

FIRST PACTRUST BANCORP INC

Form 424B3

May 10, 2013

Table of Contents

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-185869

## MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On August 21, 2012, The Private Bank of California, Beach Business Bank and First PacTrust Bancorp, Inc. agreed to a strategic business combination in which Private Bank will merge with Beach Business Bank, a wholly owned subsidiary of First PacTrust (or, at the option of First PacTrust, Pacific Trust Bank, fsb, a wholly owned subsidiary of First PacTrust, as further described in this proxy statement/prospectus). In the merger, all of the issued and outstanding shares of Private Bank common stock will be converted into, in aggregate, (1) 2,083,333 shares of First PacTrust common stock and (2) \$24,887,513 in cash, in each case subject to certain adjustments. Based on the number of Private Bank common shares outstanding as of May 7, 2013 each share of Private Bank common stock would be converted into 0.5379 shares of First PacTrust common stock and \$6.43 if the merger had been completed as of that date. However, the exact number of First PacTrust shares and amount of cash you may be entitled to receive in the merger will depend on the number of Private Bank common shares issued and outstanding on the date the merger is actually completed.

We are sending you this proxy statement/prospectus to notify you of and invite you to the special meeting of The Private Bank of California shareholders being held to consider the Agreement and Plan of Merger, dated as of August 21, 2012, as amended on May 5, 2013, and as it may be further amended from time to time (which we refer to as the merger agreement), that The Private Bank of California has entered into with First PacTrust, and to ask you to vote at the special meeting in favor of the approval of the merger agreement.

The special meeting of Private Bank shareholders will be held on June 20, 2013 at the company's principal executive offices, 10100 Santa Monica Boulevard, Suite 2500, Los Angeles, CA 90067 at 3:30 p.m. local time.

At the special meeting, you will be asked to approve the merger agreement. In the merger, The Private Bank of California will merge with Beach Business Bank, a wholly owned subsidiary of First PacTrust (or, at the option of First PacTrust, Pacific Trust Bank, fsb, a wholly owned subsidiary of First PacTrust, as further described in this proxy statement/prospectus). You will also be asked to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement.

The market value of the merger consideration will fluctuate with the market price of First PacTrust common stock and will not be known at the time you vote on the merger. First PacTrust common stock is currently quoted on the NASDAQ Global Market under the symbol BANC. On May 8, 2013, the last trading day before the date of this proxy statement/prospectus for which it was practicable to obtain this information, the closing share price of First PacTrust common stock was \$12.19 per share as reported on the NASDAQ Global Market. **We urge you to obtain current market quotations for First PacTrust and The Private Bank of California.**

Your vote is important. We cannot complete the merger unless The Private Bank of California's shareholders approve the merger agreement. In order for the merger to be approved, the holders of at least a majority of the shares of Private Bank common stock outstanding and entitled to vote must vote in favor of approval of the merger agreement. Regardless of whether or not you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in this proxy statement/prospectus. Failing to vote will have the same effect as voting against the merger.

**The Private Bank of California's board of directors unanimously recommends that Private Bank shareholders vote FOR approval of the merger agreement and FOR the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement.**

**Table of Contents**

This proxy statement/prospectus describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire proxy statement/prospectus, including Risk Factors, for a discussion of the risks relating to the proposed merger. You also can obtain information about First PacTrust from documents that it has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, please contact The Private Bank of California's proxy solicitor, Georgeson, Inc. at 866-295-3782 (toll free), or at pbca@georgeson.com. Banks and brokerage firms should call Georgeson at 212-440-9800. We look forward to seeing you at the special shareholders' meeting in Los Angeles, California.

R. Todd Neilson  
*Chairman of the Board*  
The Private Bank of California

**Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the California Department of Financial Institutions, nor any state securities commission or any other bank regulatory agency has approved or disapproved the securities to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

**The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either First PacTrust or The Private Bank of California, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

The date of this proxy statement/prospectus is May 10, 2013, and it is first being mailed or otherwise delivered to Private Bank shareholders on or about May 13, 2013.

**Table of Contents**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

To the Shareholders of The Private Bank of California:

The Private Bank of California will hold a special meeting of shareholders at 3:30 pm local time, on June 20, 2013 at the company's principal executive offices, 10100 Santa Monica Boulevard, Suite 2500, Los Angeles, California 90067, to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of August 21, 2012, as amended on May 5, 2013, by and among First PacTrust Bancorp, Inc., Beach Business Bank and The Private Bank of California, pursuant to which The Private Bank of California will merge with Beach Business Bank, a wholly owned subsidiary of First PacTrust (or, at the option of First PacTrust, Pacific Trust Bank, fsb, a wholly owned subsidiary of First PacTrust), as more fully described in the attached proxy statement/prospectus; and

a proposal to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement.

We have fixed the close of business on May 7, 2013 as the record date for the special meeting. Only Private Bank shareholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting. In order for the merger to be approved, the holders of a majority of the shares of Private Bank common stock outstanding and entitled to vote must vote in favor of approval of the merger agreement.

**Your vote is very important.** We cannot complete the merger unless The Private Bank of California's common shareholders approve the merger agreement. Failure to vote will have the same effect as voting against the merger.

**Regardless of whether you plan to attend the special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope, or call the toll-free telephone number or use the Internet as described in the instructions included with your proxy card or voting instruction card. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the record holder.**

The enclosed proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the proxy statement/prospectus, including any documents incorporated in the proxy statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or the proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need help voting your shares of Private Bank common stock, please contact The Private Bank of California's proxy solicitor, Georgeson, Inc. at 866-295-3782.

**The Private Bank of California's board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that Private Bank shareholders vote FOR the approval of the merger agreement and FOR the approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of such approval.**

**BY ORDER OF THE BOARD OF DIRECTORS,**

Joyce N. Kaneda  
*Corporate Secretary*  
The Private Bank of California

Los Angeles, California

May 10, 2013

**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about First PacTrust from documents filed with or furnished to the Securities and Exchange Commission, or SEC, that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by First PacTrust at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this proxy statement/prospectus, at no cost by contacting First PacTrust at the following address:

**First PacTrust Bancorp, Inc.**

18500 Von Karman Avenue, Suite 1100

Irvine, California 92612

Attention: Secretary

Telephone: (949) 236-5211

**You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of the special meeting. This means that Private Bank shareholders requesting documents must do so by June 13, 2013, in order to receive them before the special meeting.**

In addition, if you have questions about the merger or the Private Bank special meeting, need additional copies of this proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Georgeson, Inc., at the following address and telephone numbers:

199 Water Street, 26th Floor

New York, NY 10038

866-295-3782 (toll free)

[pbca@georgeson.com](mailto:pbca@georgeson.com)

Banks and brokerage firms please call: 212-440-9800

The Private Bank of California does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and accordingly does not file documents or reports with the SEC. The Private Bank of California's audited financial statements for the fiscal year ended, and as of, December 31, 2012 and December 31, 2011 are included as exhibits to the Current Report on Form 8-K filed by First PacTrust on April 10, 2013, and are incorporated by reference into this proxy statement/prospectus.

See [Where You Can Find More Information](#) for more details.

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE PBOC SPECIAL MEETING</u></b>	1
<b><u>SUMMARY</u></b>	5
<b><u>RISK FACTORS</u></b>	14
<b><u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF FIRST PACTRUST</u></b>	17
<b><u>SELECTED HISTORICAL FINANCIAL DATA OF PBOC</u></b>	20
<b><u>UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u></b>	22
<b><u>COMPARATIVE PER SHARE DATA</u></b>	30
<b><u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u></b>	32
<b><u>THE PBOC SPECIAL MEETING</u></b>	33
<u>Date, Time and Place of Meeting</u>	33
<u>Matters to Be Considered</u>	33
<u>Recommendation of PBOC's Board of Directors</u>	33
<u>Record Date and Quorum</u>	33
<u>Vote Required; Treatment of Abstentions and Failure to Vote</u>	34
<u>Shares Held by Officers and Directors</u>	34
<u>Voting of Proxies; Incomplete Proxies</u>	34
<u>Shares Held in Street Name ; Broker Non-Votes</u>	35
<u>Revocability of Proxies and Changes to a PBOC Shareholder's Vote</u>	35
<u>Solicitation of Proxies</u>	35
<u>Attending the Meeting</u>	36
<u>Assistance</u>	36
<b><u>INFORMATION ABOUT FIRST PACTRUST</u></b>	37
<b><u>INFORMATION ABOUT PBOC</u></b>	38
<b><u>THE MERGER</u></b>	39
<u>Terms of the Merger</u>	39
<u>Background of the Merger</u>	39
<u>PBOC's Reasons for the Merger; Recommendation of PBOC's Board of Directors</u>	42
<u>Opinion of Milestone Advisors, LLC</u>	44
<u>First PacTrust's Reasons for the Merger</u>	52
<u>Board of Directors and Management of First PacTrust After the Merger</u>	52
<u>Interests of PBOC's Directors and Executive Officers in the Merger</u>	52
<u>Public Trading Markets</u>	57
<u>First PacTrust's Dividend Policy</u>	57
<u>Dissenters' Rights in the Merger</u>	57
<u>Regulatory Approvals Required for the Merger</u>	60
<b><u>THE MERGER AGREEMENT</u></b>	62
<u>Structure of the Merger</u>	62
<u>Treatment of PBOC Stock Options and Other Equity-Based Awards</u>	63
<u>PBOC Preferred Stock</u>	63
<u>Closing and Effective Time of the Merger</u>	64
<u>Conversion of Shares; Exchange of Certificates</u>	64
<u>Representations and Warranties</u>	65
<u>Covenants and Agreements</u>	67
<u>PBOC Shareholder Meeting and Recommendation of PBOC's Board of Directors</u>	71
<u>Agreement Not to Solicit Other Offers</u>	73

**Table of Contents**

	<b>Page</b>
<u>Conditions to Complete the Merger</u>	74
<u>Termination of the Merger Agreement</u>	74
<u>Effect of Termination</u>	75
<u>Termination Fee</u>	76
<u>Expenses and Fees</u>	76
<u>Amendment, Waiver and Extension of the Merger Agreement</u>	77
<u>Voting Agreements</u>	77
<b><u>ACCOUNTING TREATMENT</u></b>	78
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u></b>	78
<u>Tax Consequences of the Merger Generally</u>	79
<u>Information Reporting and Backup Withholding</u>	80
<b><u>DESCRIPTION OF CAPITAL STOCK OF FIRST PACTRUST</u></b>	81
<b><u>COMPARISON OF SHAREHOLDERS' RIGHTS</u></b>	83
<b><u>COMPARATIVE MARKET PRICES AND DIVIDENDS</u></b>	91
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF PBOC</u></b>	92
<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF PBOC</u></b>	94
<b><u>LEGAL MATTERS</u></b>	110
<b><u>EXPERTS</u></b>	110
<b><u>OTHER MATTERS</u></b>	111
<b><u>SHAREHOLDER PROPOSALS</u></b>	111
<b><u>WHERE YOU CAN FIND MORE INFORMATION</u></b>	112
<b><u>ANNEX A-1: AGREEMENT AND PLAN OF MERGER</u></b>	A-1-1
<b><u>ANNEX A-2: AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER</u></b>	A-2-1
<b><u>ANNEX B: OPINION OF MILESTONE ADVISORS, LLC</u></b>	B-1
<b><u>ANNEX C: CALIFORNIA GENERAL CORPORATION LAW CHAPTER 13: DISSENTERS' RIGHTS</u></b>	C-1
<b><u>ANNEX D: FORM OF VOTING AND SUPPORT AGREEMENT</u></b>	D-1

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**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE PBOC SPECIAL MEETING**

The following are some questions that you may have regarding the merger and The Private Bank of California special meeting, and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the special meeting. Additional important information is also contained in the documents incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information**.

References in this proxy statement/prospectus to **PBOC** or **Private Bank** refer to The Private Bank of California, a California-chartered state bank. References in this proxy statement/prospectus to **First PacTrust** refer to First PacTrust Bancorp, Inc., a Maryland corporation, and, unless the context otherwise requires, to its affiliates. References in this proxy statement/prospectus to **Beach** refer to Beach Business Bank, a California corporation and a wholly owned subsidiary of First PacTrust.

**Q: What am I being asked to vote on at the PBOC special meeting?**

A: First PacTrust and PBOC have entered into an Agreement and Plan of Merger, dated as of August 21, 2012, as amended on May 5, 2013, which we refer to as the merger agreement, pursuant to which First PacTrust has agreed to acquire PBOC. Under the terms of the merger agreement, PBOC will merge with and into Beach, a wholly owned subsidiary of First PacTrust, with Beach continuing as the surviving entity. We refer to this transaction (including the alternative structure described in the immediately following sentence) as the merger. The merger agreement provides that if First PacTrust gives written notice to PBOC no later than three business days prior to the completion of the merger, First PacTrust may revise the structure of the merger so that PBOC merges with and into Pacific Trust Bank, fsb, a federal savings bank and a wholly owned subsidiary of First PacTrust, which we refer to as PacTrust Bank, with PacTrust Bank as the surviving entity in the merger (we refer to this alternative as the alternative structure).

PBOC shareholders are also being asked to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement. This is referred to as the adjournment proposal.

**Q: What will I receive in the merger?**

A: If the merger is completed, each holder of PBOC common stock outstanding immediately prior to the completion of the merger will receive his, her or its proportional share of (1) 2,083,333 shares of First PacTrust common stock and (2) \$24,887,513 in cash, in each case subject to certain adjustments, which we refer to as the merger consideration. Based on the number of PBOC common shares outstanding as of May 7, 2013, each share of PBOC common stock would have been converted into 0.5379 shares of First PacTrust common stock and \$6.43 in cash if the merger had been completed as of that date. The exact number of First PacTrust shares and amount of cash you may be entitled to receive in the merger will depend on the number of PBOC common shares outstanding on the date the merger is actually completed.

The merger consideration is subject to the following adjustment: if the value of the merger consideration, calculated using \$12.00 as the value of one share of First PacTrust common stock, would otherwise exceed an amount equal to 1.30 times PBOC's tangible common equity as of the last business day of the month before the closing of the merger (after subtracting from tangible common equity certain unaccrued one-time PBOC merger-related costs and expenses) then the cash portion of the merger consideration will be adjusted downward until the total value of the merger consideration is equal to such amount.

First PacTrust will not issue any fractional shares of First PacTrust common stock in the merger. PBOC shareholders who would otherwise be entitled to a fractional share of First PacTrust common stock upon the completion of the merger will instead receive an amount in cash calculated using \$12.00 as the value of one share of First PacTrust common stock.

**Table of Contents**

**Q: Will the value of the merger consideration change between the special meeting and the time the merger is completed?**

A: The value of the merger consideration may fluctuate between the special meeting and the completion of the merger based upon the market value of First PacTrust common stock. In the merger you will receive a number of shares of First PacTrust common stock for each share of PBOC common stock you hold. Any fluctuation in the market price of First PacTrust common stock after the special meeting will change the value of the shares of First PacTrust common stock that you will receive.

**Q: How does PBOC's board of directors recommend that I vote at the special meeting?**

A: PBOC's board of directors unanimously recommends that you vote **FOR** the proposal to approve the merger agreement and **FOR** the adjournment proposal.

**Q: When and where is the PBOC special meeting?**

A: The PBOC special meeting will be held at the company's principal executive offices, 10100 Santa Monica Boulevard, Suite 2500, Los Angeles, CA 90067 on June 20, 2013, at 3:30 p.m. local time.

**Q: What do I need to do now?**

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at the special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible, or call the toll-free telephone number or use the Internet as described in the instructions included with your proxy card or voting instruction card. If you hold your shares in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Street name shareholders who wish to vote at the special meeting will need to obtain a proxy form from the institution that holds their shares.

**Q: What constitutes a quorum for the special meeting?**

A: The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of PBOC common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum. A broker non-vote occurs under stock exchange rules when a broker is not permitted to vote on a matter without instructions from the beneficial owner of the shares and no instruction is given.

**Q: What is the vote required to approve each proposal at the PBOC special meeting?**

A: Approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of PBOC common stock as of the close of business on May 7, 2013, the record date for the special meeting. Approval of the adjournment proposal requires the affirmative vote of a majority of the shares of PBOC common stock represented in person or by proxy at the special meeting, even if less than a quorum.



**Q: Why is my vote important?**

If you do not vote, it will be more difficult for PBOC to obtain the necessary quorum to hold its special meeting. In addition, your failure to vote or failure to instruct your bank or broker as to how to vote will

## **Table of Contents**

have the same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the holders of a majority of the outstanding shares of PBOC common stock entitled to vote at the special meeting. PBOC's board of directors unanimously recommends that you vote to approve the merger agreement.

**Q: If my shares of common stock are held in street name by my bank or broker, will my bank or broker automatically vote my shares for me?**

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker as to how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

**Q: What if I abstain from voting or fail to instruct my bank or broker?**

A: If you fail to vote, mark ABSTAIN on your proxy or fail to instruct your bank or broker with respect to the proposal to approve the merger agreement, it will have the same effect as a vote AGAINST the proposal.

If you mark ABSTAIN on your proxy with respect to the adjournment proposal, it will have the same effect as a vote AGAINST the proposal. The failure to vote or failure to instruct your bank or broker with respect to the adjournment proposal, however, will have no effect on the adjournment proposal.

**Q: Can I attend the special meeting and vote my shares in person?**

A: Yes. All shareholders, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of PBOC common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. PBOC reserves the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meeting is prohibited without PBOC's express written consent.

**Q: Can I change my vote?**

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to PBOC's corporate secretary, (3) voting again by telephone or the Internet or (4) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by PBOC after the vote will not affect the vote. PBOC's corporate secretary's mailing address is: Secretary, The Private Bank of California, 10100 Santa Monica Boulevard, Suite 2500, Los Angeles, California, 90067. If you hold your shares in street name through a bank or broker, you should contact your bank or broker to revoke your proxy.

**Q: Will PBOC be required to submit the proposal to approve the merger agreement to its shareholders even if PBOC's board of directors has withdrawn, modified or qualified its recommendation?**

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A: Yes. Unless the merger agreement is terminated before the PBOC special meeting, PBOC is required to submit the proposal to approve the merger agreement to its shareholders even if PBOC's board of directors has withdrawn or modified its recommendation.

**Table of Contents**

**Q: What are the U.S. federal income tax consequences of the merger to PBOC shareholders?**

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, and U.S. holders of PBOC common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of PBOC common stock for shares of First PacTrust common stock in the merger, except that U.S. holders will recognize gain (but not loss) to the extent of the amount of any cash received in the merger.

For further information, see Material U.S. Federal Income Tax Consequences of the Merger.

*The U.S. federal income tax consequences described above may not apply to all holders of PBOC common stock. A holder's tax consequences will depend on its individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.*

**Q: What if I want to exercise dissenters' rights?**

A: If you want to exercise dissenters' rights and receive the fair value of your PBOC shares in cash instead of the merger consideration described in this proxy statement/prospectus, your shares must not be voted FOR approval of the merger agreement, and you must follow other procedures after the meeting, as described in Annex C. If you return a signed proxy without voting instructions or with instructions to vote FOR the merger agreement, your shares will be automatically voted in favor of the merger agreement and you will lose dissenters' rights. Thus, if you wish to dissent and you execute and return a proxy, you must specify that your shares are to be either voted AGAINST or ABSTAIN with respect to approval of the merger.

**Q: If I am a PBOC shareholder, should I send in my PBOC stock certificates now?**

A: No. Please do not send in your PBOC stock certificates with your proxy. After the merger, an exchange agent designated by First PacTrust will send you instructions for exchanging PBOC stock certificates for the merger consideration. See The Merger Agreement Conversion of Shares; Exchange of Certificates.

**Q: What should I do if I hold my shares of PBOC common stock in book-entry form?**

A: You are not required to take any specific actions if your shares of PBOC common stock are held in book-entry form, and you may vote your shares in the same manner as certificated shares may be voted. After the completion of the merger, shares of PBOC common stock held in book-entry form automatically will be exchanged for the merger consideration, including shares of First PacTrust common stock in book-entry form, and any cash to be received in the merger.

**Q: Whom may I contact if I cannot locate my PBOC stock certificate(s)?**

A: If you are unable to locate your original PBOC stock certificate(s), you should contact Computershare at 800-962-4284.

**Q: When do you expect to complete the merger?**

A:

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PBOC, Beach and First PacTrust expect to complete the merger during the second or third quarter of 2013. However, neither PBOC nor First PacTrust can assure you when or if the merger will occur. PBOC, Beach and First PacTrust must first obtain the approval of PBOC shareholders at the special meeting.

**Q: Whom should I call with questions?**

A: If you have any questions concerning the merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of PBOC common stock, please contact: Georgeson, Inc., PBOC's proxy solicitor, at 866-295-3782 or pbca@georgeson.com. Banks and brokerage firms should call Georgeson at 212-440-9800.

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**Table of Contents**

**SUMMARY**

**This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to carefully read the entire proxy statement/prospectus, including the appendices, and the other documents to which we refer in order to fully understand the merger. See **Where You Can Find More Information**. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.**

**In the Merger, PBOC Shareholders Will Receive Cash and Shares of First PacTrust Common Stock (page 39)**

If the merger is completed, each holder of PBOC common stock outstanding immediately prior to the completion of the merger will receive his, her or its proportional share of (1) 2,083,333 shares of First PacTrust common stock and (2) \$24,887,513 in cash, in each case subject to certain adjustments. Based on the number of PBOC common shares outstanding as of May 7, 2013, each share of PBOC common stock would have been converted into 0.5379 shares of First PacTrust common stock and \$6.43 in cash if the merger had been completed as of that date. The exact number of First PacTrust shares and amount of cash you may be entitled to receive in the merger will depend on the number of PBOC common shares outstanding on the date the merger is actually completed.

The merger consideration is subject to the following adjustment: if the value of the merger consideration, calculated using \$12.00 as the value of one share of First PacTrust common stock, would otherwise exceed an amount equal to 1.30 times PBOC's tangible common equity as of the last business day of the month before the closing of the merger (after subtracting from tangible common equity certain unaccrued one-time PBOC merger-related costs and expenses), then the cash portion of the merger consideration will be adjusted downward until the value of the merger consideration is equal to such amount.

First PacTrust will not issue any fractional shares of First PacTrust common stock in the merger. PBOC shareholders who would otherwise be entitled to a fractional share of First PacTrust common stock upon the completion of the merger will instead receive an amount in cash calculated using \$12.00 as the value of one share of First PacTrust common stock.

*For example, if you hold 10 shares of PBOC common stock and there are 3,900,000 shares of PBOC common stock outstanding at the time the merger is completed, you will receive 5 shares of First PacTrust common stock and a total cash payment of \$67.91 (i.e., 2,083,333 divided by 3,900,000, multiplied by 10 = 5.3419 shares, and (A) \$24,887,513 divided by 3,900,000, multiplied by 10 = \$63.81, plus (B) 0.3419 multiplied by \$12.00 = 4.10, which represents a cash payment instead of the 0.3419 fractional shares of First PacTrust common stock that you otherwise would have received).*

The merger agreement governs the merger. The merger agreement is included in this proxy statement/prospectus as Annex A. Please read the merger agreement carefully. All descriptions in this summary and elsewhere in this proxy statement/prospectus of the terms and conditions of the merger are qualified by reference to the merger agreement.

**PBOC's Board of Directors Unanimously Recommends that PBOC Shareholders Vote **FOR** Approval of the Merger Agreement (page 33)**

PBOC's board of directors determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of PBOC and its shareholders and

## **Table of Contents**

has unanimously approved the merger and the merger agreement. PBOC's board of directors unanimously recommends that PBOC shareholders vote FOR approval of the merger agreement. For the factors considered by PBOC's board of directors in reaching its decision to approve the merger agreement, see The Merger PBOC's Reasons for the Merger; Recommendation of PBOC's Board of Directors.

### **Milestone Advisors, LLC Has Provided an Opinion to PBOC's Board of Directors Regarding the Merger Consideration (page 44 and Annex B)**

On August 21, 2012, Milestone Advisors, LLC, PBOC's financial advisor in connection with the merger, which we refer to as Milestone, rendered its oral opinion to PBOC's board of directors, subsequently confirmed in writing, that as of such date and based upon and subject to the assumptions, procedures, considerations, qualifications and limitations set forth in the written opinion, the merger consideration was fair, from a financial point of view, to the holders of shares of PBOC common stock.

The full text of Milestone's opinion, dated August 21, 2012, is attached as Annex B to this proxy statement/prospectus. You should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Milestone in rendering its opinion.

Milestone's opinion is directed to PBOC's board of directors, addresses only the fairness of the merger consideration from a financial point of view to the holders of shares of PBOC common stock on the date the opinion was rendered, and does not address any other aspect of the merger or constitute a recommendation as to how any shareholders of PBOC should vote at any shareholder meeting held in connection with the merger.

For further information, see The Merger Opinion of Milestone Advisors, LLC.

### **What Holders of PBOC Stock Options and Other Equity-Based Awards Will Receive (page 63)**

The merger agreement provides that each option to acquire PBOC common stock, which we refer to as a PBOC option, that is outstanding immediately prior to the completion of the merger, other than PBOC options held by certain persons who have entered into the PBOC option cancellation agreements, as described below, will be converted into an option to purchase a number of whole shares of First PacTrust common stock (rounded down to the nearest whole share) equal to the number of shares of PBOC common stock subject to such PBOC option immediately prior to the completion of the merger multiplied by a fraction, which we refer to as the option exchange ratio (as described below), at a per-share exercise price (rounded up to nearest whole penny) equal to the per-share exercise price for each such PBOC common share subject to such PBOC option immediately prior to the completion of the merger divided by the option exchange ratio. The option exchange ratio is a fraction, the numerator of which is the per share merger consideration value and the denominator of which is \$12.00. The First PacTrust options issued in exchange for PBOC options will otherwise be issued on substantially similar aggregate terms and conditions (including with respect to vesting) as applied to each PBOC option immediately prior to the completion of the merger. First PacTrust may convert the PBOC options into options issued pursuant to an existing benefit plan of First PacTrust or its affiliates, so long as such conversion does not materially and adversely affect the holders of the PBOC options and is consistent with the above-described adjustment provisions.

Each restricted share of PBOC common stock that is outstanding immediately prior to the closing of the merger, which we refer to as a PBOC restricted share, will, under its terms, vest in full and become free of all restrictions as of the closing of the merger. At the closing of the merger, the holder of any such PBOC restricted shares will be entitled to receive the merger consideration in respect of each of his or her PBOC restricted shares. For more information, see The Merger Interests of PBOC's Directors and Executive Officers in the Merger.

## **Table of Contents**

### **PBOC Will Hold its Special Meeting on June 20, 2013 (page 33)**

The special meeting of PBOC shareholders will be held on June 20, 2013, at 3:30 p.m. local time, at PBOC's principal executive offices, 10100 Santa Monica Boulevard, Suite 2500, Los Angeles, CA 90067. At the special meeting, PBOC shareholders will be asked to:

approve the merger agreement and the transactions it contemplates; and

approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the approval of the merger agreement, which we refer to as the adjournment proposal.

Only holders of record at the close of business on May 7, 2013 will be entitled to vote at the special meeting. Each share of PBOC common stock is entitled to one vote on each proposal to be considered at the PBOC special meeting. As of the record date, there were 3,872,801 shares of PBOC common stock entitled to vote at the special meeting. Each of the directors of PBOC and certain of the executive officers and other shareholders of PBOC have entered into voting agreements with First PacTrust, pursuant to which they have agreed, solely in their capacity as PBOC shareholders, to vote all of their shares of PBOC common stock in favor of the proposals to be presented at the special meeting. As of the record date, PBOC directors, executive officers and other shareholders who are parties to the voting agreements were entitled to vote an aggregate of approximately 1,327,167 shares of PBOC common stock, representing approximately 34.27% of the PBOC common stock outstanding on that date. As of the record date, the directors and executive officers of PBOC were entitled to vote approximately 691,197 shares of PBOC common stock representing approximately 17.85% of the shares of PBOC common stock outstanding on that date. As of the record date, First PacTrust and its subsidiaries held no shares of PBOC common stock (other than shares held as fiduciary, custodian or agent), and its directors and executive officers or their affiliates held 100 shares of PBOC common stock.

To approve the merger agreement, holders of a majority of the outstanding shares of PBOC common stock entitled to vote at the special meeting must vote in favor of approving the merger agreement. Because approval is based on the affirmative vote of a majority of the shares outstanding, your failure to vote, failure to instruct your bank or broker how to vote with respect to the proposal to approve the merger agreement or abstention will have the same effect as a vote against approval of the merger agreement.

Approval of the adjournment proposal requires the affirmative vote of a majority of shares of PBOC common stock entitled to vote on, and represented in person or by proxy at the special meeting, even if less than a quorum. Because approval of the adjournment proposal is based on the affirmative vote of a majority of shares voting or expressly abstaining at the special meeting, abstentions will have the same effect as a vote against such proposal. The failure to vote or failure to instruct your bank or broker how to vote with respect to the adjournment proposal, however, will have no effect on such proposal.

### **PBOC's Officers and Directors Have Financial Interests in the Merger that Differ from Your Interests (page 52)**

PBOC shareholders should be aware that PBOC's directors and executive officers have interests in the merger that are different from, or in addition to, those of PBOC shareholders generally. These interests may create potential conflicts of interest. PBOC's board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement and in recommending that PBOC's shareholders vote in favor of approving the merger agreement. These interests include:

PBOC has entered into agreements, which we refer to as the PBOC option cancellation agreements, with many of its optionholders who held in the money options, including current and former directors, none of whom will be directors of First PacTrust, and certain executive officers, pursuant to which each such person has agreed not to exercise his or her outstanding options prior to the effective



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**Table of Contents**

time of the merger and PBOC will pay to the optionholder for each share covered by his or her options an amount equal to the per share merger consideration value (based on a First PacTrust share value of \$12.00 per share) minus the per share exercise price of the options. PBOC has also entered into an option cancellation agreement with Joyce Kaneda, an executive officer of PBOC, pursuant to which she was paid \$159,555.

PBOC has employment agreements with David Misch, its Chief Executive Officer, and Richard Smith, its President, and change in control agreements with Suzanne Dondanville, Joyce Kaneda and Nick Zappia, all of whom are executive officers of PBOC. In general, and as described in this summary and more fully in the disclosures under *The Merger* *Interests of PBOC's Directors and Executive Officers in the Merger*, each of these agreements provides for lump sum cash severance payments and other benefits upon a qualifying termination of employment following a change in control of PBOC (as defined in the respective agreements). The merger would constitute a change in control under each of these agreements. If the merger is completed, however, each of these agreements will be wholly or partially superseded by an agreement or plan entered into with or adopted by PBOC or First PacTrust in anticipation of the merger, as described in the summary below and more fully in the disclosures under *The Merger* *Interests of PBOC's Directors and Executive Officers in the Merger*.

PBOC's employment agreement with Mr. Misch was for an original term of three years ending January 4, 2013 and has been extended until the closing date of the merger, the termination of the merger agreement, or August 21, 2013, whichever occurs first. Under the agreement, among other things, Mr. Misch receives a base salary of not less than \$285,000 and is generally entitled to receive benefits under and participate in benefit plans of PBOC. Under the agreement, in the event of a qualifying termination of employment following a change in control in the Bank (as defined in the agreement), Mr. Misch will receive a lump sum cash severance payment equal to one times the highest annual cash compensation paid to him during the three years preceding the change in control and continuation of medical benefits for a period of twelve months; provided, however, that the amount of any benefits to be paid under the agreement in the event of a change in control would be limited to the amounts allowed as deductible payments pursuant to Section 280G of the Internal Revenue Code. Mr. Misch entered into a new employment agreement with First PacTrust that, upon the effective time of the merger, supersedes his existing employment agreement with PBOC in its entirety.

First PacTrust has entered into a three-year employment agreement with Mr. Misch that becomes effective upon the completion of the merger. Under the agreement, Mr. Misch will be Executive Vice President and Chief Risk Officer, receive an annual base salary of not less than \$350,000, a guaranteed minimum bonus of \$100,000 for 2013 (subject to continued employment through December 31, 2013), a grant of an option to purchase 100,000 shares of First PacTrust common stock (which options vest in ratable installments on each of the first, second and third anniversaries of the completion of the merger, subject to his continued employment through the applicable vesting date, and in full upon a severance-qualifying termination under the terms of the agreement) and, in the event Mr. Misch either resigns for any reason from January 1, 2014 through June 30, 2014 or incurs a severance-qualifying termination at any time during the term of the agreement, \$250,000 in cash severance paid in installments and health care continuation cost reimbursements, for 18 months after termination.

Mr. Smith's employment agreement with PBOC is for a term of three years commencing January 1, 2009, subject to automatic extension for subsequent one year periods unless notice to terminate the agreement is provided at least 180 days prior to the end of the then-current term. This agreement has been automatically extended. Under the agreement, among other things, Mr. Smith receives a base salary of \$329,200 per year plus other benefits, and, in the event of a qualifying termination of employment following a change in control in the Bank (as defined in the agreement), Mr. Smith will receive a lump sum cash payment equal to one times the highest annual cash compensation paid to him during the three years preceding the change in control and continuation of medical benefits for a period

**Table of Contents**

of twelve months. Mr. Smith entered into a retention agreement with First PacTrust that, upon the effective time of the merger, supersedes the above-described change-in-control severance provision in his existing employment agreement with PBOC in its entirety.

First PacTrust has entered into a retention agreement with Mr. Smith that becomes effective upon the completion of the merger. Pursuant to the agreement, Mr. Smith is entitled to receive two, equal, lump-sum retention bonus installments in an aggregate amount of \$404,200, subject to his continued employment through 90 days and 18 months after the completion of the merger. Upon a qualifying termination of employment after the completion of the merger and prior to the applicable retention bonus payment date, Mr. Smith is entitled to receive payment of any unpaid installments, and a lump-sum payment of the base salary that would have been paid to him through the 18-month anniversary of the completion of the merger had his employment not been terminated.

The Bank has also entered into change in control agreements with Suzanne Dondanville, Joyce Kaneda and Nick Zappia, which provide that in the event of a qualifying termination of employment of the executive following a change in control in the Bank (as defined in the agreement), the executive will receive a lump sum cash payment equal to one times the highest annual cash compensation paid to him or her during the three years preceding the change in control and continuation of medical benefits for a period of twelve months. The payments under the change in control agreements (and any other payments made to the executives in connection with such a change in control of the Bank) are reduced to the applicable executive's safe harbor amount under Sections 280G and 4999 of the Internal Revenue Code if the payment of such amounts would cause the executive's total payments to be subject to the excise tax under Section 4999 of the Internal Revenue Code. Although the Bank previously entered into such change in control agreements with Suzanne Dondanville, Joyce Kaneda and Nick Zappia, each of Mss. Dondanville and Kaneda entered into severance and retention arrangements with PBOC, and Mr. Zappia entered into a retention agreement with First PacTrust, which, upon the effective time of the merger, supersede the above-described change-in-control severance provisions in their existing agreements with PBOC in their entirety.

First PacTrust has entered into a retention agreement with Mr. Zappia that becomes effective upon the completion of the merger. Pursuant to Mr. Zappia's agreement, he would be entitled to receive two, equal, lump