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.

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.

	Public Offering Price(1)	Underwriting Discounts and Commissions	Proceeds to First PacTrust(2)
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 overallotment 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 **Wunderlich Securities**

Co-Managers

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Prospectus Supplement

Prospectus

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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 exp 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;

- 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.

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. 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 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	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.
	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

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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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Risk factors

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;

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