HollyFrontier Corp
Form 4
August 25, 2014

FORM 4

OMB APPROVAL

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
McWatters Denise Clark

(Last) (First) (Middle)

2828 N. HARWOOD, STE 1300

(Street)

DALLAS, TX 75201

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HollyFrontier Corp [HFC]

3. Date of Earliest Transaction (Month/Day/Year)
08/22/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, GC & Secy

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/22/2014		S		9,662	D	$ 51.2141 (1)	30,528	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McWatters Denise Clark 2828 N. HARWOOD, STE 1300 DALLAS, TX 75201			SVP, GC & Secy	

Signatures

Walter W. Zimmerman, attorney in fact	08/25/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported is a weighted average price. These shares were sold in multiple transactions at prices ranging from $51.21 to $51.22, inclusive. The reporting person undertakes to provide to HollyFrontier Corporation, any security holder of HollyFrontier Corporation, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ZE="1"> **Percentage Count Amount Percentage**

<61

64	$53,917	24.6%	67	$40,809	33.4%	10	$2,263	10.5%	141	$96,989	26.7%

61-80

69	85,014	38.7	46	34,169	28.0	6	4,831	22.4	121	124,014	34.1

81-100

66	50,973	23.2	43	24,565	20.1	9	7,713	35.9	118	83,251	22.9

>100

46	29,598	13.5	47	22,705	18.5	20	6,719	31.2	113	59,021	16.3

Totals

245	$219,502	100.0%	203	$122,248	100.0%	45	$21,526	100.0%	493	$363,275	100.0%

(1) LTV represents estimate current loan to value as current unpaid principal balance balance divided by estimated property value.

Allowance for Loan and Lease Losses

The Company has an established credit risk management process that includes regular Management review of the loan portfolio to identify any problem loans. During the ordinary course of business, management becomes aware of borrowers that may not be able to meet the contractual requirements of the loan agreements. Such loans are subject to increased monitoring. Consideration is given to placing the loan on non-accrual status, assessing the need for additional allowance for loan and lease losses, and partial or full charge-off. The Company maintains the allowance for loan and lease losses at a level that is considered adequate to cover the estimated and known inherent risks in the loan portfolio and off-balance sheet unfunded credit commitments. The allowance for loan and lease losses includes allowances for loan, lease, and off-balance sheet unfunded credit commitment losses.

The credit risk monitoring system is designed to identify impaired and potential problem loans, and to permit periodic evaluation of impairment and the adequacy level of the allowance for credit losses in a timely manner. In addition, the Board of Directors of the Company has created a written credit policy that includes a credit review and control system which it believes should be effective in ensuring that the Bank maintains an adequate allowance for credit losses. The Board of Directors provides oversight for the allowance evaluation process, including quarterly valuations, and determines whether the allowance is adequate to absorb losses in the loan and lease portfolio. The determination of the amount of the allowance for loan and lease losses and the provision for loan and lease losses is based on management s current judgment about the credit quality of the loan and lease portfolio and takes into consideration known relevant internal and external factors that affect collectability when determining the appropriate level for the allowance for loan and lease losses. The nature of the process by which the Company determines the appropriate allowance for loan and lease losses requires the exercise of considerable judgment. Additions to the allowance for loan and lease losses are made by charges to

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the provision for loan and lease losses. Identified credit exposures that are determined to be uncollectible are charged against the allowance for loan and lease losses. Recoveries of previously charged off amounts, if any, are credited to the allowance for loan and lease losses.

The following is a summary of activity in the allowance for loan and lease losses and ending balances of loans evaluated for impairment for the years ended December 31, 2012, 2011 and 2010.

	2012	2011	2010
Balance at beginning of year	$ 12,780	$ 14,637	$ 13,079
Loans and leases charged off	(4,071)	(7,512)	(7,531)
Recoveries of loans and leases previously charged off	239	267	132
Provision for loan and lease losses	5,500	5,388	8,957
Balance at end of year	$ 14,448	$ 12,780	$ 14,637

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The following table presents the activity and balance in the allowance for loan and lease losses and the recorded investment in loans and leases by portfolio segment and is based on the impairment method for the year ended as of December 31, 2012. Recorded investment in loans and leases excludes accrued interest receivable of $4.4 million at December 31, 2012.

	Commercial and Industrial	Commercial Real Estate Mortgage	Multi-Family	SBA	Construction	Lease Financing	Real Estate 1-4 family First Mortgage	HELOC s, Home Equity Loans, and Other Consumer Credit	TOTAL
Allowance for loan and lease losses:									
Balance as of December 31, 2011	$ 128	$ 2,234	$ 1,541	$	$	$	$ 8,635	$ 242	$ 12,780
Charge-offs		(987)		(64)			(3,006)	(14)	(4,071)
Recoveries				14			221	4	239
Provision	135	1,931	(63)	168	21	261	3,005	42	5,500
Balance as of December 31, 2012	$ 263	$ 3,178	$ 1,478	$ 118	$ 21	$ 261	$ 8,855	$ 274	$ 14,448
Individually evaluated for impairment	$	$	$ 590	$ 53	$	$	$ 597	$	$ 1,240
Collectively evaluated for impairment	263	3,178	888	65	21	261	8,258	274	13,208
Acquired with deteriorated credit quality									
Total ending allowance balance	$ 263	$ 3,178	$ 1,478	$ 118	$ 21	$ 261	$ 8,855	$ 274	$ 14,448
Loans:*									
Individually evaluated for impairment	$ 1,879	$ 3,988	$ 5,442	$ 438	$	$	$ 21,778	$ 3	$ 33,528
Collectively evaluated for impairment	71,700	313,075	108,795	30,030	6,623	11,203	551,823	21,474	1,114,723
Acquired with deteriorated credit quality	6,808	21,837	845	5,608			65,066	56	100,220
Total ending loan balances	$ 80,387	$ 338,900	$ 115,082	$ 36,076	$ 6,623	$ 11,203	$ 638,667	$ 21,533	$ 1,248,471

* Includes net deferred loan costs and unamortized premium.

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(Dollar amounts in thousands, except share and per share data)

The following table presents the activity and balance in the allowance for loan and lease losses and the recorded investment in loans and leases by portfolio segment and is based on the impairment method for the year ended December 31, 2011. Recorded investment in loans and leases excludes accrued interest receivable and net deferred loan costs of $3.3 million and $1.1 million, respectively at December 31, 2011, as they are not considered material.

	Commercial and Industrial	Commercial Real Estate Mortgage	Multi-Family	SBA	Construction	Lease Financing	Real Estate 1-4 family First Mortgage	HELOC s, Home Equity Loans, and Other Consumer Credit	TOTAL
Allowance for loan and lease losses:									
Balance as of December 31, 2010	$ 50	$ 1,399	$ 2,389	$	$	$	$ 10,191	$ 608	$ 14,637
Charge-offs		(1,899)	(2,136)				(3,276)	(201)	(7,512)
Recoveries		24	68				165	10	267
Provision	78	2,710	1,220				1,555	(175)	5,388
Balance as of December 31, 2011	$ 128	$ 2,234	$ 1,541	$	$	$	$ 8,635	$ 242	$ 12,780
Individually evaluated for impairment	$	$ 236	$ 663	$	$	$	$ 2,815	$	$ 3,714
Collectively evaluated for impairment	128	1,998	878				5,820	242	9,066
Acquired with deteriorated credit quality									
Total ending allowance balance	$ 128	$ 2,234	$ 1,541	$	$	$	$ 8,635	$ 242	$ 12,780
Loans:									
Individually evaluated for impairment	$	$ 1,887	$ 5,001	$	$	$	$ 20,650	$	$ 27,538
Collectively evaluated for impairment	9,019	124,501	82,289				526,110	17,823	759,742
Acquired with deteriorated credit quality									
Total ending loan balances	$ 9,019	$ 126,388	$ 87,290	$	$	$	$ 546,760	$ 17,823	$ 787,280

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The following table presents loans and leases individually evaluated for impairment by class of loans and leases as of and for the year ended December 31, 2012. The recorded investment represents customer balances net of any partial charge-offs recognized on the loans and leases, net of any deferred fees and costs. Recorded investment excludes accrued interest receivable, as it is not considered to be material.

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan and Lease Losses Allocated	Average Recorded Investment YTD	Interest Income Recognized YTD	Cash Basis Interest Recognized YTD
With no related allowance recorded:						
Commercial						
Commercial and industrial	$ 2,168	$ 1,879	$	$ 1,879	$ 21	$ 60
Real estate mortgage	5,748	3,988		4,743	170	217
Multi-family						
SBA	457	30		30	3	8
Construction						
Lease financing						
Consumer:						
Real estate 1-4 family first mortgage	8,681	8,156		8,279	258	272
HELOC s, home equity loans, and other consumer installment credit	3	3		3		
With an allowance recorded:						
Commercial						
Commercial and industrial						
Real estate mortgage						
Multi-family	5,441	5,442	590	5,468	256	266
SBA	439	408	53	408	7	8
Construction						
Lease financing						
Consumer:						
Real estate 1-4 family first mortgage	13,567	13,622	597	13,633	41	327
HELOC s, home equity loans, and other consumer installment credit						
Total	$ 36,504	$ 33,528	$ 1,240	$ 34,443	$ 756	$ 1,158

The following table presents information for impaired loans and leases as of December 31:

	2012	2011	2010
Average of individually impaired loans during the period	$ 27,387	$ 38,305	$ 33,662
Interest income recognized during impairment	756	675	1,998

Cash-basis interest income recognized	1,158	328	1,091

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The following table presents loans and leases individually evaluated for impairment by class of loans and leases as of and for the year ended December 31, 2011. The recorded investment included represents customer balances net of any partial charge-offs recognized on the loans and leases, net of any deferred fees and costs and accrued interest.

	Unpaid Principal Balance	Recorded Investment	Allowance for loan Losses Allocated	Average Recorded Investment YTD	Interest Income Recognized YTD	Cash Basis Interest Recognized YTD
With no related allowance recorded:						
Commercial						
Commercial and industrial	$	$	$	$	$	$
Real estate mortgage	487	488		493	28	28
Multi-family						
Consumer:						
Real estate 1-4 family first mortgage	6,849	6,915		6,872	92	39
HELOC s, home equity loans, and other consumer installment credit		2		74	19	
With an allowance recorded:						
Commercial						
Commercial and industrial						
Real estate mortgage	1,400	1,686	236	1,608		
Multi-family	5,001	5,013	663	5,030	134	43
Consumer:						
Real estate 1-4 family first mortgage	13,801	13,964	2,815	13,831	402	218
HELOC s, home equity loans, and other consumer installment credit						
Total	$ 27,538	$ 28,068	$ 3,714	$ 27,908	$ 675	$ 328

Nonaccrual loans and leases and loans past due 90 days still on accrual were as follows as of the dates indicated:

	December 31, 2012	2011
Loans past due over 90 days or more still on accrual	$	$
Nonaccrual loans		
The Company maintains specific allowance allocations for these loans of $1,267 in 2012 and $2,959 in 2011	$ 22,993	$ 19,254

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Nonaccrual loans and leases consisted of the following as of the dates indicated:

	December 31, 2012	December 31, 2011
Commercial:		
Commercial and industrial	$	$
Real estate mortgage	2,906	1,887
Multi-Family	5,442	3,090
SBA	141	
Construction		
Lease financing		
Consumer:		
Real estate 1-4 family first mortgage	14,503	14,272
HELOC s, home equity loans, and other consumer installment credit	1	5
Total	$ 22,993	$ 19,254

Past Due Loans and Leases

The following table presents the aging of the recorded investment in past due loans and leases as of December 31, 2012, excluding accrued interest receivable of $4.4 million at December 31, 2012.

	December 31, 2012						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Current	Total Gross Financing Receivables	Considered Current That Have been Modified in Previous Year
Commercial:							
Commercial and industrial	$ 248	$ 7	$	$ 255	$ 73,324	$ 73,579	$ 2,297
Real estate mortgage	257	518	375	1,150	315,913	317,063	2,318
Multi-family					114,237	114,237	
SBA	26	110		136	30,332	30,468	
Construction					6,623	6,623	
Lease financing	118			118	11,085	11,203	
Consumer:							
Real estate 1-4 family first mortgage	3,356	4,441	8,747	16,544	557,057	573,601	
HELOC s, home equity loans, and other consumer installment credit	27		1	28	21,449	21,477	
Total	$ 4,032	$ 5,076	$ 9,123	$ 18,231	$ 1,130,020	$ 1,148,251	$ 4,615

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(Dollar amounts in thousands, except share and per share data)

	December 31, 2012					
	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Current	Total Gross Financing Receivables
PCI loans:						
Commercial:						
Commercial and industrial	$	$	$ 178	$ 178	$ 6,630	$ 6,808
Real estate mortgage	1,080	377	445	1,902	19,935	21,837
Multi-family					845	845
SBA	317	63	687	1,067	4,541	5,608
Construction						
Lease financing						
Consumer:						
Real estate 1-4 family first mortgage	1,008	1,082	2,080	4,170	60,896	65,066
HELOC s, home equity loans, and other consumer installment credit					56	56
Total	$ 2,405	$ 1,522	$ 3,390	$ 7,317	$ 92,903	$ 100,220

The following table presents the aging of the principal balances in past due loans and leases as of December 31, 2011 by class of loans and leases, excluding net deferred loan costs and accrued interest of $3.3 million and $1.1 million, respectively:

	December 31, 2011						
	30-59 Days Past Due	60-89 Days Past Due	Greater than 89 Days Past Due	Total Past Due	Current	Total Gross Financing Receivables	Considered Current That Have been Modified in Previous Year
Commercial:							
Commercial and industrial	$	$	$	$	$ 9,019	$ 9,019	$
Real estate mortgage	291		1,400	1,691	124,697	126,388	487
Multi-family					87,290	87,290	
Consumer:							
Real estate 1-4 family first mortgage	8,133	2,536	6,385	17,054	529,706	546,760	3,760
HELOC s, home equity loans, and other consumer installment credit	4		5	9	17,814	17,823	
Total	$ 8,428	$ 2,536	$ 7,790	$ 18,754	$ 768,526	$ 787,280	$ 4,247

There were no PCI loans as of December 31, 2011.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Troubled Debt Restructurings:

Troubled Debt Restructurings (TDRs) of loans are defined by ASC 310-40, Troubled Debt Restructurings by Creditors and ASC 470-60, Troubled Debt Restructurings by Debtors and evaluated for impairment in accordance with ASC 310-10-35. The concessions may be granted in various forms, including reduction in the stated interest rate, reduction in the amount of principal amortization, forgiveness of a portion of a loan balance or accrued interest, or extension of the maturity date. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company s internal underwriting policy.

During the year ending December 31, 2012, the terms of $708 thousand of loans were modified as troubled debt restructurings. The modification of the terms of such loans included one modification of the rate and maturity and three modifications which resulted in an interest-only period.

The following table presents loans and leases by class modified as troubled debt restructurings that occurred during the years indicated:

	Year ended December 31,					
	2012			2011		
	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:						
Commercial						
Commercial and industrial		$	$		$	$
Real estate mortgage	1	288	288			
Multi-family						
SBA	3	420	420			
Construction						
Lease financing						
Consumer						
Real estate 1-4 family first mortgage				4	4,685	4,477
HELOC s, home equity loans, and other consumer installment credit						
Total	4	$ 708	$ 708	4	$ 4,685	$ 4,477

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The troubled debt restructurings described above increased the allowance for loan and lease losses by $42 thousand and $236 thousand during the years ended December 31, 2012 and 2011, respectively, and resulted in charge-offs of $71 thousand during the year ended December 31, 2012 and no charge-offs during the year ended December 31, 2011.

The following table presents loans and leases by class modified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the years indicated:

	Year ended December 31,			
	2012		2011	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
TDRs that subsequently defaulted:				
Commercial				
Commercial and industrial		$		$
Real estate mortgage				
Multi-family				
SBA	1	4		
Construction				
Lease financing				
Consumer				
Real estate 1-4 family first mortgage				
HELOC s, home equity loans, and other consumer installment credit				
Total	1	$ 4		$

A loan or lease is considered to be in payment default once it is 30 days contractually past due under the modified terms. The troubled debt restructurings that subsequently defaulted described above did not affect the allowance for loan and lease losses and resulted in charge offs of $71 thousand during the year ended December 31, 2012.

The terms of one other loan were modified during the period ended December 31, 2012 that did not meet the definition of a troubled debt restructuring. This loan has a total recorded investment as of December 31, 2012 of $20 thousand. The modification of this loan involved an extension of the maturity date that was not considered to represent a significant delay. There were no delays in payment on this loan during 2012 subsequent to the modification.

Certain loans and leases which were modified during the year ended December 31, 2011 and did not meet the definition of a troubled debt restructuring did not have any delays in payment.

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Troubled debt restructured loans and leases consist of the following:

	December 31, 2012	December 31, 2011
Commercial		
Commercial and industrial	$ 1,236	$
Real estate mortgage	1,885	487
Multi-family	3,090	3,090
SBA	423	
Construction		
Lease financing		
Consumer		
Real estate 1-4 family first mortgage	12,047	14,613
HELOC s, home equity loans, and other consumer installment credit	1	2
Total	$ 18,682	$ 18,192

Troubled debt restructured loans at December 31, 2012, and 2011 totaling $18.1 million, and $16.1 million were net of specific allowance allocations of $0.6 million and $2.1 million, respectively. The balance at December 31, 2012 includes $2.7 million of loans that were modified through troubled debt restructurings by Beach prior to becoming a subsidiary of the Company. The Company did not have any commitments to lend to customers with outstanding loans or leases that are classified as troubled debt restructurings as of December 31, 2012 and 2011.

Credit Quality Indicators:

The Company categorizes loans and leases into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company performs an historical loss analysis that is combined with a comprehensive loan or lease to value analysis to analyze the associated risks in the current loan and lease portfolio. The Company analyzes loans and leases individually by classifying the loans and leases as to credit risk. This analysis includes all loans and leases delinquent over 60 days and non-homogenous loans and leases such as commercial and commercial real estate loans and leases. Classification of problem single family residential loans is performed on a monthly basis while analysis of non-homogenous loans and leases is performed on a quarterly basis. The Company uses the following definitions for risk ratings:

Special Mention. Borrower is fundamentally sound and the loan is currently protected. However, potential weaknesses that deserve management s close attention have been identified (e.g., primary source of loan repayment remains viable but there is increasing reliance on collateral or guarantor support). If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or lease or of the Company s credit position at some future date.

Substandard. Loans and leases classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans and leases so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

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Doubtful/Loss. Loans and leases classified as doubtful/loss have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loans and leases considered pass/watch are analyzed individually as part of the above described process. Consumer loans not rated are evaluated based on payment history.

Loans and leases not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans and lease. PCI consumer loans not rated are evaluated based on payment history.

The following table displays the Company s risk categories for loans and leases as of the dates indicated:

	December 31, 2012					
	Pass	**Special Mention**	**Substandard**	**Doubtful**	**Not Rated**	**TOTAL**
Commercial						
Commercial and industrial	$ 73,579	$	$	$	$	$ 73,579
Real estate mortgage	310,976	1,618	4,469			317,063
Multi-family	109,059		5,178			114,237
SBA	30,296	18	154			30,468
Construction	6,623					6,623
Lease financing	11,203					11,203
Consumer						
Real estate 1-4 family first mortgage	543,928	11,222	18,451			573,601
HELOC s, home equity loans, and other consumer installment credit	21,071	193	213			21,477
Total	$ 1,106,735	$ 13,051	$ 28,465	$	$	$ 1,148,251

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(Dollar amounts in thousands, except share and per share data)

	Pass	Special Mention	Substandard	Doubtful	Not Rated	TOTAL
PCI loans:						
Commercial						
Commercial and industrial	$	$ 189	$ 6,619	$	$	$ 6,808
Real estate mortgage	15,108	1,080	5,649			21,837
Multi-family	845					845
SBA	1,148	1,085	3,375			5,608
Construction						
Lease financing						
Consumer						
Real estate 1-4 family first mortgage			137		64,929	65,066
HELOC s, home equity loans, and other consumer installment credit			56			56
Total	$ 17,101	$ 2,354	$ 15,836	$	$ 64,929	$ 100,220

	December 31, 2011					
	Pass	Special Mention	Substandard	Doubtful	Not Rated	TOTAL
Commercial:						
Commercial and industrial	$ 9,019	$	$	$	$	$ 9,019
Real estate mortgage	109,329	11,463	5,596			126,388
Multi-family	81,792	497	5,001			87,290
Consumer						
Real estate 1-4 family first mortgage	498,794	26,381	21,585			546,760
HELOC s, home equity loans, and other consumer installment credit	16,562	913	348			17,823
Total	$ 715,496	$ 39,254	$ 32,530	$	$	$ 787,280

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Purchased Credit Impaired Loans and Leases:

During the year ended December 31, 2012, the Company purchased loans and leases for which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected. The outstanding balance and carrying amount of those loans and leases at December 31, 2012 is as follows. There were no such loans or leases in 2011.

		December 31, 2012
Commercial		
Commercial and industrial	$	11,350
Real estate mortgage		22,698
Multi-family		1,208
SBA		7,967
Construction		
Consumer:		
Real estate 1-4 family first mortgage		108,538
HELOC s, home equity loans, and other consumer installment credit		
Outstanding balance	$	151,761
Carrying amount, net of allowance of $0	$	100,220

Accretable yield, or income expected to be collected, is as follows:

		Accretable Yield
Balance at January 1, 2012	$	
New loans or leases purchased		36,000
Accretion of income		(3,633)
Reclassifications from nonaccretable difference		
Disposals		(161)
Balance at December 31, 2012	$	32,206

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Loans and leases purchased during the year ended December 31, 2012 for which it was probable at acquisition that all contractually required payments would not be collected are as follows at acquisition:

Commercial Loans acquired in acquisitions	
Commercial and industrial	$ 12,542
Real estate mortgage	24,164
Multi-family	1,222
SBA	8,684
Construction	
Consumer Loan pools acquired	
Real estate 1-4 family first mortgage	115,207
HELOC s, home equity loans, and other consumer installment credit	
Outstanding balance	$ 161,819
Cash flows expected to be collected at acquisition	$ 141,302
Fair value of acquired loans at acquisition	$ 105,302

For those purchased loans and leases disclosed above, no allowance for loan or lease losses was recorded or reversed during the year ended December 31, 2012.

Loans and leases that were acquired in connection with the acquisitions of Beach and Gateway that were considered credit impaired were recorded at fair value at acquisition date and the related allowance for loan and lease losses was not carried over to the Company s allowance.

Income is not recognized on certain purchased loans and leases if the Company cannot reasonably estimate cash flows expected to be collected. The Company held no such loans or leases during the year ended December 31, 2012.

Purchases and Sales:

The following table presents loans and leases purchased and/or sold during the year ended December 31, 2012 by portfolio segment, excluding loans and lease acquired in business combinations and purchased credit-impaired loans and leases:

	Commercial and Industrial	Commercial Real Estate Mortgage	Multi-family	SBA	Construction	Lease Financing	Real Estate 1-4 family first mortgage	HELOCs home equity loans, and other consumer installment credit	TOTAL
Purchases	$	$ 1,400	$ 17,274	$	$	$ 11,772	$	$	$ 30,446
Sales				7,116			70,438		77,554

The Company purchased the above loans and leases during the 2012 at a net discount of $231 thousand. During 2011 the Company purchased $58.0 million of loans and leases at a net premium of $1.7 million. Loans and leases purchased in 2010 were not material. For those purchased loans and leases disclosed above, the

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Company did not incur any specific allowances for loan and lease losses during 2012, 2011 and 2010. No allowances for loan and lease losses were reversed during 2012, 2011 and 2010. The Company determined that it was probable at acquisition that all contractually required payments would be collected.

NOTE 8 RISK MANAGEMENT AND DERIVATIVE INSTRUMENTS

The Company originates residential real estate mortgage loans and generates revenues from the origination and sale of these loans. Although management closely monitors market conditions, such activities are sensitive to fluctuations in prevailing interest rates and real estate markets. As of December 31, 2012, approximately 71% of all properties securing loans held for sale were located in California. A change in the underlying economic conditions of the California residential real estate market could have an adverse impact on the Company s operations.

The Company uses derivative instruments and other risk management techniques to reduce its exposure to adverse fluctuations in interest rates in accordance with its risk management policies. The Company utilizes forward contracts and investor commitments to economically hedge mortgage banking products and may from time to time use interest rate swaps as hedges against certain liabilities.

In connection with mortgage banking activities, if interest rates increase, the value of the Company s loan commitments to borrowers and fixed rate mortgage loans held-for-sale are adversely impacted. The Company attempts to economically hedge the risk of the overall change in the fair value of loan commitments to borrowers and mortgage loans held for sale by selling forward contracts on securities of GSEs and by entering into IRLCs with investors in loans underwritten according to investor guidelines.

Forward contracts on securities of GSEs and loan commitments to borrowers are non-designated derivative instruments and the gains and losses resulting from these derivative instruments are included in net gain on mortgage banking activities in the accompanying consolidated statements of operations. At December 31, 2012, the resulting derivative asset of approximately $2.9 million and liability of approximately $1.0 million, are included in other assets and accrued expenses and other liabilities, respectively, on the accompanying consolidated statements of financial condition related to loan commitments and forward contracts. At December 31, 2012, the Company had outstanding forward commitments totaling $183.9 million. At December 31, 2012, the Company was committed to fund loans for borrowers of approximately $90.3 million.

The net losses relating to free-standing derivative instruments used for risk management were $0.7 million for the year ended December 31, 2012, and are included in net gain on mortgage banking activities in the consolidated statements of operations and comprehensive income/loss. Prior to the third quarter of 2012, the Company held no derivatives.

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The following table reflects the amount and market value of mortgage banking derivatives included in the consolidated statements of financial condition as of December 31, 2012. Note 5, Fair Value of Financial Instruments, contains further disclosures pertaining to the fair value of mortgage banking derivatives.

	Notional Amount	Fair Value
Included in other assets:		
Interest rate lock commitments	$ 82,668	$ 2,102
Mandatory forward commitments	54,273	197
Other assets (best efforts commitments)	8,619	591
Total included in other assets	$ 145,560	$ 2,890
Included in other liabilities:		
Interest rate lock commitments	$ 7,604	$ 71
Mandatory forward commitments	86,790	441
Other liabilities (best effort commitments)	34,208	476
Total included in other liabilities	$ 128,602	$ 988

NOTE 9 OTHER REAL ESTATE OWNED

Activity in other real estate owned was as follows for the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
At January 1	$ 14,692	$ 6,562	$ 5,680
Additions	3,863	22,414	11,576
Sales and net direct write-downs	(16,040)	(13,582)	(8,015)
Net change in valuation allowance	2,012	(702)	(2,679)
At December 31	$ 4,527	$ 14,692	$ 6,562

Activity in the other real estate owned valuation allowance was as follows:

	2012	2011	2010
At January 1	$ 4,081	$ 3,379	$ 700
Additions charged to expense	703	4,843	2,679
Net direct write-downs and removals upon sale	(2,715)	(4,141)	

At December 31	$ 2,069	$ 4,081	$ 3,379

Expenses related to foreclosed assets included in loan servicing and foreclosure expenses on the consolidated statements of operations were as follows for the year ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
Net gain (loss) on sales	$ 464	$ (760)	$ (332)
Operating expenses, net of rental income	(676)	(1,176)	(841)
	$ (212)	$ (1,936)	$ (1,173)

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Loans provided for sales of other real estate owned, included in other assets on the consolidated statements of financial condition, and deferred gain on real estate sold on contract, included in accrued expenses and other liabilities on the consolidated statements of financial condition were as follows:

	2012	2011	2010
Loans provided for sales of other real estate owned sold on contract	$ 914	$ 1,145	$ 1,147
Deferred gain on other real estate sold on contract	$ 10	$ 50	$ 52

NOTE 10 MORTGAGE BANKING ACTIVITIES

MHMB originates single family mortgage loans and sells these loans in the secondary market. The amount of net gain on mortgage banking activities is a function of mortgage loans originated for sale and the fair value of these loans. Net gain on mortgage banking activities includes mark to market pricing adjustments on loan commitments and forward sales contracts, initial capitalized value of mortgage servicing rights (MSRs) and loan origination fees.

During the period from August 18, 2012 through December 31, 2012, the mortgage operations unit has originated $518 million loans and has sold $477 million of loans in the secondary market. The net gain and margin on these sales were $17 million and 356 basis points, respectively. In addition, MHMB also had changes in amounts related to derivatives and the fair value of the mortgage loans held for sale. Changes in amounts related to loan commitments and forward sales commitments amounted to a net loss of $710 thousand for the period from August 18, 2012 through December 31, 2012. The net change in the fair value of the loans held for sale was a net gain of $2.2 million for the period from August 18, 2012 through December 31, 2012. The initial capitalized value of MSRs totaled $441 thousand on $46.6 million of loans sold to FNMA for the period from August 18, 2012 through December 31, 2012. Loan origination fees were $2.8 million for the period from August 18, 2012 through December 31, 2012.

In addition to net gain on mortgage banking activities, MHMB records provisions to the representation and warranty reserve representing our initial estimate of losses on probable mortgage repurchases or loss reimbursements. Provision for loss reimbursements on sold loans totaled $256 thousand for the period from August 18, 2012 through December 31, 2012.

Mortgage Loan Repurchase Obligations

Following is a summary of activity in the reserve for loss reimbursements on sold loans for the year ended December 31, 2012:

Balance at January 1, 2012	$
Acquired in business combinations	3,254
Provision for loss reimbursement on sold loans	256
Payments made for loss reimbursement on sold loans	(25)
Balance at December 31, 2012	$ 3,485

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NOTE 11 SERVICING RIGHTS

The Company retains mortgage servicing rights (MSRs) from certain of its sales of residential mortgage loans. MSRs on residential mortgage loans are reported at fair value. Income earned by the Company on its MSRs is derived primarily from contractually specified mortgage servicing fees and late fees, net of curtailment costs and third party subservicing costs. Prior to the acquisition of Gateway, the Company did not have any MSRs and prior to the acquisitions of Beach and Gateway, the Company did not have any SBA servicing rights. The Company retains servicing rights in connection with its SBA loan operations and are measured using the amortization method. Income earned from servicing rights for the year ended December 31, 2012 was $92 thousand. This amount is reported in loan servicing income in the consolidated statements of operations. At December 31, 2012, servicing rights are comprised of the following:

Mortgage servicing rights, at fair value	$ 1,739
SBA servicing rights, at cost	539
	$ 2,278

Mortgage loans serviced for others are not reported as assets and are subserviced by a 3rd party vendor. The principal balance of these loans at December 31, 2012 was $211,403. Custodial escrow balances maintained in connection with serviced loans were $1.1 million at December 31, 2012.

Mortgage Servicing Rights

Following is a summary of the key characteristics, inputs and economic assumptions used to estimate the fair value of the Company s MSRs as of December 31, 2012:

Fair value of retained MSRs	$ 1,739
Decay (prepayment/default)	25.19%
Discount rate	10.50%
Weighted-average life (in years)	13.86
Mortgage Servicing Rights:	
Balance at January 1, 2012	$
Acquired in business combinations	1,534
Additions	441
Sales of MSRs	(69)
Changes in fair value resulting from valuation inputs or assumptions	(42)
Other loans paid off	(125)
Balance at December 31, 2012	$ 1,739

There was no valuation allowance as of December 31, 2012 for mortgage servicing rights.

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SBA Servicing Rights

The Company used a discount rate of 7.25% to calculate the present value of cash flows and an estimated prepayment speed based on prepayment data available. Discount rates and prepayment speed are reviewed quarterly and adjusted as appropriate.

		December 31, 2012
SBA Servicing Rights, at cost:		
Balance at acquisition on July 1, 2012 and August 18, 2012	$	
Acquired in business combinations		557
Additions		171
Amortization, including prepayments		(189)
Balance at December 31, 2012	$	539

The Company recognized the portion of servicing fees in excess of contractual servicing fees as interest-only strips receivable, and are carried at fair value.

		December 31, 2012
Interest-Only Strip, at fair value:		
Balance at acquisition on August 18, 2012	$	
Acquired in business combinations		30
Additions		
Disposals		(29)
Amortization, including prepayments		(1)
Balance at December 31, 2012	$	

There was no valuation allowance as of December 31, 2012 for SBA servicing rights or the I/O strips.

NOTE 12 LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments such as loan commitments, credit lines, letters of credit, and overdraft protection are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Risk of credit loss exists up to the face amount of these instruments. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

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The contractual amount of financial instruments with off-balance-sheet risk was as follows for the dates indicated:

	Contract Amount			
	December 31, 2012		December 31, 2011	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Financial instruments whose contract amounts represent credit risk				
Commitments to extend credit	$ 52,883	$ 21,317	$ 1,000	$ 579
Unused lines of credit	4,021	84,036	6,249	36,472
Standby letters of credit	10	1,396	10	10

Commitments to make loans are generally made for periods of 30 days or less.

Financial instruments that potentially subject the Company to concentrations of credit risk include interest-bearing deposit accounts in other financial institutions, and loans. At December 31, 2012 and December 31, 2011, the Company had interest-bearing deposit accounts with balances totaling approximately $105.4 million and $37.7 million, respectively, in other financial institutions.

As of December 31, 2012, the Company had total commitments to sell loans of $107.5 million. Total commitments were outstanding for the loans held for sale portfolio and IRLCs were $93.6 million and $13.9 million, respectively. For the loans held for sale commitments, $65.0 million and $28.6 million were mandatory commitments and best efforts commitments, respectively. Generally speaking, best efforts commitments do not have a financial penalty for non-delivery. The IRLCs consisted entirely of best efforts commitments.

NOTE 13 PREMISES, EQUIPMENT, AND CAPITAL LEASES, NET

Premises and equipment are summarized as follows:

	December 31,	
	2012	2011
Land and improvements	$ 1,187	$ 1,638
Buildings	6,695	8,363
Furniture, fixtures, and equipment	8,917	4,753
Leasehold improvements	4,652	1,714
Construction in process	611	618
Total	22,062	17,086
Less accumulated depreciation and amortization	(6,398)	(6,501)
Premises and equipment, net	$ 15,664	$ 10,585

Depreciation expense was $1.7 million, $650 thousand, and $390 thousand for years ended December 31, 2012, 2011, and 2010, respectively.

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Operating Leases:

The Company leases certain properties under operating leases. Total rent expense for the years ended December 31, 2012, 2011, and 2010 amounted to $3.2 million, $608 thousand, and $372 thousand, respectively.

Pursuant to the terms of non cancelable lease agreements in effect at December 31, 2012 pertaining to banking premises and equipment, future minimum rent commitments under various operating leases are as follows, before considering renewal options that generally are present.

2013	$ 4,282
2014	4,038
2015	3,858
2016	3,632
2017	3,100
Total	$ 18,910

Capital Leases:

The Company leases certain equipment under capital leases. The lease arrangements require monthly payments through 2017.

The Company has included these leases in premises and equipment as follows:

	2012	2011
Furniture, fixtures, and equipment	$ 532	
Less accumulated depreciation	(49)	
Capital lease asset, net	$ 483	

Future minimum rent commitments under various capital leases are as follows:

2013	$ 117
2014	117
2015	117
2016	117
2017	62

Total	$ 530

Depreciation expense for assets held under capital leases was $49 thousand for the year ended December 31, 2012. There were no capital leases in 2011.

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NOTE 14 GOODWILL AND OTHER INTANGIBLE ASSETS, NET

The Company recorded goodwill and other intangible assets during 2012 as a result of the Beach merger and Gateway acquisition discussed above in Note 2, Business Combinations. At December 31, 2012, the Company had recorded goodwill of $7.0 million. The changes in the carrying amount of goodwill for the year ended December 31, 2012 were as follows:

Goodwill balance as of January 1, 2012	$
Goodwill acquired during the year	7,048
Impairment losses	
Goodwill balance as of December 31, 2012	$ 7,048
Accumulated impairment losses as of December 31, 2012	$

Other intangible assets are amortized over their useful lives ranging from 1 to 20 years for trade name and 4 to 7 years for core deposit intangibles. The weighted average remaining amortization period for trade name is approximately 19 years, and for core deposit intangibles is approximately 6 years. Based on the balances of identifiable intangible assets as of December 31, 2012, the Company estimates that intangible asset amortization will be $1.4 million in 2013, $1.1 million in 2014, $0.9 million in 2015, $0.7 million in 2016, and $0.5 million in 2017. Other intangible assets were as follows at December 31, 2012:

	Gross Carrying Value	Accumulated Amortization	Intangible Assets, net
Amortized intangible assets:			
Trade name	$ 980	$ 28	$ 952
Core deposit intangibles	5,190	668	4,522
	$ 6,170	$ 696	$ 5,474

Aggregate amortization expense was $696 thousand for the year ended December 31, 2012.

NOTE 15 DEPOSITS

The following table presents the components of interest-bearing deposits as of December 31, 2012:

Interest bearing demand	$ 15,111
Money market accounts	294,804
Savings accounts	159,055
Certificates of deposit	642,710

	$ 1,111,680

Certificate of deposit accounts with balances of $100,000 or more totaled $489.7 million and $336.9 million at December 31, 2012 and 2011, respectively. Included in time deposits of $100,000 or more were $60.0 million and $40.0 million in California State Treasurer s deposits at December 31, 2012 and 2011, respectively. Through PacTrust Bank s retail branch network, it attracted numerous large deposit relationships with average balances

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over $1.0 million in 2012, which totaled over $31.0 million. PacTrust Bank had no brokered deposits at December 31, 2012 and 2011, and Beach had brokered deposits of $141 thousand at December 31, 2012. Both Banks have an asset liability management policy which limits brokered deposit balances to no more than 45% of total assets, with an operating target less than 20% of assets.

The scheduled maturities of time deposits at December 31, 2012 are as follows:

2013	$ 467,887
2014	112,100
2015	27,741
2016	17,884
2017	17,098
Total	$ 642,710

NOTE 16 FEDERAL HOME LOAN BANK ADVANCES

At December 31, 2012, $63.0 million of the Banks advances from the FHLB were fixed and had interest rates ranging from 0.28% to 0.82% with a weighted average rate of 0.47%. At December 31, 2012, $12.0 million of the Banks advances from the FHLB were variable and had an interest rate of 0.28% as of that date. At December 31, 2011, all of the Banks advances from the FHLB were fixed and had interest rates ranging from 1.66% to 1.85% with a weighted average rate of 1.79%. The contractual maturities by year of the Banks advances were as follows at year end:

	2012	2011
2012	$	$ 20,000
2013	50,000	
2014	10,000	
2015	15,000	
Total advances	$ 75,000	$ 20,000

Each advance is payable at its maturity date. Advances totaling $38.0 million matured in January 2013. Advances paid early are subject to a prepayment penalty. At December 31, 2012 and 2011, the Banks advances from the FHLB were collateralized by certain real estate loans of an aggregate unpaid principal balance of $458.9 million and $272.1 million, respectively, and the Banks investment of capital stock of the FHLB of San Francisco of $8.4 million and $7.0 million, respectively. Based on this collateral and the Banks holdings of FHLB stock, the Banks were eligible to borrow an additional $179.9 million at December 31, 2012. In addition, the Banks had available lines of credit with the Federal Reserve Bank totaling $112.9 million at December 31, 2012.

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NOTE 17 LONG TERM DEBT

On April 23, 2012, the Company completed the public offering of $33.0 million aggregate principal amount of its 7.50% Senior Notes due April 15, 2020 (the Notes) at a price to the public of $25.00 per Note. Net proceeds after discounts were approximately $31.7 million. The Notes were issued under the Senior Debt Securities Indenture, dated as of April 23, 2012 (the Base Indenture), as supplemented by the First Supplemental Indenture, dated as of April 23, 2012 (the Supplemental Indenture, and together with the Base Indenture, the Indenture), between the Company and U.S. Bank National Association, as trustee (the Trustee).

On December 6, 2012, the Company completed the issuance and sale of an additional $45.0 million aggregate principal amount of the Notes at a price to the public of $25.00 per Note, plus accrued interest from October 15, 2012. Net proceeds after discounts, including a full exercise of the $5.1 million underwriters overallotment option on December 7, 2012, were approximately $50.1 million.

The Notes are the Company s senior unsecured debt obligations and rank equally with all of the Company s other present and future unsecured unsubordinated obligations. The Notes bear interest at a per-annum rate of 7.50%. The Company will make interest payments on the Notes quarterly in arrears.

The Notes will mature on April 15, 2020. However, the Company may, at the Company s 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. 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.

The Indenture contains several covenants which, among other things, restrict the Company s ability and the ability of the Company s subsidiaries to dispose of or incur liens on the voting stock of certain subsidiaries and also contains customary events of default.

NOTE 18 EMPLOYEE BENEFIT PLANS

The Company has a 401(k) plan whereby all employees, with the exception of Beach employees discussed below, can participate in the plan. Employees may contribute up to 100% of their compensation subject to certain limits based on federal tax laws. The Company makes an enhanced safe-harbor matching contribution that equals to 100% of the first 4% of the employee s deferral rate not to exceed 4% of the employee s compensation. The safe-harbor matching contribution is fully vested by the participant when made.

Beach also has a 401(k) plan for its employees in which all employees meeting the eligibility requirements can participate. Employees may contribute a portion of their compensation subject to limits based on federal tax laws. Beach makes a safe-harbor matching contribution that equals to 100% of the first 4% of the employee s compensation. The safe-harbor matching contribution is fully vested by the participant when made.

For the years ended December 31, 2012, 2011 and 2010 expense attributable to both of the 401(k) plans amounted to $709 thousand, $170 thousand, and $148 thousand, respectively.

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The Company has adopted a Deferred Compensation Plan under Section 401 of the Internal Revenue Code. The purpose of this plan is to provide specified benefits to a select group of management and highly compensated employees. Participants may elect to defer compensation, which accrues interest quarterly at the prime rate as reflected in *The Wall Street Journal* as of the last business day of the prior quarter. The Company does not make contributions to the Plan.

NOTE 19 EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

PacTrust Bank maintained an ESOP for the benefit of its employees. The Company issued 423,200 shares of common stock to the ESOP in exchange for a ten-year note in the amount of approximately $5.1 million. The $5.1 million for the ESOP purchase was borrowed from the Company. The ESOP was terminated in December 2011 and is in the process of being distributed. The ten-year note was paid in full at December 31, 2011.

Shares issued to the ESOP were allocated to ESOP participants based on principal repayments made by the ESOP on the loan from the Company. The loan was secured by shares purchased with the loan proceeds and was repaid by the ESOP with funds from the Company s contributions to the ESOP and earnings on ESOP assets. Principal payments were scheduled to occur over a ten-year period. Dividends on allocated and/or unearned shares first reduced accrued interest and secondly principal.

During 2011 and 2010, 42,320 shares of stock with an average fair value of $14.29 and $10.75 per share were committed to be released, resulting in ESOP compensation expense of $605 thousand and $455 thousand, respectively for each year. As of December 31, 2011, the remaining shares committed to be released were fully allocated to participants. There was no ESOP compensation expense recorded during 2012. During 2011 and 2010, 1,861, and 144 shares were forfeited, respectively. There were no shares forfeited during 2012. Per the terms of the ESOP plan, the forfeited shares were sold out of the plan and the proceeds were used to reduce the Company s contribution resulting in a reduction of compensation expense. Shares held by the ESOP at December 31, 2012 and 2011 are as follows:

Shares held by the ESOP were as follows:

	December 31, 2012	December 31, 2011
Allocated shares to participants	$ 286,108	$ 354,399
Unearned shares		
Total ESOP shares	286,108	354,399
Fair value of unearned shares at year end	$	$

NOTE 20 PREFERRED STOCK

During the first quarter of 2011, the Company entered into an Agreement with the U.S. Department of the Treasury for the repurchase of 280,795 common stock warrants issued to the Treasury in 2008 in connection with the issuance of preferred stock to Treasury pursuant to the TARP Capital Purchase Program; the Company repurchased that preferred stock in 2010. These warrants had a strike price of $10.31 and were repurchased for $1.0 million in the first quarter of 2011.

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On August 30, 2011, the Company issued 32,000 shares of preferred stock to the U.S. Treasury and received $32.0 million of capital under the SBLF Small Business Loan Fund Program. Of this, $28.8 million was contributed as capital to PacTrust Bank. The shares of preferred stock have a dividend and liquidation preference over our common stock. The dividend rate will fluctuate based upon the extent to which we increase our lending to small businesses. Initially, the annual dividend rate under the SBLF program will not exceed 5%, but may increase to as high as 9% after 4.5 years if the Company has not repaid its SBLF funding by that time.

NOTE 21 INCOME TAXES

The following table presents the components of income tax expense (benefit) for the year indicated:

	Year ended December 31,		
	2012	**2011**	**2010**
Current income taxes:			
Federal	$ 34	$ (2,245)	$ 1,589
State			648
Total current income tax expense (benefit)	34	(2,245)	2,237
Deferred income taxes:			
Federal	(1,252)	457	(885)
State	(356)	163	(316)
Total deferred income tax expense (benefit)	(1,608)	620	(1,201)
Change in valuation allowance	1,689	1,329	
Income tax expense (benefit)	$ 115	$ (296)	$ 1,036

The following table presents a reconciliation of the recorded income tax expense (benefit) to the amount of taxes computed by applying the applicable statutory Federal income tax rate of 34% to income (loss) before income taxes:

	Year ended December 31,		
	2012	**2011**	**2010**
Computed expected income tax expense (benefit) at Federal statutory rate	34.0%	(34.0)%	34.0%
Increase (decrease) resulting from:			
Book bargain purchase gain from Gateway acquisition	(68.4)		
Merger expenses	11.5		
Other permanent book-tax differences	(2.4)	(16.2)	(1.6)
State tax expense, net of federal benefit	(3.8)	3.6	5.7
Change in valuation allowance	30.4	43.9	
Other, net	0.8	(7.1)	(11.3)

Effective tax rates	2.1%	(9.8)%	26.8%

The Company had net income taxes receivable of $5.5 million and $5.4 million at December 31, 2012 and December 31, 2011, respectively, on its consolidated balance sheets. The Company had available at December 31, 2012, $6.9 million of unused Federal net operating loss carryforwards that may be applied against future taxable income through 2032. The Company had available at December 31, 2012, $32.3 million of unused state net operating loss carryforwards that may be applied against future taxable income through 2032. The Company had available at December 31, 2012, $1.7 million of unused federal income tax credits that may be applied to future income tax liabilities through 2032.

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FIRST PACTRUST BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2012, 2011 and 2010

(Dollar amounts in thousands, except share and per share data)

Utilization of the net operating loss and other carryforwards are subject to annual limitations set forth in Section 382 of the Internal Revenue Code. The tax attributes acquired in the Beach Business Bank and Gateway Bancorp acquisitions are subject to an annual Section 382 limitation of $1.3 million and $0.5 million, respectively.

The following table presents the tax effects of temporary difference that give rise to significant portions of deferred tax assets and deferred tax liabilities as of the dates indicated:

	December 31, 2012	December 31, 2011
Deferred tax assets:		
Allowance for loan losses	$ 9,537	$ 5,260
Investment in Partnership		135
Stock options and awards	1,336	420
Accrued expenses	1,515	
OREO valuation allowance	2,273	1,679
Federal NOL	2,357	
State NOL	2,314	945
Federal credits	1,749	1,038
Other deferred tax assets	1,453	1,452
	22,534	10,929
Deferred tax liabilities:		
Unrealized gain on securities available-for-sale	(1,219)	(683)
FAS 133 adjustment	(736)	
Investment in Partnership	(6)	
Mortgage servicing rights	(716)	
FHLB stock dividends	(618)	(567)
Intangible amortization	(2,451)	
Other deferred tax liabilities	(800)	(707)
	(6,546)	(1,957)
Valuation allowance	(8,416)	(1,329)
Net deferred tax asset	$ 7,572	$ 7,643

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. In assessing the realization of deferred tax assets, management evaluates both positive and negative evidence, including the existence of any cumulative losses in the current year and the prior two years, the amount of taxes paid in available carry-back years, and tax planning strategies. Based on this analysis, the Company determined that a valuation allowance of $8.4 million was required as of December 31, 2012. The Company had recorded a valuation allowance of $1.3 million as of December 31, 2011. The increase in the valuation allowance against its federal and state deferred tax assets was due to current year losses, the acquisition of Beach Business Bank and Gateway Business Bank and their associated deferred tax assets, and the Company s inability to project sufficient future taxable income to utilize the net deferred tax assets as of December 31, 2012. The remaining net deferred tax asset of $7.6 million at December 31, 2012 is supported by tax planning strategies.

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FIRST PACTRUST BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2012, 2011 and 2010

(Dollar amounts in thousands, except share and per share data)

The Company adopted the provisions of ASC 740-10-25, which relates to the accounting for uncertainty in income taxes recognized in an enterprise s financial statements on January 1, 2007. ASC 740-10-25 prescribes a threshold and a measurement process for recognizing in the financial statements a tax position taken or expected to be taken in a tax return and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At December 31, 2012 and December 31, 2011, the Company had no unrecognized tax benefits. In the event we are assessed interest and/or penalties by federal or state tax authorities, such amounts will be classified in the financial statements as income tax expense. At December 31, 2012 and December 31, 2011, the Company had no accrued interest or penalties.

First PacTrust and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is no longer subject to examination by U.S. Federal taxing authorities for tax years before 2009 and for all state tax years before 2008.

NOTE 22 REGULATORY CAPITAL MATTERS

The Company and the Banks are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes as of December 31, 2012, the Company and the Banks met all capital adequacy requirements to which they are subject. With respect to the Banks, prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If only adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2012 and 2011, the most recent regulatory notifications categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution s category.

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(Dollar amounts in thousands, except share and per share data)

Actual and required capital amounts and ratios are presented below at year-end.

	Amount		Minimum Capital Requirements		Minimum Required to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
December 31, 2012						
First PacTrust Bancorp						
Total capital (to risk-weighted assets)	$ 185,002	14.97%	$ 98,876	8.00%	$ 123,595	10.00%
Tier 1 capital (to risk-weighted assets)	169,498	13.71	49,438	4.00	74,157	6.00
Tier 1 (core) capital (to adjusted tangible assets)	169,498	10.15	66,786	4.00	83,482	5.00
PacTrust Bank						
Total capital (to risk-weighted assets)	$ 163,647	17.59%	$ 74,410	8.00%	$ 93,012	10.00%
Tier 1 capital (to risk-weighted assets)	151,948	16.34	37,205	4.00	55,807	6.00
Tier 1 (core) capital (to adjusted tangible assets)	151,948	11.16	54,485	4.00	68,106	5.00
Beach Business Bank						
Total capital (to risk-weighted assets)	$ 36,886	15.09%	$ 19,551	8.00%	$ 24,439	10.00%
Tier 1 capital (to risk-weighted assets)	35,983	14.72	9,776	4.00	14,664	6.00
Tier 1 (core) capital (to adjusted tangible assets)	35,983	11.96	12,036	4.00	15,045	5.00
December 31, 2011						
PacTrust Bank						
Total capital (to risk-weighted assets)	$ 137,913	18.56%	$ 59,447	8.00%	$ 74,309	10.00%
Tier 1 capital (to risk-weighted assets)	128,847	17.34	29,724	4.00	44,585	6.00
Tier 1 (core) capital (to adjusted tangible assets)	128,847	13.08	39,409	4.00	49,261	5.00

As of December 31, 2011, First PacTrust Bancorp was a savings and loan holding company and was not subject to regulatory capital requirements. As of December 31, 2011, Beach Business Bank was not a subsidiary of the Company, and as such the capital ratios as of that date are not presented above.

Dividend Restrictions: The Company s principal source of funds for dividend payments is dividends received from the Banks. Federal and state banking laws limit the amount of dividends that may be paid without prior approval of regulatory agencies. Under these regulations, in the case of PacTrust Bank, the amount of dividends that may be paid in any calendar year is limited to the current year s net profits, combined with the retained net profits of the preceding two years, subject to the capital requirements described above. For 2012, PacTrust Bank had $15.5 million plus any net profits generated in 2012 available to pay dividends to the Company. In the case of Beach, dividends generally may be paid up to the greater of its retained earnings, its net income for the last fiscal year, or its net income for the current fiscal year.

NOTE 23 RELATED-PARTY TRANSACTIONS

The Company has granted loans to certain officers and directors and their related interests. Such loans amounted to $9 thousand and $3 thousand at December 31, 2012 and 2011, respectively.

Deposits from principal officers, directors, and their related interests at year-end 2012 and 2011 were $11.4 million and $2.2 million, respectively.

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FIRST PACTRUST BANCORP, INC.

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On December 27, 2012, PacTrust Bank entered into a Management Services Agreement (the Services Agreement) with CS Financial, Inc. (CS Financial), a Southern California-based mortgage brokerage and banking firm controlled by Jeffrey T. Seabold, a member of the Boards of Directors of the Company and PacTrust Bank. Under the Services Agreement, which is terminable at will by either party upon ten-days written notice, CS Financial agrees to provide PacTrust Bank such reasonably requested financial analysis, management consulting, knowledge sharing, training services and general advisory services as PacTrust Bank and CS Financial may mutually agree with respect to PacTrust Bank s residential mortgage lending business, including strategic plans and business objectives, compliance function, monitoring, reporting and related systems, and policies and procedures, at a monthly fee of $100,000.

The Services Agreement was recommended by disinterested members of management of PacTrust Bank and negotiated and approved by special committees of the Board of Directors of each of the Company and PacTrust Bank (the Special Committees), comprised exclusively of independent, disinterested directors of the Boards. Each of the Boards of Directors of PacTrust Bank and the Company also considered and approved the Services Agreement, upon the recommendation of the Special Committees. The Special Committees continue in existence and are considering other prospective business relationships and transactions between the Company, PacTrust Bank and CS Financial, including, in addition to the Services Agreement and the existing wholesale brokerage loan agreement between CS Financial and PacTrust Bank, a possible correspondent lending relationship between PacTrust Bank and CS Financial, a possible acquisition of, or similar affiliation with, CS Financial, or possible employment by PacTrust Bank of certain CS Financial personnel, including Mr. Seabold. Any such prospective transaction or relationship will be reviewed and considered for approval by the Special Committees and the Boards of Directors under the same procedures as applied to the Services Agreement

Certain relatives and entities affiliated with relatives of Steven A. Sugarman, Chief Executive Officer of the Company and member of the Board of Directors of the Company and PacTrust Bank, also own certain minority, non-controlling interests in CS Financial.

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NOTE 24 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	Three Months Ended			
	March 31	June 30	September 30	December 31
2012				
Interest income	$ 10,325	$ 10,378	$ 16,722	$ 17,606
Interest expense	1,449	1,947	2,314	2,769
Net interest income	8,876	8,431	14,408	14,837
Provision for loan losses	691	279	1,031	3,499
Noninterest income	503	639	19,512	15,965
Noninterest expense	8,218	9,943	24,456	28,943
Income (loss) before income taxes	470	(1,152)	8,433	(1,640)
Income tax expense (benefit)	93	(413)	(1,110)	1,545
Net income (loss)	$ 377	$ (739)	$ 9,543	$ (3,185)
Dividends on preferred stock	400	314	328	317
Net income (loss) available to common shareholders	$ (23)	$ (1,053)	$ 9,215	$ (3,502)
Basic earnings (loss) per common share	$	$ (0.09)	$ 0.79	$ (0.30)
Diluted earnings (loss) per common share	$	$ (0.09)	$ 0.79	$ (0.30)
2011				
Interest income	$ 8,949	$ 8,582	$ 8,823	$ 8,823
Interest expense	1,794	1,574	1,339	1,330
Net interest income	7,155	7,008	7,484	7,493
Provision for loan losses		451	823	4,114
Noninterest income	767	1,635	2,012	499
Noninterest expense	6,816	5,999	7,661	11,213
Income (loss) before income taxes	1,106	2,193	1,012	(7,335)
Income tax expense (benefit)	413	644	368	(1,721)
Net income (loss)	$ 693	$ 1,549	$ 644	$ (5,614)
Dividends on preferred stock			138	396
Net income (loss) available to common shareholders	$ 693	$ 1,549	$ 506	$ (6,010)

Basic earnings (loss) per common share	$	0.07	$	0.16	$	0.04	$	(0.52)
Diluted earnings (loss) per common share	$	0.07	$	0.16	$	0.04	$	(0.52)

The increase in provision for loan and lease losses during the fourth quarter of 2012 resulted from three factors: (a) $33.4 million increase in gross loan and lease balances, the majority of which are commercial real estate loans; (b) deterioration of legacy loan and lease portfolio requiring the establishment of additional reserves; and (c) additions to the general allowance given the high concentration of non-traditional mortgages in the Company s portfolio.

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The increase in noninterest income resulted from an increase in income from mortgage banking activities, partially offset by the bargain purchase gain which increased noninterest income during the third quarter.

The increase in noninterest expense during the fourth quarter of 2012 resulted from two factors. There was an increase in salaries and commissions due to an increase in FTEs related to the Gateway acquisition from 208 prior to the acquisition to 563 after the acquisition. The additional FTEs increased salaries and commissions for only one and a half months of the third quarter because the acquisition occurred in August, but increased salaries and commissions for all of the fourth quarter. This increase was partially offset by a $1.2 million decrease in professional fees related to cost of strategic initiatives, including acquisition-related expenses which were incurred and recorded in the third quarter.

The increase in provision for loan and lease losses during the fourth quarter of 2011 resulted from three factors: (a) $84.0 million increase in gross loan and lease balances, the majority of which are commercial real estate loans; (b) legacy loan portfolio requiring the establishment of additional reserves and; (c) additions to the general allowance given the decline in real estate values evident during the fourth quarter of 2011.

The second and third quarters of 2011 reflected higher non-interest income that resulted from the sale of investment securities. The second quarter sales were from the sale of previously impaired securities that were sold at a gain. The third quarter sales included the sale of numerous private label residential mortgage backed securities that were sold at a gain.

The increase in noninterest expense during the fourth quarter of 2011 resulted from three factors, (a) an increase in salaries and benefits due the accrual of $1.2 million in staff incentives and bonuses, increase in personnel and the payment of director fees; (b) a $1.6 million increase in valuation allowances for OREO reflecting largely from the deterioration in values of foreclosed development properties and land; (c) increased occupancy and advertising expenses due to growth and expansion; and (d) cost of strategic initiatives, including acquisition related expenses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(Dollar amounts in thousands, except share and per share data)

NOTE 25 PARENT COMPANY FINANCIAL STATEMENTS

CONDENSED BALANCE SHEET

December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 59,306	$ 44,717
Securities available-for-sale		1,813
FHLB and other bank stock	78	
Accrued interest receivable		3
Escrow deposit		3,570
Other real estate owned		1,593
Other assets	9,988	7,728
Investment in bank subsidiaries	207,912	127,912
Total assets	$ 277,284	$ 187,336
LIABILITIES AND SHAREHOLDERS EQUITY		
Notes payable, net	$ 81,935	$
Accrued expenses and other liabilities	6,592	2,841
Shareholders equity	188,757	184,495
Total liabilities and shareholders equity	$ 277,284	$ 187,336

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FIRST PACTRUST BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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CONDENSED STATEMENTS OF OPERATIONS

For the years ended December 31, 2012, 2011 and 2010

	2012	2011	2010
Income			
Dividends from subsidiary	$	$	$
Interest income on ESOP loan		28	56
Interest income on deposits in other financial institutions	104	130	121
Interest income on securities		360	
Net gain (loss) on sales of securities available-for-sale		(629)	3,092
Total income	104	(111)	3,269
Other expenses			
Interest expense for notes payable	2,162		
Other operating expense	8,010	2,925	969
Income (loss) before income taxes and equity in undistributed earnings (excess distributions) of bank subsidiary	(10,068)	(3,036)	2,300
Income tax expense (benefit)	(458)	309	622
Income (loss) before equity in undistributed earnings (excess distributions) of bank subsidiary	(9,610)	(3,345)	1,678
Equity in undistributed earnings (excess distributions) of bank subsidiary	15,606	617	1,147
Net income (loss)	$ 5,996	$ (2,728)	$ 2,825

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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CONDENSED STATEMENT OF CASH FLOWS

For the year ended December 31, 2012, 2011 and 2010

	2012	2011	2010
Cash flows from operating activities			
Net income (loss)	$ 5,996	$ (2,728)	$ 2,825
Adjustments to reconcile net income (loss) to net cash from operating activities			
Equity in (undistributed earnings) excess distributions of bank subsidiary	(15,606)	(617)	(1,147)
Stock option compensation expense	148		
Stock award compensation expense	75		
Net accretion of securities		(104)	
Net (gain) loss on sales of securities available-for-sale		629	
Increase in valuation allowances on other real estate owned		300	
Change in other assets and liabilities	4,899	(14,488)	672
Net cash from operating activities	(4,488)	(17,008)	2,350
Cash flows from investing activities			
Proceeds from principal repayments of securities available-for-sale	1,813	2,662	
Proceeds from sales of securities available-for-sale		12,518	
Purchases of securities available-for-sale		(17,525)	
Capital contribution to bank subsidiary	(4,750)	(28,800)	(11,000)
Investment in acquired businesses	(53,182)		
Proceeds from ESOP loan payments		507	508
Net cash from investing activities	(56,119)	(30,638)	(10,492)
Cash flows from financing activities			
Repurchase of preferred stock, net of costs			(19,300)
Net proceeds from debt issuance	81,800		
Redemption/issuance of warrants, TARP		(1,003)	3,172
Net proceeds from issuance of common stock		26,542	52,860
Net proceeds from issuance of preferred stock	(7)	31,935	
Purchase of treasury stock	(565)	(55)	(5)
Tax effect of ESOP		256	
Tax effect of options redeemed		147	
Tax benefit (loss) from RRP shares vesting	(17)		
Dividends paid on common stock	(4,656)	(2,978)	(1,715)
Dividends paid on preferred stock	(1,359)	(534)	(925)
Net cash from financing activities	75,196	54,310	34,087
Net change in cash and cash equivalents	14,589	6,664	25,945
Beginning cash and cash equivalents	44,717	38,053	12,108

Ending cash and cash equivalents	$ 59,306	$ 44,717	$ 38,053

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FIRST PACTRUST BANCORP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2012, 2011 and 2010

(Dollar amounts in thousands, except share and per share data)

NOTE 26 MERGER AGREEMENTS AND OTHER EVENTS

On August 21, 2012, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) by and among the Company, Beach, and The Private Bank of California, a California state-chartered bank (PBOC). The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, PBOC will merge with and into Beach (the Merger), with Beach continuing as the surviving corporation. Under the terms of the Merger Agreement, each outstanding share of PBOC common stock will be converted into the right to receive (i) a pro rata share of 2,083,333 shares of common stock of the Company, subject to the payment of cash in lieu of fractional shares, and (ii) a pro rata share of $24,887,513 in cash ((i) and (ii), the Merger Consideration). If the value of the Merger Consideration would otherwise exceed an amount equal to 1.30 times PBOC s tangible common equity (measured pursuant to a balance sheet of PBOC as of the last business day of the calendar month immediately preceding the closing of the Merger (the Closing)), after subtracting from tangible common equity certain unaccrued one-time PBOC Merger-related costs and expenses, the cash portion of the Merger Consideration will be adjusted downward until the value of the Merger Consideration is equal to such amount. For the purposes of determining the value of the Merger Consideration for purposes of the foregoing calculation, the value of the Company common stock to be issued in the Merger will be deemed to be $12.00 per share. In the Merger, each outstanding share of PBOC preferred stock (the PBOC Preferred Stock), which has been issued in connection with U.S. Department of the Treasury s Small Business Lending Fund program, will be converted into one share of a new series of Company preferred stock, par value $0.01 per share, to be designated Non-Cumulative Perpetual Preferred Stock, Series B, stated liquidation amount $1,000 per share (the Company Series B Preferred Stock). The Company Series B Preferred Stock will have rights (including with respect to dividends), preferences, privileges, voting powers, limitations and restrictions that are equivalent to the rights, preferences, privileges, voting powers, limitations and restrictions of the PBOC Preferred Stock. Completion of the Merger is subject to certain customary conditions, including approval of the Merger Agreement by PBOC s shareholders and receipt of required regulatory approvals. No assurance can be given as to when or whether these conditions will be met. The Company has incurred $53 thousand of costs related to this merger that would be expensed if the transaction does not close. The acquisition will be accounted for under the acquisition method of accounting and is expected to close in the second quarter of 2013.

On March 5, 2012, the Company moved its corporate headquarters to Irvine, California. The Company also opened new branches in Santa Monica and Tustin, California during March 2012 and a new branch in Newport Beach, California during September 2012.

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Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

On December 10, 2012, the Company engaged KPMG LLP, and dismissed Crowe Horwath LLP, as the principal accountant to audit the Company s consolidated financial statements. There were no disagreements with Crowe Horwath LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Crowe Horwath LLP, would have caused Crowe Horwath LLP to make reference to the subject matter of the disagreements in connection with its reports; and there were no reportable events, as that term is defined in Item 304(a)(1)(v) of Regulation S-K of the Securities and Exchange Commission.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures as of December 31, 2012 and have concluded that these disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Management s Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation under the framework in Internal Control Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2012.

First PacTrust Bancorp merged with Gateway Business Bank and acquired Beach Business Bank during 2012, and management excluded from its assessment of the effectiveness of First PacTrust Bancorp s internal control over financial reporting as of December 31, 2012, Beach Business Bank and Gateway Business Bank s internal control over financial reporting associated with total assets of $454.2 million and total revenues of $31.3 million included in the consolidated financial statements of First PacTrust Bancorp and subsidiaries as of and for the year ended December 31, 2012. Our evaluation of internal control over financial reporting of First PacTrust Bancorp, Inc. excluded an evaluation of the internal control over financial reporting of Beach Business Bank and Gateway Business Bank.

Report of the Registered Public Accounting Firm. KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

(c) Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting that occurred during the fourth quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

First PacTrust Bancorp, Inc.:

We have audited First PacTrust Bancorp, Inc. and subsidiaries internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). First PacTrust Bancorp, Inc. and subsidiaries management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, First PacTrust Bancorp, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

First PacTrust Bancorp, Inc. merged with Beach Business Bank and acquired Gateway Business Bank during 2012, and management excluded from its assessment of the effectiveness of First PacTrust Bancorp, Inc. s internal control over financial reporting as of December 31, 2012, Beach Business Bank and Gateway Business Bank internal control over financial reporting associated with total assets of $454.2 million and total revenues of $31.3 million included in the consolidated financial statements of First PacTrust Bancorp, Inc. and subsidiaries as of and for the year ended December 31, 2012. Our audit of internal control over financial reporting of First PacTrust Bancorp, Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of Beach Business Bank and Gateway Business Bank.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition of First PacTrust Bancorp, Inc. and subsidiaries as of December 31, 2012, and the related consolidated statements of operations, comprehensive income (loss), shareholders equity, and cash flows for the year ended December 31, 2012, and our report dated March 28, 2013, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

KPMG LLP

Irvine, California

March 28, 2013

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers. The information concerning directors and executive officers of the Company required by this item is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, a copy of which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company s fiscal year.

Audit Committee Financial Expert. Information concerning the audit committee of the Company s Board of Directors required by this item, including information regarding the audit committee financial experts serving on the audit committee, is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, except for information contained under the heading Report of the Audit Committee, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Code of Ethics. The Company adopted a written Code of Ethics based upon the standards set forth under Item 406 of Regulation S-K of the Securities Exchange Act. The Code of Ethics applies to all of the Company s directors, officers and employees. A copy of the Company s Code of Ethics was filed with the SEC as Exhibit 14 to the Annual Report on Form 10-K for the year ended December 31, 2004. You may obtain a copy of the Code of Ethics free of charge from the Company by writing to the Corporate Secretary of the Company, 18500 Von Karman Ave, Suite 1100, Irvine, California 92612 or by calling (949 263-5211. These documents are also available in the corporate governance section of the Company s website at www.firstpactrustbancorp.com.

Section 16(a) Beneficial Ownership Reporting Compliance. The information concerning compliance with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934 by directors, officers and ten percent stockholders of the Company required by this item is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, a copy of which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company s fiscal year.

Nomination Procedures. There have been no material changes to the procedures by which shareholders may recommend nominees to the Company s Board of Directors.

Item 11. Executive Compensation

The information concerning compensation and other matters required by this item is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, except for information contained under the headings Compensation Committee report on Executive Compensation a copy of which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company s fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information concerning security ownership of certain beneficial owners and management required by this item is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, a copy of which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the Company s fiscal year.

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Equity Compensation Plan Information. The following table summarizes our equity compensation plans as of December 31, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options warrants and rights	Weighted-average exercise price of outstanding options warrants and rights	Number of Securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	55,799	$ 15.81	697,951(1)
Equity compensation plans not approved by security holders	470,000	$ 11.63	

(1) Includes 16,500 shares available for future grants under the Company s 2003 Stock Option and Incentive Plan and 548,749 shares available for future grants under the Company s 2011 Omnibus Incentive Plan. Of the 548,749 shares available for future grants under the Omnibus Incentive Plan, 109,548 shares may be utilized for awards other than stock options and stock appreciation rights.

(2) Represents shares awarded to newly hired executive officers under their employment agreements with the Company in reliance on NASDAQ Listing Rule 5635(c)(4), which exempts employment inducement grants from the general requirement of the NASDAQ Listing Rules that equity-based compensation plans and arrangements be approved by stockholders.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information concerning certain relationships and related transactions and director independence required by this item is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

Item 14. Principal Accountant Fees and Services

(a) Information concerning principal accountant fees and services is incorporated herein by reference from the Company s definitive proxy statement for its 2013 Annual Meeting of Stockholders, a copy of such will be filed no later than 120 days after the close of the fiscal year.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements: See Part II Item 8. Financial Statements and Supplementary Data
(a)(2) Financial Statement Schedule: All financial statement schedules have been omitted as the information is not required under the related instructions or is not applicable.
(a)(3) Exhibits

2.1	Stock Purchase Agreement, dated as of June 3, 2011, by and among First PacTrust Bancorp, Inc. (sometimes referred to below as the Registrant or the Company), Gateway Bancorp, Inc. (Gateway), each of the stockholders of Gateway and the D & E Tarbell Trust, u/d/t dated February 19, 2002 (in its capacity as the Sellers Representative)	(a)
2.1A	Amendment No. 1, dated as of November 28, 2011, to Stock Purchase Agreement, dated as of June 3, 2011, by and among First PacTrust Bancorp, Inc., Gateway Bancorp, the Sellers named therein and the D & E Tarbell Trust, u/d/t dated February 19, 2002 (in its capacity as the Sellers Representative)	(a)(1)
2.2B	Amendment No. 2, dated as of February 24, 2012, to Stock Purchase Agreement, dated as of June 3, 2011, by and among First PacTrust Bancorp, Inc., Gateway Bancorp, the Sellers named therein and the D & E Tarbell Trust, u/d/t dated February 19, 2002 (in its capacity as the Sellers Representative)	(a)(2)
2.2C	Amendment No. 3, dated as of June 30, 2012, to Stock Purchase Agreement, dated as of June 3, 2011, by and among First PacTrust Bancorp, Inc., Gateway Bancorp, the Sellers named therein and the D & E Tarbell Trust, u/d/t dated February 19, 2002 (in its capacity as the Sellers Representative)	(a)(3)
2.2D	Amendment No. 4, dated as of July 31, 2012, to Stock Purchase Agreement, dated as of June 3, 2011, by and among First PacTrust Bancorp, Inc., Gateway Bancorp, the Sellers named therein and the D & E Tarbell Trust, u/d/t dated February 19, 2002 (in its capacity as the Sellers Representative)	(a)(4)
2.3	Agreement and Plan of Merger, dated as of August 30, 2011, by and between First PacTrust Bancorp, Inc. and Beach Business Bank, as amended by Amendment No. 1thereto dated as of October 31, 2011	(b)
2.4	Agreement and Plan of Merger, dated as of August 21, 2012, by and among First	
	PacTrust Bancorp, Inc., Beach Business Bank and The Private Bank of California	(c)
3.1	Articles of Incorporation of First PacTrust Bancorp, Inc.	(d)
3.2	Articles of Amendment to the Charter of First PacTrust Bancorp, Inc.	(e)
3.3	Articles supplementary to the Charter of First PacTrust Bancorp, Inc. containing the terms of First PacTrust Bancorp, Inc. s Senior Non-Cumulative Perpetual Preferred Stock, Series A	(f)
3.4	Articles supplementary to the Charter of First PacTrust Bancorp, Inc. containing the terms of First PacTrust Bancorp, Inc. s Class B Non-Voting Common Stock	(g)
3.5	Articles of Amendment to Articles Supplementary to the Charter of First PacTrust Bancorp, Inc. containing the terms of First PacTrust Bancorp, Inc. s Class B Non-Voting Common Stock	(h)
3.6	Bylaws of First PacTrust Bancorp, Inc.	(i)
4.1	Warrant to purchase up to 240,000 shares of First PacTrust Bancorp, Inc. common stock originally issued on November 1, 2010	(g)

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4.2	Warrant to purchase up to 1,395,000 shares of First PacTrust Bancorp, Inc. common stock originally issued on November 1, 2010	(g)
4.3	Senior Debt Securities Indenture, dated as of April 23, 2012, between the Registrant and U.S. Bank National Association, as Trustee	(q)
4.4	Supplemental Indenture, dated as of April 23, 2012, between the Registrant and U.S. Bank National Association, as Trustee, relating to the Registrant s 7.50% Senior Notes due April 15, 2020 and form of 7.50% Senior Notes due April 15, 2020	(q)
4.5A	Warrant Agreement, dated as of June 29, 2012 (the Warrant Agreement), by and between First PacTrust Bancorp, Inc. and Registrar and Transfer Company, as Warrant Agent	(i)
4.5B	Form of Warrant Certificate (included as Exhibit A to the Warrant Agreement filed as Exhibit 4.5A)	(i)
10.1	Employment Agreement, dated as of November 1, 2010, between First PacTrust Bancorp, Inc. and Gregory A. Mitchell (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Mitchell pursuant to his Employment Agreement)	(g)
10.1A	Separation and Settlement Agreement, dated as of September 21, 2012, by and between First PacTrust Bancorp, Inc. and Gregory A. Mitchell	(j)
10.2	Employment Agreement, dated as of November 17, 2010, by and among First PacTrust Bancorp, Inc. and Pacific Trust Bank and Richard Herrin (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Herrin pursuant to his Employment Agreement)	(k)
10.2A	Incentive Bonus Award Agreement, dated as of September 21, 2012, supplementing and amending the Employment Agreement with Richard Herrin	(l)
10.2B	Second Amendment, dated as of September 25, 2012, to Employment Agreement with Richard Herrin	(l)
10.3	Employment Agreement, dated as of November 23, 2010, by and among First PacTrust Bancorp, Inc. and Pacific Trust Bank and Matthew Bonaccorso (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Bonaccorso pursuant to his Employment Agreement)	(m)
10.3A	Incentive Bonus Award Agreement, dated as of September 21, 2012, supplementing and amending the Employment Agreement with Matthew Bonaccorso	(l)
10.4	Employment Agreement with Gaylin Anderson (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Anderson pursuant to his Employment Agreement)	(m)
10.4A	Incentive Bonus Award Agreement, dated as of September 21, 2012, supplementing and amending the Employment Agreement with Gaylin Anderson	(l)
10.4B	Second Amendment, dated as of September 25, 2012, to Employment Agreement with Gaylin Anderson	(l)
10.5	Employment Agreement, dated as of November 29, 2012, by and among First PacTrust Bancorp, Inc. and Pacific Trust Bank and Chang Liu (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Liu pursuant to his Employment Agreement)	(m)
10.5A	Incentive Bonus Award Agreement, dated as of September 21, 2012, supplementing and amending the Employment Agreement with Chang Liu	(l)

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10.5B	Second Amendment, dated as of September 25, 2012, to Employment Agreement with Chang Liu	(l)
10.6	Employment Agreement, dated as of May 6, 2011, by and among First PacTrust Bancorp, Inc. and Pacific Trust Bank and Marangal I. Domingo (including as exhibits thereto the forms of agreements for the restricted stock inducement grant and stock option inducement grant made to Mr. Domingo pursuant to his Employment Agreement)	(n)
10.6A	Incentive Bonus Award Agreement, dated as of September 21, 2012, supplementing and amending the Employment Agreement with Marangal I. Domingo	(l)
10.6B	Consulting Agreement, dated as of December 26, 2012, between and among Marangal I. Domingo, First PacTrust Bancorp, Inc. and Pacific Trust Bank	(s)
10.7	Employment Agreement, dated as of August 21, 2012, by and between First PacTrust Bancorp, Inc. and Steven Sugarman	(l)
10.7A	Stock Appreciation Right Grant to Steven Sugarman dated August 21, 2012	(l)
10.8	Employment Agreement, dated as of September 25, 2012, by and among First PacTrust Bancorp, Inc., Pacific Trust Bank and Beach Business Bank and Robert M. Franko	(l)
10.8A	Mutual Termination and Release Letter Agreement, dated September 25, 2012, relating to Executive Employment Agreement, dated June 1, 2003, between Doctors Bancorp, predecessor-in-interest to Beach Business Bank, and Robert M. Franko	(l)
10.9A	Employment Agreement, dated as of August 22, 2012, by and among First PacTrust Bancorp, Inc. and John C. Grosvenor	(l)
10.9B	Employment Agreement, dated as of November 5, 2012, by and among First PacTrust Bancorp, Inc. and Ron Nicolas	(l)
10.9C	Employment Agreement, dated as of November 14, 2012, by and among First PacTrust Bancorp, Inc. and Lonny Robinson	(l)
10.10	Registrant s 2011 Omnibus Incentive Plan	(o)
10.10A	Form of Incentive Stock Option Agreement under 2011 Omnibus Incentive Plan	(r)
10.10B	Form of Non-Qualified Stock Option Agreement under 2011 Omnibus Incentive Plan	(r)
10.10C	Form of Restricted Stock Agreement Under 2011 Omnibus Incentive Plan	(r)
10.11	Registrant s 2003 Stock Option and Incentive Plan	(p)
10.12	Registrant s 2003 Recognition and Retention Plan	(p)
10.13	Small Business Lending Fund-Securities Purchase Agreement, dated August 30, 2011, between First PacTrust Bancorp, Inc. and the Secretary of the United States Treasury	(f)
10.14	Management Services Agreement, dated as of December 27, 2012, by and between CS Financial, Inc. and Pacific Trust Bank	(t)
11.0	Statement regarding computation of per share earnings	None
13.0	Annual Report to Security Holders	None
14.0	Code of Ethics	(u)
16.0	Letter re change in certifying accountant	(v)
18.0	Letter regarding change in accounting principles	None
21.0	Subsidiaries of the Registrant	21.0

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22.0	Published Report regarding matters submitted to vote of security holders	None
23.1	Consent of KPMG LLP	23.1
23.2	Consent of Crowe Horwath LLP	23.2
24.0	Power of Attorney	None
31.1	Rule 13(a)-14(a) Certification (Chief Executive Officer)(Principal Executive Officer)	31.1
31.2	Rule 13(a)-14(a) Certification (President)	31.2
31.3	Rule 13(a)-14(a) Certification (Chief Financial Officer)(Principal Financial Officer)	31.3
31.4	Rule 13(a)-14(a) Certification (Principal Accounting Officer)	31.4
32.0	Rule 13(a)-14(b) and 18 U.S.C. 1350 Certification	32.0
101.0	The following financial statements and footnotes from the Registrant s Annual Report on Form 10-K for the year ended December 31, 2012 formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Statements of Financial Condition; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Shareholder s Equity; (v) Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements	101.0

(a) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on June 9, 2011 and incorporated herein by reference.
(a)(1) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on December 1, 2011 and incorporated herein by reference.
(a)(2) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on February 28, 2012 and incorporated herein by reference
(a)(3) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on July 2, 2012 and incorporated herein by reference.
(a)(4) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on August 2, 2012 and incorporated herein by reference.
(b) Filed as Appendix A to the proxy statement/prospectus included in the Registrant s Registration Statement on Form S-4 filed on November 1, 2011 and incorporated herein by reference.
(c) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on August 27, 2012 and incorporated herein by reference
(d) Filed as an exhibit to the Registrant s Registration Statement on Form S-1 filed on March 28, 2002 and incorporated herein by reference.
(e) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on March 4, 2011 and incorporated herein by reference.
(f) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on August 30, 2011 and incorporated herein by reference.
(g) Filed as an exhibit to the Registrant s Current Report on Form 8-K/A filed on November 16, 2010 and incorporated herein by reference.
(h) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on May 12, 2011 and incorporated herein by reference
(i) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on July 5, 2012 and incorporated herein by reference.
(j) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on September 27, 2012 and incorporated herein by reference.
(k) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on November 19, 2010 and incorporated herein by reference.
(l) Filed as an exhibit to the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 and incorporated herein by reference.

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(m) Filed as an exhibit to the Company s Annual Report on Form 10-K for the year ended December 31, 2010 and incorporated herein by reference.
(n) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on May 10, 2011 and incorporated herein by reference.
(o) Filed as an appendix to the Registrant s definitive proxy statement filed on April 25, 2011 and incorporated herein by reference
(p) Filed as an appendix to the Registrant s definitive proxy statement filed on March 21, 2003 and incorporated herein by reference.
(q) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on April 23, 2012 and incorporated herein by reference.
(r) Filed as an exhibit to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference.
(s) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on December 28, 2012 and incorporated herein by reference.
(t) Filed as an exhibit to the Registrant s Current Report on Form 8-K filed on January 3, 2013 and incorporated herein by reference.
(u) Filed as an exhibit to the Company s Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference.
(v) Filed as an exhibit to the Registrant s Current Report on Form 8-K/A filed on December 11, 2012 and incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, and hereunto duly authorized.

FIRST PACTRUST BANCORP, INC.

Date: March 28, 2013

By: /s/ Steven A. Sugarman
Steven A. Sugarman, Chief Executive Officer
(Duly Authorized Representative and Principal Executive Officer)

POWER OF ATTORNEY

We, the undersigned officers and directors of First PacTrust Bancorp, Inc., hereby severally and individually constitute and appoint Steven A. Sugarman and Ronald J. Nicolas, Jr., and each of them, the true and lawful attorneys and agents of each of us to execute in the name, place and stead of each of us (individually and in any capacity stated below) any and all amendments to this Annual Report on Form 10-K and all instruments necessary or advisable in connection therewith and to file the same with the Securities and Exchange Commission, each of said attorneys and agents to have the power to act with or without the others and to have full power and authority to do and perform in the name and on behalf of each of the undersigned every act whatsoever necessary or advisable to be done in the premises as fully and to all intents and purposes as any of the undersigned might or could do in person, and we hereby ratify and confirm our signatures as they may be signed by our said attorneys and agents or each of them to any and all such amendments and instruments.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 28, 2013	/s/ Steven A. Sugarman **Steven A. Sugarman** **Chief Executive Officer** *(Principal Executive Officer)*
Date: March 28, 2013	/s/ Robert M. Franko **Robert M. Franko** **President**
Date: March 28, 2013	/s/ Ronald J. Nicolas, Jr. **Ronald J. Nicolas, Jr.** **Executive Vice President/ Chief Financial Officer** *(Principal Financial Officer)*
Date: March 28, 2013	/s/ Lonny D. Robinson **Lonny D. Robinson** **Executive Vice President/ Chief Financial Officer, Pacific Trust Bank** *(Principal Accounting Officer)*
Date: March 28, 2013	/s/ Timothy R. Chrisman **Timothy R. Chrisman** **Chairman of the Board**

Date: March 28, 2013	/s/ CHAD T. BROWNSTEIN **Chad T. Brownstein, Director**
Date: March 28, 2013	/s/ ROBB EVANS **Robb Evans, Director**
Date: March 28, 2013	/s/ JEFFREY KARISH **Jeffrey Karish, Director**
Date: March 28, 2013	/s/ ALVIN L. MAJORS **Alvin L. Majors, Director**
Date: March 28, 2013	/s/ JEFFREY T. SEABOLD **Jeffrey T. Seabold, Director**

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