



First PacTrust Bancorp, Inc. (the holding company)
Pacific Trust Bank (the bank)
610 Bay Boulevard
Chula Vista, CA 91910
Phone: 619-691-1519

Issue:
March 4, 2011
All rights reserved!
ceocfointerviews.com

The Most Powerful Name In Corporate News and Information

A Well-Capitalized and Profitable Institution, First PacTrust Bancorp, Inc. has the Horsepower and Scale Necessary to Take Advantage of Opportunities that Exist in the California Banking Market



Financial
Regional – Pacific Banks
(FPTB-NASDAQ)

Gregory A. Mitchell
President and CEO

Company Profile:

First PacTrust Bancorp, Inc. is the holding company for Pacific Trust Bank and is headquartered in Chula Vista, California. Pacific Trust Bank currently operates through nine banking offices serving primarily San Diego and Riverside Counties in California.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Mitchell, you have been CEO of First PacTrust Bancorp a short time, what attracted you to the bank?

Mr. Mitchell: Pacific Trust Bank was a well-capitalized and profitable financial institution that had the scale necessary to take advantage of opportunities that exist in the California banking market. That was the primary point of attraction for me.

CEOCFO: What is the plan and focus for First PacTrust?

Mr. Mitchell: The plan was to bring in a sufficient level of capital, new management, and a business plan that

would allow Pacific Trust Bancorp to seize opportunities that existed in the market around us, both from an organic growth perspective and an acquisitions perspective. We believe that with the right level capital, the right management team, and within the markets where we operate, Pacific Trust Bank our subsidiary can grow successfully from roughly \$900 million in assets to \$2 billion dollars over the next five years, and provide our shareholders with a very compelling growth opportunity. In addition, we believe that with a strong capital base and a strong management team that has proven expertise in mergers/acquisitions, that we believe we can be uniquely positioned to acquire a number of institutions in California who may be facing challenges as a result of recent regulatory changes, most notably as it relates to concentrations within their asset portfolio, capital constraints, or the impact of Frank-Dodd.

CEOCFO: What is your geographic reach?

Mr. Mitchell: Pacific Trust Bank predominantly serves San Diego County, and a little bit of Riverside County. On the asset side, we tend to be a residential mortgage lender, lending in such communities as Rancho Santa Fe, Coronado, La Jolla and other higher net worth communities largely along the Pacific Coast.

CEOCFO: What is FirstPac's position with mortgage lending today?

Mr. Mitchell: Most community banks throughout southern California need to de-lever their balance sheet to reduce exposure to commercial real

estate because of new concentration risk mandates or higher capital requirements. This condition is creating a real problem for small borrowers in need of bank to finance commercial projects and a real opportunity for banks like Pacific Trust that have the skill, capital, scale and balance sheet capacity needed to originate these types of loans. Pacific Trust Bank, because its portfolio is principally concentrated on single-family residential mortgages, has about \$480 million in balance sheet capacity that it can use to selectively develop high-quality CRE and C&I relationships. While we will continue to originate residential mortgages, the principal lending focus will be CRE & C&I.

CEOCFO: Have you brought in many new people?

Mr. Mitchell: Pacific Trust Bank brought in a new chief credit officer, by the name of Matt Bonaccorso, who has about thirty-five years experience in commercial banking at very large banks. He came from California National Bank, which is a mid-sized institution in the Los Angeles market. Chang Liu has come in as our new chief lending officer. He has very substantial experience in the smaller ticket CRE space. He is a high quality producer who will be bringing with him a number of additional analysts and originators to grow volume in that channel. We have brought in Gaylin Anderson as our new head of retail banking. Gaylin ran a sixty-eight branch retail franchise in Los Angeles, Orange, Riverside, and Ventura counties. He and I grew that franchise from a very small community bank to a large retail bank; he has excellent

skills in building franchises. We also brought in Richard Herrin as our new chief administrative officer. Richard will also be assisting on a number of strategic issues. Most recently, Richard was the lead receiver for the FDIC in the western United States and a member of the strategic operations committee for the Federal Deposit Insurance Corporation. Richard brings expertise as a community banker as well as insights into the FDIC processes. We brought Joseph Abraham as the new senior vice president of credit services to help us develop the very robust credit risk management system and enhance our efficiencies in documentation and disbursement of commercial loans.

CEOCFO: Has the plan come together?

Mr. Mitchell: The vast majority of the people are in place. We are expecting to show a modest level of asset growth in 2011 and expect to be able to take advantage of opportunities as they come. This is a well-established team that has worked well together and we hope to utilize the skills of the individuals and the cohesiveness of the team to get a jump-start on the transformation of Pacific Trust.

CEOCFO: Is the community of your potential customers, aware of what is going on?

Mr. Mitchell: The community is not yet fully aware of what is going on, but we certainly have some very favorable press within our markets. Retail banking customers and our employees are responding well to the recent changes. We are working on further expanding our infrastructure, and expanding our "building excellence" culture, which is a customer service culture that should cause Pacific Trust to stand out from among its competitors. The customers will begin to see that in more meaningful ways in the 2nd and 3rd Quarter of 2011.

CEOCFO: What is the biggest change you are making in customer service philosophy?

Mr. Mitchell: Although Pacific Trust has done an excellent job in connecting with our customers, it is less systematic and we will be bringing in an approach where every customer that touches Pacific Trust Bank through our people or technology will feel appreciated, understood and overwhelmed by the quality of our products and the people that deliver them. People throughout California are, in many respects, hungry for a service experience not unlike what they might experience in the fictional "Mayberry." Despite operating in large urban markets we are creating a "community bank" experience where customers feel understood, appreciated and treated with dignity and respect.

We believe that with the right level capital, the right management team, and within the markets where we operate, Pacific Trust Bank our subsidiary can grow successfully from roughly \$900 million in assets to \$2 billion dollars over the next five years, and provide our shareholders with a very compelling growth opportunity. In addition, we believe that with a strong capital base and a strong management team that has proven expertise in mergers/acquisitions, that we believe we can be uniquely positioned to acquire a number of institutions in California who may be facing challenges as a result of recent regulatory changes, most notably as it relates to concentrations within their asset portfolio, capital constraints, or the impact of Frank-Dodd. - Gregory A. Mitchell

It's an old story, but one that resonates well with most of humanity.

CEOCFO: How do you take the people that exist at the bank now and bring them into the new philosophy without alienating them?

Mr. Mitchell: First, all people want to succeed. All people want to feel that they are leading a meaningful life and want to be better tomorrow than they were yesterday. That is a fundamental belief that we have. We think that if you provide people with the tools and encouragement necessary to excel, and if you give provide them with clear guidance on what is expected and recognize them for their achievements (or failures), they will rise to the occasion.

CEOCFO: Any you looking to add new branches?

Mr. Mitchell: We recently announced the acquisition of a location in La Jolla, which we acquired from the FDIC at an attractive price. It is a great location in La Jolla cove, and was a former branch of San Diego National Bank. The building has been vacant for the last nine months. Prior to the failure of San Diego National Bank and the transfer of the assets and liabilities to US Bank, that office held about \$140 million in deposits. We believe that we will be able to reopen it as Pacific Trust Bank, populate it with a number of community bankers that are well known in La Jolla and grow deposits. In addition,

we recently announced the acquisition of another office from the FDIC in the community of San Marcos. That branch previously held about \$93million in deposits. We will convert that into a new office of Pacific Trust Bank, staff it with great community bankers, promote that office and location, and we expect to grow that as well. We anticipate further branch expansion in Los Angeles, Orange and San Diego counties.

CEOCFO: What is the general banking environment like in that area?

Mr. Mitchell: There are a number of smart research analysts that are following First PacTrust Bancorp and I think they have done some analysis indicating that there are about 127 institutions in our primary market area that are sub-\$500 million in assets. Many of those institutions have business plans that are, for a number of reasons, effectively broken. Those institutions will need to raise capital, alter their business plan or find a suitable merger partner. We think that a number of those institutions will choose to join Pacific Trust Bank and First PacTrust Bancorp on our journey over the next several years. We think many of these bankers will conclude that the interests of their customers, their shareholders and communities are best served through a partnership with a bank that

shares their vision and that can provide their shareholders with what we believe to be much better long-term performance than they could generate if they were to remain independent. Therefore, we think there will be plenty of opportunities and we look forward to welcoming some of those institutions and their customers into the First PacTrust family in the coming years.

CEO CFO: Have you finished paying off TARP?

Mr. Mitchell: We repaid the TARP in 2010 and retired the warrants in early 2011 so we are free of the government. We are certainly very appreciative of the tax payers for their efforts to create some stability in the U.S. financial systems, and they generated a very nice return on their investment in First Pac Trust Bancorp.

CEO CFO: What is the financial picture like today for First PacTrust?

Mr. Mitchell: The bank has a solid net interest margin. As we have shown in our most recent filings, Pacific Trust Bank enjoys a strong net interest margin, understandable and

improving asset quality picture, and improving trends in a number of key metrics. As we stated in the beginning of this conversation, our investment thesis was to invest in a bank with a strong and scalable balance sheet and solid core earnings and to fuse those ingredients with a new management team, added capital and new product sets to create some great benefits for our customers and solid returns for shareholders.

CEO CFO: You mentioned analysts; has the investment community been paying attention?

Mr. Mitchell: Thankfully yes. Five nationally recognized research firms have initiated coverage of First Pac Trust Bancorp all with outperform or "buy ratings" and price targets ranging from \$16 to \$21.

CEO CFO: In closing, why should potential investors choose First Pac Trust out of the crowd?

Mr. Mitchell: Short answer: FBTB is a solid investment that should be attractive to growth, value and income investors. We project outsized growth from organic growth and/or acquisi-

tions; our stock continues to trade at a discount to peers and will likely be picked up in one or more indexes in the coming quarters; and we pay a dividend of ten cents per quarter, or about 2.6% as of February 15. Our subsidiary, Pacific Trust Bank is now the largest federally chartered institution located in San Diego. We operate in the eighth largest economy in the world and benefit from increased spending in technology, life sciences and defense. Our bank is managed by a team that has successfully grown a financial institution from \$600 million to \$7.7 billion in assets through organic growth and acquisitions. Our credit risk is quantifiable and declining and we are blessed with a scalable balance sheet that provides us with a unique opportunity to show growth in asset classes where other banks are forced to shrink. We believe that by effectively combining these ingredients we can generate strong and profitable organic while also emerging as a likely consolidator in California. We think it is a great story and a great organization and that we are optimistic about the future.



First PacTrust Bancorp, Inc. (the holding company)
Pacific Trust Bank (the bank)
610 Bay Boulevard
Chula Vista, CA 91910
Phone: 619-691-1519