

FIRST PACTRUST BANCORP INC  
Form 8-K  
March 15, 2012

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**

**Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 15, 2012**

**FIRST PACTRUST BANCORP, INC.**

**(Exact name of Registrant as specified in its Charter)**

**Maryland**  
**(State or other jurisdiction**  
  
**of incorporation)**

**000-49806**  
**(Commission**  
  
**File No.)**

**04-3639825**  
**(IRS Employer**  
  
**Identification No.)**

**18500 Von Karman Avenue, Suite 1100,**

**Irvine, California**  
**(Address of principal executive offices)**

**92612**  
**(Zip Code)**

**Registrant's telephone number, including area code: (619) 691-1519**

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**610 Bay Boulevard, Chula Vista, California 91910**

**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

..

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

..

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

..

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d2(b))

..

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On March 15, 2012, the Registrant issued its earnings release for the three month and twelve month periods ended December 31, 2011. The earnings release is attached hereto as Exhibit 99.1, which is incorporated herein by reference.

## ITEM 7.01 REGULATION FD DISCLOSURE

The Registrant will be hosting a conference call at 1:00 p.m. PST (4:00 p.m. EST) on March 15, 2012 to discuss its operating results and other matters. Information on how to access the conference call is provided in the press release attached hereto as Exhibit 99.1, under Conference Call Information. Presentation materials for the conference call are attached hereto as Exhibit 99.2.

## ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

Exhibit 99.1-Press Release dated March 15, 2012

Exhibit 99.2 Presentation Materials

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

**FIRST PACTRUST BANCORP, INC.**

Date: March 15, 2012

/S/ MARANGAL I. DOMINGO

By:

**Marangal I. Domingo**  
**Executive Vice President/Chief**  
**Financial Officer**

**FIRST PACTRUST BANCORP, INC. ANNOUNCES**

**4th QUARTER AND FULL YEAR 2011 RESULTS**

**March 15, 2011 Irvine, California** First PacTrust Bancorp, Inc. ( Bancorp or the Company ) (Nasdaq: BANC), the holding company for Pacific Trust Bank ( the Bank ), announced today results for the full year and the quarter ended December 31, 2011. For the year ended December 31, 2011, the Company reported a net loss of \$2.7 million and a net loss to common shareholders of \$3.3 million, or (\$0.31) per common share. Pre-tax pre-provision earnings adjusted for OREO charges<sup>1</sup> for the year was \$9.1 million. For the quarter ended December 31, 2011, the Company reported a net loss of \$5.6 million and a net loss to common shareholders of \$6.0 million, or (\$0.51) per common share. Pre-tax pre-provision earnings<sup>1</sup> adjusted for OREO charges for the quarter was a \$34 thousand. Total assets increased by \$70.1 million, or 7.5%, during the three month period ended December 31, 2011 due largely to more than \$107 million of net loan growth which was funded with \$74.7 million, or 10.5% growth in new deposits during the fourth quarter.

Total loans increased \$83.8 million or 11.9% during the quarter to \$787.3 million, compared to linked quarter growth of \$24 million. Fourth quarter loan growth was driven by new loans of \$107.2 million at an average rate of 5.14%. As noted above, the Company also increased total deposits by 10.5%, while its average total cost of funds on deposits and borrowings declined by 11.7%, to 0.68%. For the full year ended December 31, 2011, total assets rose by \$137 million representing a 15% annual growth rate.

The Company recorded a \$4.1 million provision for loan losses during the fourth quarter of 2011 in support of the \$83.8 million increase in gross loans, additional impairment charges from the Bank's legacy loan portfolio and supplementation of general allocation reserves to reflect continued uncertainty in the real estate markets and economy. As a result, the allowance for loan losses increased by \$3.8 million, from \$9.0 million, or 1.3% of loans as of September 30, 2011, to \$12.8 million, or 1.6% of loans, as of December 31, 2011.

The Company made continued progress in resolving legacy problem assets and reported a \$6.4 million, or 22.1%, reduction in total nonperforming assets to \$22.5 million as of December 31, 2011 from \$28.9 million as of September 30, 2011. As a percentage of total assets, nonperforming assets decreased to 2.3% as of December 31, 2011 from 3.1% as of September 30, 2011. The Company reported \$3.0 million of impairment charges on OREO. For the full year, loans delinquent for more than 30 days declined by 64.6% to \$18.6 million, or 2.3% of loans as of December 31, 2011, compared to \$52.6 million, or 7.6% of loans as of December 31, 2010.

Greg Mitchell, the Company's Chief Executive Officer, commented "During the fourth quarter, the Company generated strong organic balance sheet growth and enhanced franchise value through the production of solid volumes of loans and core deposits, while also repositioning the Bank's investment portfolio by reinvesting in more liquid securities. We are pleased with the progress made during the fourth quarter on resolving problem assets as we continued to aggressively clear long-term delinquencies and troubled assets. With the additional provision for loan losses during the quarter, the Company maintains even stronger levels of loan loss reserves. Finally, we have also completed our transition from the OTS to the OCC.

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- See Section on Non-GAAP Financial Information

#### **FOURTH QUARTER HIGHLIGHTS:**

##### **Earnings Fundamentals**

Bancorp's net interest income before provision for loan losses for the fourth quarter 2011 was \$7.5 million, essentially flat versus quarter ended September 30, 2011. Net interest margin, however, showed a decrease of twenty-three basis points from 3.61% for the quarter ended September 30, 2011, to 3.38% for the quarter ended December 31, 2011. The Bank's average cost of funds fell eight basis points from 0.76% for the quarter ended September 30, 2011 to 0.68% for the quarter ended December 31, 2011. The average cost of deposits improved by four basis points falling from 0.71% for the quarter ended September 30, 2011 to 0.67% during the quarter ended December 31, 2011. The improvement in cost of funds was offset by a twenty-eight basis point reduction in the average yield on the Bank's earnings assets principally due to the decline of 1.46% in the average yield on securities from 4.50% during the third quarter 2011 to 3.04% during the fourth quarter 2011. The decline was due to the rebalancing of the securities portfolio completed at the end of the third quarter 2011. Average loan yields decreased by two basis points from 4.57% for the quarter ended September 30, 2011 to 4.55% for the quarter ended December 31, 2011 and did not reflect the full impact of the loan growth for the quarter as a substantial portion of the new loans were booked in December. The provision for the quarter was \$4.1 million, compared to linked quarter provision of \$0.8 million. Noninterest income was \$0.5 million compared to \$2.0 million for the quarter ended September 30, 2011 which included \$1.5 million in net gain on sale of investment securities. Noninterest income remained relatively unchanged and was \$4.9 million for the years ended December 31, 2011 and 2010. Noninterest expense grew to \$11.2 million compared to linked quarter expense of \$7.7 million due largely to a \$1.4 million increase in REO valuation allowance, \$1.2 million increase in personnel costs due to the recording of incentives and bonuses for employees, a change in compensation for Board members and a \$0.2 million increase in occupancy costs, among other items. Noninterest expense during the fourth quarter 2011 also included \$1.1 million in transaction expenses related to the pending acquisitions of Beach Business Bank and Gateway Business Bank. The net result was loss for the quarter of \$5.6 million, which included a \$1.3 million valuation allowance on the Company's deferred tax asset

Bancorp's subsidiary, Pacific Trust Bank, reported a net loss of \$2.2 million for the fourth quarter. The Bank's Q4 loss was due largely to the recording of \$4.1 million of additional reserves for loan loss in support of the Bank's lending initiatives, reserves of legacy assets and an increase in general reserves to compensate for higher economic uncertainty. For the year ended December 31, 2011, the Bank reported net income of \$2.4 million. The Bank

remained well-capitalized reporting fourth quarter Tier-1, Tier-1 Risk Based and Total Risk-Based capital ratios of 13.08%, 17.34% and 18.56% as of December 31, 2011, respectively.

**Asset Quality:**

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Total nonperforming assets decreased \$6.4 million to \$22.5 million as of December 31, 2011 when compared to \$28.9 million as of September 30, 2011, or 2.3 % and 3.1% of total assets respectively.

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Non-performing loans decreased by \$552 thousand, to \$7.9 million as of December 31, 2011 from \$8.3 million as of September 30, 2011, representing 1.0% and 1.2% of gross loans, respectively.

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OREO decreased \$5.9 million to \$14.7 million as of December 31, 2011 when compared to \$20.6 million as of September 30, 2011, or 1.5% and 2.2% of total assets, respectively.

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Total classified loans, defined as loans rated Loss, Doubtful or Substandard, increased by \$2.7 million, or 9.1%, from \$29.8 million as of September 30, 2011, to \$32.5 million as of December 31, 2011.

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Loans delinquent 60 - 89 days decreased \$86 thousand during the three months ended December 31, 2011, and declined by \$7.4 million, or 74.7%, from \$9.9 million as of December 31, 2010 to \$2.5 million as of December 31, 2011.

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The allowance for loan losses increased from \$9.0 million, or 1.3% of loans as of September 30, 2011, to \$12.8 million, or 1.6% of loans, as of December 31, 2011. The increase in the allowance resulted largely from increased loan production and the establishment of additional specific allowance allocations for performing TDRs and other impaired loans.

**Balance sheet and liquidity:**

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Total assets increased by \$70.1 million (7.5%) for the three month period ended December 31, 2011.

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Loans, net of allowance, totaled \$776.0 million at December 31, 2011, compared to \$696 million at September 30, 2011. Loan originations and purchases during the fourth quarter of 2011 totaled \$107.2 million compared to \$68.7 million in the third quarter of 2011 as the Bank saw increased production volume from its commercial real estate and residential lending programs during the fourth quarter. The average note rate on new loans funded in the fourth quarter was 5.14%.

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Securities available-for-sale at December 31, 2011 totaled \$101.6 million compared to \$64.9 million at September 30, 2011.

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Total deposits were \$786.3 million as of December 31, 2011. Total deposit balances grew by \$74.7 million (10.5%) for the three month period ended December 31, 2011. De novo branches accounted for approximately \$16.5 million of growth during the fourth quarter.

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The Bank opened its branch in Century City, CA on October 20, 2011. The Bank opened its newest branch in Santa Monica, CA on March 12, 2012. The Bank expects to open a branch in Tustin, CA branch in March 2012.

#### **Dividend:**

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On March 1, 2012, Bancorp announced a quarterly dividend of \$0.12 per common share payable on April 2, 2012 to shareholders of record as of March 12, 2012.

#### **2011 HIGHLIGHTS:**

#### **Earnings Fundamentals**

Bancorp's net interest income before the provision for loan losses decreased \$1.0 million, or 3.4%, to \$29.1 million for the year ended December 31, 2011 from \$30.1 million for the year ended December 31, 2010. The Company's net interest margin declined marginally from 3.67% for the year ended December 31, 2010 to 3.53% for the year ended December 31, 2011. The decline was due to lower average loan balances for the year and the impact of the rebalancing of the Company's investment portfolio out of impaired private label MBS and into lower yielding more liquid fixed income securities. A provision for loan losses of \$5.4 million was recorded for the year ended December 31, 2011 compared to a \$9.0 million provision for loan losses recorded for the year ended December 31, 2010. The provision for loan losses for 2011 related to increased general allowance allocations on new commercial real estate loan production and purchased loans and increased allowance for legacy problem loans. Third quarter 2011 noninterest income included \$1.5 million gain on sale of investment securities. Noninterest expense increased \$9.5 million, or 42.6%, to \$31.7 million for the year ended December 31, 2011 compared to \$22.2 million for the year ended December 31, 2010. This net increase was primarily due to the payout of change of control benefits to executive officers which increased salaries and employee benefits expense by \$1.1 million, an additional \$2.9 million increase in other salaries and employee benefits expense, a \$2.2 million increase in the valuation allowance for other real estate owned assets, a \$1.2 million increase in professional fees, a \$934 thousand increase in occupancy expense, a \$428 thousand increase in the loss on sale of other real estate owned assets, a \$354 thousand increase in other general and administrative expenses and a \$245 thousand increase in advertising expenses. Noninterest expense was reduced by a \$358 thousand decline in FDIC insurance premiums. The Company's net result was a loss for the year ended December 31, 2011 of \$2.7 million, compared to net income of \$2.8 million for the year ended December 31, 2010. 2011 results included a \$1.3 million valuation allowance on the Company's deferred tax asset. As a result of the losses incurred in 2011 and 2009, the Company is in a three-year cumulative pretax loss position at December 31, 2011. This cumulative loss position is considered significant negative evidence in assessing the need to establish a

valuation allowance for the DTA. The Company has concluded that there is sufficient positive evidence to overcome this negative evidence. While significant positive evidence is present and provides compelling reasons for not establishing a deferred tax asset valuation allowance, management believes that given the weight of the evidence from the 3-year cumulative loss it is appropriate to establish a \$1.3 million valuation allowance as of December 31, 2011.

For the full year the Company made substantial progress in building a strong community banking franchise in San Diego, Riverside, Orange and Los Angeles counties. The Company successfully deployed capital and reported 15.9% growth in total assets, with assets rising \$137.4 million to \$999 million at December 31, 2011, compared to \$861.2 million as of year-end 2010. The Company reported strong growth in new deposits, with total deposits increasing by \$140 million, or 21.7% to \$786 million from \$646 million as of year-end 2010. In addition, the Bank opened three new retail banking offices in La Jolla, San Marcos and Century City (Los Angeles), California. During 2011, the Bank's lending team originated more than \$157 million in new loans with an average coupon of 5.25%, purchased \$58 million of multi-family loans with an average coupon of 4.97% and established loan production facilities in Los Angeles and Orange counties. Strong loan production allowed the Bank to grow despite facing more than \$135 million in amortizations and payoffs from the Bank's legacy portfolio. The Bank's credit risk profile showed substantial improvement with loans delinquent more than 30 days falling by 64.6% to \$18.6 million from \$52.6 million as of December 31, 2010. During that same period, non-performing loans declined to \$8.7 million, compared to \$19.4 million, while non-performing assets declined to \$3.4 million, or 2.34% of assets, compared to \$26.4 million, or 3.07% of assets at year-end 2010. The Bank also achieved its objective of enhancing its liquidity position and reducing credit risk through a complete restructuring of the Company's securities portfolio. While these efforts resulted in a modest reduction in the Bank's net interest margin, we believe they resulted in significant improvements in the quality of the Bank's earnings while lowering risk. The Company also announced the pending acquisitions of Beach Business Bank and Gateway Business Bank. We expect these transactions to close during the second quarter of 2012, pending receipt of regulatory approvals and the satisfaction of other closing conditions said Mr. Mitchell.

#### **Other Events**

On October 28, 2011, the Company announced the appointment of Timothy Chrisman as Chairman of the Board of First PacTrust Bancorp and the appointment of Jeff Karish as a new director.

On November 14, 2011, Bancorp announced the move of its corporate headquarters to Irvine, California, which became effective on March 5, 2012.

On March 7, 2012, the Company announced it will hold its annual shareholders' meeting on May 21, 2012.

On March 12, 2012, the Company opened its new branch location in Santa Monica, California

#### **CONFERENCE CALL INFORMATION**

First PacTrust Bancorp, Inc. will host a conference call at 1:00 p.m. PST (4:00 p.m. EST) on March 15, 2011, to discuss 2011 annual results as well as other matters. To access the conference call, please dial (866)509-2785. The related presentation slides in PDF format will be available in the Annual Reports & Presentations section of the Company's Investor Relations Web site at [www.firstpactrustbancorp.com](http://www.firstpactrustbancorp.com).



For those unable to participate in the conference call, a recording of the call will be archived on the investor relations page of First PacTrust Bancorp's website at [www.firstpactrustbancorp.com](http://www.firstpactrustbancorp.com) for 90 days following the presentation.

First PacTrust Bancorp, Inc. is the parent holding company of Pacific Trust Bank and is headquartered in Irvine, California. Pacific Trust Bank provides a full range of banking products and services designed for small- to mid-sized businesses and their owners, real estate professionals and individuals interested in a comprehensive relationship with their financial institution.

Pacific Trust Bank began operations in 1941 and has since grown to \$984 million assets as of December 31, 2011. The financial institution is headquartered in Orange County, California and currently operates 12 deposit taking offices primarily serving San Diego, Orange, Riverside and Los Angeles counties. The Bank provides customers with the convenience of 28,000 fee-free ATM locations through the CO-OP ATM Network

Additional information concerning First PacTrust Bancorp, Inc. can be accessed at [www.firstpactrustbancorp.com](http://www.firstpactrustbancorp.com).

## Forward-Looking Statements

When used in this press release and in other public shareholder communications, in documents filed with or furnished to the Securities and Exchange Commission (the SEC), or in oral statements made with the approval of an authorized executive officer, the words or phrases believe, will, should, will likely result, are expected to, will continue, anticipated, estimate, project, plans, guidance or similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. These statements may relate to our future financial performance, strategic plans or objectives, revenue, expense or earnings projections, or other financial items. By their nature, these statements are subject to numerous uncertainties that could cause actual results to differ materially from those anticipated in the statements.

Factors that could cause actual results to differ materially from the results anticipated or projected include, but are not limited to, the following: (i) the occurrence of any event, change or other circumstances that could give rise to the termination of the stock purchase agreement for the Company's pending acquisition of Gateway Bancorp or the merger agreement for the Company's pending acquisition of Beach Business Bank; (ii) the inability to complete the Gateway Bancorp or Beach Business Bank transaction due to the failure to satisfy each transaction's respective conditions to completion, including the receipt of regulatory approvals; (iii) risks that the Gateway Bancorp or Beach Business Bank transaction disrupts current plans and operations, the potential difficulties in customer and employee retention as a result of the pending transactions and the amount of the costs, fees, expenses and charges related to the proposed transactions; (iv) continuation or worsening of current recessionary conditions, as well as continued turmoil in the financial markets; (v) the credit risks of lending activities, which may be affected by further deterioration in the real estate markets, may lead to increased loan delinquencies, losses and nonperforming assets in our loan portfolio, and may result in our allowance for loan losses not being adequate to cover actual losses and require us to materially increase our loan loss reserves; (vi) the quality and composition of our securities portfolio; (vii) changes in general economic conditions, either nationally or in our market areas; (viii) changes in the levels of general interest rates, and the relative differences between short- and long-term interest rates, deposit interest rates, our net interest margin and funding sources; (ix) fluctuations in the demand for loans, the number of unsold homes and other properties and fluctuations in commercial and residential real estate values in our market area; (x) results of examinations of us by regulatory authorities, including compliance by Pacific Trust Bank with the memorandum of understanding it entered into with its regulator, and the possibility that any such regulatory authority may, among other things, require us to increase our allowance for loan losses, write-down asset values, increase our capital levels, or affect our ability to borrow funds or maintain or increase deposits, which could adversely affect our liquidity and earnings; (xi) legislative or regulatory changes that adversely affect our business, including changes in the interpretation of regulatory capital or other rules; (xii) our ability to control operating costs and expenses; (xiii) staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges; (xiv) errors in our estimates in determining fair value of certain of our assets, which may result in significant declines in valuation; (xv) the network and computer systems on which we depend could fail or experience a security breach; (xvi) our ability to attract and retain key members of our senior management team; (xvii) costs and effects of litigation, including settlements and judgments; (xviii) increased competitive pressures among financial services companies; (xix) changes in consumer spending, borrowing and saving habits; (xx) adverse changes in the securities markets; (xxi) earthquake, fire or other natural disasters affecting the condition of real estate collateral; (xxii) the availability of resources to address changes in laws, rules or regulations or to respond to regulatory actions; (xxiii)

inability of key third-party providers to perform their obligations to us; (xxiv) changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board or their application to our business or final audit adjustments, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods; (xxv) war or terrorist activities; and (xxvi) other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described from time to time in documents that we file with or furnish to the SEC. You should not place undue reliance on forward-looking statements, and we undertake no obligation to update any such statements to reflect circumstances or events that occur after the date on which the forward-looking statement is made.

**Non-GAAP Financial Information:**

This presentation contains certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ( GAAP ). These non-GAAP financial measures include pre-tax pre-provision earnings adjusted for OREO charges.

Pre-tax pre-provision earnings is total revenue less non-interest expense, pre-tax pre-provision earnings, adjusted for OREO charges, is total revenue less the sum of non-interest expense and OREO-valuation allowance and loss on sale of OREO and foreclosure expense. Management believes that these two additional non-GAAP financial measures are useful because it enables investors and other to assess the Company's ability to generate capital to cover losses through a credit cycle.

Reconciliations of the non-GAAP measures to the comparable GAAP measures are provided below.

The following table presents a reconciliation of pre-tax pre-provision earning to net income (dollars in thousands):

|   | <b>For the Year<br/>ended<br/>12/31/2011</b> | <b>For the<br/>Year<br/>ended<br/>12/31/2010</b> | <b>For the<br/>Quarter<br/>ended<br/>12/31/2011</b> | <b>For the<br/>Quarter<br/>ended<br/>9/30/2011</b> | <b>For the<br/>Quarter<br/>ended<br/>12/31/2010</b> |
|---|--|--|---|--|---|
| Net income  | \$   | \$   | \$  | \$   | \$  |
|   | (2,728)                                      | 2,825  | (5,614)   | 644  | 1,376   |
| Add: Income tax expense (benefit)                         | (296)  | 1,036  | (1,720)   | 367  | 456   |
| Add: Provision for loan losses                            | 5,388  | 8,957  | 4,114   | 823  | 329   |
| Pre-tax pre-provision earnings                            | \$   | \$   | \$  | \$   | \$  |
|   | 2,364  | 12,181   | (3,220)   | 1,834  | 2,161   |
| Add: OREO-valuation allowance                             | 4,843  | 2,679  | 2,957   | 1,329  | 1,308   |
| Add: (Gain) loss on sale of OREO                          | 760  | 332  | (164)   | 104  | 271   |
| Add: Foreclosure Expense                                  | 1,225  | 1,060  | 461   | 317  | 195   |
| Pre-tax pre-provision earnings, adjusted for OREO charges | \$   | \$   | \$  | \$   | \$  |
|   | 9,192  | 16,889   | 34  | 3,584  | 3,935   |

## SELECTED DETAIL ON CHANGES IN LOAN QUALITY AND RISK

**Non-performing Loans.** The following table is a summary of our nonperforming assets, net of specific valuation allowances. This table does not include all loans on nonaccrual or loans past due over 90 days that are on accrual. The information presented is for December 31, 2011 and December 31, 2010 (dollars in thousands):

|   | At December 31,<br>2010 | Increases(2) | Decreases(3) | At Dec 31,<br>2011 |
|---|-------------------------|--------------|--------------|--------------------|
| Nonperforming loans(1)                                |                         |              |              |                    |
| Commercial:   |                         |              |              |                    |
| Commercial and industrial                             |                         |              | \$           |                    |
|   | \$                      | \$           | (485         | \$                 |
|   |                         | 485          | )            |                    |
| Real estate mortgage                                  |                         |              |              |                    |
| Multi-family  |                         |              | (3,839       |                    |
|   |                         | 6,539        | )            | 2,700              |
| Real estate construction                              |                         |              |              |                    |
| Land  |                         |              | (9,293       |                    |
|   | 7,581                   | 2,876        | )            | 1,164              |
| Consumer:   |                         |              |              |                    |
| Real estate 1-4 family first mortgage and green       |                         |              | (29,688      |                    |
|   | 12,330                  | 22,192       | )            | 4,834              |
| Real estate 1-4 family junior lien mortgage and green |                         |              | (67          |                    |
|   |                         | 67           | )            |                    |
| Other revolving credit and installment                |                         |              | (1,117       |                    |
|   | 2                       | 1,120        | )            | 5                  |
| Total nonperforming loans                             | \$                      | \$           | \$           | \$                 |
|   | 19,913                  | 33,279       | (44,489      | 8,703              |

|   |        |        |          |        |
|---|--------|--------|----------|--------|
| Other real estate owned   |        |        | )        |        |
|   |        |        | \$       |        |
|   | \$     | \$     | (14,284  | \$     |
|   | 6,562  | 22,414 | )        | 14,692 |
| Total nonperforming assets  | \$     | \$     | \$       | \$     |
|   | 26,475 | 55,693 | (58,773) | 23,395 |
| Ratios  |        |        |          |        |
| Nonperforming loans, net of specific valuation allowances, to total gross loans | 2.88   |        |          | 1.11   |
|   | %      |        |          | %      |
| Nonperforming assets, net of specific valuation allowances, to total assets     | 3.07   |        |          | 2.34   |
|   | %      |        |          | %      |

(1)

The Company ceases accruing interest, and therefore classifies as nonperforming, any loan as to which principal or interest has been in default for a period of greater than 90 days, or if repayment in full of interest or principal is not expected. Nonperforming loans exclude loans that have been restructured and remain on accruing status. At December 31, 2011, net nonperforming loans totaled \$8.7 million, net of specific valuation allowances of \$2.2 million. At December 31, 2010, net nonperforming loans totaled \$19.9 million, net of specific valuation allowances of \$1.2 million.

(2)

Increases in nonperforming loans are attributable to loans where we have discontinued the accrual of interest at some point during the period ended December 31, 2011. Increases in other real estate owned represent the value of properties that have been foreclosed upon during the period ended December 31, 2011.

(3)

Decreases in nonperforming loans are primarily attributable to payments we have collected from borrowers, charge-offs of recorded balances and transfers of balances to real estate owned during the year ended December 31, 2011. Decreases in other real estate owned represent either the sale, disposition or valuation adjustment on properties which had previously been foreclosed upon.

**Troubled Debt Restructured Loans (TDRs).** As of December 31, 2011 the Company had 26 loans with an aggregate balance of \$16.1 million classified as TDR. Specific valuation allowances totaling \$2.1 million have been established for these loans. When a loan becomes a TDR the Company ceases accruing interest, and classifies it as non-accrual until the borrower demonstrates that the loan is again performing.

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As of December 31, 2011, of the 26 loans classified as TDR, 23 loans totaling \$15.2 million are making payments according to their modified terms and are less than 90-days delinquent. Of the aforementioned \$15.2 million in TDR loans, \$13.3 million in loans are secured by single family residences, \$487 thousand in loans are secured by land, \$2.7 million are secured by multi-family and the remaining is comprised of an unsecured \$2 thousand consumer loan. Of the \$15.2 million TDRs, \$4.9 million have been paying as agreed for more than six months and are on accrual status while \$7.6 million

are paying as noted previously but remain on non-accrual. Three TDR loans with an aggregate balance of \$915 thousand are over 90 days delinquent. The delinquent TDR loans are comprised of three loans with an aggregate balance of \$915 thousand secured by SFRs.

The following table presents the seasoning of the Bank's restructured loans, their classified balance (principal balance minus SVA charged-off and SVA), and their weighted average interest rates (dollars in thousands):

**Performing Restructured Loans As of December 31, 2011**

| <b>Payments</b>               | <b># of loans</b> | <b>Book Value</b> | <b>Average Loan Size</b> | <b>Weighted Average Interest Rate</b> |
|-------------------------------|-------------------|-------------------|--------------------------|---------------------------------------|
| <b>(Dollars in Thousands)</b> |                   |                   |                          |                                       |
| 1 Payment                     |                   | \$                | \$                       |                                       |
|                               | 1                 | 153               | 153                      | 6.25%                                 |
| 2 Payments                    | 1                 | 3,600,            | 3,600,                   | 5.00%                                 |
| 3 Payments                    | 1                 | 231               | 231                      | 4.62%                                 |
| 4 Payments                    |                   |                   |                          |                                       |
| 5 Payments                    |                   |                   |                          |                                       |
| 6 Payments                    | 1                 | 443               | 443                      | 3.00%                                 |
| 7 Payments                    |                   |                   |                          |                                       |
| 8 Payments                    |                   |                   |                          |                                       |
| 9 Payments                    |                   |                   |                          |                                       |
| 10 Payments                   |                   |                   |                          |                                       |
| 11 Payments                   |                   |                   |                          |                                       |
| 12+ Payments                  | 19                | 10,789            | 514                      | 5.35%                                 |
| Total                         |                   | \$                | \$                       |                                       |
|                               | 23                | 15,216            | 609                      | 5.20%                                 |

**FIRST PACTRUST BANCORP, INC.**

**CONSOLIDATED BALANCE SHEETS**

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(Amounts in thousands except share and per share data)

(unaudited)

|  | <b>December 31, 2011</b> | <b>December 31, 2010</b> |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>  |                          |                          |
| Cash and due from banks  | \$                       | \$                       |
|  | 6,755                    | 5,371                    |
| Interest-bearing deposits  | 37,720                   | 53,729                   |
| Total cash and cash equivalents  | 44,475                   | 59,100                   |
| Securities available-for sale  | 101,616                  | 64,790                   |
| Federal Home Loan Bank stock, at cost  | 6,972                    | 8,323                    |
| Loans, net of allowance of \$12,780 at December 31, 2011 and \$14,637 at December 31, 2010 | 775,609                  | 678,175                  |
| Accrued interest receivable  | 3,569                    | 3,531                    |
| Other real estate owned, net   | 14,692                   | 6,562                    |
| Premises and equipment, net  | 10,585                   | 6,344                    |
| Bank owned life insurance investment   | 18,451                   | 18,151                   |
| Prepaid FDIC assessment  | 2,405                    | 3,521                    |
| Other assets   | 20,667                   | 13,124                   |
| Total assets   | \$                       | \$                       |
|  | 999,041                  | 861,621                  |
| <b>LIABILITIES</b>   |                          |                          |
| Deposits:  |                          |                          |
| Noninterest-bearing demand   | \$                       | \$                       |
|  | 20,039                   | 15,171                   |
| Interest-bearing demand  | 68,578                   | 44,860                   |
| Money market accounts  | 188,658                  | 89,708                   |
| Savings accounts   | 39,176                   | 124,620                  |
| Certificate of deposit   | 469,883                  | 371,949                  |
| Total deposits   | 786,334                  | 646,308                  |
| Advances from Federal Home Loan Bank   | 20,000                   | 75,000                   |
| Accrued expenses and other liabilities   | 8,212                    | 4,304                    |
| Total liabilities  | 814,546                  | 725,612                  |
| Commitments and contingent liabilities   |                          |                          |
| <b>SHAREHOLDERS EQUITY</b>   |                          |                          |



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|  |          |          |
|--|----------|----------|
| Preferred stock, \$.01 par value per share, \$1,000 per share liquidation preference for a total of \$32; 50,000,000 shares authorized; 32,000 shares issued and outstanding at December 31, 2011; None issued or outstanding at December 31, 2010 |          |          |
| Common stock, \$.01 per value per share, 196,863,844 shares authorized; 11,756,636 shares issued and 10,581,704 shares outstanding at December 31, 2011; 9,863,390 shares issued and 8,693,228 shares outstanding at December 31, 2010             | 117      | 99       |
| Class B non-voting, non-convertible Common stock, \$.01 par value per share, 3,136,156 shares authorized; 1,054,991 shares issued and outstanding at December 31, 2011 and 1,036,156 shares issued and outstanding at December 31, 2010            | 11       | 10       |
| Additional paid-in capital   | 179,548  | 119,998  |
| Additional paid-in-capital warrants  | 3,172    | 3,172    |
| Retained earnings  | 27,623   | 35,773   |
| Treasury stock, at cost (December 31, 2011 1,174,932 shares, December 31, 2010 1,170,162 shares)   | (25,037) | (25,135) |
|  | )        | )        |
| Unearned Employee Stock Ownership Plan (ESOP) shares (December 31, 2011 0 shares, December 31, 2010 42,320 shares)   |          | (507)    |
|  | )        | )        |
| Accumulated other comprehensive income (loss)  | (939)    |          |
|  | )        | 2,599    |
| Total shareholders' equity   | 184,495  | 136,009  |
| Total liabilities and shareholders' equity   | \$       | \$       |
|  | 999,041  | 861,621  |

**FIRST PACTRUST BANCORP, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except share and per share data)

(unaudited)

|                                      | 3 Months Ended<br>December 31 |      | 12 Months Ended<br>December 31 |      |
|--------------------------------------|-------------------------------|------|--------------------------------|------|
|                                      | 2011                          | 2010 | 2011                           | 2010 |
| <b>Interest and dividend income:</b> |                               |      |                                |      |
| Loans, including fees                | \$                            | \$   | \$                             | \$   |

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|  |                  |              |                |               |
|--|------------------|--------------|----------------|---------------|
|  | 8,061            | 8,472        | 30,997         | 35,439        |
| Securities:  | 700              | 1,263        | 3,963          | 5,289         |
| Dividends and other interest-earning assets                | 62               | 63           | 217            | 216           |
| <b>Total interest and dividend income</b>                  | <b>8,823</b>     | <b>9,798</b> | <b>35,177</b>  | <b>40,944</b> |
| <b>Interest expense:</b>                                   |                  |              |                |               |
| Savings  | 37               | 111          | 319            | 783           |
| NOW  | 31               | 21           | 81             | 108           |
| Money Market   | 116              | 91           | 306            | 573           |
| Certificates of deposit                                    | 1,058            | 1,352        | 4,283          | 6,469         |
| Federal Home Loan Bank advances                            | 88               | 570          | 1,048          | 2,855         |
| <b>Total interest expense</b>                              | <b>1,330</b>     | <b>2,145</b> | <b>6,037</b>   | <b>10,788</b> |
| <b>Net interest income</b>                                 | <b>7,493</b>     | <b>7,653</b> | <b>29,140</b>  | <b>30,156</b> |
| Provision for loans losses                                 | 4,114            | 328          | 5,388          | 8,957         |
| <b>Net interest income after provision for loan losses</b> | <b>3,379</b>     | <b>7,325</b> | <b>23,752</b>  | <b>21,199</b> |
| <b>Noninterest income:</b>                                 |                  |              |                |               |
| Customer services fees                                     | 366              | 341          | 1,473          | 1,336         |
| Mortgage loan prepayment penalties                         |                  |              | 80             | 1             |
| Income from bank owned life insurance                      | 79               | 54           | 300            | 219           |
| Net gain on sale of securities                             | 1                | 3,275        | 2,888          | 3,274         |
| Other  | 53               | 24           | 172            | 49            |
| <b>Total noninterest income</b>                            | <b>499</b>       | <b>3,694</b> | <b>4,913</b>   | <b>4,879</b>  |
| <b>Noninterest expense:</b>                                |                  |              |                |               |
| Salaries and employee benefits                             | 4,426            | 5,088        | 13,914         | 9,866         |
| Occupancy and equipment                                    | 922              | 528          | 2,848          | 1,914         |
| Advertising  | 295              | 5            | 477            | 232           |
| Professional fees  | 705              | 400          | 2,121          | 947           |
| Stationary paper, supplies, and postage                    | 171              | 99           | 507            | 365           |
| Data processing  | 373              | 294          | 1,345          | 1,152         |
| ATM costs  | 72               | 73           | 295            | 297           |
| FDIC expense   | 208              | 391          | 1,205          | 1,563         |
| Loan serving and foreclosure                               | 499              | 202          | 1,282          | 1,118         |
| Operating loss on equity and investment                    | 78               | 73           | 313            | 327           |
| OREO-valuation allowance                                   | 2,956            | 1,265        | 4,843          | 2,679         |
| Loss on sale of OREO                                       | (164)            | 271          | 760            | 332           |
| Other general and administrative                           | 672              | 498          | 1,779          | 1,425         |
| <b>Total noninterest expense</b>                           | <b>11,213</b>    | <b>9,187</b> | <b>31,689</b>  | <b>22,217</b> |
| <b>Income before income taxes</b>                          | <b>(7,335)</b>   | <b>1,832</b> | <b>(3,024)</b> | <b>3,861</b>  |
| Income tax expense/(benefit)                               | (1,721)          | 456          | (296)          | 1,036         |
| Loss   |                  | \$           | \$             | \$            |
|  | <b>\$(5,614)</b> | <b>1,376</b> | <b>(2,728)</b> | <b>2,825</b>  |

|  |         |       |           |       |
|--|---------|-------|-----------|-------|
| Preferred stock dividends                        | \$      | \$    | \$        | \$    |
|  | 396     | 207   | 534       | 960   |
| Net income/loss available to common stockholders | \$      | \$    | \$        | \$    |
|  | (6,010) | 1,169 | \$(3,262) | 1,865 |
| Basic earnings/(loss) per common share           | \$      | \$    | \$        | \$    |
|  | (0.52)  | 0.15  | \$(0.31)  | 0.37  |
| Diluted earnings/(loss) per share                | \$      | \$    | \$        | \$    |
|  | (0.52)  | 0.15  | \$(0.31)  | 0.37  |

**FIRST PACTRUST BANCORP, INC.****ANALYSIS OF INTEREST INCOME AND EXPENSE, RATES AND YIELDS****(Dollars in thousands)**

| <i>(dollars in thousands)</i>          | <b>3 months ended<br/>December 31, 2011</b> |                 |   | <b>3 months ended<br/>December 31, 2010</b> |                 |   |
|--|---|-----------------|---|---|-----------------|---|
|  | <b>Average<br/>Balances</b>                 | <b>Interest</b> | <b>Annualized<br/>Average<br/>Rates/<br/>Yields</b> | <b>Average<br/>Balances</b>                 | <b>Interest</b> | <b>Annualized<br/>Average<br/>Rates/<br/>Yields</b> |
| <b><i>Interest-earning assets:</i></b> |   |                 |   |   |                 |   |
| Loans receivable (1)                   | \$  | \$              | 4.55  | \$  | \$              | 4.94  |
| Securities                             | 708,598                                     | 8,061           | %<br>3.04   | 685,890                                     | 8,472           | %<br>7.91   |
| Other interest-earning assets          | 92,231                                      | 700             | %<br>0.29   | 63,830                                      | 1,263           | %<br>0.42   |
|  | 86,970                                      | 62              | %   | 59,460                                      | 63              | %   |
| Total interest-earning assets          | 887,799                                     | 8,823           | 3.96  | 809,180                                     | 9,798           | 4.84  |

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|  |         |       |      |         |       |      |
|--|---------|-------|------|---------|-------|------|
| Non-interest earning assets  | 76,522  |       | %    | 63,387  |       | %    |
| Total assets   | \$      |       |      | \$      |       |      |
|  | 964,321 |       |      | 872,567 |       |      |
| <b><i>Interest-bearing liabilities:</i></b>                                      |         |       |      |         |       |      |
| NOW  | \$      |       | 0.17 | \$      |       | 0.14 |
|  | 70,696  | 31    | %    | 59,163  | 21    | %    |
| Money Market   |         |       | 0.30 |         |       | 0.40 |
|  | 155,119 | 116   | %    | 90,943  | 91    | %    |
| Savings  |         |       | 0.20 |         |       | 0.35 |
|  | 72,004  | 37    | %    | 125,753 | 111   | %    |
| Certificate of deposit   |         |       | 0.95 |         |       | 1.38 |
|  | 445,791 | 1,058 | %    | 392,306 | 1,352 | %    |
| FHLB advances  |         |       | 1.77 |         |       | 3.04 |
|  | 20,000  | 88    | %    | 75,000  | 570   | %    |
| Total interest-bearing liabilities   |         |       | 0.68 |         |       | 1.16 |
|  | 763,610 | 1,330 | %    | 743,165 | 2,145 | %    |
| Non-interest-bearing liabilities   | 8,887   |       |      | 6,872   |       |      |
| Total liabilities  | 772,497 |       |      | 750,037 |       |      |
| Equity   | 191,824 |       |      | 122,530 |       |      |
| Total liabilities and equity   | \$      |       |      | \$      |       |      |
|  | 964,321 |       |      | 872,567 |       |      |
| Net interest/spread  |         | \$    | 3.28 |         | \$    | 3.68 |
|  |         | 7,493 | %    |         | 7,653 | %    |
| Margin   |         |       | 3.38 |         |       | 3.78 |
|  |         |       | %    |         |       | %    |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 116.26  |       |      | 108.88  |       |      |
|  | %       |       |      | %       |       |      |

(1)

Average balances of nonperforming loans are included in the above amounts.

**FIRST PACTRUST BANCORP, INC.****ANALYSIS OF INTEREST INCOME AND EXPENSE, RATES AND YIELDS****(Dollars in thousands)**

| <i>(dollars in thousands)</i>               | Year ended December 31, 2011 |          |                                  | Year ended December 31, 2010 |          |                                  |
|---|------------------------------|----------|----------------------------------|------------------------------|----------|----------------------------------|
|   | Average Balances             | Interest | Annualized Average Rates/ Yields | Average Balances             | Interest | Annualized Average Rates/ Yields |
| <b><i>Interest-earning assets:</i></b>      |                              |          |                                  |                              |          |                                  |
| Loans receivable (1)                        | \$                           |          | 4.55                             | \$                           | \$       |                                  |
|   | 681,956                      | \$30,997 | %                                | 709,306                      | 35,439   | 5.00%                            |
| Securities                                  |                              |          | 4.81                             |                              |          |                                  |
|   | 82,307                       | 3,963    | %                                | 63,734                       | 5,289    | 8.30%                            |
| Other interest-earning assets               |                              |          | 0.36                             |                              |          | 0.44                             |
|   | 60,130                       | 217      | %                                | 49,485                       | 216      | %                                |
| Total interest-earning assets               |                              |          | 4.27                             |                              |          |                                  |
|   | 824,393                      | 35,177   | %                                | 822,525                      | 40,944   | 4.98%                            |
| Non-interest earning assets                 | 69,754                       |          |                                  | 63,079                       |          |                                  |
| Total assets                                | \$                           |          |                                  | \$                           |          |                                  |
|   | 894,147                      |          |                                  | 885,604                      |          |                                  |
| <b><i>Interest-bearing liabilities:</i></b> |                              |          |                                  |                              |          |                                  |
| NOW   | \$                           |          | 0.12                             | \$                           |          | 0.19                             |
|   | 65,463                       | 81       | %                                | 57,681                       | 108      | %                                |
| Money Market                                | 104,981                      | 306      | 0.29                             | 91,146                       | 573      | 0.63%                            |

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|  |         |        |      |         |        |       |
|--|---------|--------|------|---------|--------|-------|
| Savings  |         |        | %    |         |        |       |
|  |         |        | 0.27 |         |        | 0.62  |
| Certificate of deposit   | 117,388 | 319    | %    | 125,447 | 783    | %     |
|  |         |        | 1.07 |         |        |       |
| FHLB advances  | 398,497 | 4,283  | %    | 406,015 | 6,469  | 1.59% |
|  |         |        | 2.63 |         |        | 3.02  |
| Total interest-bearing liabilities   | 39,918  | 1,048  | %    | 94,548  | 2,855  | %     |
|  |         |        | 0.83 |         |        | 1.40  |
| Non-interest-bearing liabilities   | 726,247 | 6,037  | %    | 774,837 | 10,788 | %     |
|  | 7,837   |        |      | 5,676   |        |       |
| Total liabilities  | 734,084 |        |      | 780,513 |        |       |
| Equity   | 160,063 |        |      | 105,091 |        |       |
| Total liabilities and equity   | \$      |        |      | \$      |        |       |
|  | 894,147 |        |      | 885,604 |        |       |
| Net interest/spread  |         | \$     | 3.44 |         | \$     |       |
|  |         | 29,140 | %    |         | 30,156 | 3.59% |
| Margin   |         |        | 3.53 |         |        | 3.67  |
|  |         |        | %    |         |        | %     |
| Ratio of average interest-earning assets to average interest-bearing liabilities | 113.51  |        |      | 106.15% |        |       |
|  | %       |        |      | %       |        |       |

(1)

Average balances of nonperforming loans are included in the above amounts.

**FIRST PACTRUST BANCORP, INC.**

**SELECTED QUARTERLY FINANCIAL DATA**

**(Amounts in thousands, except share and per share data)**

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|  | December<br>2011 | September<br>2011 | June<br>2011 | March<br>2011 | December<br>2010 |
|--|------------------|-------------------|--------------|---------------|------------------|
| <b>Balance sheet data, at quarter end:</b>                       |                  |                   |              |               |                  |
| Total assets   | \$               | \$                | \$           | \$            | \$               |
|  | 999,041          | 928,977           | 882,266      | 834,983       | 861,621          |
| Total gross loans  | 787,280          | 703,454           | 678,777      | 680,720       | 690,988          |
| Allowance for loan losses  | (12,780          | (8,993            | (8,431       | (11,905       | (14,637          |
|  | )                | )                 | )            | )             | )                |
| Securities available for sale                                    | 101,616          | 64,926            | 74,613       | 73,689        | 64,790           |
| Noninterest-bearing deposits                                     | 20,039           | 20,934            | 21,702       | 18,066        | 15,171           |
| Total deposits   | 786,334          | 711,609           | 685,934      | 634,410       | 646,308          |
| FHLB advances and other borrowings                               | 20,000           | 20,000            | 30,000       | 60,000        | 75,000           |
| Total shareholders' equity                                       | 184,495          | 191,488           | 160,475      | 135,650       | 136,009          |
| <b>Balance sheet data, quarterly averages:</b>                   |                  |                   |              |               |                  |
| Total assets   | \$               | \$                | \$           | \$            | \$               |
|  | 964,321          | 904,738           | 851,038      | 851,254       | 872,567          |
| Total loans  | 708,598          | 679,199           | 665,516      | 672,491       | 685,890          |
| Securities available for sale                                    | 92,231           | 90,454            | 74,585       | 70,073        | 63,830           |
| Total interest earning assets                                    | 887,799          | 829,000           | 786,960      | 788,934       | 809,180          |
| Total deposits   | 743,610          | 702,780           | 660,645      | 639,388       | 668,165          |
| Advances from FHLB and other borrowings                          | 20,000           | 20,326            | 48,737       | 68,750        | 75,000           |
| Total shareholders' equity                                       | 191,824          | 173,495           | 137,149      | 135,957       | 122,530          |
| <b>Statement of operations data, for the three months ended:</b> |                  |                   |              |               |                  |
| Interest income  | \$               | \$                | \$           | \$            | \$               |
|  | 8,823            | 8,823             | 8,582        | 8,949         | 9,798            |
| Interest expense   | 1,330            | 1,339             | 1,574        | 1,794         | 2,145            |
| Net interest income  | 7,493            | 7,484             | 7,008        | 7,155         | 7,653            |
| Provision for loan losses  | 4,114            | 823               | 451          |               | 328              |
| Net interest income after provision for loan losses              | 3,379            | 6,661             | 6,557        | 7,155         | 7,325            |
| Noninterest income   | 499              | 2,012             | 1,635        | 767           | 3,694            |
| Noninterest expense  | 11,213           | 7,661             | 5,999        | 6,816         | 9,187            |
| Income/(loss) before income taxes                                | (7,335)          | 1,012             | 2,193        | 1,106         | 1,832            |
| Income tax expense/(benefit)                                     | (1,721)          | 368               | 644          | 413           | 456              |
| Preferred dividends and accretion                                | 396              | 138               |              |               | 207              |
| Net income/(loss) available to common stockholders               | \$               | \$                | \$           | \$            | \$               |
|  | (6,010)          | 506               | 1,549        | 693           | 1,169            |

**Profitability and other ratios:**

|   |         |        |        |        |        |
|---|---------|--------|--------|--------|--------|
| Return on avg. assets (1)   | (2.33)  | 0.28   | 0.73   | 0.33   | 0.63   |
|   | %       | %      | %      | %      | %      |
| Return on avg. equity (1)   | (11.71) | 1.48   | 4.52   | 2.04   | 4.49   |
| Net interest margin (1)   | 3.38    | 3.61   | 3.56   | 3.63   | 3.78   |
| Noninterest income to total revenue (2)                                 | 6.24    | 21.19  | 18.92  | 9.68   | 32.55  |
| Noninterest income to avg. assets (1)                                   | 0.21    | 0.89   | 0.77   | 0.36   | 1.69   |
| Noninterest exp. to avg. assets (1)                                     | 4.65    | 3.39   | 2.82   | 3.20   | 4.21   |
| Efficiency ratio (3)  | 140.29  | 80.68  | 69.41  | 86.04  | 80.96  |
| Avg. loans to average deposits  | 95.29   | 96.64  | 100.74 | 105.18 | 102.65 |
| Securities available for sale to total assets                           | 10.17   | 6.99   | 8.46   | 8.83   | 7.52   |
| Average interest-earning assets to average interest-bearing liabilities | 116.26  | 114.64 | 110.94 | 111.41 | 108.88 |
|   | %       | %      | %      | %      | %      |

**Asset quality information and ratios:**

|  |        |        |        |        |        |      |
|--|--------|--------|--------|--------|--------|------|
| Nonperforming assets (4):                          |        |        |        |        |        |      |
| Nonperforming loans (5)                            | \$     | \$     | \$     | \$     | \$     |      |
|  | 7,790  | 8,342  | 14,240 | 27,618 | 19,913 |      |
| Other real estate owned (OREO)                     | 14,692 | 20,551 | 15,018 | 6,433  | 6,562  |      |
| Totals   | \$     | \$     | \$     | \$     | \$     |      |
|  | 22,482 | 28,893 | 29,258 | 34,051 | 26,475 |      |
| Net loan charge-offs                               | \$     | \$     | \$     | \$     | \$     |      |
|  | 327    | 261    | 3,924  | 2,733  | 3,251  |      |
| Allowance for loan losses to nonaccrual loans, net | 78.43  | 82.38  | 38.21  | 38.75  | 41.34  |      |
|  | %      | %      | %      | %      | %      |      |
| As a percentage of total loans:                    |        |        |        |        |        |      |
| Allowance for loan losses                          |        | 1.62   | 1.28   | 1.24   | 1.75   | 2.12 |
| Nonperforming assets to total loans and OREO       |        | 2.80   | 3.99   | 4.22   | 4.96   | 3.80 |
| Nonperforming assets to total assets               |        |        | 3.11   | 3.32   | 4.08   | 3.07 |
|  |        | 2.25%% | %      | %      | %      |      |

**FIRST PACTRUST BANCORP, INC.****ANALYSIS OF QUARTERLY INTEREST INCOME AND EXPENSE, RATES AND YIELDS**

(Amounts in thousands, except rate, yield, ratio, share and per share data)



| <b>Interest rates and yields:</b>               | <b>December<br/>2011</b> | <b>September<br/>2011</b> | <b>June<br/>2011</b> | <b>March<br/>2011</b> | <b>December<br/>2010</b> |
|---|--------------------------|---------------------------|----------------------|-----------------------|--------------------------|
| Loans   | 4.55                     | 4.57                      | 4.52                 | 4.56                  | 4.94                     |
|   | %                        | %                         | %                    | %                     | %                        |
| Securities available for sale                   | 3.04                     | 4.50                      | 5.37                 | 7.10                  | 7.12                     |
| Total earning assets                            | 3.96                     | 4.24                      | 4.36                 | 4.52                  | 4.84                     |
| Total deposits, including non-interest bearing  | 0.67                     | 0.71                      | 0.74                 | 0.80                  | 0.94                     |
| FHLB advances and other borrowings              | 1.77                     | 1.81                      | 2.88                 | 3.01                  | 3.04                     |
| Total deposits and interest-bearing liabilities | 0.68                     | 0.76                      | 0.88                 | 1.00                  | 1.16                     |
| <b>Capital ratios:</b>                          |                          |                           |                      |                       |                          |
| Stockholders' equity to total assets            | 18.5                     | 20.6                      | 18.2                 | 16.3                  | 15.8                     |
| Tier one risk-based (6)                         | 17.3                     | 19.7                      | 16.0                 | 16.0                  | 14.9                     |
| Total risk-based (6)                            | 18.6                     | 20.7                      | 17.2                 | 17.3                  | 16.2                     |
|   | %                        | %                         | %                    | %                     | %                        |

*(dollars in thousands, except per share data)*

|  | <b>December<br/>2011</b> | <b>September<br/>2011</b> | <b>June<br/>2011</b> | <b>March<br/>2011</b> | <b>December<br/>2010</b> |
|--|--------------------------|---------------------------|----------------------|-----------------------|--------------------------|
|--|--------------------------|---------------------------|----------------------|-----------------------|--------------------------|

**Per share data:**

|  |            |            |            |           |           |
|--|------------|------------|------------|-----------|-----------|
| Basic earnings/(loss) per common share         | \$         | \$         | \$         | \$        | \$        |
|  | (0.52)     | 0.04       | 0.16       | 0.07      | 0.15      |
| Diluted earnings/(loss) per common share       | (0.52)     | 0.04       | 0.16       | 0.07      | 0.15      |
| Book value per common share at quarter end (7) | \$         | \$         | \$         | \$        | \$        |
|  | 13.11      | 13.76      | 13.93      | 13.94     | 13.98     |
| Weighted avg. common shares basic              | 11,597,315 | 11,542,752 | 9,753,153  | 9,661,447 | 7,826,916 |
| Weighted avg. common shares diluted            | 11,597,484 | 11,544,142 | 9,785,203  | 9,665,273 | 7,827,164 |
| Common shares outstanding                      | 11,636,695 | 11,596,270 | 11,520,067 | 9,729,066 | 9,729,384 |
| <b>Investor information:</b>                   |            |            |            |           |           |
| Closing sales price                            | \$         | \$         | \$         | \$        | \$        |
|  | 10.25      | 11.33      | 14.86      | 15.91     | 13.27     |
| High closing sales price during quarter        | 13.21      | 15.52      | 16.61      | 16.59     | 13.27     |
| Low closing sales price during quarter         |            |            | \$         |           |           |
|  | 10.09      | 10.37      | 13.93      | 13.53     | 10.45     |
| Risk-weighted assets                           |            |            | \$         | \$        |           |
|  | 743,090    | 662,472    | 621,339    | 613,827   | 641,205   |
|  | 7,346      | 7,432      | 7,173      | 7,180     | 9,070     |

|   |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| Total assets per full-time equivalent employee        |       |       |       |       |       |
| Annualized revenues per full-time equivalent employee | \$    | \$    | \$    | \$    | \$    |
|   | 235.1 | 303.9 | 281.1 | 272.5 | 477.8 |
| Number of employees (full-time equivalent)            | 136.0 | 125.0 | 123.0 | 116.3 | 95.0  |

(1)

Ratios are presented on an annualized basis.

(2)

Total revenue is equal to the sum of net interest income and noninterest income.

(3)

Efficiency ratios are calculated by dividing noninterest expense by the sum of net interest income and noninterest income

(4)

Balances are net of specific valuation allowances, and do not include all loans or nonaccrual or past due over 90 days and still on accrual.

(5)

Nonperforming loans include loans delinquent more than 89 days and excludes nonaccrual loans that are not more than 89 days delinquent.

(6)

Capital ratios are for Pacific Trust Bank and are defined as follows:

a.

Tier one risk-based Tier one capital (pursuant to risk-based capital guidelines) as a percentage of total risk-weighted assets.

b.

Total risk-based Total capital (pursuant to risk-based capital guidelines) as a percentage of total risk-weighted assets.

(7)

Book value per share computed by dividing total stockholders equity less TARP and/or SBLF related equity (if applicable) by common shares outstanding, net of treasury shares.

**Contact:**

**First PacTrust Bancorp, Inc.**

**Gregory A. Mitchell, President and CEO**

**949-236-5200**