

ITLA CAPITAL CORP
Form 10-Q
May 10, 2007

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2007

OR

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

For the Transition Period from _____ to _____
Commission File Number 1-33199

ITLA CAPITAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

95-4596322
(IRS Employer Identification No.)

888 Prospect St., Suite 110, La Jolla,
California
(Address of Principal Executive Offices)

92037
(Zip Code)

(858) 551-0511
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes R No £.

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" in Rule 12b-2 of the Exchange Act. Large Accelerated Filer £ Accelerated Filer R Non-Accelerated Filer £

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

Number of shares of common stock of the registrant: 5,495,876 outstanding as of May 3,
2007.

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ITLA CAPITAL CORPORATION
FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2007

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Exhibit 31.1Exhibit 31.2Exhibit 32**Forward Looking Statements**

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This Form 10-Q contains forward-looking statements that are subject to risks and uncertainties, including, but not limited to, changes in economic conditions in our market areas, changes in policies by regulatory agencies, the impact of competitive loan products, loan demand risks, the quality or composition of our loan or investment portfolios, increased costs from pursuing the national expansion of our real estate lending platform and operational challenges inherent in implementing this expansion strategy, fluctuations in interest rates and changes in the relative differences between short and long-term interest rates, levels of non-performing assets and other loans of concern, and operating results, the economic impact of any terrorist actions on our loan originations and loan repayments and other risks detailed from time to time in our filings with the Securities and Exchange Commission. We caution readers not to place undue reliance on forward-looking statements. We do not undertake and specifically disclaim any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the

date of such statements. These risks could cause our actual results for 2007 and beyond to differ materially from those expressed in any forward-looking statements by, or on behalf of, us.

As used throughout this report, the terms “we”, “our”, “us”, or the “Company” refer to ITLA Capital Corporation and its consolidated subsidiaries.

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ITLA CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2007 (unaudited)	December 31, 2006
	(in thousands, except share data)	
Assets		
Cash and cash equivalents	\$ 28,304	\$ 30,448
Investment securities available-for-sale, at fair value	120,000	99,527
Investment securities held-to-maturity, at amortized cost	184,882	193,512
Stock in Federal Home Loan Bank	49,701	48,984
Loans, net (net of allowance for loan losses of \$47,179 and \$46,049 as of March 31, 2007 and December 31, 2006, respectively)	3,006,829	2,973,368
Interest receivable	20,982	20,753
Other real estate owned, net	6,640	6,729
Premises and equipment, net	8,446	7,851
Deferred income taxes	11,272	11,513
Goodwill	3,118	3,118
Other assets	21,327	19,707
Total assets	\$ 3,461,501	\$ 3,415,510
Liabilities and Shareholders' Equity		
Liabilities:		
Deposit accounts	\$ 2,109,060	\$ 2,059,405
Federal Home Loan Bank advances and other borrowings	1,001,503	1,010,000
Accounts payable and other liabilities	37,488	38,168
Junior subordinated debentures	86,600	86,600
Total liabilities	3,234,651	3,194,173
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 5,000,000 shares authorized, none issued	—	—
Contributed capital - common stock, \$.01 par value; 20,000,000 shares authorized, 9,069,172 and 9,065,672 issued as of March 31, 2007 and December 31, 2006, respectively	82,300	82,073
Retained earnings	249,672	243,823
Accumulated other comprehensive income, net	401	35

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	332,373	325,931
Less treasury stock, at cost 3,820,644 and 3,803,969 shares as of March 31, 2007 and December 31, 2006, respectively	(105,523)	(104,594)
Total shareholders' equity	226,850	221,337
Total liabilities and shareholders' equity	\$ 3,461,501	\$ 3,415,510

See accompanying notes to the unaudited consolidated financial statements.

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ITLA CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2007	2006
	(in thousands, except per share data)	
Interest income:		
Loans, including fees	\$ 58,763	\$ 47,137
Cash and investment securities	4,569	4,291
Total interest income	63,332	51,428
Interest expense:		
Deposit accounts	26,588	17,198
Federal Home Loan Bank advances and other borrowings	10,677	9,362
Junior subordinated debentures	2,078	1,958
Total interest expense	39,343	28,518
Net interest income before provision for loan losses	23,989	22,910
Provision for loan losses	750	750