FIRST PACTRUST BANCORP INC
Form 424B3
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Registration No. 333-170621
PROSPECTUS

4,583,390 Shares of Voting Common Stock

1,036,156 Shares of Non-Voting Common Stock

Warrants to Purchase 1,635,000 Shares of Non-Voting Common Stock

This prospectus relates to the offer and sale by the selling securityholders identified in this prospectus, and any of their pledgees, donees, transferees or other successors in interest, of the following securities:

- an aggregate of 4,583,390 shares of common stock ("Voting Common Stock"), including 4,418,390 shares issued to certain of the selling securityholders in connection with a private placement exempt from the registration requirements of the Securities Act of 1933 that we completed on November 1, 2010 and 165,000 shares underlying an option we issued to a selling securityholder in connection with the private placement;

- 1,036,156 shares of Class B Non-Voting Common Stock ("Non-Voting Common Stock," and together with the Voting Common Stock, "Common Stock") issued to a selling securityholder in connection with the private placement; and

- warrants ("Warrants") issued in connection with the private placement to certain of the selling securityholders to purchase in the aggregate up to 1,635,000 shares of Non-Voting Common Stock and the shares of Common Stock issuable upon exercise of the Warrants. The Warrants will be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock following the transfer of the Warrants in a widely dispersed offering or in other limited circumstances.

In this prospectus, we collectively refer to the shares of Voting Common Stock, Non-Voting Common Stock, the Warrants and the shares of Common Stock issuable upon exercise of the Warrants as the "Securities." We are registering the offer and sale of the Securities covered by this prospectus to satisfy registration rights we have granted. We will not receive any of the proceeds from the sale of the Securities by selling securityholders.

An investment in the Securities involves risks. You should carefully consider all of the information set forth in this prospectus, including the risk factors beginning on page 5 of this prospectus, as well as the risk factors and other information contained in any documents we incorporate by reference into this prospectus before investing in any of the Securities. See "Information Incorporated by Reference."

The selling securityholders may offer the Securities from time to time directly or through underwriters, broker-dealers or agents and in one or more public or private transactions and at fixed prices, at prevailing market prices, at prices related to prevailing market prices, at various prices determined at the time of sale or otherwise or at negotiated prices. If the Securities are sold through underwriters, broker-dealers or agents, the selling securityholders (or the purchasers of the Securities as negotiated with the selling securityholders) will be responsible for underwriting discounts or commissions or agent commissions, if any. The registration of the Securities does not necessarily mean that any of the Securities will be sold by the selling securityholders. The timing and amount of any sale is within the selling securityholder's sole discretion, subject to certain restrictions. See "Plan of Distribution."

Our Voting Common Stock is listed on the NASDAQ Global Market under the symbol FPTB. The closing price per share of our Voting Common Stock on November 23, 2010 as reported on the NASDAQ Global Market was $11.36. There is currently no established trading market for the Non-Voting Common Stock or the Warrants. We currently do not intend to apply for listing of the Non-Voting Common Stock or the Warrants on any securities exchange or for inclusion in any automated quotation system.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The securities offered by this prospectus are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is November 23, 2010.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration, or continuous offering, process. Under this process, the selling securityholders may from time to time sell or otherwise dispose of the Securities described in this prospectus in one or more offerings.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the selling securityholders have not, authorized anyone to provide you with information different from that contained in this prospectus. The selling securityholders are offering to sell, and seeking offers to buy, our Securities only in jurisdictions where it is lawful to do so. You should assume that the information appearing in this prospectus and the documents incorporated by reference is accurate only as of their respective dates, regardless of the time of delivery of this prospectus or any sale of the Securities.

All references in this prospectus to "we," "us," "our" or similar references mean First PacTrust Bancorp, Inc. and its consolidated subsidiaries and all references in this prospectus to "First PacTrust Bancorp" mean First PacTrust Bancorp, Inc. excluding its subsidiaries, in each case unless otherwise expressly stated or the context otherwise requires. When we refer to "Pacific Trust Bank" in this prospectus, we mean our subsidiary, Pacific Trust Bank, which is a federal savings bank. We sometimes refer to Pacific Trust Bank as the "Bank."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These forward-lookin statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the forward-looking statements, including:

- continuation or worsening of current recessionary conditions, as well as continued turmoil in the financial markets;
- our ability to implement our acquisition strategy and the applicability of the Federal Deposit Insurance Corporation ("FDIC") Statement of Policy on Qualifications for Failed Bank Acquisitions to us;
- the credit risks of lending activities, which may be affected by further deterioration in the real estate market, may lead to increased loan delinquencies, losses and nonperforming assets in our loan portfolios, 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;
- changes in general economic conditions, either nationally or in our market areas;
- changes in the levels of general interest rates, and the relative differences between short- and long-term interest rates, deposit interest rates, our net interest margin and funding sources;
- fluctuations in the demand for loans, the number of unsold homes and other properties and fluctuations in commercial and residential real estate values in our market area;

- results of examinations of us by the Office of Thrift Supervision (the "OTS") or by other regulatory authorities, including our compliance with the memorandum of understanding to which we are currently subject 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;

- legislative or regulatory changes that adversely affect our business, including changes in the interpretation of regulatory capital or other rules;
- our ability to control operating costs and expenses;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we have acquired or may in the future acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any related goodwill charges;
- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges;
- errors in our estimates in determining fair value of certain of our assets, which may result in significant declines in valuation;
- the network and computer systems on which we depend could fail or experience a security breach;
- our ability to attract and retain key members of our senior management team;
- costs and effects of litigation, including settlements and judgments;
- increased competitive pressures among financial services companies;
- changes in consumer spending, borrowing and savings habits;
- adverse changes in the securities markets;
- earthquake, fire or other natural disasters affecting the condition of real estate collateral;
- the availability of resources to address changes in laws, rules, or regulations or to respond to regulatory actions;
- inability of key third-party providers to perform their obligations to us;
- changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board or their application to our business or final audit adjustments, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods;
- war or terrorist activities; and
- other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described elsewhere in this prospectus and the incorporated documents.

Some of these and other factors are discussed in this prospectus under the caption "Risk Factors" and elsewhere in this prospectus and in the incorporated documents. The development of any or all of these factors could have an adverse impact on our financial condition and our results of operations.

Any forward-looking statements are based upon management's beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this prospectus or the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus and may not contain all the information that is important to you in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you and the information incorporated by reference into this prospectus, before deciding whether to invest in our securities. You should pay special attention to the "Risk Factors" section of this prospectus to determine whether an investment in our securities is appropriate for you.

First PacTrust Bancorp, Inc.

First PacTrust Bancorp, Inc. is a savings and loan holding company incorporated in the State of Maryland. We are primarily engaged in the business of planning, directing and coordinating the business activities of our wholly owned subsidiary, Pacific Trust Bank, a federal savings bank. We are a community-oriented financial institution offering a variety of financial services to meet the needs of the communities we serve. We are headquartered in Chula Vista, California, a suburb of San Diego, California, and currently have nine banking offices primarily serving San Diego and Riverside Counties in California. We recently announced our agreement to acquire a bank branch building in La Jolla, California from the FDIC, which we expect to open in the first quarter of 2011, subject to regulatory approval.

Our principal business consists of attracting retail deposits from the general public and investing these funds primarily in permanent loans secured by first mortgages on owner-occupied, one-to four- family residences and a variety of consumer loans. We also originate loans secured by multi-family and commercial real estate and, to a limited extent, commercial business loans. First PacTrust Bancorp is currently subject to regulation by the OTS and the Bank is subject to regulation by the OTS and the FDIC. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), on July 21, 2011 (unless extended for up to six months), the responsibility and authority of the OTS to regulate savings and loan holding companies, including First PacTrust Bancorp, will be transferred to the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") and the responsibility and authority of the OTS to regulate federal savings banks, including Pacific Trust Bank, will be transferred to the Office of the Comptroller of the Currency (the "OCC").

As of September 30, 2010, we had total consolidated assets of $862.7 million, total net loans of $689.1 million, total deposits of $684.8 million and total stockholders' equity of $98.9 million.

Recently Completed Private Placement

On November 1, 2010, we substantially increased our common equity by completing a private placement to select institutional and other accredited investors of 4,418,390 shares of our common stock (the "Voting Common Stock") and 1,036,156 shares of newly designated Class B Non-Voting Common Stock (the "Non-Voting Common Stock" and together with the Voting Common Stock, the "Common Stock") at a price of $11.00 per share, providing us with aggregate gross proceeds of $60.0 million. The shares of Common Stock we issued in the private placement are being offered for resale pursuant to this prospectus. Also included among the securities being offered for resale pursuant to this prospectus are warrants (the “Warrants”) we issued in connection with the private placement that are exercisable for an aggregate of 1,635,000 shares of Non-Voting Common Stock at an exercise price of $11.00 per share, as well as the shares of Common Stock underlying the Warrants. The Warrants will be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock following the transfer of the Warrants in a widely dispersed offering or in other limited circumstances. In addition, the securities being offered for resale pursuant to this prospectus include the shares of Voting Common Stock issuable upon exercise of an option (the “Founder’s Option”) to purchase 165,000 shares of Voting Common Stock at an exercise price of $11.35 per share that we granted on November 1, 2010 to Gregory A. Mitchell in recognition of the substantial assistance he provided to us in connection with our raising of additional capital through the private placement. As noted below, Mr. Mitchell is now our President and Chief Executive Officer.

The primary purpose of the private placement was to enable us to repurchase all of the $19.3 million of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (“Series A Preferred Stock”), that we issued to the U.S. Department of the Treasury (the “U.S. Treasury”) on November 21, 2008 pursuant to the TARP Capital Purchase Program and to pursue organic growth and strategic opportunities in our target markets, including acquisitions. Subject to approval of the U.S. Treasury and the OTS, we expect to complete the repurchase of the Series A

Preferred Stock in the fourth quarter of 2010 and also plan to negotiate with the U.S. Treasury for the repurchase of the ten-year warrant to purchase 280,795 shares of Common Stock at an exercise price of $10.31 per share that we issued to the U.S. Treasury on November 21, 2008.

For additional information regarding the private placement, see "Summary of the Underlying Transaction."

Enhancement of Management Team

In conjunction with the completion of the private placement, on November 1, 2010, we appointed Mr. Mitchell as President and Chief Executive Officer of First PacTrust Bancorp. Mr. Mitchell succeeded Hans R. Ganz, who will remain a director of First PacTrust Bancorp and continue to serve as President and Chief Executive Officer of Pacific Trust Bank. Mr. Mitchell had been serving as a consultant to us since May 2010. Prior to becoming a consultant to us, Mr. Mitchell served in various roles with California National Bank, including Chief Executive Officer and President, from 2001 until October 2009 when it was seized by the FDIC as part of the closing of all nine bank subsidiaries of California National Bank's parent, FBOP Corporation. Prior to joining California National Bank, Mr. Mitchell was a Managing Director with Hovde Financial, an affiliate of Hovde Securities, LLC (our placement agent for the private placement), where he was responsible for the formation and management of its West Coast investment banking, financial advisory and fund management practice. Mr. Mitchell also served for ten years with the OTS where he was responsible for, among other things, helping to recapitalize and restructure troubled thrift institutions.

Mr. Mitchell and Steven Sugarman have been appointed as directors of First PacTrust Bancorp and Pacific Trust Bank. Mr. Sugarman is the founder and Chief Executive Officer of COR Capital LLC, a Southern California based investment firm. Previously, Mr. Sugarman founded a $2 billion investment advisory firm focused on public equities and worked as a management consultant at McKinsey & Company and an investment advisor at Lehman Brothers

In addition to Mr. Mitchell, planned new hires include the following: chief retail officer; chief administrative officer; loan and core deposit production personnel; chief credit officer along with a commercial lending team; chief risk officer; and capital markets personnel. We believe the enhancement of our management team with these new hires will better enable us to pursue a more robust commercial banking strategy into potentially more profitable loan categories, including commercial real estate and commercial and industrial, and business lines, including small business banking, servicing, asset management and secondary portfolio acquisitions.

Growth Strategy

We have a three-part growth strategy: organic growth; traditional mergers and acquisitions and FDIC-assisted acquisitions. Each component of this strategy is discussed below.

Organic Growth. By strengthening our management as discussed above, we believe we can grow within our existing market areas of San Diego and Riverside counties while also expanding into Los Angeles and Orange counties. Toward this end, we plan to open new retail banking locations and staff them with bankers well known in the community, expand our loan and deposit product offerings and establish strong commercial lending and community banking relationships. To diversify our loan portfolio, we will seek to originate high quality commercial real estate and commercial and industrial loans.

Traditional Mergers and Acquisitions. We plan to selectively explore merger and acquisition opportunities, initially with a focus on banks with less than $1.0 billion in assets. We believe that mergers and acquisitions can provide a number of strategic benefits to the development of our franchise, including access to new markets, products and personnel.

FDIC-Assisted Transactions. We believe that there continues to be opportunities for us to grow through FDIC-assisted acquisitions. We expect our current focus in this area to be on institutions with assets of $500 million or less.

Additional Information

Our Voting Common Stock is traded on the NASDAQ Global Market under the ticker symbol “FPTB.” Our principal executive offices are located at 610 Bay Boulevard, Chula Vista, California 91910. Our telephone number is (619) 691-1519.

Additional information about us is contained in the reports we file with the Securities and Exchange Commission. See “Where You Can Find More Information.”

The Offering

Securities offered by the Selling Securityholders:	The 4,418,390 shares of Voting Common Stock issued to certain selling securityholders in the private placement; The 1,036,156 shares of Non-Voting Common Stock issued to TCW Shared Opportunity Fund V, L.P., one of the selling securityholders, in the private placement; A Warrant issued in connection with the private placement to TCW Shared Opportunity Fund V, L.P. to purchase 240,000 shares of Non-Voting Common Stock at any time prior to 5:00 p.m., New York time, on November 1, 2015, at an exercise price of $11.00 per share, subject to adjustment as provided in the Warrant. This Warrant is sometimes referred to in this prospectus as the “TCW Warrant”; A Warrant issued in connection with the Private Placement to COR Advisors LLC to purchase 1,395,000 shares of Non-Voting Common Stock at an exercise price of $11.00 per share, subject to adjustment as provided in the Warrant. This Warrant will become exercisable with respect to 95,000 shares on January 1, 2011 and an additional

	130,000 shares on the first day of each of the next ten calendar quarterly periods beginning with April 1, 2011, subject to earlier vesting upon a change in control of our company or in the discretion of our board of directors. This Warrant is exercisable with respect to each vesting tranche for five years after the tranche's vesting date. This Warrant is sometimes referred to in this prospectus as the "COR Advisors Warrant";
	The 1,635,000 shares of Common Stock issuable upon exercise of the Warrants, subject to adjustment as provided in the Warrants. The Warrants will be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock following the transfer of the Warrants in a widely dispersed offering or in other limited circumstances; and
	The 165,000 shares of Voting Common Stock issuable upon exercise of the Founder's Option.
Use of Proceeds:	We will not receive any proceeds from the sale of Securities by the selling securityholders. After a resale of the Warrants pursuant to this prospectus, if and when the Warrants are exercised by their holders, we may receive the applicable exercise price paid by such holders, which if exercised in full for cash, at the exercise price of $11.00 per share, would total approximately $18.0 million. However, we may not receive

	all of such proceeds even if the Warrants are exercised because the Warrants allow for a "cashless exercise," whereby in lieu of receiving payment of the exercise price in cash, we withhold from issuance a number of shares having an aggregate market value equal to the aggregate exercise price. In addition, we will not receive any proceeds from any subsequent resale of the shares underlying the Warrants. We intend to use any proceeds for general corporate purposes and working capital requirements.
NASDAQ Symbol:	Our Voting Common Stock is listed on the NASDAQ Global Market under the symbol FPTB. There is currently no established trading market for the Non-Voting Common Stock or the Warrants. We currently do not intend to apply for listing of the Non-Voting Common Stock or the Warrants on any securities exchange or for inclusion in any automated quotation system.

RISK FACTORS

An investment in our securities is subject to certain risks. You should carefully review the following risk factors before deciding whether an investment in our securities is suited to your particular circumstances. The risk factors set forth below are not the only risks that may affect us but do represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may materially and adversely affect our business, financial condition and results of operations. The value or market price of our securities could decline due to any of these identified or other risks, and you could lose all or part of your investment. You should carefully consider the risks described below and the risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and other filings with the U.S. Securities and Exchange Commission incorporated by reference into this prospectus, before making an investment decision. See "Information Incorporated by Reference."

Risks Related to Our Market and Business

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

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

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

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

If we do not successfully execute our acquisition growth plan, it could adversely affect our business, financial condition, results of operations, reputation and growth prospects. In addition, if we were to conclude that the value of an acquired business had decreased and that the related goodwill had been impaired, that conclusion would result in an impairment of goodwill charge to us, which would adversely affect our results of operations. While we believe we will have the executive management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or that we will successfully manage our growth.

We may seek to engage in FDIC-assisted transactions in the future, which could present additional risks to our business.

We hope to have opportunities to acquire the assets and liabilities of failed depository institutions in FDIC-assisted transactions. Although these transactions sometimes provide for mitigatation of certain of the acquiror's risks, such as the FDIC's sharing exposure to loan losses and providing indemnification

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against certain liabilities of the failed institution, we would be subject to many of the same risks we would face in acquiring another institution in a negotiated transaction, including risks associated with maintaining customer relationships and failure to realize the anticipated acquisition benefits in the amounts and within the timeframes we expect. In addition, because FDIC-assisted transactions are structured in a manner that would not allow us the time and access to information normally associated with preparing for and evaluating an acquisition, we may face additional risks in FDIC-assisted transactions, including additional strain on management resources, management of problem loans, problems related to integration of personnel and operating systems and impact to our capital resources requiring us to raise additional capital. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered in connection with any FDIC-assisted transactions. Our inability to overcome these risks could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to successfully execute our business strategy.

Moreover, even though we may desire to participate in an FDIC-assisted transaction, we can offer no assurances that the FDIC would allow us to participate, in light of the regulatory memorandum of understanding to which we are currently subject (described below under "The Bank is subject to a memorandum of understanding with the Office of Thrift Supervision, which imposes certain requirements and restrictions on the Bank") or due to other factors, or what the terms of such transaction might be or whether we would be successful in acquiring the bank or assets and/or deposits that we are seeking. In this regard, we may face competition from other financial institutions with respect to proposed FDIC-assisted transactions. To the extent that our competitors are selected to participate in FDIC-assisted transactions, our ability to identify acquisition candidates and/or make acquisitions on favorable terms may be adversely affected.

The FDIC has broad discretion to establish the terms and conditions upon which it approves such an acquisition, including the applicability of the FDIC's recently adopted Statement of Policy on the Acquisition of Failed Insured Depository Institutions (the "Statement"). The Statement provides guidance concerning the standards for more than de minimis investments in acquirors of deposit liabilities and the operations of failed insured depository institutions. By its terms, the Statement does not apply to investors with 5% or less of the total voting power of an acquired depository institution or its bank or thrift holding company (provided there is no evidence of concerted action by these investors). The FDIC has stated that the determination of whether there is "concerted action" will be made on a "facts and circumstances analysis." Where applicable, among other things, investors deemed subject to the Statement are prohibited from selling or otherwise transferring their securities for a three-year period following the date of the acquisition of the failed institution. Furthermore, among other restrictions, the resulting institution must maintain a ratio of Tier 1 common equity to total assets of at least 10% for a period of three years from the time of acquisition; thereafter, the resulting institution must maintain capital such that it is "well capitalized" during the remaining period of ownership by the covered investors. It is not possible to predict whether or how the Statement will affect our business strategy or whether the Statement will make the acquisition of assets and/or deposits from failed banks or thrifts more burdensome, time consuming and/or costly than if the Statement did not apply.

Although the proceeds of our recently completed private placement may be used in part for FDIC-assisted transactions, because of the lack of precedent of the FDIC's application of the Statement, it is unclear exactly how, if at all, the Statement will apply to us and to investors in the private placement (and to transferees of these investors). In anticipation of the possibility that the FDIC could make compliance with the Statement a condition to our participation in FDIC-assisted transactions, each of the private placement investors (except for TCW Shared Opportunity V, L.P.) agreed to be bound by such restriction on transfer as the FDIC may impose, for up to three years from the date of the latest of any FDIC assisted transactions in which we participate. Until such time as any such transfer restriction is imposed, however, these investors are free to sell or otherwise transfer the securities they acquired in the private placement, subject to compliance with applicable securities laws. Although the agreement of these investors to abide by any FDIC-imposed transfer restriction applies to transferees of their securities, we may be unable to enforce that agreement against transferees. Accordingly, resales by private placement investors, whether pursuant to this prospectus or otherwise, could affect our ability to comply with the Statement. Our inability or failure to comply with the Statement, to the extent it is determined by the FDIC to be applicable to us, could preclude us from participating in FDIC-assisted transactions.

The Bank is subject to a memorandum of understanding with the Office of Thrift Supervision, which imposes certain requirements and restrictions on the Bank.

In August 2009, the Bank entered into a memorandum of understanding (the "MOU") with the OTS to address certain concerns of the OTS following its examination of the Bank. The MOU requires the Bank to: (i) submit a three-year business plan to the OTS and provide to the OTS quarterly variance reports of the Bank's compliance with that plan; (ii) submit a non-traditional mortgage analysis plan to the OTS designed to ensure compliance with applicable regulatory guidance concerning the risks of that loan product type; (iii) adopt a concentrations risk management policy addressing concentration risks for loan types other than conforming single family residential loans and for all funding sources; (iv) submit a plan to the OTS to ensure the Bank's allowance for loan loss methodology is consistent with regulatory requirements and guidance and that the allowance is adequate at each quarter end; (v) adopt a pre-purchase analysis procedure that requires full documentation of all factors and research considered by management prior to the purchase of complex securities; (vi) provide the OTS with quarterly updates of problem assets; and (vii) refrain from increasing the dollar amount of brokered deposits above the amount held by the Bank as of June 30, 2009, excluding interest credited, without the prior written non-objection of the OTS.

The Bank believes it is currently in full compliance with the MOU but will remain subject to the MOU until such time as all or any portion of the MOU has been modified, suspended or terminated by the OTS. Failure by the Bank to comply fully with the terms of the MOU or any of the plans or policies adopted by the Bank pursuant to the MOU could result in further regulatory action against the Bank.

Worsening economic conditions could adversely affect our business.

Economic conditions in the United States in general and in California and in our operating markets may continue to deteriorate. Unemployment nationwide and in California has increased significantly through this economic downturn and is anticipated to increase or remain elevated for the foreseeable future. Availability of credit and consumer spending, real estate values, and consumer confidence have all declined markedly. The volatility of the capital markets and the credit, capital and liquidity problems confronting the U.S. financial system have not been resolved despite massive government expenditures and legislative efforts to stabilize the U.S. financial system. There is no assurance that such conditions will improve or be resolved in the foreseeable future.

The Bank conducts banking operations in, and substantially all of its real estate collateral is located in, the greater San Diego metropolitan area. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, fluctuations in interest rates, the availability of loans to potential purchasers, changes in tax laws and other statutes, regulations and governmental policies and acts of nature, such as earthquakes and natural disasters particular to California. If real estate values, including values of land held for development, continue to further decline, the value of real estate collateral securing our loans, including loans to our largest borrowing relationships, could be significantly reduced.

A further deterioration in economic conditions locally, regionally or nationally could result in a further economic downturn in Southern California area with the following consequences, any of which could further adversely affect our business:

- loan delinquencies and defaults may increase;
- problem assets and foreclosures may increase;
- demand for our products and services may decline;
- low cost or noninterest bearing deposits may decrease;
- collateral for loans may decline in value, in turn reducing our client’s borrowing power, and reducing the value of assets and collateral as sources of repayment, making it more likely that we may suffer a loss on existing loans;
- foreclosed assets may not be able to be sold;
- volatile securities market conditions could adversely affect valuations of investment portfolio assets; and
- reputational risk may increase due to public sentiment regarding the banking industry.

Conditions such as inflation, recession, unemployment, high interest rates, short money supply, scarce natural resources, international disorders, terrorism and other factors beyond our control may also adversely affect our results of operations. We do not have the ability of a larger institution to spread the risks of unfavorable local economic conditions across a large number of diversified economies. Any sustained period of increased payment delinquencies, foreclosures or losses caused by adverse market or economic conditions in Southern California could adversely affect the value of our assets, revenues, results of operations and financial condition.

We will depend on our key employees.

Our future prospects are and will remain highly dependent on our directors and executive officers. Our success will, to some extent, depend on the continued service of our directors and continued employment of the executive officers. The unexpected loss of the services of any of these individuals could have a detrimental effect on our business. On November 1, 2010, we appointed Gregory A. Mitchell as our President and Chief Executive Officer to help implement our business strategy of organic growth and growth by the acquisition of healthy, troubled or failed depository institutions. Although we have entered into an employment agreement with Mr. Mitchell, no assurance can be given that Mr. Mitchell will continue to be employed by us. We intend to enter into employment agreements with a number of other banking professionals with expertise in executing strategic plans centered on organic growth and acquisitions. Failure to hire or retain these individuals could adversely impact our ability to execute our plans.

Subject to the redemption of our Series A Preferred Stock issued to the U.S. Treasury pursuant to the TARP Capital Purchase Program, as required by the subscription agreements we entered into with investors in our recently completed private placement, we intend to use our reasonable best efforts to enter into an agreement with each of Hans R. Ganz, who was succeeded as our President and Chief Executive Officer by Mr. Mitchell but who remains President and Chief Executive Officer of the Bank, Executive Vice President and Treasurer James P. Sheehy, Executive Vice President of Lending Melanie M. Yaptangco, and three other senior executives (each, an "Executive") providing for the Bank to pay such Executive one-half of the amount that would have been due to such Executive pursuant to the severance agreement by and between such Executive and the Bank if our recently completed private placement had constituted a change in control event and the employment of the Executive had ceased. The cost of such payments is estimated to be $1.6 million and is intended to help facilitate the retention of the Executives. Notwithstanding these payments, there is no assurance that the Executives will continue to work for the Bank for any period of time. Should any of the Executives actually cease employment with the Bank (other than a termination by the Bank for cause) within the subsequent three years, they would be entitled to the balance of the severance amounts under their severance agreements.

The loss of Mr. Mitchell or any of the Executives could negatively affect our ability to achieve our growth strategy and could have a material adverse affect on our results of operations and financial condition.

A continuation of recent turmoil in the financial markets could have an adverse effect on our financial position or results of operations.

Beginning in 2008, United States and global financial markets have experienced severe disruption and volatility, and general economic conditions have declined significantly. Adverse developments in credit quality, asset values and revenue opportunities throughout the financial services industry, as well as general uncertainty regarding the economic, industry and regulatory environment, have had a marked negative impact on the industry. Dramatic declines in the U.S. housing market over the past two years, with falling home prices, increasing foreclosures and increasing unemployment, have negatively affected the credit performance of mortgage loans and resulted in significant write-downs of asset values by many financial institutions. The United States and the governments of other countries have taken steps to try to stabilize the financial system, including investing in financial institutions, and have also been working to design and implement programs to improve general economic conditions. Notwithstanding the actions of the United States and other governments, these efforts may not succeed in restoring industry, economic or market conditions and may result in adverse unintended consequences. Factors that could continue to pressure financial services companies, including the Company, are numerous and include (i) worsening credit quality, leading among other things to increases in loan losses and reserves, (ii) continued or worsening disruption and volatility in financial markets, leading among other things to continuing reductions in asset values, (iii) capital and liquidity concerns regarding financial institutions generally, (iv) limitations resulting from or imposed in connection with governmental actions intended to stabilize or provide additional regulation of the financial system, or (v) recessionary conditions that are deeper or last longer than currently anticipated.

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

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

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

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

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

- an ongoing review of the quality, size and diversity of the loan portfolio;
- evaluation of non-performing loans;
- historical default and loss experience;
- historical recovery experience;
- existing economic conditions;
- risk characteristics of the various classifications of loans; and
- the amount and quality of collateral, including guarantees, securing the loans.

If our loan losses exceed our allowance for probable loan losses, our business, financial condition and profitability may suffer.

The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and the loss and delinquency experience, and evaluate economic conditions and make significant estimates of current credit risks and future trends, all of which may undergo material changes. If our estimates are incorrect, the allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in the need for additions to our allowance through an increase in the provision for loan losses. Continuing deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. Our allowance for loan losses was 2.5% of gross loans held for investment and 69.2% of nonperforming loans (not including troubled debt restructuring loans) at September 30, 2010. In addition, bank regulatory agencies periodically review our allowance for loan losses and may require an increase in the provision for possible loan losses or the recognition of further loan charge-offs, based on judgments different than that of management. If charge-offs in future periods exceed the allowance for loan losses, we will need additional provisions to increase the allowance for loan losses. Any increases in the provision for loan losses will result in a decrease in net income and may have a material adverse effect on our financial condition, results of operations and our capital.

Our provision for loan losses has increased substantially and additional increases in the provision and loan charge-offs may be required, adversely impacting operations.

For the year ended December 31, 2009 and nine months ended September 30, 2010 we recorded a provision for loan losses of $17.3 million and $8.6 million, respectively, compared to $13.5 million for the year ended December 31, 2008 and $12.4 million for the nine months ended September 30, 2009, respectively. We also recorded net loan charge-offs of $22.5 million and $4.1 million for the year ended December 31, 2009 and nine months ended September 30, 2010, respectively, compared to $1.5 million and $19.5 million for the year ended December 31, 2008 and nine months ended September 30, 2009, respectively. We are continuing to experience elevated levels of loan delinquencies and credit losses. At September 30, 2010, our total nonperforming assets were

$58.1 million compared to $56.5 million at December 31, 2009 and $46.9 million at December 31, 2008. If the declining trends in the housing, real estate and local business markets worsen, we would expect increased levels of delinquencies and credit losses. As a result, we could be required to make further increases in our provision for loan losses and to charge off additional loans in the future, which could have a material adverse effect on our financial condition and results of operations.

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

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

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

As of September 30, 2010, our securities portfolio consisted of 28 securities, seven of which were in an unrealized loss position. The majority of unrealized losses are related to our private label mortgage-backed securities, as discussed below. Our private label mortgage-backed securities that are in a loss position had a market value of $15.5 million with unrealized losses of approximately $311 thousand at September 30, 2010. These non-agency private label mortgage-backed securities were investment grade at purchase and are not within the scope of Accounting Standards Codification 325. We monitor our portfolio to ensure we have adequate credit support and as of September 30, 2010, we believed there was no other than temporary impairment ("OTTI"). We do not have the intent to sell these securities and it is likely that we will not be required to sell the securities before their anticipated recovery. No assurance can be given in this regard, however.

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

Our business may be adversely affected by credit risk associated with residential property.

At September 30, 2010, $609.5 million, or 86.5% of our total gross loan portfolio, was secured by one-to-four single-family mortgage loans and home equity lines of credit. This type of lending is generally sensitive to regional and local economic conditions that significantly impact the ability of borrowers to meet their loan payment obligations, making loss levels difficult to predict. The decline in residential real estate values as a result of the downturn in the California housing markets has reduced the value of the real estate collateral securing these types of loans and increased the risk that we would incur losses if borrowers default on their loans. Continued declines in both the volume of real estate sales and the sales prices coupled with the current recession and the associated increases in unemployment may result in higher than expected loan delinquencies or problem assets, a decline in demand for our products and services, or lack of growth or a decrease in deposits. These potential negative events may cause us to incur losses, adversely affect our capital and liquidity, and damage our financial condition and business operations.

Rising interest rates may hurt our profits.

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

We face significant operational risks.

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

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

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans are concentrated or adverse regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the recent turmoil faced by banking organizations and the continued deterioration in credit markets. During 2009, the Federal Reserve Bank and the Federal Home Loan Bank reduced available lines of credit to all financial institutions, including the Bank, due to current market conditions; however, we believe our liquidity levels remain adequate.

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

We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. In addition, we may elect to raise additional capital to support our business or to finance acquisitions, if any, or we may otherwise elect or be required to raise additional capital. In that regard, a number of financial institutions have recently raised capital in response to deterioration in their results of operations and financial condition arising from the turmoil in the mortgage loan market, deteriorating economic conditions, declines in real estate values and other factors. Should we be required by regulatory authorities to raise additional capital, we may seek to do so through the issuance of, among other things, our Common Stock or preferred stock. The issuance of additional shares of Common Stock or convertible securities to new stockholders would be dilutive to our current stockholders.

Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot assure you of our ability to raise additional capital if needed or on terms acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our financial condition, results of operations and prospects.

If we are unable to redeem the Series A Preferred Stock after five years, the cost of this capital to us will increase substantially.

Although, subject to approval of the U.S. Treasury and the OTS, we plan to repurchase all of our Series A Preferred Stock in the fourth quarter of 2010, if we are unable to redeem the Series A Preferred Stock prior to February 15, 2014, the cost of this capital to us will increase substantially on that date, from 5.0% per annum (approximately $965,000 annually) to 9.0% per annum (approximately $1.7 million annually). Depending on our financial condition at the time, this increase in the annual dividend rate on the Series A Preferred Stock could have a material negative effect on our liquidity.

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

At September 30, 2010, we held $18.1 million of bank-owned life insurance or BOLI on key employees and executives, with a cash surrender value of $18.1 million. The eventual repayment of the cash surrender value is subject to the ability of the various insurance companies to pay death benefits or to return the cash surrender value to us if needed for liquidity purposes. We continually monitor the financial strength of the various companies with whom we carry these policies. However, any one of these companies could experience a decline in financial strength, which could impair its ability to pay benefits or return our cash surrender value. If we need to liquidate these policies for liquidity purposes, we would be subject to taxation on the increase in cash surrender value and penalties for early termination, both of which would adversely impact earnings.

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

At September 30, 2010, we owned $8.7 million in Federal Home Loan Bank of San Francisco stock. We are required to own this stock to be a member of and to obtain advances from our Federal Home Loan Bank. This stock is not marketable and can only be redeemed by our Federal Home Loan Bank, which currently is not redeeming any excess member stock. Our Federal Home Loan Bank's financial condition is linked, in part, to the eleven other members of the Federal Home Loan Bank System and to accounting rules and asset quality risks that could materially lower their capital, which would cause our Federal Home Loan Bank stock to be deemed impaired, resulting in a decrease in our earnings and assets.

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

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

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

We are subject to extensive regulation, supervision and examination by the OTS and the FDIC. Such regulators govern the activities in which we may engage, primarily for the protection of depositors and the deposit insurance fund. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to impose restrictions on a bank's operations, reclassify assets, determine the adequacy of a bank's allowance for loan losses and determine the level of deposit insurance premiums assessed. Any change in such regulation and oversight, whether in the form of regulatory policy, new regulations or legislation or additional deposit insurance premiums could have a material impact on our operations. Because our business is highly regulated, the laws and applicable regulations are subject to frequent change. Any new laws, rules and regulations could make compliance more difficult or expensive or otherwise adversely affect our business, financial condition or prospects. Such changes could subject us to additional costs, limit the types of financial services and products we may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. Legislation that has or may be passed at the Federal level and/or by the State of California in response to current conditions affecting credit markets could cause us to experience higher credit losses if such legislation reduces the amount that the Bank's borrowers are otherwise contractually required to pay under existing loan contracts, limit our fees on overdraft protection programs or otherwise affect our creditor rights or ability to resolve problem assets. The recently enacted regulatory reform legislation described below will, among other things, change our primary regulator, create a new consumer finance protection agency and impose capital requirements on us at the holding company level. These changes could adversely impact our operations and net income.

The recently enacted Dodd-Frank Act could have a material adverse effect on us.

The Dodd-Frank Act, which was enacted on July 21, 2010, provides for, among other things, new restrictions and an expanded framework of regulatory oversight for financial institutions and their holding companies, including First PacTrust Bancorp and Pacific Trust Bank. Under the new law, the Bank's current primary regulator, the OTS, will be eliminated and existing federal thrifts will be subject to regulation and supervision by the OCC, which currently supervises and regulates all national banks. In addition, on July 21, 2011 (unless extended for up to six months), all savings and loan holding companies, including First PacTrust Bancorp, will be subject to regulation and supervision by the Federal Reserve Board, which currently supervises and regulates all bank holding companies. This change in regulation of savings and loan holding companies may result in the imposition of holding company capital requirements and additional restrictions on investments and other holding company activities. The Dodd-Frank Act also creates a new consumer financial protection bureau that will have the authority to promulgate rules intended to protect consumers in the financial products and services market. The creation of this independent bureau is likely to result in new regulatory requirements and raise the cost of regulatory compliance. In addition, new regulations mandated by the Dodd-Frank Act could require changes in regulatory capital requirements, loan loss provisioning practices and compensation practices. Effective July 21, 2011, financial institutions may pay interest on demand deposits, which could increase our interest expense. At this time, we cannot determine the full impact of the Dodd-Frank Act on our business and operations.

Our earnings are adversely impacted by increases in deposit insurance premiums and special FDIC assessments.

Beginning in late 2008, the economic environment caused higher levels of bank failures, which dramatically increased FDIC resolution costs and led to a significant reduction in the deposit insurance fund. As a result, the FDIC has significantly increased the initial base assessment rates paid by financial institutions for deposit insurance. The base assessment rate was increased by seven basis points (seven cents for every $100 of deposits) for the first quarter of 2009. Effective April 1, 2009, initial base assessment rates were changed to range from 12 basis points to 45 basis points across all risk categories with possible adjustments to these rates based on certain debt-related components. These increases in the base assessment rate have increased our deposit insurance costs and negatively impacted our earnings. In addition, in May 2009, the FDIC imposed a special assessment on all insured institutions due to recent bank and savings association failures. The emergency assessment amounts to five basis points on each institution's assets minus Tier 1 capital as of June 30, 2009, subject to a cap of 10 basis points times the institution's assessment base. Our FDIC deposit insurance expense for fiscal 2009 was $1.6 million, including the special assessment of $406 thousand recorded in June 2009. Any additional emergency special assessment imposed by the FDIC will hurt our earnings. Additionally, as a potential alternative to special assessments, in November 2009, the FDIC adopted a rule that required each depository institution to prepay its estimated quarterly risk-based assessment for the fourth quarter of 2009 and for all of 2010, 2011 and 2012, which will be amortized for the period and adjusted for changes in premium levels or our financial condition. As a result, this prepayment will not immediately impact our earnings.

Changes in accounting standards may affect our performance.

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

Until we repurchase our Series A Preferred Stock, we will remain subject to certain executive compensation and corporate governance requirements that may adversely affect our ability to recruit and retain qualified employees as a result of our participation in the U.S. Treasury's TARP Capital Purchase Program.

The purchase agreement we entered into with the U.S. Treasury in connection with our sale of the Series A Preferred Stock required us to adopt the U.S. Treasury's standards for executive compensation and corporate governance for as long as the U.S. Treasury holds the equity issued by us pursuant to the federal government's Capital Purchase Program under the TARP. These standards generally apply to our chief executive officer, chief financial officer and the three next most highly compensated senior executive officers. The standards include:

- ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution;
- required clawbacks of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
- prohibitions on making golden parachute payments to senior executives; and
- an agreement not to deduct for tax purposes executive compensation in excess of $500,000 for each senior executive.

In particular, the change to the deductibility limit on executive compensation may increase the overall cost of our compensation programs in future periods.

The American Recovery and Reinvestment Act of 2009 ("ARRA") imposed further limitations on compensation while the U.S. Treasury holds equity issued by us pursuant to the TARP Capital Purchase Program:

- a prohibition on making any golden parachute payment to a senior executive officer or any of our next five most.highly compensated employees;
- a prohibition on any compensation plan that would encourage manipulation of our reported earnings to enhance the compensation of any of our employees; and
- a prohibition on the payment or accrual of any bonus, retention award, or incentive compensation to our highest paid executive except for long-term restricted stock with a value not greater than one-third of the total amount of annual compensation of the employee receiving the stock with certain exceptions, including bonuses required to be paid under written employment contracts executed on or before February 11, 2009.

The U.S. Treasury adopted an interim final rule on TARP standards for compensation and corporate governance on June 10, 2009, which implemented and further expanded the limitations and restrictions imposed on executive compensation and corporate governance by the Capital Purchase Program and the ARRA. The rules clarify prohibitions on bonus payments, provide guidance on the use of restricted stock, expand restrictions on golden parachute payments, mandate enforcement of clawback provisions, outline the steps compensation committees must take when evaluating risks posed by compensation arrangements, and require the adoption and disclosure of a luxury expenditure policy, among other things. Additional requirements under the rules include

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enhanced disclosure of perquisites and the use of compensation consultants, and a prohibition on tax gross-up payments.

These provisions and any future rules issued by the U.S. Treasury, as well as elements contained in the joint "Final Interagency Guidance on Sound Incentive Compensation Policies" recently issued by the Federal Reserve Board, the OCC, the OTS and the FDIC, could adversely affect our ability to attract and retain management capable and motivated sufficiently to manage and operate our business through difficult economic and market conditions. If we are unable to attract and retain qualified employees to manage and operate our business, we may not be able to successfully execute our business strategy.

Although we plan to repurchase all of our Series A Preferred Stock in the fourth quarter of 2010, the repurchase is subject to receipt of prior approval from the U.S. Treasury and our banking regulators. No assurance can be given as to when or whether such approval will be received.

Strong competition within our market area may limit our growth and profitability.

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

Risks Relating to the Offering and our Securities

Our Common Stock trading volume may not provide adequate liquidity for investors.

Our Voting Common Stock is listed on the Nasdaq Global Market. However, the average daily trading volume in our Voting Common Stock is less than that of larger financial services companies. Our Non-Voting Common Stock and the Warrants are not listed on any securities exchange or traded on any established quotation system and we have no current plans to seek any such listing. A public trading market having the desired depth, liquidity and orderliness depends on the presence of a sufficient number of willing buyers and sellers for our Common Stock at any given time. This presence is impacted by general economic and market conditions and investors' views of us. Because our trading volume is limited, any significant sales of our shares could cause a decline in the price of our Common Stock.

The price of our Common Stock may fluctuate significantly, and this may make it difficult for you to resell our Common Stock when you want or at prices you find attractive.

We cannot predict how our Common Stock will trade in the future. The market value of our Common Stock will likely continue to fluctuate in response to a number of factors including the following, most of which are beyond our control, as well as the other factors described in this "Risk Factors" section:

- actual or anticipated quarterly fluctuations in our operating and financial results;
- developments related to investigations, proceedings or litigation that involve us;
- changes in financial estimates and recommendations by financial analysts;
- dispositions, acquisitions and financings;

- actions of our current stockholders, including sales of Common Stock by existing stockholders and our directors and executive officers;
- fluctuations in the stock prices and operating results of our competitors;

- regulatory developments; and
- other developments related to the financial services industry.

The market value of our Common Stock may also be affected by conditions affecting the financial markets in general, including price and trading fluctuations. These conditions may result in (i) volatility in the level of, and fluctuations in, the market prices of stocks generally and, in turn, our Common Stock and (ii) sales of substantial amounts of our Common Stock in the market, in each case that could be unrelated or disproportionate to changes in our operating performance. These broad fluctuations may adversely affect the market value of our Common Stock and, consequently, the value of the Warrants.

An active trading market for the Non-Voting Common Stock and the Warrants might not develop,

As noted above, our Non-Voting Common Stock and the Warrants are not listed on any securities exchange or traded on any established quotation system and we have no current plans to seek any such listing. If an active trading market does not develop, holders of our Non-Voting Common Stock and the Warrants may find it difficult to sell these Securities, expeditiously, at a favorable price or at all. The lack of voting rights for holders of our Non-Voting Common Stock may also make it difficult for holders of the Non-Voting Common Stock and the Warrants to sell their securities. Future prices of the Warrants will depend on many factors, including the market values of our Voting and Non-Voting Common Stock.

Holders of our Non-Voting Common Stock have no voting rights and the Non-Voting Common Stock is not convertible into Voting Common Stock under any circumstances.

The holders of our Non-Voting Common Stock have no voting rights except as required by law. Accordingly, holders of our Non-Voting Common Stock generally will not be entitled to vote on any matter, including, without limitation, the election of directors, significant corporate transactions, such as mergers, acquisitions and stock issuances requiring (whether by law, rule, regulation or stock exchange listing requirement) a vote of our stockholders, or charter amendments requiring a vote of our stockholders. This effectively gives the holders of our Voting Common Stock exclusive control over our management and business affairs. The Non-Voting Common Stock is not convertible into Voting Common Stock under any circumstances.

There may be future sales of additional Common Stock or other dilution of our equity, which may adversely affect the market price of our Common Stock.

We are not restricted from issuing additional Common Stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, Common Stock or preferred stock or any substantially similar securities. The market price of our Common Stock could decline as a result of sales by us of a large number of shares of Common Stock or preferred stock or similar securities or from the perception that such sales could occur.

Our board of directors is authorized generally to cause us to issue additional Common Stock, as well as series of preferred stock, without any action on the part of our stockholders except as may be required under the listing requirements of the NASDAQ Stock Market. Our board also has the power to amend our charter, without stockholder approval, to increase the number of shares of stock we are authorized to issue. In addition, the board has the power, without stockholder approval, to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights and preferences over the Common Stock with respect to dividends or upon the liquidation, dissolution or winding-up of our business and other terms. If we issue preferred stock in the future that has a preference over the Common Stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if we issue preferred stock with voting rights that dilute the voting power of the Common Stock, the rights of holders of the Common Stock or the market price of the Common Stock could be adversely affected.

We will retain broad discretion in using the net proceeds from our recently completed private placement, and may not use the proceeds effectively.

We intend to use the net proceeds of our recently completed private placement for general corporate purposes, which may include, without limitation, providing capital to support the growth of the Bank and other strategic opportunities. Subject to approval of the U.S. Treasury and the OTS, we also intend to repurchase all of our Series A Preferred Stock and the warrant we issued to the U.S. Treasury pursuant to the TARP Capital Purchase Program. No assurance can be given as to when or whether such approval to repurchase the Series A Preferred Stock will be granted or whether we will be able to reach an agreement with the U.S. Treasury on a price to repurchase the Warrants that is acceptable to us.

We have not designated the amount of net proceeds we will use for any particular purpose. Accordingly, our management will retain broad discretion to allocate the net proceeds of the recently completed private placement. The net proceeds may be applied in ways with which you may not agree. Moreover, our management may use the proceeds for corporate purposes that may not increase our market value or make us more profitable. In addition, it may take us some time to effectively deploy the proceeds from the private placement. Until the proceeds are effectively deployed, our return on equity and earnings per share may be negatively impacted. Management's failure to use the net proceeds of the private placement effectively could have an adverse effect on our business, financial condition and results of operations.

Regulatory and contractual restrictions may limit or prevent us from paying dividends on our Common Stock.

First PacTrust Bancorp is an entity separate and distinct from Pacific Trust Bank and derives substantially all of its revenue in the form of dividends from the Bank. Accordingly, First PacTrust Bancorp is and will be dependent upon dividends from the Bank to pay the principal of and interest on its indebtedness, to satisfy its other cash needs and to pay dividends on its capital stock. The Bank's ability to pay dividends is subject to its ability to earn net income and to meet certain regulatory requirements. If the Bank is unable to pay dividends, First PacTrust Bancorp may not be able to service its debt, pay its other obligations or pay dividends on its preferred and Common Stock which could have a material adverse impact on our financial condition or the value of your investment in our securities. Also, First PacTrust Bancorp's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. This includes claims under the liquidation account maintained for the benefit of certain eligible deposit account holders of the Bank established in connection with the Bank's conversion from the mutual to the stock form of ownership.

The securities purchase agreement between us and the U.S. Treasury entered into in connection with our issuance of the Series A Preferred Stock provides that prior to the earlier of (i) November 21, 2011 and (ii) the date on which all of the shares of the Series A Preferred Stock have been redeemed by us or transferred by the Treasury to third parties, we may not, without the consent of the U.S. Treasury, (a) increase the cash dividend on our Common Stock above $.185 per share or (b) subject to limited exceptions, redeem, repurchase or otherwise acquire shares of our Common Stock or preferred stock other than the Series A Preferred Stock. In addition, we are unable to pay any dividends on our Common Stock unless we are current in our dividend payments on the Series A Preferred Stock. These restrictions could have a negative effect on the value of our Common Stock. Moreover, holders of our Common Stock are entitled to receive dividends only when, as and if declared by our board of directors. Although we have historically paid cash dividends on our Common Stock, we are not required to do so and our board of directors could reduce or eliminate our Common Stock dividend in the future.

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The Series A Preferred Stock impacts net income available to our common stockholders and earnings per common share, and the warrant we issued to the U.S. Treasury may be dilutive to holders of our Common Stock.

The dividends declared and the accretion on discount on the Series A Preferred Stock reduce the net income available to common stockholders and our earnings per common share. The Series A Preferred Stock will also receive preferential treatment in the event of liquidation, dissolution or winding up of First PacTrust Bancorp. Additionally, the ownership interest of the existing holders of our Common Stock will be diluted to the extent the warrant we issued to the U.S. Treasury in conjunction with the sale to the U.S. Treasury of the Series A Preferred Stock is exercised. The shares of Voting Common Stock underlying the warrant represent approximately 3.1% of the shares of our Voting Common Stock outstanding (including the shares issuable upon exercise of the warrant in total shares outstanding). Although the U.S. Treasury has agreed not to vote any of the shares of Common Stock it receives upon exercise of the warrant, a transferee of any portion of the warrant or of any shares of Common Stock acquired upon exercise of the warrant is not bound by this restriction. While we plan to repurchase all of our Series A Preferred Stock and the warrant issued to the U.S. Treasury in the in the fourth quarter of 2010, the repurchase of the Series A Preferred Stock is subject to receipt of prior approval from the U.S. Treasury and the OTS and the repurchase of the warrant issued to U.S. Treasury is subject to our reaching an agreement with the U.S. Treasury on the warrant repurchase price.

Our Common Stock constitutes equity and is subordinate to our existing and future indebtedness and our Series A Preferred Stock, and effectively subordinated to all the indebtedness and other non-common equity claims against our subsidiaries.

The shares of our Common Stock represent equity interests in us and do not constitute indebtedness. Accordingly, the shares of our Common Stock will rank junior to all of our existing and future indebtedness and to other non-equity claims on First PacTrust Bancorp with respect to assets available to satisfy claims on First PacTrust Bancorp. Additionally, holders of our Common Stock are subject to the prior dividend and liquidation rights of the holder(s) of our Series A Preferred Stock. The Series A Preferred Stock has an aggregate liquidation preference of $19.3 million. As noted above, the terms of the Series A Preferred Stock prohibit us from paying dividends with respect to our Common Stock unless all accrued and unpaid dividends for all completed dividend periods with respect to the Series A Preferred Stock have been paid.

In addition, our right to participate in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation or otherwise, and thus the ability of a holder of our Common Stock to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary, except to the extent that any of our claims as a creditor of such subsidiary may be recognized. As a result, holders of our Common Stock will be effectively subordinated to all existing and future liabilities and obligations of our subsidiaries. At September 30, 2010, the Bank's total deposits and borrowings were approximately $759.8 million.

Anti-takeover provisions could negatively impact our stockholders.

Provisions in our charter and bylaws, the corporate laws of the State of Maryland and federal regulations could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the market price of any class of our equity securities, including our Common Stock. These provisions include: a prohibition on voting shares of Common Stock beneficially owned in excess of 10% of total shares outstanding, supermajority voting requirements for certain business combinations with any person who beneficially owns 10% or more of our outstanding Common Stock; the election of directors to staggered terms of three years; advance notice requirements for nominations for election to our Board of Directors and for proposing matters that stockholders may act on at stockholder meetings, a requirement that only directors may fill a vacancy in our Board of Directors, and a supermajority voting requirements to remove any of our directors. Our charter also authorizes our

Board of Directors to issue preferred stock, and preferred stock could be issued as a defensive measure in response to a takeover proposal. In addition, pursuant to OTS regulations, as a general matter, no person or company, acting individually or in concert with others, may acquire more than 10% of our Common Stock without prior approval from the OTS.

These provisions may discourage potential takeover attempts, discourage bids for our Common Stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our Common Stock. These provisions could also discourage proxy contests and make it more difficult for holders of our Common Stock to elect directors other than the candidates nominated by our board of directors.

SUMMARY OF THE UNDERLYING TRANSACTION

On November 1, 2010, we completed the sale of the Securities described below in a private placement exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 4(2) of the Securities Act and Regulation D thereunder, generating $60.0 million of gross proceeds to us. Pursuant to subscription agreements with the private placement investors, we sold an aggregate of 4,418,390 shares of Voting Common Stock and an aggregate of 1,036,156 shares of Non-Voting Common Stock, at a price per share of $11.00.

As part of its subscription, at the closing of the private placement, TCW Shared Opportunity Fund V, L.P. was issued an immediately exercisable five-year Warrant to purchase 240,000 shares of Non-Voting Common Stock at an exercise price of $11.00 per share. In addition, in consideration for consulting services it provided to us preceding the closing date of the private placement, COR Advisors LLC, an affiliate of COR Capital LLC, an original subscriber in the private placement, was issued a Warrant to purchase an aggregate of 1,395,000 shares of Non-Voting Common Stock at an exercise price of $11.00 per share. The COR Advisors Warrant will become exercisable with respect to 95,000 shares on January 1, 2011 and an additional 130,000 shares on the first day of each of the next ten calendar quarterly periods beginning with April 1, 2011, subject to earlier vesting upon a change in control of our company or in the discretion of the Company’s board of directors. The COR Advisors Warrant is exercisable with respect to each vesting tranche for five years after the tranche’s vesting date.

In lieu of Non-Voting Common Stock, shares of Voting Common Stock will be issuable upon exercise of the Warrants following the transfer of the Warrants to a third party in a “widely dispersed offering” or in other limited circumstances set forth in the Warrants. For purposes of the Warrants, a “widely dispersed offering” means (i) a widespread public distribution; (ii) a transfer in which no transferee (or group of associated transferees) would receive more than 2% of any class of our voting securities; or (iii) a transfer to a transferee that would control more than 50% of our voting securities without any transfer from the holder of the Warrant. In addition, the TCW Warrant will be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock at TCW Shared Opportunity Fund V, L.P.’s election if it then owns less than 4.99% of the outstanding shares of Voting Common Stock as a result of dilution occurring from additional issuances of Voting Common Stock subsequent to the private placement. Notwithstanding the above, the Warrants will only be exercisable for Voting Common Stock in lieu of Non-Voting Common Stock to the extent that the holder of the Warrant, together with its affiliates and any other person that may be deemed to be acting in concert with it under OTS regulations, would not beneficially own more than 4.99% of the outstanding shares of our Voting Common Stock.

COR Advisors LLC was originally entitled to receive a Warrant to purchase 1,560,000 shares of Non-Voting Common Stock at an exercise price of $11.00 per share but waived this right with respect to 165,000 of the Warrant Shares. On November 1, 2010, in recognition of the substantial assistance he provided to us in connection with our raising of additional capital through the private placement, we granted the Founder’s Option to Mr. Mitchell. The Founder’s Option is a ten-year option to purchase 165,000 shares of Voting Common Stock at an exercise price of $11.35 per share. The Founder’s Option is scheduled to vest in one-third annual increments beginning November 1, 2011, subject to earlier vesting in the event that we involuntarily terminate Mr. Mitchell’s employment with us without “cause” or he resigns from employment with us for “good reason,” as such terms are defined in the employment agreement between Mr. Mitchell and us.

USE OF PROCEEDS

All securities sold pursuant to this prospectus will be offered and sold by the selling securityholders. We will not receive any of the proceeds from such sales. After a resale of the of the Warrants pursuant to this prospectus, if and when the Warrants are exercised by their holders, we may receive the applicable exercise price paid by such holders, which if exercised in full for cash, at the exercise price of $11.00 per share, would total approximately $18.0 million. However, we may not receive all of such proceeds even if the Warrants are exercised because the Warrants allow for a “cashless exercise,” whereby in lieu of receiving payment of the exercise price in cash, we withhold from issuance a number of shares having an aggregate market value equal to the aggregate exercise price. In addition, we will not receive any proceeds from any subsequent resale of the shares underlying the Warrants. We intend to use any proceeds for general corporate purposes and working capital requirements.

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