2 million at June 30, 2015 and December 31, 2014, respectively, were pledged to secure public deposits, various borrowings and for other purposes as required or permitted by law.

The following tables show 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.

	As of June 30, 2015								
	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)								
Collateralized mortgage obligations*	12	$102,215	$(1,000)	9	$84,821	$(2,380)	21	$187,036	$(3,380)
Mortgage-backed securities*	20	182,162	(1,236)	3	28,929	(1,622)	23	211,091	(2,858)
Trust preferred securities	—	—	—	1	3,963	(575)	1	3,963	(575)
Municipal bonds	63	29,867	(441)	—	—	—	63	29,867	(441)
Mutual funds	1	13,293	(132)	—	—	—	1	13,293	(132)
	96	$327,537	$(2,809)	13	$117,713	$(4,577)	109	$445,250	$(7,386)

* Investments in U.S. Government agency and U.S. Government sponsored enterprises

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	As of December 31, 2014								
	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)								
Collateralized mortgage obligations*	7	$71,189	$(507)	13	$133,563	$(3,042)	20	$204,752	$(3,549)
Mortgage-backed securities*	7	38,133	(139)	6	62,036	(1,387)	13	100,169	(1,526)
Trust Preferred securities	—	—	—	1	3,988	(544)	1	3,988	(544)
Mutual funds	—	—	—	1	13,343	(82)	1	13,343	(82)
	14	$109,322	$(646)	21	$212,930	$(5,055)	35	$322,252	$(5,701)

* Investments in U.S. Government agency and U.S. Government sponsored enterprises

The Company evaluates 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 values of the securities have been less than the cost of the securities, and management's intention to sell, or whether it is more likely than not that management 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, the Company considers, among other considerations, 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 Company has certain collateralized mortgage obligations, mortgage-backed securities and trust preferred securities that were in a continuous unrealized loss position for twelve months or longer as of June 30, 2015. The trust preferred securities at June 30, 2015 had an amortized cost of $4.5 million and an unrealized loss of $575 thousand at June 30, 2015. The trust preferred securities are scheduled to mature in May 2047. These securities were rated investment grade and there were no credit quality concerns with the obligor. The collateralized mortgage obligations and mortgage-backed securities in a continuous loss position for twelve months or longer had an unrealized loss of $2.4 million and $1.6 million, respectively at June 30, 2015. These securities were issued by U.S. Government agency and U.S. Government sponsored enterprises and have high credit ratings of "AA" grade or better. Interest on the trust preferred securities and the U.S. Government agency and U.S. Government sponsored enterprise investments have been paid as agreed, and management believes this will continue in the future and that the securities will be repaid in full as scheduled. The market value declines for these securities were primarily due to movements in interest rates and are not reflective of management’s expectations of the Company's ability to fully recover these investments, which may be at maturity. For these reasons, no OTTI was recognized on the trust preferred securities and the U.S. Government agency and U.S. Government sponsored collateralized mortgage obligations and mortgage-backed securities that are in an unrealized loss position at June 30, 2015.

The Company considers the losses on the investments in unrealized loss positions at June 30, 2015 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 management's determination that it is more likely than not that the Company will not be required to sell a security in an unrealized loss position before recovery of its amortized cost basis.

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6. Loans Receivable and Allowance for Loan Losses

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

	June 30, 2015	December 31, 2014
	(In thousands)	
Loan portfolio composition		
Real estate loans:		
Residential	$36,706	$21,415
Commercial & industrial	4,503,794	4,324,349
Construction	104,901	94,086
Total real estate loans	4,645,401	4,439,850
Commercial business	970,787	903,621
Trade finance	114,927	134,762
Consumer and other	87,707	89,849
Total loans outstanding	5,818,822	5,568,082
Less: deferred loan fees	(2,998)	(2,890)
Loans receivable	5,815,824	5,565,192
Less: allowance for loan losses	(70,118)	(67,758)
Loans receivable, net of allowance for loan losses	$5,745,706	$5,497,434

The 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 loans accounted for under the amortized cost method ("Legacy Loans") and acquired loans that were originally recorded at fair value with no carryover of the related pre-acquisition allowance for loan losses ("Acquired Loans"). Acquired Loans are further segregated between Acquired Credit Impaired Loans (loans with credit deterioration on the acquisition date and accounted for under ASC 310-30, or "ACILs") and Acquired Performing Loans (loans that were pass graded on the acquisition date and the fair value adjustment is amortized over the contractual life under ASC 310-20, or "APLs").

The following table presents changes in the accretable discount on the ACILs for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Balance at beginning of period	$22,645	$32,583	$24,051	$47,398
Accretion	(3,096)	(4,197)	(6,232)	(9,064)
Changes in expected cash flows	1,840	(102)	3,570	(10,050)
Balance at end of period	$21,389	$28,284	$21,389	$28,284

On the acquisition date, the amount by which the undiscounted expected cash flows exceed the estimated fair value of the ACILs is the “accretable yield.” The accretable yield is then measured at each financial reporting date and represents the difference between the remaining undiscounted expected cash flows and the current carrying value of the loans. The accretable yield will change from period to period due to the following: 1) estimates of the remaining life of acquired loans will affect the amount of future interest income; 2) indices for variable rates of interest on ACILs may change; and 3) estimates of the amount of the contractual principal and interest that will not be collected (nonaccretable difference) may change.

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The following tables detail the activity in the allowance for loan losses by portfolio segment for the three and six months ended June 30, 2015 and 2014:

	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, 2015									
Balance, beginning of period	$35,772	$ 16,168	$3,041	$416	$13,724	$ 422	$ —	$51	$69,594
Provision (credit) for loan losses	1,224	(751)	(522)	521	280	240	—	8	1,000
Loans charged off	(61)	(448)	(759)	—	(13)	(170)	—	—	(1,451)
Recoveries of charge offs	61	809	—	92	—	8	—	5	975
Balance, end of period	$36,996	$ 15,778	$1,760	$1,029	$13,991	$ 500	$ —	$64	$70,118
Six Months Ended June 30, 2015									
Balance, beginning of period	$38,775	$ 15,986	$3,456	$427	$8,573	$ 485	$ —	$56	$67,758
Provision (credit) for loan losses	(2,398)	(773)	(709)	523	5,590	262	—	5	2,500
Loans charged off	(242)	(899)	(987)	(15)	(172)	(257)	—	(4)	(2,576)
Recoveries of charge offs	861	1,464	—	94	0	10	—	7	2,436
Balance, end of period	$36,996	$ 15,778	$1,760	$1,029	$13,991	$ 500	$ —	$64	$70,118

	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, 2014									
Balance, beginning of period	$38,586	$ 16,208	$2,944	$467	$6,838	$ 593	$ —	$63	$65,699
Provision (credit) for loan losses	1,066	(336)	1,624	(69)	622	88	—	1	2,996
Loans charged off	(726)	(1,794)	—	(18)	(188)	(45)	—	—	(2,771)
Recoveries of charge offs	132	581	—	211	17	3	—	2	946
Balance, end of period	$39,058	$ 14,659	$4,568	$591	$7,289	$ 639	$ —	$66	$66,870

Six Months Ended June 30, 2014									
Balance, beginning of period	$40,068	$ 16,796	$2,653	$461	$6,482	$ 796	$ —	$64	$67,320
Provision (credit) for loan losses	(348)	2,211	1,972	(62)	1,073	1,099	—	77	6,022
Loans charged off	(813)	(5,519)	(57)	(19)	(283)	(1,265)	—	(78)	(8,034)
Recoveries of charge offs	151	1,171	—	211	17	9	—	3	1,562
Balance, end of period	$39,058	$ 14,659	$4,568	$591	$7,289	$ 639	$ —	$66	$66,870

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The following tables disaggregate the allowance for loan losses and the loans outstanding by impairment methodology at June 30, 2015 and December 31, 2014:

	June 30, 2015								
	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	$1,783	$4,383	$320	$615	$591	$ 373	$—	$—	$8,065
Collectively evaluated for impairment	35,213	11,395	1,440	414	753	127	—	64	49,406
ACILs	—	—	—	—	12,647	—	—	—	12,647
Total	$36,996	$15,778	$1,760	$1,029	$13,991	$ 500	$—	$64	$70,118
Loans outstanding:									
Individually evaluated for impairment	$54,022	$36,403	$6,670	$1,067	$18,323	$ 1,641	$—	$572	$118,698
Collectively evaluated for impairment	4,171,701	875,857	108,257	41,031	313,877	30,425	—	23,323	5,564,471
ACILs	—	—	—	—	87,478	26,461	—	21,714	135,653
Total	$4,225,723	$912,260	$114,927	$42,098	$419,678	$ 58,527	$—	$45,609	$5,818,822

	December 31, 2014								
	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	$1,940	$6,929	$1,312	$—	$434	$ 307	$—	$—	$10,922
Collectively evaluated for impairment	36,835	9,057	2,144	427	792	178	—	56	49,489
ACILs	—	—	—	—	7,347	—	—	—	7,347
Total	$38,775	$15,986	$3,456	$427	$8,573	$ 485	$—	$56	$67,758
Loans outstanding:									
Individually evaluated for impairment	$57,506	$40,829	$5,936	$465	$20,035	$ 1,778	$—	$596	$127,145
	3,864,289	784,407	128,826	37,312	397,147	43,460	—	25,859	5,281,300

Collectively evaluated for impairment ACILs	—	—	—	—	100,873	33,147	—	25,617	159,637
Total	$3,921,795	$825,236	$134,762	$37,777	$518,055	$78,385	$—	$52,072	$5,568,082

As of June 30, 2015 and December 31, 2014, the liability for unfunded commitments was $1.4 million and $1.6 million, respectively. For the three months ended June 30, 2015 and 2014, the recognized credit or provision for credit losses related to unfunded commitments was $95 thousand and $547 thousand, respectively. For the six months ended June 30, 2015 and 2014, the recognized (benefit) provision for credit losses related to unfunded commitments was $(146) thousand and $588 thousand, respectively.

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The recorded investment in individually impaired loans was as follows:

	June 30, 2015	December 31, 2014
	(In thousands)	
With allocated allowance		
Without charge off	$65,343	$67,352
With charge off	1,184	6,582
With no allocated allowance		
Without charge off	48,001	46,885
With charge off	4,170	6,326
Allowance on impaired loans	(8,065)	(10,922)
Impaired loans, net of allowance	$110,633	$116,223

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The following tables detail impaired loans (Legacy and APLs that became impaired subsequent to being acquired) as of June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014 and for the year ended December 31, 2014. Loans with no related allowance for loan losses are believed by management to have adequate collateral securing their carrying value.

	As of June 30, 2015			For the Six Months Ended June 30, 2015		For the Three Months Ended June 30, 2015	
Total Impaired Loans	Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment*	Interest Income Recognized during Impairment	Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)						
With related allowance:							
Real estate—residential	$—	$ —	$—	$—	$—	$—	$—
Real estate—commercial							
Retail	4,419	4,615	243	4,411	88	4,165	44
Hotel & motel	11,416	11,422	326	12,134	258	11,500	129
Gas station & car wash	1,719	1,928	341	1,479	29	1,266	15
Mixed use	481	497	9	481		481	
Industrial & warehouse	4,434	4,434	12	4,489	84	5,678	42
Other	8,779	9,665	1,443	8,823	176	8,344	88
Real estate—construction	—	—	—	—	—	—	—
Commercial business	29,648	29,961	4,756	32,453	579	30,030	286
Trade finance	5,016	5,016	320	4,678	108	4,990	54
Consumer and other	615	615	615	209	—	314	—
	$66,527	$ 68,153	$8,065	$69,157	$1,322	$66,768	$658
With no related allowance:							
Real estate—residential	$—	$ —	$—	$—	$—	$—	$—
Real estate—commercial							
Retail	9,197	10,932	—	10,260	167	9,536	84
Hotel & motel	6,522	8,600	—	6,122	7	6,187	3
Gas station & car wash	3,682	6,205	—	3,391	22	3,739	11
Mixed use	3,482	3,876	—	2,356	21	2,740	10
Industrial & warehouse	9,264	12,932	—	11,033	154	9,362	77
Other	8,950	10,675	—	8,730	77	9,554	40
Real estate—construction	—	—	—	1,000	—	740	—
Commercial business	8,395	10,562	—	8,104	81	9,502	41
Trade finance	1,654	5,000	—	1,643	—	1,524	—
Consumer and other	1,025	1,094	—	1,064	13	1,066	7
	$52,171	$ 69,876	$—	$53,703	$542	$53,950	$273
Total	$118,698	$ 138,029	$8,065	$122,860	$1,864	$120,718	$931

*Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

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Total Impaired Loans	For the Six Months Ended June 30, 2014 Average Recorded Investment*	Interest Income Recognized during Impairment	For the Three Months Ended June 30, 2014 Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)			
With related allowance:				
Real estate—residential	$—	$—	$—	$—
Real estate—commercial				
Retail	5,238	46	4,198	27
Hotel & motel	11,771	266	11,696	133
Gas station & car wash	2,774	38	2,589	19
Mixed use	1,049	20	1,109	10
Industrial & warehouse	9,104	151	7,456	76
Other	9,353	166	8,898	82
Real estate—construction	—	—	—	—
Commercial business	30,875	594	28,981	310
Trade finance	6,526	99	6,990	51
Consumer and other	178	—	—	—
	$76,868	$1,380	$71,917	$708
With no related allowance:				
Real estate—residential	$—	$—	$—	$—
Real estate—commercial				
Retail	6,875	124	8,300	62
Hotel & motel	6,480	—	6,468	—
Gas station & car wash	4,820	—	4,808	—
Mixed use	1,143	—	1,292	—
Industrial & warehouse	7,528	160	9,389	83
Other	4,401	56	5,828	30
Real estate—construction	1,606	42	1,596	21
Commercial business	9,345	138	11,296	75
Trade finance	453	—	634	—
Consumer and other	1,234	15	1,468	8
	$43,885	$535	$51,079	$279
Total	$120,753	$1,915	$122,996	$987

* Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

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Impaired APLs	As of June 30, 2015 Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	For the Six Months Ended June 30, 2015 Average Recorded Investment*	Interest Income Recognized during Impairment	For the Three Months Ended June 30, 2015 Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)						
With related allowance:							
Real estate—residential	$—	$—	$—	$—	$—	$—	$—
Real estate—commercial							
Retail	2,579	2,568	185	2,278	74	2,591	37
Hotel & motel	—	—	—	—	—	—	—
Gas station & car wash	1,719	1,928	341	1,398	29	1,215	15
Mixed use	352	348	2	352	—	352	—
Industrial & warehouse	—	—	—	120	—	180	—
Other	1,288	1,575	62	1,123	8	803	4
Real estate—construction	—	—	—	—	—	—	—
Commercial business	736	884	373	721	9	697	4
Trade finance	—	—	—	—	—	—	—
Consumer and other	—	—	—	1	—	1	—
	$6,674	$7,303	$963	$5,993	$120	$5,839	$60
With no related allowance:							
Real estate—residential	$—	$—	$—	$—	$—	$—	$—
Real estate—commercial							
Retail	1,370	1,479	—	2,037	7	1,476	3
Hotel & motel	5,730	7,779	—	5,613	7	5,624	3
Gas station & car wash	—	—	—	347	—	516	—
Mixed use	279	444	—	167	2	251	1
Industrial & warehouse	1,125	1,221	—	1,362	2	1,174	1
Other	3,881	4,906	—	4,287	21	4,426	10
Real estate—construction	—	—	—	—	—	—	—
Commercial business	904	1,664	—	982	33	968	17
Trade finance	—	—	—	—	—	—	—
Consumer and other	573	642	—	606	4	611	2
	$13,862	$18,135	$—	$15,401	$76	$15,046	$37
Total	$20,536	$25,438	$963	$21,394	$196	$20,885	$97

*Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

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Impaired APLs	For the Six Months Ended June 30, 2014 Average Recorded Investment*	For the Six Months Ended June 30, 2014 Interest Income Recognized during Impairment	For the Three Months Ended June 30, 2014 Average Recorded Investment*	For the Three Months Ended June 30, 2014 Interest Income Recognized during Impairment
	(In thousands)			
With related allowance:				
Real estate—residential	$—	$ —	$—	$—
Real estate—commercial				
Retail	264	—	201	—
Hotel & motel	—	—	—	—
Gas station & car wash	1,791	30	2,289	15
Mixed use	118	—	177	—
Industrial & warehouse	1,709	—	—	—
Other	1,054	4	899	2
Real estate—construction	—	—	—	—
Commercial business	1,240	4	868	3
Trade finance	—	—	—	—
Consumer and other	—	—	—	—
	$6,176	$ 38	$4,434	$20
With no related allowance:				
Real estate—residential	$—	$ —	$—	$—
Real estate—commercial				
Retail	1,549	15	1,702	7
Hotel & motel	6,379	—	6,347	—
Gas station & car wash	1,029	—	736	—
Mixed use	307	—	460	—
Industrial & warehouse	3,281	5	3,981	2
Other	3,396	20	4,526	12
Real estate—construction	—	—	—	—
Commercial business	1,505	10	1,853	7
Trade finance	—	—	—	—
Consumer and other	887	4	947	2
	$18,333	$ 54	$20,552	$30
Total	$24,509	$ 92	$24,986	$50

* Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

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Total Impaired Loans	As of December 31, 2014 Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	For the Year Ended December 31, 2014 Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)				
With related allowance:					
Real estate—residential	$—	$—	$—	$—	$—
Real estate—commercial					
Retail	4,902	5,288	390	5,205	127
Hotel & motel	13,401	14,548	469	12,053	532
Gas station & car wash	1,904	3,507	379	2,440	60
Mixed use	482	497	13	823	—
Industrial & warehouse	2,111	2,126	13	7,309	119
Other	9,781	10,389	1,110	9,709	355
Real estate—construction	—	—	—	—	—
Commercial business	37,300	38,730	7,236	32,798	1,502
Trade finance	4,053	11,310	1,312	6,647	—
Consumer and other	—	—	—	114	—
	$73,934	$86,395	$10,922	$77,098	$2,695
With no related allowance:					
Real estate—residential	$—	$—	$—	$—	$—
Real estate—commercial					
Retail	11,708	13,492	—	8,462	358
Hotel & motel	5,992	8,728	—	6,655	—
Gas station & car wash	2,693	4,065	—	4,139	44
Mixed use	1,589	1,697	—	1,415	39
Industrial & warehouse	14,374	17,940	—	9,311	494
Other	7,083	9,886	—	5,118	93
Real estate—construction	1,521	1,545	—	1,583	—
Commercial business	5,307	6,880	—	8,349	50
Trade finance	1,883	5,000	—	724	—
Consumer and other	1,061	1,118	—	1,168	28
	$53,211	$70,351	$—	$46,924	$1,106
Total	$127,145	$156,746	$10,922	$124,022	$3,801

* Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

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Impaired APLs	As of December 31, 2014			For the Year Ended December 31, 2014	
	Recorded Investment*	Unpaid Contractual Principal Balance	Related Allowance	Average Recorded Investment*	Interest Income Recognized during Impairment
	(In thousands)				
With related allowance:					
Real estate—residential	$—	$—	$—	$—	$—
Real estate—commercial					
Retail	1,653	1,638	36	838	97
Hotel & motel	—	—	—	—	—
Gas station & car wash	1,762	1,953	379	1,783	60
Mixed use	352	348	2	212	—
Industrial & warehouse	—	—	—	1,026	—
Other	1,763	2,016	17	1,134	5
Real estate—construction	—	—	—	—	—
Commercial business	769	928	307	1,090	15
Trade finance	—	—	—	—	—
Consumer and other	—	—	—	—	—
	$6,299	$6,883	$741	$6,083	$177
With no related allowance:					
Real estate—residential	$—	$—	$—	$—	$—
Real estate—commercial					
Retail	3,158	3,376	—	1,869	27
Hotel & motel	5,591	7,493	—	6,067	—
Gas station & car wash	9	297	—	621	—
Mixed use	—	—	—	275	—
Industrial & warehouse	1,737	1,954	—	2,673	39
Other	4,009	5,174	—	3,798	41
Real estate—construction	—	—	—	—	—
Commercial business	1,009	1,758	—	1,321	4
Trade finance	—	—	—	—	—
Consumer and other	596	652	—	772	8
	$16,109	$20,704	$—	$17,396	$119
Total	$22,408	$27,587	$741	$23,479	$296

*Unpaid contractual principal balance less charge offs, interest applied to principal and purchase discounts.

Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due and/or management deems the collectibility of the principal and/or interest to be in question, as well as when required by regulatory requirements. Loans to a customer whose financial condition has deteriorated are considered for nonaccrual status whether or not the loan is 90 days or more past due. Generally, payments received on nonaccrual loans are recorded as principal reductions. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

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The following tables present the aging of past due loans as of June 30, 2015 and December 31, 2014 by class of loans:

	As of June 30, 2015					
	Past Due and Accruing					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total	Nonaccrual Loans (2)	Total Delinquent Loans
	(In thousands)					
Legacy Loans:						
Real estate—residential	$—	$—	$—	$—	$—	$—
Real estate—commercial						
Retail	901	225	—	1,126	2,558	3,684
Hotel & motel	—	—	—	—	945	945
Gas station & car wash	—	567	333	900	2,971	3,871
Mixed use	—	434	—	434	2,552	2,986
Industrial & warehouse	—	113	—	113	1,220	1,333
Other	—	—	—	—	2,831	2,831
Real estate—construction	—	—	—	—	—	—
Commercial business	594	207	—	801	9,431	10,232
Trade finance	1,933	—	—	1,933	1,954	3,887
Consumer and other	29	—	—	29	870	899
Subtotal	$3,457	$1,546	$333	$5,336	$25,332	$30,668
Acquired Loans: (1)						
Real estate—residential	$—	$—	$—	$—	$—	$—
Real estate—commercial						
Retail	1,442	68	—	1,510	1,334	2,844
Hotel & motel	—	286	—	286	5,448	5,734
Gas station & car wash	—	—	—	—	695	695
Mixed use	—	47	—	47	567	614
Industrial & warehouse	—	—	—	—	1,053	1,053
Other	—	—	—	—	3,748	3,748
Real estate—construction	105	228	—	333	646	979
Commercial business	—	—	—	—	—	—
Trade finance	—	—	—	—	—	—
Consumer and other	6	—	—	6	858	864
Subtotal	$1,553	$629	$—	$2,182	$14,349	$16,531
TOTAL	$5,010	$2,175	$333	$7,518	$39,681	$47,199

(1) The Acquired Loans exclude ACILs.

(2) Nonaccrual loans exclude the guaranteed portion of delinquent SBA loans that are in liquidation totaling $22.6 million.

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	As of December 31, 2014					
	Past Due and Accruing					
	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total	Nonaccrual Loans (2)	Total Delinquent Loans
	(In Thousands)					
Legacy Loans:						
Real estate—residential	$—	$—	$—	$—	$—	$—
Real estate—commercial						
Retail	201	351	—	552	4,586	5,138
Hotel & motel	299	—	—	299	2,336	2,635
Gas station & car wash	—	—	—	—	2,105	2,105
Mixed use	437	—	—	437	930	1,367
Industrial & warehouse	—	208	—	208	2,335	2,543
Other	45					