

FIRST PACTRUST BANCORP INC

Form 424B5

December 03, 2012

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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-170622

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.**

PROSPECTUS SUPPLEMENT

Subject to completion, dated December 3, 2012

(To Prospectus dated November 23, 2010)

## **\$ 7.50% Senior Notes Due April 15, 2020**

First PacTrust Bancorp, Inc., or First PacTrust, is offering and selling \$ in aggregate principal amount of 7.50% Senior Notes due April 15, 2020, referred to herein as the notes. The notes will be issued in denominations of \$25 and integral multiples of \$25 in excess thereof, will mature on April 15, 2020 and will bear interest at a fixed rate of 7.50% per year. The notes are being offered as additional notes under the indenture pursuant to which First PacTrust previously issued \$33,000,000 in aggregate principal amount of 7.50% Senior Notes due April 15, 2020, which are referred to herein as the original notes. The notes constitute a further issuance of, and will be fungible and rank equally with, the original notes and form a single class of debt securities with the original notes for all purposes under the indenture governing the notes.

We have granted the underwriters the option to purchase from us, within the 30-day period beginning on the date of this prospectus supplement, up to an additional \$ aggregate principal amount of the notes, at the public offering price per note, less underwriting discounts and commissions, solely for the purpose of covering over-allotments. Immediately after giving effect to the issuance of the notes (but excluding any notes to be issued pursuant to the exercise of the over-allotment option), First PacTrust will have \$ in aggregate principal amount of 7.50% Senior Notes due April 15, 2020 outstanding.

Interest on the notes will accrue from October 15, 2012, and will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, beginning January 15, 2013.

The notes will be unsecured obligations of ours and will rank equally with all our existing and future unsecured indebtedness and senior in right of payment to any of our existing or future obligations that are by their terms expressly subordinated or junior in right of payment to the notes. Because First PacTrust is a holding company, our cash flows and consequent ability to service our obligations, including our debt securities, are dependent on distributions and other payments of earnings to us by our subsidiaries and funds raised from borrowings or in the capital markets. Accordingly, our right to receive any assets of our subsidiaries upon their liquidation or reorganization, and the consequent right of the holders of the debt securities to participate in those assets, will be effectively subordinated to the claims of our subsidiaries' creditors.

We may, at our option, on April 15, 2015, or any scheduled interest payment date thereafter, redeem some or all of the notes as described in Description of Notes - Optional Redemption. There is no sinking fund for the notes. The original notes are currently quoted on the NASDAQ Global Market under the symbol BANCL. We expect that the notes will be listed on the NASDAQ Global Market, under the same BANCL symbol. We may from time to time purchase the notes in the open market or otherwise.

Investing in the notes involves risks. See Risk Factors beginning on page S-7.

**The notes are not deposits or obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	<b>Public Offering</b>	<b>Underwriting Discounts and Commissions</b>	<b>Proceeds to First PacTrust(2)</b>
	<b>Price(1)</b>		
	<b>%</b>	<b>%</b>	<b>%</b>
Per note			
Total	\$ (3)	\$	\$

(1) Plus accrued interest from October 15, 2012.

(2) Before deducting expenses of the offering.

(3) Assumes no exercise of the underwriters' over-allotment option, described below.

It is expected that delivery of the notes in book-entry form only will be made through the facilities of The Depository Trust Company on or about 2012 against payment therefor in immediately available funds.

**UBS Investment Bank**

**Raymond James**

*Joint Book-Running Managers*

**D.A. Davidson & Co.**

*Lead Manager*

**Sterne Agee**

*Co-Managers*

**Wunderlich Securities**

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## About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this notes offering. The second part, the base prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any written communication from First PacTrust or the underwriters specifying the final terms of this offering. Neither we nor the underwriters have authorized anyone to provide you with different or additional information from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted.**

The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates of this prospectus supplement and the accompanying prospectus, regardless of the time of delivery of this prospectus supplement or any sales of the notes.

In this prospectus supplement and the accompanying prospectus, references to First PacTrust, we, our and us mean First PacTrust Bancorp, Inc. excluding, unless the context otherwise requires or as otherwise expressly stated, its subsidiaries.

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## Cautionary note regarding forward-looking statements

This prospectus supplement and the accompanying prospectus and the information incorporated by reference in them includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including those identified by the words *may*, *will*, *should*, *could*, *anticipate*, *believe*, *continue*, *estimate*, *expect*, *forecast*, *intend*, *plan*, *potential*, or *project* and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement for the Company's pending acquisition of The Private Bank of California, or PBOC, described in this prospectus supplement and in the documents incorporated by reference herein;
- the outcome of any legal proceedings that may be instituted against the Company or PBOC;
- the inability to complete the PBOC transaction due to the failure to satisfy the transaction's conditions to completion, including the receipt of required regulatory approvals and the approval of the merger agreement by PBOC's shareholders;
- risks that the PBOC transaction, or the Company's recently completed acquisitions of Beach and Gateway, may disrupt current plans and operations, the potential difficulties in customer and employee retention as a result of the transactions and the amount of the costs, fees, expenses and charges related to the transactions;
- continuation or worsening of recent turmoil in the financial markets;
- the credit risks of lending activities, which may be affected by further deterioration in the real estate markets and the financial condition of borrowers, may lead to increased loan and lease delinquencies, losses and nonperforming assets in our loan portfolio, and may result in our allowance for loan and lease losses not being adequate to cover actual losses and require us to materially increase our loan and lease loss reserves;
- the quality and composition of our securities portfolio;
- changes in general economic conditions, either nationally or in our market areas;
- continuation of the historically low short-term interest rate environment, changes in the levels of general interest rates, and the relative differences between short-and long-term interest rates, deposit interest rates, our net interest margin and funding sources;

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- fluctuations in the demand for loans and leases, the number of unsold homes and other properties and fluctuations in commercial and residential real estate values in our market area;
- results of examinations of us by regulatory authorities and the possibility that any such regulatory authority may, among other things, require us to increase our allowance for loan and lease losses, write-down asset values, increase our capital levels, or affect our ability to borrow funds or maintain or increase deposits, which could adversely affect our liquidity and earnings;
- legislative or regulatory changes that adversely affect our business, including changes in regulatory capital or other rules;
- our ability to control operating costs and expenses;
- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges;

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- errors in our estimates in determining fair value of certain of our assets, which may result in significant declines in valuation;
  - the network and computer systems on which we depend could fail or experience a security breach;
  - our ability to attract and retain key members of our senior management team;
  - costs and effects of litigation, including settlements and judgments;
  - increased competitive pressures among financial services companies;
  - changes in consumer spending, borrowing and saving habits;
  - adverse changes in the securities markets;
  - earthquake, fire or other natural disasters affecting the condition of real estate collateral;
  - the availability of resources to address changes in laws, rules or regulations or to respond to regulatory actions;
  - inability of key third-party providers to perform their obligations to us;
  - changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board or their application to our business or final audit adjustments, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods;
  - war or terrorist activities; and
  - other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services and the other risks described elsewhere in this prospectus supplement or the documents incorporated by reference herein.
- Some of these and other factors are discussed in our annual and quarterly reports previously filed with the Securities and Exchange Commission, or the SEC. Such developments could have an adverse impact on our financial position and results of operations.



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The forward-looking statements are based on our management's beliefs and assumptions and are made as of the date of this prospectus supplement (or, in the case of such statements contained in the accompanying prospectus, or document incorporated by reference, as of the date on the front of such prospectus or document). We undertake no obligation to publicly update or revise any forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by the federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

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## Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read and copy any materials we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can obtain information about the operation of the SEC's public reference room by calling the SEC at 1-800-732-0330. The SEC also maintains a website at <http://www.sec.gov> that contains information we file electronically with the SEC.

We have filed a Registration Statement on Form S-3 (File No. 333-170622) with the SEC regarding the securities offered hereby. This prospectus supplement does not contain all of the information set forth in the registration statement or in the exhibits and schedules thereto, in accordance with the rules and regulations of the SEC, and we refer you to that omitted information. The statements made in this prospectus supplement pertaining to the content of any contract, agreement or other document that is an exhibit to the registration statement necessarily are summaries of their material provisions and we qualify those statements in their entirety by reference to those exhibits for complete statements of their provisions. The registration statement and its exhibits and schedules are available at the SEC's public reference room or through its website.

## Incorporation by reference

The SEC allows us to incorporate by reference the information we file with it, which means we can disclose important information to you by referring you to those documents. The information we incorporate by reference is an important part of this prospectus supplement, and information we subsequently file with the SEC will automatically update and supersede that information. We incorporate by reference the documents listed below and any filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, (File Number 000-49806) (excluding, in each case, information deemed to be furnished and not filed with the SEC) after the date of this prospectus supplement until the completion of this offering. The documents we incorporate by reference are:

- our Annual Report on Form 10-K for the year ended December 31, 2011 filed on March 30, 2012, as amended on Form 10-K/A filed on April 17, 2012;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012; June 30, 2012; and September 30, 2012 filed on May 10, 2012; August 10, 2012; and November 13, 2012, respectively;
- our Current Reports on Form 8-K filed with the SEC on January 6, 2012; February 28, 2012; March 2, 2012; March 8, 2012; April 5, 2012; April 10, 2012 (two filings); April 19, 2012; April 23, 2012; May 11, 2012; May 25, 2012; June 1, 2012; June 5, 2012; June 22, 2012; July 2, 2012 (two filings); July 5, 2012; August 2, 2012; August 3, 2012; August 20, 2012; August 22, 2012; August 27, 2012; September 4, 2012; September 17, 2012; September 21, 2012 (two filings); September 27, 2012; November 2, 2012; November 6, 2012; November 9, 2012; and December 3, 2012 (two filings); and
- the information set forth under the captions "Stock Ownership," "Proposal I Election of Directors," "Director Compensation," "Business Relationships and Transactions with Executive Officers and Directors and Related Persons," "Board of Directors Meetings and Committee and Corporate Governance Matters," and "Compensation of Executive Officers," "Independent Registered Public Accounting Firm and Pre-Approval of Audit and Non-Audit Services" in our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 24, 2012, to the extent such information is incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2011.



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Notwithstanding the foregoing, information furnished under Items 2.02 and 7.01 of any Current Report on Form 8-K, including the related exhibits under Item 9.01, is not incorporated by reference in this prospectus supplement or the accompanying prospectus.

We will provide without charge to each person to whom a copy of this prospectus supplement has been delivered, upon written or oral request, a copy of any or all of the documents we incorporate by reference in this prospectus supplement, other than any exhibit to any of those documents, unless we have specifically incorporated that exhibit by reference into the information this prospectus supplement incorporates. You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing) at no cost, by writing or calling us at Investor Relations, First PacTrust Bancorp, Inc., 18500 Von Karman Avenue, Suite 1100, Irvine, California 92612, telephone number (949) 236-5211.

In reviewing any agreements incorporated by reference, please remember that they are included to provide you with information regarding the terms of such agreements and are not intended to provide any other factual or disclosure information. The agreements may contain representations and warranties, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

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## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. Because it is a summary, it may not contain all of the information that is important to you. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors beginning on page S-7 of this prospectus supplement, as well as the documents incorporated by reference in this prospectus supplement, before making a decision to invest in the notes.*

### **FIRST PACTRUST**

We are a bank holding company incorporated in the state of Maryland, primarily engaged in the business of planning, directing and coordinating the business activities of our wholly owned subsidiaries, Pacific Trust Bank, a federally chartered savings bank, referred to herein as PacTrust, and Beach Business Bank, a California state-chartered bank, referred to herein as Beach. We are headquartered in Irvine, California and currently have 19 banking offices in Los Angeles, Orange, San Diego and Riverside counties, and 23 loan production offices in California, Arizona, Oregon and Washington. PacTrust is a 71-year-old, community-oriented financial institution offering a variety of financial services to meet the needs of the communities we serve. PacTrust's principal business consists of attracting retail deposits from the general public and investing these funds primarily in permanent loans secured by first mortgages on owner-occupied, one- to four-family residences and a variety of consumer loans. PacTrust also originates loans secured by multi-family and commercial real estate and, to a lesser extent, commercial business loans. Beach is a California-chartered state bank headquartered in Manhattan Beach, California. Beach is a community bank engaged in the general commercial banking business. Beach offers deposit and loan products to individuals and small- to mid-sized businesses. Beach's business plan emphasizes providing specialized financial services to individuals and businesses in its service area. In addition, Beach specializes in providing SBA loans, as a member of the SBA's Preferred Lender Program.

At September 30, 2012, we had total consolidated assets of \$1,669.7 million, an increase of \$740.8 million, or 79.7%, from September 30, 2011. Our loans receivable, net of allowances, excluding loans held for sale, increased by \$507.3 million, or 72.9%, to \$1,203.0 million on September 30, 2012 from September 30, 2011. Additionally, on September 30, 2012, our total consolidated deposits increased by \$616.6 million, or 86.7%, to \$1,328.2 million when compared to September 30, 2011, and we reported total consolidated shareholders' equity of \$191.7 million, an increase of \$0.3 million, or 0.1% compared to September 30, 2011. Net income for the nine-month period ended September 30, 2012 was \$9.2 million, reflecting a \$6.3 million increase over net income of \$2.9 million in the same period of the prior year. PacTrust's total equity was \$158.4 million at September 30, 2012, or 11.7% of its total assets on that date. As of September 30, 2012, PacTrust's regulatory capital ratios were as follows: core capital 11.2%; Tier I risk-based capital, 16.1%; and total risk-based capital 17.4%. Beach Business Bank's total equity was \$44.5 million at September 30, 2012, or 14.3% of its total assets on that date. As of September 30, 2012, Beach Business Bank's regulatory capital ratios were as follows: core capital 10.8%; Tier I risk-based capital, 14.2%; and total risk-based capital 14.4%.

Our goal is to be the premier community bank holding company in southern California, serving the needs of growing families, high net worth individuals, professionals and small to mid-sized businesses and their owners. Toward this end, we have adopted a business plan aimed at completing our transformation from a traditional thrift to a full-service community bank through a combination of organic growth and acquisitions.

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Our principal executive offices are located at 18500 Von Karman Avenue, Suite 1100, Irvine, California 92612. Our telephone number is (949) 236-5211. Our internet address is [www.firstpactrustbancorp.com](http://www.firstpactrustbancorp.com). Information contained on or accessible from our website is not incorporated into this prospectus supplement or the accompanying prospectus and does not constitute a part of this prospectus supplement or the accompanying prospectus.

### **RECENT DEVELOPMENTS**

#### **Beach Business Bank Acquisition**

On July 1, 2012, we completed our acquisition of Beach. At July 1, 2012, Beach had total assets of \$319.0 million, total loans of \$229.7 million and total deposits of \$271.3 million. Upon the completion of the Beach acquisition, Beach became a wholly owned subsidiary of First PacTrust. Beach currently operates three full-service branches in Los Angeles County and Orange County, California.

#### **Gateway Bancorp Acquisition**

On August 17, 2012, we completed our acquisition of Gateway Bancorp, or Gateway, the holding company for Gateway Business Bank, for an aggregate purchase price of \$15.5 million in cash, immediately following which Gateway was merged with and into us, and Gateway Business Bank was merged with and into PacTrust. At August 17, 2012, Gateway Business Bank had total assets of \$177.6 million, total loans of \$128.5 million and total deposits of \$143.0 million. The acquisition included Mission Hills Mortgage Bankers, the mortgage banking operating division of Gateway Business Bank. Mission Hills has originated over \$6.3 billion of mostly prime mortgage loans since 2006, a majority of which have been sold servicing-released through correspondent relationships with money center banks. Prior to merging with PacTrust, Gateway Business Bank independently operated two full service branches in Laguna Hills and Lakewood, California and Mission Hills Mortgage Bankers operated 22 retail mortgage production offices throughout California, Oregon, Washington and Arizona.

#### **The Private Bank of California Acquisition**

On August 21, 2012, First PacTrust and Beach entered into a definitive agreement to acquire all the outstanding stock of The Private Bank of California, or PBOC. Pursuant to the agreement, if the PBOC merger is completed, PBOC will merge with and into Beach, with Beach as the surviving entity in the merger, and continuing as a wholly owned subsidiary of First PacTrust. At September 30, 2012, PBOC had total assets of \$685.1 million, total loans, net of allowance for loan losses, of \$325.9 million and total deposits of \$580.5 million. PBOC was chartered on October 24, 2005 as a commercial bank in the state of California. PBOC provides a range of financial services, including credit and deposit products as well as cash management services, from its headquarters located in the Century City area of Los Angeles, California as well as a full-service branch in Hollywood and a loan production office in downtown Los Angeles. PBOC's target clients include high net worth and high income individuals, business professionals and their professional service firms, business owners, entertainment service businesses and non-profit organizations.

If the PBOC merger is completed, each holder of PBOC common stock outstanding immediately prior to the completion of the merger will receive his, her or its proportional share of (1) 2,083,333 shares of First PacTrust common stock and (2) \$24,887,513 in cash, in each case subject to certain adjustments. If the total value of the merger consideration, calculated for this purpose using \$12.00 as the value of one share of First PacTrust common stock, would otherwise exceed an amount equal to 1.30 times PBOC's

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tangible common equity as of the last business day of the month immediately prior to the closing of the merger (after subtracting from tangible common equity certain unaccrued one-time PBOC merger-related costs and expenses) then the cash portion of the merger consideration will be adjusted downward until the total value of the merger consideration is equal to such amount. We plan to finance the cash portion of the merger consideration with cash on hand.

In addition, if the PBOC merger is completed, each share of Non-Cumulative Perpetual Preferred Stock, Series C, stated liquidation amount \$1,000 per share, of PBOC issued and outstanding immediately prior to the completion of the merger, which preferred stock was issued by PBOC as part of the Small Business Lending Fund program of the United States Department of Treasury, will be converted automatically into one share of preferred stock, par value \$0.01 per share, of First PacTrust, to be designated, prior to the completion of the merger, as Non-Cumulative Perpetual Preferred Stock, Series B, stated liquidation amount \$1,000 per share and otherwise having rights (including with respect to dividends), preferences, privileges and voting powers, and limitations and restrictions that are equivalent to those immediately prior to such conversion, taken as a whole.

Completion of the transaction is subject to certain conditions, including receipt of approval of PBOC shareholders and regulatory approvals. The acquisition will be accounted for under the acquisition method of accounting. We expect to complete the transaction in 2013, although we cannot assure you that the transaction will close on such timetable or at all.

## **RISK FACTORS**

Investing in the notes involves risks. You should carefully consider the information under **Risk Factors** beginning on page S-7 of this prospectus supplement and under **Risk Factors** in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 30, 2012, as amended on Form 10-K/A filed on April 17, 2012, in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, filed with the SEC on May 10, 2012, August 10, 2012 and November 13, 2012, respectively, as well as all other information included in this prospectus, including the documents incorporated by reference in this prospectus.

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## The Offering

*In this section, The Offering, the Company, we, our, or us refer only to First PacTrust Bancorp, Inc. and not to any of its subsidiaries.*

Issuer	First PacTrust Bancorp, Inc.
Securities Offered	\$        aggregate principal amount of 7.50% Senior Notes due April 15, 2020 (or \$        aggregate principal amount if the underwriters exercise their over-allotment option in full). The notes are being offered as additional notes under the indenture pursuant to which First PacTrust previously issued \$33,000,000 in aggregate principal amount of 7.50% Senior Notes due April 15, 2020, which are referred to herein as the original notes. The notes constitute a further issuance of, and will be fungible and rank equally with, the original notes and form a single class of debt securities with the original notes for all purposes under the indenture governing the notes.
Maturity Date	April 15, 2020
Issue Price	% of the principal amount per note plus accrued interest from, and including, October 15, 2012 to, but excluding, the date of issuance.
Interest	We will pay interest on the notes quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, with interest payments on the notes beginning January 15, 2013, at a rate of 7.50% per annum.
Ranking	<p>The notes will be unsecured obligations of the Company and will rank equally with all our existing and future unsecured and indebtedness and senior in right of payment to any of our existing or future obligations that are by their terms expressly subordinated or junior in right of payment to the notes.</p> <p>Because First PacTrust is a holding company, our cash flows and consequent ability to service our obligations, including our debt securities, are dependent on distributions and other payments of earnings to us by our subsidiaries, and funds raised from borrowings or in the capital markets. Accordingly, our right to receive any assets of our</p>



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subsidiaries upon their liquidation or reorganization, and the consequent right of the holders of the debt securities to participate in those assets, will be effectively subordinated to the claims of our subsidiaries' creditors.

At September 30, 2012, our subsidiaries had outstanding indebtedness (excluding deposits in PacTrust and Beach) aggregating approximately \$88.3 million. PacTrust and Beach had \$1,067.6 million and \$260.6 million, respectively, in deposit liabilities at that date.

Redemption

We may, at our option, on April 15, 2015, or any scheduled interest payment date thereafter, redeem some or all of the notes as described in "Description of Notes - Optional Redemption."

Certain Covenants

We will issue the notes under an indenture dated as of April 23, 2012, by and between us and U.S. Bank National Association, as trustee (as supplemented by the first supplemental indenture, dated April 23, 2012), referred to herein as the indenture. The indenture includes several covenants which will, among other things, restrict our ability and the ability of our subsidiaries to dispose of or incur liens on voting stock of certain subsidiaries.

For more details, see the section in this prospectus supplement entitled "Description of the Notes - Covenants."

Trustee

U.S. Bank National Association acts as trustee under the indenture.

Use of Proceeds

We estimate that the net proceeds from the sale of the notes will be approximately \$ million (or approximately \$ if the underwriters exercise their over-allotment option in full) after deducting the underwriting discount and estimated expenses payable by us. We intend to retain the majority of the net proceeds from this offering at First PacTrust for possible acquisitions, support of organic growth, investments in, or extensions of credit to, our subsidiaries, investments in securities and for general corporate purposes.

Denomination; Form

The notes will be issued only in fully registered form, without coupons, in denominations of \$25

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and integral multiples of \$25. Each of the notes will be evidenced by one or more global notes deposited with the trustee for the notes, as custodian for The Depository Trust Company, or DTC. Beneficial interests in the global notes will be shown on, and transfers of those beneficial interests can only be made through, records maintained by DTC and its participants. See Description of the Notes General and Book-Entry, Delivery and Form.

Listing

The original notes are currently quoted on the NASDAQ Global Market under the symbol BANCL. We expect that the notes will be listed on the NASDAQ Global Market, under the same BANCL symbol.

Option to Purchase Notes due to Overallotment

We have granted the underwriters the option to purchase from us, within the 30-day period beginning on the date of this prospectus supplement, up to an additional \$ aggregate principal amount of the notes, at the public offering price per note, less underwriting discounts and commissions, solely for the purpose of covering over-allotments.

Governing Law

The indenture and the original notes are, and the notes will be, governed by, and construed in accordance with, the laws of the State of New York. The indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended.

Risk Factors

Investing in the notes involves risks. Before deciding whether to invest in the notes, you should carefully consider the information set forth in the section of the prospectus supplement entitled Risk Factors beginning on page S-7, as well as the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus.

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## Risk factors

*An investment in the notes involves various risks. You should carefully consider the risk factors described in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as amended on Form 10-K/A filed on April 17, 2012, and in Part II, Item 1A, Risk Factors in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012, and September 30, 2012, filed on May 10, 2012, August 10, 2012 and November 13, 2012, respectively, and our other reports filed from time to time with the SEC, which are incorporated by reference into this prospectus supplement and the accompanying prospectus, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act. You should carefully consider the risks described below, and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before investing in the notes. The risks described below are not the only risks applicable to us. Additional risks not currently known to us or that we currently consider immaterial also may impair our business.*

### **RISKS RELATING TO OUR BUSINESS AND OPERATING ENVIRONMENT**

**Our business strategy includes significant growth plans, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively.**

We intend to pursue an organic and acquisition growth strategy for our business. We regularly evaluate potential acquisitions and expansion opportunities. If appropriate opportunities present themselves, we expect to engage in selected acquisitions of financial institutions, branch acquisitions and other business growth initiatives or undertakings. There can be no assurance that we will successfully identify appropriate opportunities, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful.

There are risks associated with our growth strategy. To the extent that we grow through acquisitions, we cannot ensure that we will be able to adequately or profitably manage this growth. Acquiring other banks, branches or other assets, as well as other expansion activities, involves various risks including the risks of incorrectly assessing the credit quality of acquired assets, encountering greater than expected costs of integrating acquired banks or branches into PacTrust and/or Beach, the risk of loss of customers and/or employees of the acquired institution or branch, executing cost savings measures, not achieving revenue enhancements and otherwise not realizing the transaction's anticipated benefits. Our ability to address these matters successfully cannot be assured. In addition, our strategic efforts may divert resources or management's attention from ongoing business operations, may require investment in integration and in development and enhancement of additional operational and reporting processes and controls, and may subject us to additional regulatory scrutiny.

Our growth initiatives may also require us to recruit experienced personnel to assist in such initiatives. Accordingly, the failure to identify and retain such personnel would place significant limitations on our ability to successfully execute our growth strategy. In addition, to the extent we expand our lending beyond our current market areas, we could incur additional risks related to those new market areas. We may not be able to expand our market presence in our existing market areas or successfully enter new markets.

If we do not successfully execute our acquisition growth plan, it could adversely affect our business, financial condition, results of operations, reputation and growth prospects. In addition, if we were to

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### **Risk factors**

conclude that the value of an acquired business had decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations. While we believe we will have the executive management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or that we will successfully manage our growth.

#### **We may fail to realize all of the anticipated benefits of our pending acquisition of PBOC.**

On August 21, 2012, we entered into a definitive agreement to acquire all of the outstanding stock of PBOC. The closing of the transaction is subject to the satisfaction of certain conditions, including the approval of the merger by PBOC shareholders and receipt of all necessary or advisable regulatory approvals. No assurance can be given as to when or whether these approvals will be received. The success of our pending acquisition of PBOC will depend on, among other things, our ability to realize anticipated cost savings and to combine the businesses of PacTrust, Beach and PBOC in a manner that does not materially disrupt the existing customer relationships of either institution or result in decreased revenues from our respective customers. If we are not able to successfully achieve these objectives, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.

Beach and PBOC have operated and, until the completion of the merger of the two institutions, will continue to operate, independently of one another. It is possible that the integration process could result in the loss of key employees, the disruption of each institution's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, depositors and employees or to achieve the anticipated benefits of the acquisition. Integration efforts between the two institutions will also divert management attention and resources. These integration matters could have an adverse effect on the combined institution following completion of the acquisition.

#### **Our recent acquisitions of Beach and Gateway may present certain risks to our business and operations.**

We completed our merger with Beach on July 1, 2012, and our acquisition of Gateway on August 17, 2012. Difficulties in capitalizing on the opportunities presented by the Beach and Gateway acquisitions may prevent us from fully achieving the expected benefits from the acquisitions, or may cause the achievement of such expected benefits to take longer than expected.

Further, the assimilation of PacTrust's, Beach's and Gateway's customers and markets could result in higher than expected deposit attrition, loss of key employees, disruption of our businesses, including the businesses of PacTrust, Beach and Gateway or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisitions. These matters could have an adverse effect on First PacTrust for an undetermined period. We will be subject to similar risks and difficulties in connection with any future acquisitions, including the acquisition of PBOC.

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**Our financial condition and results of operations are dependent on the economy, particularly in PacTrust's and Beach's market areas. The current economic conditions in the market areas we serve may continue to impact our earnings adversely and could increase the credit risk of our loan and lease portfolio.**

Our primary market area is concentrated in the greater San Diego, Orange County and Los Angeles market areas. Adverse economic conditions in these, or any of these, market areas can reduce our rate of growth, affect our customers' ability to repay loans and leases and adversely impact our financial condition and earnings. General economic conditions, including inflation, unemployment and money supply fluctuations, also may affect our profitability adversely. Weak economic conditions and ongoing strains in the financial and housing markets have resulted in higher levels of loan and lease delinquencies, problem assets and foreclosures and a decline in the values of the collateral securing our loans and leases.

A further deterioration in economic conditions in the market areas we serve could result in the following consequences, any of which could have a material adverse effect on our business, financial condition and results of operations:

- demand for our products and services may decline;
- loan and lease delinquencies, problem assets and foreclosures may increase;
- collateral for our loans and leases may further decline in value; and
- the amount of our low-cost or non-interest-bearing deposits may decrease.

**We cannot accurately predict the effect of the weakness in the national economy on our future operating results or the market price of the notes.**

The national economy in general and the financial services sector in particular are currently facing challenges of a scope unprecedented in recent history. We cannot accurately predict the severity or duration of the current economic downturn, which has adversely impacted the markets we serve. Any further deterioration in national or local economic conditions would have an adverse effect, which could be material, on our business, financial condition, results of operations and prospects, and could also cause the market price of the notes to decline. While it is impossible to predict how long these conditions may exist, the current economic downturn could present substantial risks for some time for the banking industry and for us.

**Our allowance for loan and lease losses may prove to be insufficient to absorb probable incurred losses in our loan and lease portfolio.**

Lending money is a substantial part of our business. Every loan and lease carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment. This risk is affected by, among other things:

- cash flow of the borrower and/or the project being financed;
- in the case of a collateralized loan or lease, the changes and uncertainties as to the future value of the collateral;

- the credit history of a particular borrower;
- changes in economic and industry conditions; and
- the duration of the loan or lease.

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### **Risk factors**

We maintain an allowance for loan and lease losses which we believe is appropriate to provide for probable incurred losses in our loan and lease portfolio. The amount of this allowance is determined by our management through a periodic review and consideration of several factors, including, but not limited to:

- an ongoing review of the quality, size and diversity of the loan and lease portfolio;
  - evaluation of non-performing loans and leases;
  - historical default and loss experience;
  - historical recovery experience;
  - existing economic conditions;
  - risk characteristics of the various classifications of loans and leases; and
  - the amount and quality of collateral, including guarantees, securing the loans and leases.
- If our loan and lease losses exceed our allowance for probable incurred loan and lease losses, our business, financial condition and profitability may suffer.

The determination of the appropriate level of the allowance for loan and lease losses inherently involves a high degree of subjectivity and requires us to make various assumptions and judgments about the collectability of our loan and lease portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans and leases. In determining the amount of the allowance for loan and lease losses, we review our loans and leases and the loss and delinquency experience, and evaluate economic conditions and make significant estimates of current credit risks and future trends, all of which may undergo material changes. If our estimates are incorrect, the allowance for loan and lease losses may not be sufficient to cover losses inherent in our loan and lease portfolio, resulting in the need for additions to our allowance through an increase in the provision for loan and lease losses. Continuing deterioration in economic conditions affecting borrowers, new information regarding existing loans and leases, identification of additional problem loans and leases and other factors, both within and outside of our control, may require an increase in the allowance for loan and lease losses. Our allowance for loan and lease losses was 1.44% of gross originated loans and leases held for investment and 72.1% of originated nonperforming originated loans at September 30, 2012. In addition, bank regulatory agencies periodically review our allowance for loan and lease losses and may require an increase in the provision for loan and lease losses or the recognition of further charge-offs, based on judgments different than that of management. If charge-offs in future periods exceed the allowance for loan and lease losses, we will need additional provisions to increase the allowance for loan and lease losses. Any increases in the provision for loan and lease losses will result in a decrease in net income and may have a material adverse effect on our financial condition and results of operations.

### **Our business may be adversely affected by credit risk associated with residential property and declining property values.**

At September 30, 2012, \$661.0 million, or 54.4% of our total gross loan and lease portfolio, was secured by single-family mortgage loans and home equity lines of credit. This type of lending is generally sensitive to regional and local economic conditions that significantly impact the

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ability of borrowers to meet their loan payment obligations, making loss levels difficult to predict. The decline in residential real estate values as a result of the downturn in the California housing markets has reduced the value of the real estate collateral securing these types of loans and increased the risk that we would incur losses if borrowers default on their loans. Residential loans with high combined loan-to-value ratios generally will be more sensitive to declining property values than those with lower combined loan-to-value ratios and

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therefore may experience a higher incidence of default and severity of losses. In addition, if the borrowers sell their homes, the borrowers may be unable to repay their loans in full from the sale proceeds. As a result, these loans may experience higher rates of delinquencies, defaults and losses, which will in turn adversely affect our financial condition and results of operations.

#### **Our loan portfolio possesses increased risk due to our level of adjustable rate loans.**

A substantial majority of our real estate secured loans held are adjustable-rate loans. Any rise in prevailing market interest rates may result in increased payments for borrowers who have adjustable rate mortgage loans, increasing the possibility of defaults that may adversely affect our profitability.

#### **Our non-traditional, interest-only single-family residential loans expose us to increased lending risk.**

Many of the residential mortgage loans we have originated for investment consisted of non-traditional single family loans that do not conform to Fannie Mae or Freddie Mac underwriting guidelines as a result of characteristics of the borrower or property, the loan terms, loan size or exceptions from agency underwriting guidelines.

In the case of interest-only loans, a borrower's monthly payment is subject to change when the loan converts to fully-amortizing status. Since the borrower's monthly payment may increase by a substantial amount even without an increase in prevailing market interest rates, the borrower might not be able to afford the increased monthly payment. In addition, interest-only loans have a large, balloon payment at the end of the loan term, which the borrower may be unable to pay. Negative amortization involves a greater risk to us because credit risk exposure increases when the loan incurs negative amortization and the value of the home serving as collateral for the loan does not increase proportionally. Negative amortization is only permitted up to 110% of the original loan to value ratio during the first five years the loan is outstanding, with payments adjusting periodically as provided in the loan documents, potentially resulting in higher payments by the borrower. The adjustment of these loans to higher payment requirements can be a substantial factor in higher loan delinquency levels because the borrowers may not be able to make the higher payments. Also, real estate values may decline, and credit standards may tighten in concert with the higher payment requirement, making it difficult for borrowers to sell their homes or refinance their loans to pay off their mortgage obligations. For these reasons, interest-only loans and negative amortization loans are considered to have an increased risk of delinquency, default and foreclosure than conforming loans and may result in higher levels of realized losses.

#### **Our income property loans, consisting of commercial and multi-family real estate loans, involve higher principal amounts than other loans and repayment of these loans may be dependent on factors outside our control or the control of our borrowers.**

We originate commercial and multi-family real estate loans for individuals and businesses for various purposes, which are secured by commercial properties. These loans typically involve higher principal amounts than other types of loans, and repayment is dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service, which may be adversely affected by changes in the economy or local market conditions. For example, if the cash flow from the borrower's project is reduced as a result of leases not being obtained or renewed, the borrower's ability to repay the loan may be impaired. Commercial and multi-family real estate loans also expose us to greater credit risk than loans secured by residential real estate because the collateral securing these loans typically cannot be sold as easily as residential real estate. In addition, many of our commercial and multi-family real estate loans are not fully amortizing and contain large balloon payments upon maturity. Such balloon payments may require the borrower to either sell or refinance the underlying property in order to make the payment, which may increase the risk of default or non-payment.

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If we foreclose on a commercial or multi-family real estate loan, our holding period for the collateral typically is longer than for residential mortgage loans because there are fewer potential purchasers of the collateral. Additionally, commercial and multi-family real estate loans generally have relatively large balances to single borrowers or related groups of borrowers. Accordingly, if we make any errors in judgment in the collectability of our commercial and multi-family real estate loans, any resulting charge-offs may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios. As of September 30, 2012, our commercial and multi-family real estate loans totaled \$552.1 million, or 45.5% of our total gross loan portfolio.

#### **If our investments in other real estate owned are not properly valued or sufficiently reserved to cover actual losses, or if we are required to increase our valuation reserves, our earnings could be reduced.**

We obtain updated valuations in the form of appraisals and broker price opinions when a loan has been foreclosed upon and the property is taken in as other real estate owned ( OREO ), and at certain other times during the asset's holding period. Our net book value ( NBV ) in the loan at the time of foreclosure and thereafter is compared to the updated market value (fair value) of the foreclosed property less estimated selling costs. A charge-off is recorded for any excess in the asset's NBV over its fair value. If our valuation process is incorrect, the fair value of our investments in other real estate owned may not be sufficient to recover our NBV in such assets, resulting in the need for additional write-downs. Additional material write-downs to our investments in other real estate owned could have a material adverse effect on our financial condition and results of operations. Our bank regulators periodically review our OREO and may require us to recognize further write-downs. Any increase in our write-downs, as required by such regulator, may have a material adverse effect on our financial condition and results of operations.

#### **Other-than-temporary impairment charges in our investment securities portfolio could result in losses and adversely affect our continuing operations.**

As of September 30, 2012, the Company's investment securities portfolio consisted of 81 securities, 27 of which were in an unrealized loss position. The majority of unrealized losses are related to the Company's private label residential mortgage-backed securities, as discussed below.

The Company's private label residential mortgage-backed securities that are in a loss position had a fair value of \$25.5 million with unrealized losses of approximately \$0.3 million at September 30, 2012. These non-agency private label residential mortgage-backed securities were rated AA or above at purchase and are not within the scope of ASC 325. The Company monitors to ensure it has adequate credit support and as of September 30, 2012, the Company believes there is no other than temporary impairment (OTTI) and did not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery.

We closely monitor our investment securities for changes in credit risk. The valuation of our investment securities also is influenced by external market and other factors, including implementation of SEC and Financial Accounting Standards Board guidance on fair value accounting. Accordingly, if market conditions deteriorate further and we determine our holdings of other investment securities are OTTI, our future earnings, shareholders' equity, regulatory capital and continuing operations could be materially adversely affected.

#### **Rising interest rates may hurt our profits.**

To be profitable, we have to earn more money in interest that we receive on loans and investments than we pay to our depositors and lenders in interest. If interest rates rise, our net interest income and the

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value of our assets could be reduced if interest paid on interest-bearing liabilities, such as deposits and borrowings, increases more quickly than interest received on interest-earning assets, such as loans, other mortgage-related investments and investment securities. This is most likely to occur if short-term interest rates increase at a faster rate than long-term interest rates, which would cause net income to go down. In addition, rising interest rates may hurt our income, because they may reduce the demand for loans and the value of our securities. In a rapidly changing interest rate environment, we may not be able to manage our interest rate risk effectively, which would adversely impact our financial condition and results of operations.

#### **We face significant operational risks.**

We operate many different financial service functions and rely on the ability of our employees, third-party vendors and systems to process a significant number of transactions. Operational risk is the risk of loss from operations, including fraud by employees or outside persons, employees' execution of incorrect or unauthorized transactions, data processing and technology errors or hacking and breaches of internal control systems.

#### **Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.**

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated or adverse regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the recent turmoil faced by banking organizations and the continued deterioration in credit markets.

#### **We may elect or be compelled to seek additional capital in the future, but that capital may not be available when it is needed.**

We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. At some point, we may need to raise additional capital to support continued growth, both organically and through acquisitions.

Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot assure you of our ability to raise additional capital if needed or on terms acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through organic growth and acquisitions could be materially impaired and our financial condition and liquidity could be materially and adversely affected.

#### **We depend on our key employees.**

Our future prospects are and will remain highly dependent on our directors and executive officers. Our success will, to some extent, depend on the continued service of our directors and continued employment of the executive officers. The unexpected loss of the services of any of these individuals could have a detrimental effect on our business. Although we have entered into employment agreements with members

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of our senior management team, no assurance can be given that these individuals will continue to be employed by us. The loss of any of these individuals could negatively affect our ability to achieve our growth strategy and could have a material adverse effect on our results of operations and financial condition.

#### **We currently hold a significant amount of bank-owned life insurance.**

At September 30, 2012, we held \$18.6 million of bank-owned life insurance (BOLI) on certain key and former employees and executives, with a cash surrender value of \$18.6 million. The eventual repayment of the cash surrender value is subject to the ability of the various insurance companies to pay death benefits or to return the cash surrender value to us if needed for liquidity purposes. We continually monitor the financial strength of the various companies with whom we carry these policies. However, any one of these companies could experience a decline in financial strength, which could impair its ability to pay benefits or return our cash surrender value. If we need to liquidate these policies for liquidity purposes, we would be subject to taxation on the increase in cash surrender value and penalties for early termination, both of which would adversely impact earnings.

#### **If our investment in the Federal Home Loan Bank of San Francisco becomes impaired, our earnings and shareholders' equity could decrease.**

At September 30, 2012, we owned \$8.8 million in Federal Home Loan Bank (FHLB) stock. We are required to own this stock to be a member of and to obtain advances from our FHLB. This stock is not marketable and can only be redeemed by our FHLB. Our FHLB's financial condition is linked, in part, to the eleven other members of the FHLB System and to accounting rules and asset quality risks that could materially lower their capital, which would cause our FHLB stock to be deemed impaired, resulting in a decrease in our earnings and assets.

#### **Our information systems may experience an interruption or breach in security; we may have fewer resources than many of our competitors to continue to invest in technological improvements.**

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. In addition, our future success will depend, in part, upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our clients.

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#### **We operate in a highly regulated environment and our operations and income may be affected adversely by changes in laws, rules and regulations governing our operations.**

We are subject to extensive regulation and supervision by the Board of Governors of the Federal Reserve System, or Federal Reserve Board, the OCC, the Federal Deposit Insurance Corporation, or FDIC, and the California Department of Financial Institutions. Such regulators govern the activities in which we may engage, primarily for the protection of depositors and the deposit insurance fund. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to impose restrictions on a bank's operations, reclassify assets, determine the adequacy of a bank's allowance for loan and lease losses and determine the level of deposit insurance premiums assessed. Any change in such regulation and oversight, whether in the form of regulatory policy, new regulations or legislation or additional deposit insurance premiums could have a material adverse impact on our operations. Because our business is highly regulated, the laws and applicable regulations are subject to frequent change. Any new laws, rules and regulations could make compliance more difficult or expensive or otherwise adversely affect our business, financial condition or growth prospects. Such changes could subject us to additional costs, limit the types of financial services and products we may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. The Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, which was enacted into law on July 21, 2010, among other things, changed our primary regulator, and created a new consumer finance protection agency. In addition, upon the completion of our acquisition of Beach on July 1, 2012, we became a bank holding company and subject to capital requirements at the holding company level. These changes could adversely impact our operations and net income.

The federal banking regulatory agencies have recently issued joint proposed rules to implement a new global regulatory standard on bank capital adequacy referred to as Basel III, as well as to implement new capital requirements under the Dodd-Frank Act. The proposed rules would increase minimum capital ratios, add a new minimum common equity ratio, add a new capital conservation buffer, and would change the risk-weightings of certain assets. The proposed changes, if implemented, would be phased in from 2013 through 2019. Management is currently assessing the effect of the proposed rules on the Company and the respective capital positions of PacTrust and Beach.

#### **The Dodd-Frank Act could have a material adverse effect on us.**

The Dodd-Frank Act provides for, among other things, new restrictions and an expanded framework of regulatory oversight for financial institutions and their holding companies. Under the Dodd-Frank Act, effective July 21, 2011, PacTrust's former primary regulator, the OTS, was eliminated and existing federal thrifts, including PacTrust, became subject to regulation and supervision by the OCC, which also supervises and regulates all national banks. In addition, on July 21, 2011, all savings and loan holding companies, including the Company, became subject to regulation and supervision by the Federal Reserve Board, which also supervises and regulates all bank holding companies. In addition, upon our acquisition of Beach on July 1, 2012, we became a bank holding company and subject to capital requirements at the holding company level. These changes may result in additional restrictions on investments and other holding company activities. The Dodd-Frank Act also created a new consumer financial protection bureau with authority to promulgate rules intended to protect consumers in the financial products and services market. The creation of this independent bureau is likely to result in new regulatory requirements and raise the cost of regulatory compliance. In addition, new regulations mandated by the Dodd-Frank Act could require changes in regulatory capital requirements, loan loss provisioning practices and compensation practices. Effective July 21, 2011, financial institutions have been allowed to pay interest on demand deposits, which has increased our interest expense. At this time, we cannot determine the full impact of the Dodd-Frank Act on our business and operations.

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#### **Increases in deposit insurance premiums and special FDIC assessments will negatively impact our earnings.**

We may pay higher FDIC premiums in the future. The Dodd-Frank Act increased the minimum FDIC deposit insurance reserve ratio from 1.15% to 1.35%. The FDIC has adopted a plan under which it will meet this ratio by the statutory deadline of September 30, 2020. The Dodd-Frank Act requires the FDIC to offset the effect of the increase in the minimum reserve ratio on institutions with assets less than \$10.0 billion. The FDIC has not announced how it will implement this offset. In addition to the minimum reserve ratio, the FDIC must set a designated reserve ratio. The FDIC has set a designated reserve ratio of 2.0, which exceeds the minimum reserve ratio.

As required by the Dodd-Frank Act, the FDIC has adopted final regulations that became effective April 1, 2011, under which insurance premiums are based on an institution's total assets minus its tangible equity instead of its deposits. Although our FDIC insurance premiums were initially reduced by these regulations, it is possible that our future insurance premiums will increase under the final regulations.

#### **We rely on dividends from PacTrust and Beach for substantially all of the Company's revenue.**

The Company's primary source of revenue is earnings of available cash and securities and dividends from PacTrust and Beach. The OCC, in the case of PacTrust, and the California Department of Financial Institutions, in the case of Beach, regulate and, in some cases, must approve the amounts PacTrust and Beach pay as dividends to the Company. If PacTrust or Beach is unable to pay dividends, the Company may not be able to service its debt, including the notes, pay its other obligations or pay dividends on the Company's preferred and common stock which could have a material adverse impact on our financial condition or your investment in the notes.

#### **The Company has a significant deferred tax asset and may or may not be fully realized.**

The Company has a significant deferred tax asset (DTA) and cannot assure that it will be fully realized. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between the carrying amounts and the tax basis of assets and liabilities computed using enacted tax rates. If we determine that we will not achieve sufficient future taxable income to realize our net deferred tax asset, we are required under generally accepted accounting principles to establish a full or partial valuation allowance. If we determine that a valuation allowance is necessary, we are required to incur a charge to operations. We regularly assess available positive and negative evidence to determine whether it is more likely than not that our net deferred tax asset will be realized. Realization of a deferred tax asset requires us to apply significant judgment and is inherently speculative because it requires estimates that cannot be made with certainty. At September 30, 2012, the Company had a net deferred tax asset of \$7.4 million, net of a deferred tax asset valuation allowance of \$7.0 million. Although realization is not assured, the Company believes that the realization of the recognized net deferred tax asset at September 30, 2012 is more likely than not based upon available tax planning strategies and expectations as to future taxable income.

#### **Our ability to utilize our DTAs to offset future taxable income may be significantly limited if the Company experiences an ownership change under the Internal Revenue Code.**

As of September 30, 2012, the Company had recognized net DTAs of approximately \$7.4 million, which are included in our tangible common equity. The Company's ability to utilize its DTAs to offset future taxable income may be significantly limited if the Company experiences an ownership change as

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defined in Section 382 of the Internal Revenue Code of 1986, as amended, referred to herein as the Code. In general, an ownership change will occur if there is a cumulative change in the Company's ownership by 5-percent or more shareholders (as defined in the Code) that exceeds 50 percentage points over a rolling three-year period. If this were to occur, the Company would be subject to an annual limitation on its pre-ownership change DTAs equal to the value of the corporation immediately before the ownership change, provided that the annual limitation would be increased each year to the extent that there is an unused limitation in a prior year.

#### **Changes in accounting standards may affect our performance.**

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time there are changes in the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be difficult to predict and can materially impact how we report and record our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in a retrospective adjustment to prior financial statements.

#### **Strong competition within our market areas may limit our growth and profitability.**

Competition in the banking and financial services industry is intense. In our market areas, we compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Many of these competitors have substantially greater name recognition, resources and lending limits than we do and may offer certain services or prices for services that we do not or cannot provide. Our profitability depends upon our continued ability to successfully compete in our markets.

### **RISKS RELATED TO THE OFFERING**

**The notes are unsecured obligations of First PacTrust and not obligations of our subsidiaries and will be effectively subordinated to any future secured obligations of First PacTrust and to all of the obligations of First PacTrust's subsidiaries. Structural subordination increases the risk that we will be unable to meet our obligations on the notes when they mature.**

The notes will be unsecured unsubordinated obligations of First PacTrust and will rank equally in right of payment with all of our other unsecured indebtedness and senior in right of payment to any of our existing or future obligations that are by their terms expressly subordinated or junior in right of payment to the notes. The notes will be effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing that indebtedness. First PacTrust has no secured debt outstanding as of the date of this prospectus supplement. However, the indenture governing the notes does not limit the incurrence of additional indebtedness by First PacTrust, including indebtedness senior to the notes, or by its subsidiaries.

The notes will be obligations of First PacTrust only, are not obligations of or deposits in PacTrust or Beach or its other subsidiaries, and are not insured by any government or private agency. Because First PacTrust is a holding company, its rights and the rights of its creditors, including the holders of the notes, to participate in any distribution of the assets of PacTrust, Beach or First PacTrust's other subsidiaries, upon a liquidation, reorganization or insolvency of PacTrust, Beach or First PacTrust's other subsidiaries (and the consequent right of the holders of the notes to participate in those assets) will be subject to the claims of the creditors of PacTrust, Beach or First PacTrust's other subsidiaries

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### **Risk factors**

(including depositors in its subsidiaries). If First PacTrust is a creditor of PacTrust, Beach or its other subsidiaries, the claims of First PacTrust would be subject to any prior security interest in the assets of PacTrust, Beach or First PacTrust's other subsidiaries and any indebtedness of its subsidiaries senior to that of First PacTrust.

The notes are also effectively subordinated to all of the liabilities of PacTrust, Beach or First PacTrust's other subsidiaries, to the extent of their assets, since they are separate and distinct legal entities with no obligation to pay any amounts due under First PacTrust's indebtedness, including the notes, or to make any funds available to make payments on the notes, whether by paying dividends or otherwise.

**We depend primarily on cash dividends from our subsidiaries to meet our cash obligations. Failure of our subsidiaries to pay sufficient cash dividends would prevent us from paying interest on the notes or the principal of the notes at maturity.**

First PacTrust is a holding company and reports financial information on a consolidated basis with its subsidiaries. Substantially all of the assets held by the consolidated companies are held by First PacTrust's subsidiaries, in particular, PacTrust and Beach. As a holding company, dividends from PacTrust and Beach provide a substantial portion of First PacTrust's cash flow, which will be used to pay interest on the notes. Various regulatory provisions limit the amount of dividends PacTrust and Beach can pay to First PacTrust without regulatory approval. In certain cases, regulatory authorities may even prohibit PacTrust and Beach from paying dividends to First PacTrust. PacTrust did not pay dividends to First PacTrust in 2011 or in the period from January 1 to September 30, 2012.

**We may not be able to generate sufficient cash to service our debt obligations, including our obligations under the notes.**

Our ability to make payments on and to refinance our indebtedness, including the notes, will depend on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be unable to provide new loans, other products or to fund our obligations to existing customers and otherwise implement our business plans, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. As a result, we may be unable to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions of assets or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due.

**We cannot guarantee that there will be an established trading market for the notes which could make it more difficult for you to sell the notes and could adversely affect their value.**

The original notes are currently quoted on the NASDAQ Global Market under the symbol BANCL. We expect that the notes will be listed on the NASDAQ Global Market, under the same BANCL symbol; however, we cannot assure you of the development, or the liquidity or continuation, of any



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### **Risk factors**

trading market for the notes or the original notes. If an adequate trading market for the notes fails to develop, or if the trading market for the notes becomes impaired or otherwise ceases to exist, it may be more difficult for you to sell your notes. If the notes are traded after their initial issuance, they may trade at a discount, depending upon:

- our financial condition;
- prevailing interest rates;
- the time remaining on the maturity of the notes;
- their subordination to our existing and future liabilities;
- the outstanding principal amount of the notes;
- the market for similar securities; and
- other factors beyond our control, including general economic conditions.

### **General market conditions and unpredictable factors could adversely affect market prices for the notes.**

There can be no assurance about the market prices for the notes. Several factors, many of which are beyond our control, will influence the market value of the notes. Factors that might influence the market value of the notes include, but are not limited to:

- our creditworthiness, financial condition, performance and prospects;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally (including the occurrence of market disruption events).

If you purchase notes, whether in this offering or in the secondary market, the notes may subsequently trade at a discount to the price that you paid for them.

### **There are limited covenants in the indenture.**

The indenture governing the notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity and, accordingly, does not protect holders of the notes in the event that we experience material adverse changes in our financial condition or results of operations;
- limit the ability of First PacTrust and its subsidiaries to incur indebtedness;
- prevent First PacTrust or any of its subsidiaries from becoming subject to liens, except to the extent described under Description of the Notes Covenants in this prospectus supplement;
- restrict our ability to pay dividends, prepay indebtedness ranking junior to the notes or make investments; or
- restrict our ability to engage in any acquisition or other transaction, other than our ability to merge or consolidate with, or sell all or substantially all of our assets to, another person without the surviving or transferring person (if other than First PacTrust) assuming the obligations under the notes.

For these reasons, you should not consider the covenants in the indenture as a significant factor in evaluating whether to invest in the notes.

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### **Risk factors**

An increase in the level of our outstanding indebtedness, or other events, could have an adverse impact on our business, properties, capital structure, financial condition, results of operations or prospects, which could adversely impact the trading prices for, or the liquidity of, the notes. Any such event could also adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in future debt agreements.

#### **Increased leverage as a result of this offering may harm our financial condition and results of operations.**

As of September 30, 2012, we had \$25.0 million of long-term debt in the form of advances from the Federal Home Loan Bank and \$2.3 million of other secured borrowings in addition to the original notes. As of September 30, 2012, we also had 32,000 shares of SBLF Preferred Stock, with a liquidation preference of \$1,000 per share, issued and outstanding.

Our level of indebtedness could have important consequences to you, because:

- it could affect our ability to satisfy our financial obligations, including those relating to the notes;
- a portion of our cash flows from operations will have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- it may impair our ability to obtain additional financing in the future;
- it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- it may make us more vulnerable to downturns in our business, our industry or the economy in general.

**We may redeem the notes before maturity, and you may be unable to reinvest the proceeds at the same or a higher rate of return.**

We may redeem all or a portion of the notes as described under Description of the Notes Optional Redemption. If a redemption does occur, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the notes.

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## Use of proceeds

We estimate that the net proceeds from the sale of the notes will be approximately \$       million (or approximately \$       if the underwriters exercise their over-allotment option in full) after deducting the underwriting discount and estimated expenses payable by us. We intend to retain the majority of the net proceeds from this offering at First PacTrust for possible acquisitions, support of organic growth, investments in, or extensions of credit to, our subsidiaries, investments in securities and for general corporate purposes.

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## Unaudited pro forma combined condensed consolidated financial information

The following unaudited pro forma combined condensed consolidated financial information has been prepared using the acquisition method of accounting, giving effect to our proposed acquisition of PBOC. The unaudited pro forma combined condensed consolidated statement of financial condition combines the historical financial information of the Company and PBOC as of September 30, 2012, and assumes that the proposed PBOC acquisition was completed on that date. The unaudited pro forma combined condensed consolidated statement of operations for the nine month period ended September 30, 2012 and for the twelve month period ended December 31, 2011 gives effect to our completed acquisitions of Beach and Gateway, which closed on July 1, 2012 and August 17, 2012, respectively, and our proposed acquisition of PBOC, as if all such transactions had been completed on January 1, 2011.

The unaudited pro forma combined condensed consolidated financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined on the dates described above, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined entities. The unaudited pro forma combined condensed consolidated financial information also does not consider any potential impacts of current market conditions on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors.

The value of our shares of common stock issued in connection with the PBOC acquisition will be based on the closing price of our common stock on the date the merger is completed. For purposes of the unaudited pro forma combined condensed consolidated financial information, the fair value of our common stock was assumed to be \$12.00 per share. The actual value of our common stock at the completion of the merger could be different.

The unaudited pro forma combined condensed consolidated financial information includes estimated pro forma adjustments to record assets and liabilities of PBOC at their respective fair values and represents our pro forma estimates based on available information. The pro forma adjustments included herein are subject to change depending on changes in interest rates and the fair value of the components of assets and liabilities and as additional information becomes available and additional analyses are performed. The final allocation of the purchase price will be determined after the PBOC acquisition is completed and after completion of thorough analyses to determine the fair value of PBOC's tangible and identifiable intangible assets and liabilities as of the date the PBOC acquisition is completed. Increases or decreases in the estimated fair values of the net assets as compared with the information shown in the unaudited pro forma combined condensed consolidated financial information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact our consolidated statement of operations due to adjustments in yields and interest rates and/or amortization or accretion of the adjusted assets or liabilities. Any changes to PBOC's shareholders' equity, including results of operations from September 30, 2012 through the date the PBOC acquisition is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

The unaudited pro forma combined condensed consolidated financial information includes estimated pro forma adjustments to record assets and liabilities of Beach and Gateway at their respective fair values as of the transaction closing dates of July 1, 2012 and August 17, 2012, respectively, and represents our pro

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**Unaudited pro forma combined condensed consolidated financial information**

pro forma estimates based on available information. The pro forma adjustments included herein are subject to change as additional information becomes available and additional analyses are performed. The final allocation of the purchase price will be determined after completion of thorough analyses to determine the fair value of Beach's and Gateway's tangible and identifiable intangible assets and liabilities as of the respective transaction closing dates.

The Company anticipates that the completed acquisitions of Beach and Gateway, and the proposed acquisition of PBOC, will provide the combined company with financial benefits that include reduced operating expenses. The unaudited pro forma combined condensed consolidated financial information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not necessarily reflect the exact benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during these periods.

The unaudited pro forma combined condensed consolidated financial information has been derived from and should be read in conjunction with the applicable historical consolidated financial statements and the related notes of the Company, Beach, Gateway and PBOC. Historical consolidated financial statements of the Company, Beach, Gateway and PBOC have been filed with the SEC and incorporated by reference into this prospectus supplement. See [Where You Can Find More Information](#).

The unaudited pro forma combined shareholders' equity and net income are qualified by the statements set forth under this caption and should not be considered indicative of the market value of our common stock or the actual or future results of operations of the Company for any period. Actual results may be materially different than the pro forma information presented.

**Table of Contents****First PacTrust Bancorp****Unaudited pro forma combined condensed consolidated statement of financial condition as of September 30, 2012****(In thousands of dollars except per share data)**

			PBOC Merger	Pro Forma
	BANC	PBOC	Pro Forma	Combined
	Historical	(PBOC)	Merger	BANC,
		Historical	Adjustments	Beach,
				Gateway &
				PBOC
<b>Assets:</b>				
Cash and due from banks	\$ 8,867	\$ 28,391	\$	\$ 37,258
Interest-bearing deposits, fed funds sold & time deposits	118,814	8,982	(24,888) <sup>(1)</sup>	102,908
Securities available for sale	122,271	313,190		435,461
Federal Home Loan Bank and other bank stock, at cost	8,842	3,453		12,295
Loans held for sale	110,291			110,291
Loans and leases receivable	1,215,374	331,845	(9,955) <sup>(2)</sup>	1,537,264
Less: Allowance for loan and lease losses	12,379	5,928	(5,928) <sup>(3)</sup>	12,379
Net loans and leases receivables	1,202,995	325,917	(4,027)	1,524,885
Servicing rights, net	2,170			2,170
Accrued interest receivable	5,312	2,045		7,357
Other real estate owned (OREO), net	8,704			8,704
Premises and equipment, net	15,492	1,424		16,916
Bank owned life insurance investment	18,649			18,649
Prepaid FDIC assessment	1,622			1,622
Deferred income tax	7,441			7,441
Goodwill	7,039		5,135 <sup>(4)</sup>	12,174
Other intangible assets, net	5,841		8,826 <sup>(5)</sup>	14,667
Other assets	25,382	1,671	(1,696) <sup>(7)</sup>	25,357
<b>Total assets</b>	<b>\$ 1,669,732</b>	<b>\$ 685,073</b>	<b>\$ (16,650)</b>	<b>\$ 2,338,155</b>
<b>Liabilities and Shareholders Equity:</b>				
Noninterest-bearing demand	\$ 88,616	\$ 272,863	\$	\$ 361,479
Interest-bearing demand	183,516	21,387		204,903
Money market accounts	253,557	210,070		463,627
Savings accounts	162,979			162,979
Certificates of deposits	639,553	76,171	762 <sup>(6)</sup>	716,486

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<b>Total deposits</b>	\$ 1,328,221	\$ 580,491	\$ 762	\$ 1,909,474
Advances from Federal Home Loan Bank short term	61,000	49,627		110,627
Advances from Federal Home Loan Bank long term	25,000			25,000
Notes payable, net	34,018			34,018
Reserve for loss reimbursements on sold loans	2,665			2,665
Accrued expenses and other liabilities	27,089	2,543		29,632
<b>Total liabilities</b>	\$ 1,477,993	\$ 632,661	\$ 762	\$ 2,111,416
Shareholders equity	191,739	52,412	(17,412) <sup>(8)</sup>	226,739
<b>Total liabilities and shareholders equity</b>	\$ 1,669,732	\$ 685,073	\$ (16,650)	\$ 2,338,155

The accompanying notes are an integral part of these pro forma financial statements.



**Table of Contents****First PacTrust Bancorp, Beach Business Bank and Gateway Bancorp Mergers and Private Bank Pending Merger****Unaudited pro forma combined condensed consolidated statement of operations****For the nine month period ended September 30, 2012****(In thousands of dollars except share and per share data)**

	Beach Merger (1/1/12 thru 6/30/12)			Gateway Merger (1/1/12 thru 8/16/12)			Pro Forma Combined BANC, Beach and Gateway	PBOC Merger		Pro Forma Combined BANC, Beach, Gateway and PBOC
	BANC Historical	Beach Historical	Pro Forma Merger Adjustments	Pro Forma Combined BANC and Beach	Gateway Historical	Pro Forma Merger Adjustments		PBOC Historical	Pro Forma Merger Adjustments	
Interest income										
Loans, including fees	\$ 35,060	\$ 7,193	\$ 563 <sup>(9)</sup>	\$ 42,816	\$ 4,248	(188) <sup>(9)</sup>	\$ 46,876	\$ 10,151	604 <sup>(9)</sup>	\$ 57,631
Securities and other	2,365	152	(5) <sup>(9)</sup>	2,512	84		2,596	4,519		7,115
Total interest income	37,425	7,345	558	45,328	4,332	(188)	49,472	14,670	604	64,746
Interest expense										
Deposits	4,285	869	(43) <sup>(9)</sup>	5,111	721	(78) <sup>(9)</sup>	5,754	1,272	(191) <sup>(9)</sup>	6,835
Borrowings	1,425			1,425			1,425	78		1,503
Total interest expense	5,710	869	(43)	6,536	721	(78)	7,179	1,350	(191)	8,338
Net interest income before provision for loan and lease losses	31,715	6,476	601	38,792	3,611	(110)	42,293	13,320	795	56,408
Provision for loan and lease losses	2,001	850	(10)	2,851		(10)	2,851	796	(10)	3,647
Net interest income after provision for loan and lease losses	29,714	5,626	601	35,941	3,611	(110)	39,442	12,524	795	52,761
Non-interest income:										
Customer service charges, fee and other	1,282	315		1,597	174		1,771			1,771
Loan servicing, net	146	258	(34) <sup>(9)</sup>	370	(32)		338			338
Net gain on sale of loans and mortgage banking activities	5,750	715		6,465	28,492		34,957			34,957
Net gain (loss) on sale of securities	(83)			(83)			(83)	1,314		1,231
Other	13,559		(12,055) <sup>(11)</sup>	1,504	4		1,508	268		1,776
Total non-interest income	20,654	1,288	(12,089) <sup>(12)</sup>	9,853	28,638	(12)	38,491	1,582	(12)	40,073
Non-interest expense										
Salaries and benefits	23,657	3,452		27,109	17,978		45,087	7,652		52,739

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Occupancy and equipment expense	4,793	539	78 <sup>(13)</sup>	5,410	1,997	(9) <sup>(13)</sup>	7,398	1,317	8,715
OREO expense	389	(5)		384			384		384
Amortization of core deposit and other intangibles	329		532 <sup>(14)</sup>	861		174 <sup>(14)</sup>	1,035	1,418 <sup>(14)</sup>	2,453
Merger and acquisition integration expenses			(15)			(15)		(15)	
Other	13,449	2,334	1	15,784	7,608		23,392	2,929	26,321
Total non-interest expense	42,617	6,320	611 <sup>(16)</sup>	49,548	27,583	165 <sup>(16)</sup>	77,296	11,898	90,612
Income (loss) before income taxes	7,751	594	(12,099)	(3,754)	4,666	(275)	637	2,208	(623)
Income tax expense/(benefit)	(1,430)		(4,832) <sup>(17)</sup>	(6,262)	512	1,332 <sup>(17)</sup>	(4,418)	640	26 <sup>(17)</sup>
Net income (loss)	\$ 9,181	\$ 594	\$ (7,267)	\$ 2,508	\$ 4,154	\$ (1,607)	\$ 5,055	\$ 1,568	\$ (649)
Preferred stock dividends and discount accretion	1,042	193		1,235			1,235	75	1,310
Net income (loss) available to common shareholders	\$ 8,139	\$ 401	\$ (7,267)	\$ 1,273	\$ 4,154	\$ (1,607)	\$ 3,820	\$ 1,493	\$ (649)
Basic earnings (loss) per share	\$ 0.70	\$ 0.10		\$ 0.11	\$ 415.46		\$ 0.33	\$ 0.39	\$ 0.34
Diluted earnings (loss) per share	\$ 0.70	\$ 0.09		\$ 0.11	\$ 415.46		\$ 0.33	\$ 0.38	\$ 0.34
Weighted average common shares outstanding basic	11,677,532	4,084,978	(4,084,978) <sup>(18)</sup>	11,677,532	9,999	(9,999) <sup>(18)</sup>	11,677,532	3,833,629	(1,750,296) <sup>(18)</sup>
Weighted average common shares outstanding diluted	11,677,888	4,249,402	(4,249,402) <sup>(18)</sup>	11,677,888	9,999	(9,999) <sup>(18)</sup>	11,677,888	3,946,989	(1,863,656) <sup>(18)</sup>

The accompanying notes are an integral part of these pro forma financial statements.

**Table of Contents****First PacTrust Bancorp, Beach Business Bank and Gateway Bancorp Mergers and Private Bank Pending Merger****Unaudited pro forma combined condensed consolidated statement of operations****For the twelve month period ended December 31, 2011****(In thousands of dollars except share and per share data)**

	Beach Merger			Gateway Merger			Pro Forma	PBOC Merger		Pro Forma Combined BANC, Beach, Gateway and PBOC
	BANC Historical	Beach Historical	Pro Forma Merger Adjustments	Pro Forma Combined BANC and Beach	Gateway Historical	Pro Forma Merger Adjustments	Combined BANC, Beach and Gateway	PBOC Historical	Pro Forma Merger Adjustments	
Interest income										
Loans, including fees	\$ 30,997	\$ 14,953	\$ 1,126 <sup>(9)</sup>	\$ 47,076	\$ 6,565	\$ (300) <sup>(9)</sup>	\$ 53,341	\$ 11,412	805 <sup>(9)</sup>	\$ 65,558
Securities and other	4,180	342	(10) <sup>(9)</sup>	4,512	147	(1) <sup>(1)</sup>	4,658	5,441		\$ 10,099
Total interest income	35,177	15,295	1,116	51,588	6,712	(301)	57,999	16,853	805	75,657
Interest expense										
Deposits	4,989	2,366	(87) <sup>(9)</sup>	7,268	1,634	(125) <sup>(9)</sup>	8,777	1,580	(254) <sup>(9)</sup>	10,103
Borrowings	1,048			1,048			1,048	80		1,128
Total interest expense	6,037	2,366	(87)	8,316	1,634	(125)	9,825	1,660	(254)	11,231
Net interest income after provision for loan and lease losses	29,140	12,929	1,203	43,272	5,078	(176)	48,174	15,193	1,059	64,426
Provision for loan and lease losses	5,388	1,494	(10)	6,882	(820)	(10)	6,062	1,550	(10)	7,612
Net interest income after provision for loan and lease losses	23,752	11,435	1,203	36,390	5,898	(176)	42,112	13,643	1,059	56,814
Non-interest income:										
Customer service charges, fee and other	1,473	563		2,036	164		2,200			2,200
Loan servicing, net		375	(68) <sup>(9)</sup>	307	(51)		256			256
Net gain on sale of loans and mortgage banking activities		1,012		1,012	27,463		28,475			28,475
Net gain on sale of securities	2,888			2,888			2,888	977		3,865
Other	552			552	25		577	163		740

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Total non-interest income	4,913	1,950	(68) <sup>(12)</sup>	6,795	27,601	(12)	34,396	1,140	(12)	35,536
Non-interest expense										
Salaries and benefits	13,914	6,969		20,883	22,961		43,844	8,266		52,110
Occupancy and equipment expense	2,848	1,090	155 <sup>(13)</sup>	4,093	3,098	(14) <sup>(13)</sup>	7,177	1,409		8,586
OREO expense	6,779	9		6,788	1,009		7,797			7,797
Amortization of core deposit and other intangibles			1,302 <sup>(14)</sup>	1,302	525	331 <sup>(14)</sup>	2,158		2,207 <sup>(14)</sup>	4,365
Merger and acquisition integration expenses			(15)			(15)			(15)	
Other	8,148	3,285	3	11,436	10,866		22,302	3,145		25,447
Total non-interest expense	31,689	11,353	1,460 <sup>(16)</sup>	44,502	38,459	317 <sup>(16)</sup>	83,278	12,820	2,207 <sup>(16)</sup>	98,305
Income (loss) before income taxes	(3,024)	2,032	(325)	(1,317)	(4,960)	(493)	(6,770)	1,963	(1,148)	(5,955)
Income tax expense/(benefit)	(296)		717 <sup>(17)</sup>	421	3,296	(5,586) <sup>(17)</sup>	(1,869)	1	341 <sup>(17)</sup>	(1,527)
Net income (loss)	\$ (2,728)	\$ 2,032	\$ (1,042)	\$ (1,738)	\$ (8,256)	\$ 5,093	\$ (4,901)	\$ 1,962	\$ (1,489)	\$ (4,428)
Preferred stock dividends and discount accretion	534	310		844			844	441		1,285
Net income (loss) available to common shareholders	\$ (3,262)	\$ 1,722	\$ (1,042)	\$ (2,582)	\$ (8,256)	\$ 5,093	\$ (5,745)	\$ 1,521	\$ (1,489)	\$ (5,713)
Basic earnings (loss) per share	\$ (0.31)	\$ 0.43		\$ (0.24)	\$ (825.68)		\$ (0.54)	\$ 0.40		\$ (0.45)
Diluted earnings (loss) per share	\$ (0.31)	\$ 0.42		\$ (0.24)	\$ (825.68)		\$ (0.54)	\$ 0.40		\$ (0.45)
Weighted average common shares outstanding - basic	10,646,511	4,045,157	(4,045,157) <sup>(18)</sup>	10,646,511	9,999	(9,999) <sup>(18)</sup>	10,646,511	3,826,417	(1,743,084) <sup>(18)</sup>	12,729,844
Weighted average common shares outstanding - diluted	10,646,511	4,090,708	(4,090,708) <sup>(18)</sup>	10,646,511	9,999	(9,999) <sup>(18)</sup>	10,646,511	3,826,417	(1,743,084) <sup>(18)</sup>	12,729,844

The accompanying notes are an integral part of these pro forma financial statements.

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**Note A Basis of Presentation**

The unaudited pro forma combined condensed consolidated financial information and explanatory notes show the impact on the historical financial condition and results of operations of First PacTrust resulting from the completed Beach and Gateway acquisitions, which closed July 1, 2012 and August 17, 2012, respectively, and the pending PBOC acquisition under the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Beach and Gateway were, and the assets and liabilities of PBOC will be, recorded by First PacTrust at their respective fair values as of the date each transaction was or is completed. The unaudited pro forma combined condensed consolidated statement of financial condition combines the historical financial information of First PacTrust and PBOC as of September 30, 2012, and assumes that the PBOC merger was completed on that date. The unaudited pro forma combined condensed consolidated statements of operations for the nine month period ended September 30, 2012 and for the twelve month period ended December 31, 2011 give effect to the completed Beach merger, the completed Gateway acquisition and the pending PBOC merger as if all three transactions had been completed on January 1, 2011.

Since the transactions are recorded using the acquisition method of accounting, all loans are recorded at fair value, including adjustments for credit quality, and no allowance for credit losses is carried over to First PacTrust's balance sheet. In addition, certain nonrecurring costs associated with the completed Beach merger, the completed Gateway acquisition and the pending PBOC merger such as potential severance, professional fees, legal fees and conversion-related expenditures are expensed as incurred and not reflected in the unaudited pro forma combined condensed consolidated statements of operations.

While the recording of the acquired loans at their fair value will impact the prospective determination of the provision for loan and lease losses and the allowance for loan and lease losses, for purposes of the unaudited pro forma combined condensed consolidated statement of operations for the nine month period ended September 30, 2012 and for the year ended December 31, 2011, First PacTrust assumed no adjustments to the historical amount of Gateway's, Beach's or PBOC's provision for loan losses. If such adjustments were estimated, there could be a reduction, which could be significant, to the historical amounts of Beach's, Gateway's or PBOC's provision for loan losses presented.

The historical financial results of Beach for the six month period ended June 30, 2012 and for the year ended December 31, 2011 included professional fees of \$0.7 million and \$0.4 million, respectively, which were associated with corporate finance activities, including the proposed acquisition by First PacTrust. The historical results of Gateway for the seven and one half month period ended August 16, 2012 and for the year ended December 31, 2011 included professional fees of \$0.4 million and \$0.4 million, respectively, which were associated with corporate finance activities, including the proposed acquisition by First PacTrust. The historical results of PBOC for the nine month period ended September 30, 2012 and for the year ended December 31, 2011 included professional fees of \$0.6 million and \$0.6 million, respectively, which were associated with corporate finance activities, including the pending acquisition by First PacTrust.

**Note B Accounting Policies and Financial Statement Classifications**

The accounting policies of PBOC are in the process of being reviewed in detail by First PacTrust. Upon completion of such review, conforming adjustments or financial statement reclassifications may be determined.

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**Note C Merger and Acquisition Integration Costs**

In connection with the pending PBOC merger and the recently completed Beach merger, the plan to integrate the operations of PBOC, Beach and PacTrust is still being developed. In connection with the Gateway acquisition, the retail branch operations, commercial lending activities and mortgage banking operations of Gateway's subsidiary bank, Gateway Business Bank, have been integrated into PacTrust. The specific details of the plan to integrate the operations of PacTrust, PBOC and Beach will continue to be refined over the next several months, and will include assessing personnel, benefit plans, premises, equipment and service contracts to determine where First PacTrust may take advantage of redundancies. Certain decisions arising from these assessments may involve involuntary termination of employees, vacating leased premises, changing information systems, canceling contracts with certain service providers, selling or otherwise disposing of certain premises, furniture and equipment, and re-assessing a possible deferred tax asset valuation allowance from a potential change in control for tax purposes. First PacTrust also expects to incur merger-related costs including professional fees, legal fees, system conversion costs and costs related to communications with customers and others. To the extent there are costs associated with these actions, the costs will be recorded based on the nature of the cost and the timing of these integration actions. No such costs were considered in the accompanying unaudited pro forma combined condensed consolidated statements of operations.

**Note D Estimated Annual Cost Savings**

First PacTrust expects to realize cost savings from the completed Beach merger, the completed Gateway acquisition and the pending PBOC merger. These cost savings are not reflected in the unaudited pro forma combined condensed consolidated financial information and there can be no assurance they will be achieved in the amount, manner or timing currently contemplated.

**Note E Pro Forma Adjustments**

The following pro forma adjustments have been reflected in the unaudited pro forma combined condensed consolidated financial information. All adjustments are based on current assumptions and valuations, which are subject to change.

- (1) Payment for cash consideration of \$24.888 million to PBOC shareholders is funded by the liquidation of interest bearing deposits.
- (2) \$9.955 million adjustment made to reflect the preliminary estimated market value of PBOC's loans, which includes an estimate of lifetime credit losses; loans include net deferred costs and unearned discounts.
- (3) \$5.928 million purchase accounting reversal of PBOC's allowance for loan losses, which cannot be carried over.

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(4) Represents the recognition of goodwill resulting from the difference between the net fair value of the acquired assets and assumed liabilities and the value of the consideration paid to PBOC shareholders. The excess of the value of the consideration paid over the fair value of net assets acquired was recorded as goodwill and can be summarized as follows (in thousands of dollars, except share and per share data):

<b>Calculation of Pro Forma Goodwill for Private Bank (PBOC)</b> <b>(In thousands of dollars except share data)</b>	<b>September 30, 2012</b>
BANC shares to be issued to PBOC shareholders	2,083,333
Value of stock consideration paid to PBOC shareholders, based on BANC price at \$12.00 per share	\$ 25,000
Cash payment to PBOC shareholders	24,888
Total pro forma consideration paid	\$ 49,888
Carrying value of PBOC net assets at September 30, 2012	\$ 52,412
less: Preferred SBLF Stock	10,000
Carrying value of PBOC net assets attributable to common shareholders at September 30, 2012	\$ 42,412
Fair value adjustments (debit / (credit)):	
Loans, net	(4,027)
Core deposit intangible	8,826
Certificates of deposit	(762)
Deferred tax effect of adjustments (42%)	(1,696)
Total fair value adjustments	2,341
Fair value of net assets acquired on September 30, 2012	\$ 44,753
Excess of consideration paid over fair value of net assets acquired - (Goodwill)	\$ 5,135

(5) Includes \$8.826 million purchase accounting adjustment in recognition of the fair value of core deposit intangibles asset, which is 1.75% of core deposits liabilities, excluding certificates of deposits.

(6) \$762 thousand adjustment made to reflect the estimated market value premium of PBOC's certificates of deposits of 1.0%.

(7) Includes a \$1.696 million net deferred tax liability based on 42% of the fair value adjustments related to the acquired assets and assumed liabilities. Adjustment is shown as a reduction of the consolidated net deferred tax asset.

(8) Purchase accounting reversal of PBOC's \$42.412 million common equity accounts, net of additional \$10.0 million of preferred stock. Adjustment made to include the value of the shares issued to PBOC shareholders totaling \$25.0 million.

(9) The amortization/accretion of fair value adjustments related to loans, investment securities, deposits and servicing rights over the estimated lives of the related asset or liability.

(10) Provision for loan losses does not reflect any potential impact of the fair value adjustments related to loans which includes an estimate of lifetime credit losses.

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(11) Reversal of \$12.055 million bargain purchase gain from Gateway acquisition included in BANC historical net income for the nine month period ended September 30, 2012.

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(12) Noninterest income does not reflect revenue enhancement opportunities.

(13) Amortization/accretion of fair value adjustments related to premises and equipment and operating leases.

(14) Amortization of core deposit intangibles over 5 years for Gateway, 6 years for Beach and an estimate of 7 years for PBOC on an accelerated basis, and amortization of trade name intangibles over 20 years for Gateway and 1 year for Beach on an accelerated basis.

(15) Actual merger and acquisition integration expenses of \$1.0 million for Gateway and \$2.1 million for Beach already incurred and an amount yet to be determined for the PBOC merger, primarily for severance, professional, legal and conversion related expenditures are nonrecurring expenses. Future additional transaction/integration costs will be expensed as incurred by First PacTrust as required by generally accepted accounting principles.

(16) Noninterest expenses do not reflect anticipated cost savings.

(17) Reflects the tax impact of the pro forma merger adjustments at First PacTrust's marginal income tax rate of 42%.

(18) Adjustment reflects the elimination of Beach, Gateway and PBOC's weighted average shares outstanding and to reflect the issuance of 2,083,333 shares in the acquisition of PBOC.

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**Table of Contents****Capitalization**

The following table shows our historical capitalization as of September 30, 2012:

- on an actual basis;
- on an as adjusted basis to give effect to the issuance and sale of \$ \_\_\_\_\_ aggregate principal amount of the notes offered hereby; and
- on a pro forma basis to further give effect to the proposed merger with PBOC as described under Unaudited Pro Forma Condensed Consolidated Financial Information included in this prospectus supplement.

You should read this table in connection with Use of Proceeds above, and the Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed on March 30, 2012, as amended on Form 10-K/A filed on April 17, 2012, and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, filed on May 10, 2012, August 10, 2012 and November 13, 2012, respectively, and the financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	September 30, 2012		
	Actual	As Adjusted	Pro forma
<b>Short-term debt</b>			
FHLB advances	\$ 61,000	\$ 61,000	\$ 110,627
Total short term debt	61,000	61,000	110,627
<b>Long-term debt</b>			
FHLB advances	25,000	25,000	25,000
Senior notes due 2020, net of \$1.244 million discount	31,756		
Secured Borrowings	2,262	2,262	2,262
Total long term debt	59,018		
<b>Stockholder's equity</b>			
Preferred stock, \$.01 par value per share, \$1,000 per share liquidation preference for a total of \$32,000; 50,000,000 shares authorized, 32,000 shares issued and outstanding at September 30, 2012 plus an additional 10,000 shares acquired with the PBOC acquisition in the pro forma column	31,925	31,925	41,925
Common stock, \$.01 par value per share, 196,863,844 shares authorized; 11,900,952 shares issued and 10,683,327 shares outstanding at September 30, 2012 plus an additional 2,083,333 shares to be issued to PBOC shareholders in the pro forma column	119	119	140
Class B non-voting non-convertible Common stock, \$.01 par value per share, 3,136,156 shares authorized; 1,090,061 shares issued and outstanding at September 30, 2012	11	11	11
Additional paid-in capital	153,467	153,467	178,446
Retained earnings	31,477	31,477	31,477

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Treasury stock, at cost (September 30, 2012: 1,217,625 shares)	(25,638)	(25,638)	(25,638)
Accumulated other comprehensive income, net	378	378	378
<b>Total shareholders' equity</b>	<b>191,739</b>	<b>191,739</b>	<b>226,739</b>
<b>Total capitalization</b>	<b>\$ 311,757</b>	<b>\$</b>	<b>\$</b>

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**Table of Contents****Selected historical financial data**

The following table sets forth certain consolidated financial and other data of the Company at the dates and for the periods indicated. The information set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on March 30, 2012, as amended on Form 10-K/A filed on April 17, 2012, and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, filed with the SEC on May 10, 2012, August 10, 2012 and November 13, 2012, respectively, and incorporated by reference herein.

	As of and for the Nine Months Ended September 30,		2011	As of and for the Year Ended December 31,			
	2012 (In thousands, except per share data)	2011		2010	2009	2008	2007
<b>Selected Financial Condition Data:</b>							
Total assets	\$ 1,669,732	\$ 928,977	\$ 999,041	\$ 861,621	\$ 893,921	\$ 876,520	\$ 774,720
Cash and cash equivalents	122,060	75,100	44,475	59,100	34,596	19,237	21,796
Total loans and leases, including loans held for sale	1,325,665	704,733	788,389	690,988	759,120	808,750	714,127
Loans and leases receivable, net	1,313,286	695,740	775,609	678,175	748,303	793,045	710,095
Other real estate owned (OREO), net	8,704	20,551	14,692	6,562	5,680	158	
Securities available-for-sale	122,271	64,926	101,616	64,790	52,304	17,565	4,367
Total deposits	1,328,221	711,609	786,334	646,308	658,432	598,177	574,151
Total borrowings	120,018	20,000	20,000	75,000	135,000	175,000	111,700
Total equity	191,739	191,488	184,495	136,009	97,485	98,723	84,075
Tangible common equity <sup>(1)</sup>	146,934	191,488	152,561	136,009	78,391	79,655	84,075
Nonperforming loans	16,181	12,301	19,254	38,830	46,172	44,219	14,132
Nonperforming assets	24,885	32,852	33,946	45,392	51,852	44,377	14,132
<b>Selected Operations Data:</b>							
Total interest and dividend income	37,425	26,354	35,177	40,944	46,666	45,896	45,711
Total interest expense	5,710	4,707	6,037	10,788	17,976	23,021	28,847
Net interest income	31,715	21,647	29,140	30,156	28,690	22,875	16,864
Provision for loan and lease losses	2,001	1,274	5,388	8,957	17,296	13,547	1,588
Net interest income after provision for loan and lease losses	29,714	20,373	23,752	21,199	11,394	9,328	15,276
Net gain/(loss) on sales of securities available for sale	(83)	2,887	2,888	3,274			
Bargain purchase gain	12,055						
Total noninterest income	20,654	4,414	4,913	4,879	1,813	2,202	2,391
Total noninterest expense	42,617	20,476	31,689	22,217	15,901	13,522	14,082
Income/(loss) before income taxes	7,751	4,311	(3,024)	3,861	(2,694)	(1,992)	3,585
Income tax expense/(benefit)	(1,430)	1,425	(296)	1,036	(1,695)	(1,463)	624
Net income/(loss)	9,181	2,886	(2,728)	2,825	(999)	(529)	2,961
Dividends paid on preferred stock and discount accretion	1,042	138	534	960	1,003	109	
Net income (loss) available to common shareholders	8,139	2,748	(3,262)	1,865	(2,002)	(638)	2,961
Basic earnings/(loss) per common share	0.70	0.27	(0.31)	0.37	(0.48)	(0.15)	0.71
Diluted earnings/(loss) per common share	0.70	0.27	(0.31)	0.37	(0.48)	(0.15)	0.70

**Selected Financial Ratios and Other Data:***Performance Ratios:*

Return on assets (ratio of net income/(loss) annualized to average total assets)	0.99%	0.44%	(0.31)%	0.32%	(0.10)%	(0.06)%	0.38%
Return on equity (ratio of net income/(loss) annualized to average equity)	6.20%	2.58%	(1.70)%	2.69%	(0.66)%	(0.62)%	3.54%
Return on tangible common equity annualized <sup>(2)</sup>	7.39%	1.91%	(2.14)%	1.37%	(2.55)%	(0.80)%	3.52%
Dividend payout ratio	45.57%	122.22%	n/a%	67.60%	n/a%	n/a%	104.20%
Net interest margin annualized <sup>(3)</sup>	3.69%	3.59%	3.53%	3.67%	3.38%	2.92%	2.27%
Efficiency ratio <sup>(4)</sup>	81.38%	78.57%	93.06%	63.41%	52.13%	53.92%	73.13%
Loans/deposits	99.81%	99.03%	100.26%	106.91%	115.29%	135.20%	124.38%

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**Table of Contents****Selected historical financial data**

	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2012 (In thousands, except per share data)	2011	2011	2010	2009	2008	2007
<i>Asset Quality Ratios:</i>							
Non-performing assets to total assets	1.49%	3.54%	3.40%	5.27%	5.80%	5.06%	1.82%
Allowance for loan and lease losses to non-performing loans <sup>(5)</sup>	76.50%	73.11%	66.38%	37.70%	28.33%	41.35%	44.16%
Allowance for loan and lease losses to gross loans and leases <sup>(5)</sup>	0.93%	1.28%	1.62%	2.12%	1.72%	2.26%	0.87%
<i>Pacific Trust Bank Regulatory Capital Ratios</i>							
Leverage ratio	11.20%	14.33%	13.08%	11.14%	9.18%	8.64%	10.05%
Tier 1 RBC ratio	16.11%	19.68%	17.34%	14.92%	12.14%	11.50%	13.14%
Total RBC ratio	17.39%	20.73%	18.56%	16.17%	13.11%	12.18%	13.81%
<i>Beach Business Bank Regulatory Capital Ratios</i>							
Leverage ratio	10.76%	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1 RBC ratio	14.15%	n/a	n/a	n/a	n/a	n/a	n/a
Total RBC ratio	14.37%	n/a	n/a	n/a	n/a	n/a	n/a
<i>Consolidated Capital Ratios:</i>							
Equity to total assets at end of period	11.48%	20.61%	18.47%	15.79%	10.91%	11.26%	10.85%
Average equity to average assets	15.95%	17.16%	17.90%	11.87%	15.72%	10.45%	10.71%
<i>Other Data:</i>							
Number of full-service offices	19	9	9	6	6	6	6

(1) The following table presents a reconciliation of shareholders' equity to tangible common equity (dollars in thousands):

	As of September 30,			As of December 31,			
	2012	2011	2011	2010	2009	2008	2007
Shareholders' equity	\$ 191,739	\$ 191,488	\$ 184,495	\$ 136,009	\$ 97,485	\$ 98,723	\$ 84,075
Less: Preferred stock	31,925		31,934		19,094	19,068	
Less: Intangible assets	12,880						
Tangible common equity	\$ 146,934	\$ 191,488	\$ 152,561	\$ 136,009	\$ 78,391	\$ 79,655	\$ 84,075

- (2) Return on tangible common equity is calculated by dividing net income (loss) annualized available to common shareholders by tangible common equity. Management believes that this non-GAAP financial measure provides information on the earnings return of our common equity investors.
- (3) Net interest income divided by average interest-earnings assets.
- (4) Efficiency ratio represents noninterest expense as a percentage of net interest income plus noninterest income.
- (5) The allowance for loan and lease losses at September 30, 2012 and 2011 and December 31, 2011, 2010, 2009, 2008 and 2007 was \$12.4 million, \$9.0 million, \$12.8 million, \$14.6 million, \$13.1 million, \$18.3 million and \$6.2 million, respectively.



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## Ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends

Our historical ratios of earnings to fixed charges and ratios of earnings to combined fixed charges and preferred stock dividend requirements for the periods indicated are set forth in the table below. As of September 30, 2012, we have 32,000 shares of preferred stock outstanding. The ratio of earnings to fixed charges is computed by dividing earnings by fixed charges. The ratio of earnings to combined fixed charges and preferred stock dividends is computed by dividing earnings by the sum of fixed charges and preferred stock dividend requirements. For purposes of computing these ratios, earnings consist of income before income taxes plus interest expense, and fixed charges consist of interest expense and the interest portion of our rental expense. Preferred stock dividend requirements represent the amount of pre-tax income required to pay dividends on preferred shares using the Company's 42% marginal income tax rate. Prior to the issuance of the SBLF Preferred Stock in August of 2011, we had issued preferred stock under the U.S. Treasury's Capital Purchase Program in November of 2008, which we redeemed in December of 2010.

	Nine Months Ended September 30,		Year Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
<b>Ratio of Earnings to Fixed Charges:</b>							
Excluding Interest on Deposits	4.49x	4.90x	(1.58x)	2.25x	0.47x	0.63x	1.68x
Including Interest on Deposits	2.13x	1.87x	0.48x	1.34x	0.84x	0.91x	1.12x
<b>Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends:</b>							
Excluding Interest on Deposits	2.39x	4.01x	(0.91x)	1.45x	0.35x	0.61x	1.68x
Including Interest on Deposits	1.66x	1.78x	0.42x	1.17x	0.77x	0.90x	1.12x

In each period during which earnings were insufficient to cover fixed charges, the Company met all financial obligations.



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## Description of the notes

The 7.50% Senior Notes due April 15, 2020, offered by this prospectus supplement, referred to herein as the notes, are a series of senior debt securities as defined and described in the accompanying prospectus under Description of Debt Securities. The following description of the particular material terms of the notes supplements, and to the extent it is inconsistent with, replaces, the description of the general terms and provisions of the senior debt securities and the related indenture contained in the accompanying prospectus.

We will issue the notes under a senior debt securities indenture dated April 23, 2012, or the base indenture, between First PacTrust Bancorp, Inc. and U.S. Bank National Association, as trustee, or the trustee, as supplemented by the first supplemental indenture dated April 23, 2012. In this section, we refer to the base indenture, as supplemented by the first supplemental indenture, as the indenture. We previously issued \$33 million in aggregate principal amount of 7.50% Senior Notes due April 15, 2020, referred to herein as the original notes, under the indenture. The notes will constitute Additional Notes under the indenture.

Upon completion of this offering, including both the original notes and the notes, there will be \$ in aggregate principal amount of 7.50% Senior Notes due April 15, 2020 outstanding (or \$ aggregate principal amount if the underwriters exercise their over-allotment option in full).

We have summarized selected provisions of the notes and the indenture below. This summary is not complete and is qualified by reference to provisions of the notes and the indenture. Forms of the notes and the indenture have been filed with the SEC and you may obtain copies as described under Where You Can Find More Information. Those documents, and not this description, define your legal rights as a holder of the notes.

Capitalized terms used in this section but not defined have the meanings given to those terms in the accompanying prospectus or, if not defined in the prospectus, in the indenture.

*In this section Description of the Notes, the Company, First PacTrust, we, our, or us refer only to First PacTrust Bancorp, Inc. and not to any of its subsidiaries.*

### **GENERAL**

The notes will constitute a further issuance of, and will be fungible and rank equally with, the original notes and form a single class of debt securities with the original notes for all purposes under the indenture. We may, without the consent of any of the holders of the notes, create and issue further additional senior debt securities so that those additional senior debt securities would form a single series with the notes (the same-series debt securities ) or that would form a new series. Such same-series debt securities would have the same terms as the notes in all respects, except for the issue date, the issue price, the initial interest accrual date and the first interest payment date. The notes and any same-series debt securities would rank equally and ratably and would be treated as a single series of debt securities for all purposes under the indenture.

The notes will mature on April 15, 2020. The notes will bear interest at the rate of 7.50% per year, with interest accruing from October 15, 2012. Interest on the notes will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, with interest payments commencing January 15, 2013, to the persons in whose names the notes are registered at the close of business on the preceding January 1, April 1, July 1 and October 1, respectively. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.



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### **Description of the notes**

If any interest payment date or the maturity date of the notes is not a business day in The City of New York, then payment of the principal and interest may be made on the next business day. In that case, no interest will accrue on the amount payable for the period from and after the applicable interest payment date or maturity date, as the case may be.

The notes will be issued only in fully registered form, without coupons, in denominations of \$25 and integral multiples thereof. The notes will be issued in book-entry form only and represented by one or more global notes registered in the name of The Depository Trust Company, or DTC, or its nominee. This means that note holders will not be entitled to receive a certificate for the notes that note holders purchase except under the limited circumstances described below under [Book-Entry, Delivery and Form](#).

We will maintain an office or agency in the Borough of Manhattan, The City of New York, where notes may be surrendered for payment, registration of transfer or exchange and where notices and demands in respect of the notes and the indenture may be delivered to us. That office or agency will initially be the corporate trust office of the trustee, which is currently located at 100 Wall St., Suite 1600, New York, New York 10005. However, so long as the notes are in book-entry form, note holders will receive payments and may transfer notes only through the facilities of DTC and its direct and indirect participants. See [Book-Entry, Delivery and Form](#).

So long as the notes are in book-entry form, we will make payments on the notes to DTC, or its nominee, as the registered owner of the notes. If notes are issued in definitive certificated form under the limited circumstances described under [Book-Entry, Delivery and Form](#), we will have the option of paying interest by check mailed to the addresses of the persons entitled to payment or by transfer to accounts maintained by the payees with banks located in the United States.

The notes will not be subject to, or entitled to the benefits of, a sinking fund or repurchase by us at the option of the holders. In addition, the notes will not be convertible into, or exchangeable for, any other securities.

The notes are not deposits or other obligations of a bank or savings association and are not insured or guaranteed by the FDIC or any other governmental agency.

The indenture does not contain any provisions that would necessarily protect holders of notes if we become involved in a highly leveraged transaction, reorganization, merger or other similar transaction that adversely affects us or them.

We may from time to time purchase the notes in the open market or otherwise.

### **OPTIONAL REDEMPTION**

We may, at our option, on April 15, 2015, or on any scheduled interest payment date thereafter, redeem the notes in whole or in part on not less than 30 nor more than 60 days prior notice mailed to the holders of the notes. The notes will be redeemable at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the date of redemption.

On and after any redemption date, interest will cease to accrue on the notes called for redemption. On or prior to any redemption date, we are required to deposit with a paying agent money sufficient to pay the

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### **Description of the notes**

redemption price of and accrued interest on the notes to be redeemed on such date. If we are redeeming less than all the notes, the trustee under the indenture must select the notes to be redeemed by such method as the trustee deems fair and appropriate, subject to the rules and procedures of DTC.

### **LISTING**

The original notes are currently quoted on the NASDAQ Global Market under the symbol `BANCL`. We expect that the notes will be listed on the NASDAQ Global Market, under the same `BANCL` symbol.

### **RANKING**

The notes will be unsecured and unsubordinated obligations of First PacTrust Bancorp and will rank equally in right of payment with all of our other unsecured indebtedness and senior in right of payment to any of our existing or future obligations that are by their terms expressly subordinated or junior in right of payment to the notes. The notes are our obligations exclusively, and are not the obligations of any of our subsidiaries and will not be guaranteed by any of our subsidiaries. The notes will be effectively subordinated to any secured indebtedness of ours, but only to the extent of the value of the collateral securing such indebtedness. At September 30, 2012, we had \$25.0 million of long-term debt in the form of advances from the Federal Home Loan Bank and \$2.3 million of other secured borrowings in addition to the notes. As a result of our holding company structure, the notes will be effectively subordinated to all existing and future indebtedness and other liabilities and equity of our subsidiaries. See *Description of Debt Securities Ranking of Debt Securities; Holding Company Structure* in the accompanying prospectus. At September 30, 2012, our subsidiaries had outstanding indebtedness (excluding deposits in PacTrust and Beach) aggregating approximately \$88.3 million. PacTrust and Beach had \$1,067.6 million and \$260.6 million, respectively, in deposit liabilities at that date.

### **COVENANTS**

*Limitation Upon Disposition of Voting Stock of Certain Subsidiaries.* We may not sell, assign, transfer or otherwise dispose of, or permit the issuance of, or permit a direct or indirect subsidiary to sell, assign, transfer or otherwise dispose of, any shares of voting stock of any subsidiary, or any securities convertible into or options, warrants or rights to subscribe for or purchase shares of voting stock of any subsidiary, which subsidiary, in either case, is: (a) a principal constituent bank or (b) a subsidiary which owns shares of voting stock of a principal constituent bank or any securities convertible into or options, warrants or rights to subscribe for or purchase shares of voting stock of a principal constituent bank.

This restriction does not apply to any sale, assignment, transfer, disposition or issuance made by us or any of our subsidiaries:

- acting in a fiduciary capacity for any person other than us or any of our subsidiaries;
- to us or any of our wholly owned subsidiaries;
- if required by law for the qualification of directors;
- to comply with an order of a court or regulatory authority;
- in connection with a merger or consolidation of or sale of all or substantially all the assets of a principal constituent bank with, into or to another banking institution, as long as we own, directly or indirectly, in the entity surviving that merger or consolidation or that re-ceives

such assets, not less than the percentage of voting stock we owned in our principal constituent bank prior to that transaction;

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- if the sale, assignment, transfer, disposition or issuance is for fair market value as determined by our board of directors, and if after giving effect to that sale, assignment, transfer, disposition or issuance, we would own, directly or indirectly through other subsidiaries, not less than 80% of the voting stock of that principal constituent bank;
- if a principal constituent bank sells additional shares of voting stock to its stockholders at any price, if, after that sale, we own directly or indirectly not less than the percentage of voting stock of that principal constituent bank we owned prior to that sale;
- if we or a subsidiary of ours pledges or creates a lien on the voting stock of a principal constituent bank of ours to secure a loan or other extension of credit by a majority-owned banking subsidiary of ours subject to Section 23A of the Federal Reserve Act; or
- in connection with the consolidation of First PacTrust with or the sale, lease or conveyance of all or substantially all of the assets of First PacTrust to, or merger of First PacTrust with or into any other Person (as to which the covenant described in the accompanying prospectus under the heading "Description of Debt Securities Consolidation, Merger and Sale of Assets" shall apply).

The term "principal constituent bank" means PacTrust or another banking subsidiary of First PacTrust that has consolidated assets equal to 45% or more of the consolidated assets of First PacTrust and its subsidiaries as determined from the most recent consolidated statement of financial condition of First PacTrust and its subsidiaries. Currently, our only principal constituent bank is PacTrust. The term "subsidiary" means a corporation or a partnership or a limited liability company a majority of the outstanding voting stock or partnership or membership interests, as the case may be, of which is owned or controlled, directly or indirectly, by First PacTrust or by one or more of its other subsidiaries. The term "voting stock" means stock having voting power for the election of directors or trustees, as the case may be.

***Limitation Upon Liens on Capital Stock of Certain Subsidiaries.*** Except as provided under "Limitation Upon Disposition of Voting Stock of Certain Subsidiaries," we may not at any time, directly or indirectly, create, assume, incur or permit to exist any mortgage, pledge, encumbrance or lien or charge of any kind upon:

- any shares of capital stock of any principal constituent bank, other than directors' qualifying shares; or
- any shares of capital stock of a subsidiary which owns capital stock of any principal constituent bank.

This restriction does not apply to:

- liens for taxes, assessments or other governmental charges or levies (a) which are not yet due or are payable without penalty, (b) which we are contesting in good faith by appropriate proceedings so long as we have set aside on our books such reserves as shall be required in respect thereof in conformity with applicable generally accepted accounting principles or (c) which secure obligations of less than \$1 million in amount; or
- the lien of any judgment, if that judgment (a) is discharged, or stayed on appeal or otherwise, within 60 days, (b) is currently being contested in good faith by appropriate proceedings so long as we have set aside on our books such reserves as shall be required in

respect thereof in conformity with applicable generally accepted accounting principles or (c) involves claims of less than \$1 million.

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**EVENTS OF DEFAULT**

The following are events of default under the indenture with respect to the notes:

- default in the payment of any interest on the notes when due, which continues for 30 days;
- default in the payment of any principal of or premium on the notes when due;
- default in the performance of any other obligation contained in the indenture for the benefit of the notes, which continues for 90 days after written notice;
- specified events in bankruptcy, insolvency or reorganization of us or any significant subsidiary; and
- an event of default, as defined in any bond, note, debenture or other evidence of indebtedness for borrowed money of First PacTrust or any principal constituent bank or under any mortgage, indenture, trust agreement or other instrument securing, evidencing or providing for any indebtedness for borrowed money of First PacTrust or any principal constituent bank