

HOLCIM LTD/FI  
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>the financial terms of the merger, including the relationship of the merger consideration to the book value of SDTB common stock and the earnings of SDTB;

the structure of the merger consideration, with approximately 50% of the merger consideration payable in cash and approximately 50% payable in shares of Pacific Premier common stock;

the tax-free nature of the Pacific Premier offer relating to the shares of Pacific Premier common stock being offered as part of the merger consideration;

the value of Pacific Premier common stock, including the liquidity of Pacific Premier common stock given its listing on the Nasdaq Stock Market and information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of Pacific Premier and the Bank, including the stability of Pacific Premier's management team and Pacific Premier's positive financial performance trends;

Pacific Premier's agreement to absorb certain transaction-related expenses, including those relating to advisory fees, including the fee payable to KBW, and payments for accrual of benefits, change in control and other contractual payments and non-competition payments payable to SDTB's Chairman, President and Chief Executive Officer, Michael E. Perry of up to \$3.0 million (on an after-tax equivalent basis) before reducing the cash portion of the merger consideration for the payment of such expenses;

the SDTB board of directors' review, with its legal and financial advisors, of the preliminary discussions that KBW had with twenty different parties, with some of such parties subsequently gaining access to a due diligence data room and some of such parties communicating either verbally or in writing proposals that were inferior to Pacific Premier's proposal for a variety of reasons, including a lower value or uncertain value of the consideration, uncertain timing or a lower probability of success associated with the closing of a transaction;

the prices paid and the terms of other recent comparable combinations of banks and bank holding companies;

the ability of Pacific Premier's management team to successfully integrate and operate the business of the combined company after the merger;

the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals in a timely manner;

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the advantages of being part of a larger entity, including the potential for operating efficiencies, the effect of a higher lending limit with respect to SDTB's customers, and the generally higher trading multiples of larger financial institutions;

the ability of a larger institution to compete in the banking environment and to leverage overhead costs;

the anticipated impact on the communities served by SDTB, and the increased ability to serve the communities and its customer base through a larger branch network;

the possible effects of the proposed merger on SDTB's employees and customers;

SDTB's employees having more opportunities for advancement;

the current and prospective economic, regulatory and competitive environment facing the financial services industry generally, including the continued rapid consolidation in the financial services industry and the competitive effects of the increased consolidation on relatively smaller financial institutions such as SDTB;

the impact of repricing assets such as loans and securities to lower values due to the Federal Reserve's protracted zero-interest rate policy;

SDTB's dependence on compressed margins due to limited revenue streams;

SDTB's lack of access to certain capital markets due to its relatively small size; and

results that could be expected to be obtained by SDTB if it continued to operate independently, and the likely benefits to shareholders of such course, as compared with the value of the merger consideration being offered by Pacific Premier.

The SDTB board of directors also considered the potential adverse consequences of the proposed merger, including:

the interests of SDTB's officers and directors with respect to the merger apart from their interests as holders of SDTB common stock, and the risk that these interests might influence their decision with respect to the merger;

the merger agreement limiting SDTB's ability to pursue other merger opportunities;

the loss of autonomy associated with being an independent financial institution;

the potential reaction of SDTB's customers to Pacific Premier and the Bank;

the possibility that the merger and the related integration process could disrupt SDTB's on-going business and in the loss of customers;

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the fact that SDTB's officers and employees will have to focus extensively on actions required to complete the merger, which will divert their attention from SDTB's business, and that SDTB will incur substantial transaction costs even if the merger is not consummated;

that while the merger is pending, SDTB will be subject to restrictions on how it conducts business that could delay or prevent SDTB from pursuing business opportunities or preclude it from taking actions that would be advisable if it was to remain independent; and

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the possible effects on SDTB should the parties fail to complete the Merger, including the possible effects on the price of SDTB common stock, and the associated business and opportunity costs.

Based on the reasons stated, SDTB's board of directors believes that the merger is in the best interest of SDTB and its shareholders and unanimously recommends that the SDTB shareholders vote "**FOR**" approval of the merger agreement.

**Pacific Premier's Reasons for the Merger**

As part of Pacific Premier's business strategy, it evaluates opportunities to acquire bank holding companies, banks and other financial institutions. The acquisition of SDTB is consistent with this strategy. Pacific Premier and the Bank entered into the merger agreement with SDTB because, among other things, Pacific Premier believes that the acquisition of SDTB will:

result in the expansion of Pacific Premier's footprint into San Diego County, California by adding three full-service branches;

enable Pacific Premier to introduce its brand, products and services into a new market with similar demographics to its current footprint;

provide Pacific Premier with significant opportunities for synergies due to SDTB's strong relationship-based business banking model;

improve and strengthen the Bank's existing deposit base by acquiring an attractive deposit franchise, which was comprised of 97.1% non-certificates of deposit and 33.6% non-interest bearing demand deposits. The merger is also expected to improve the Bank's cost of funds by combining SDTB's deposits at a cost of 0.25% during the fourth quarter of 2012 with Pacific Premier's deposits, which had a cost of 0.53% over the same period; and

allow Pacific Premier to utilize a portion of its capital base into a compelling investment that is efficient and profitable. For the quarter ended December 31, 2012, SDTB's efficiency ratio was 85.77%. SDTB has exceptional asset quality and eight consecutive years of profitability.

**Opinion of SDTB's Financial Advisor**

On November 16, 2012, SDTB engaged KBW to render financial advisory and investment banking services to SDTB. KBW agreed to assist SDTB in assessing the fairness, from a financial point of view, of the aggregate merger consideration in the proposed merger, to the common shareholders of SDTB. SDTB selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with SDTB and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial services companies and their securities in connection with mergers and acquisitions.

As part of its engagement, a representative of KBW attended the meeting of the SDTB board of directors held on March 4, 2013, at which the SDTB board of directors evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion that, as of such date, the aggregate merger consideration was fair, from a financial point of view to the holders of SDTB common stock. The SDTB board approved the merger agreement at this meeting.

The full text of KBW's written opinion is attached as Appendix B to this proxy statement/prospectus and is incorporated herein by reference. SDTB shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion.



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**KBW's opinion speaks only as of the date of the opinion. The opinion is directed to the SDTB board of directors and addresses only the fairness, from a financial point of view, of the aggregate merger consideration to the holders of SDTB common stock. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any SDTB shareholder as to how the shareholder should vote at the SDTB special meeting on the merger or any related matter.**

In rendering its opinion, KBW reviewed, among other things,

the merger agreement;

the Annual Reports to Stockholders and Annual Reports on Form 10-K for the three fiscal years ended December 31, 2011, and certain interim reports to stockholders and Quarterly Reports on Form 10-Q for Pacific Premier;

the annual and quarterly filings with the FDIC for the three fiscal years ended December 31, 2012 for SDTB; and

certain interim reports and other communications to stockholders and other financial information concerning the businesses and operations of SDTB and Pacific Premier, furnished to KBW by SDTB and Pacific Premier for purposes of its analysis.

In addition, KBW held discussions with members of senior management of SDTB and Pacific Premier regarding past and current business operations, regulatory relations, financial condition and future prospects of their respective companies, and other matters KBW deemed relevant. KBW also compared certain financial and stock market information for SDTB and Pacific Premier with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry, and performed other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, KBW relied upon the accuracy and completeness of all of the financial and other information provided to it or otherwise publicly available. KBW did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. KBW relied upon the management of SDTB and Pacific Premier as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefore) provided to KBW and assumed that such forecasts and projections reflected the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods estimated by such managements. KBW assumed, without independent verification, that the aggregate allowance for loan and lease losses for SDTB and the Bank were adequate to cover those losses. KBW did not make or obtain any evaluations or appraisals of the property, assets or liabilities of SDTB, the Bank or Pacific Premier, nor did it examine any individual credit files.

The projections furnished to KBW and used by it in certain of its analyses were prepared by SDTB's and Pacific Premier's senior management teams. SDTB and Pacific Premier do not publicly disclose internal management projections of the type provided to KBW in connection with its review of the merger. As a result, such projections were not prepared with a view towards public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, KBW assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement with no additional payments or adjustments to the aggregate merger consideration;

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the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers or modifications to the merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

KBW further assumed that the merger will be accounted for using the purchase method under generally accepted accounting principles, and that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. KBW's opinion is not an expression of an opinion as to the prices at which shares of SDTB common stock or shares of Pacific Premier common stock will trade following the announcement of the merger or the actual value of the shares of common stock of the combined company when issued pursuant to the merger, or the prices at which the shares of common stock of the combined company will trade following the completion of the merger.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, SDTB and Pacific Premier. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the SDTB board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the SDTB board of directors with respect to the fairness of the merger consideration.

The following is a summary of the material analyses presented by KBW to the SDTB board of directors on March 4, 2013, in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the KBW opinion or the presentation made by KBW to the SDTB board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses performed by KBW.

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*Summary of Proposal.* Pursuant to the terms of the merger agreement, each share of common stock, no par value, of SDTB not owned by SDTB and Pacific Premier or by any of Pacific Premier's wholly-owned subsidiaries (other than shares owned in a fiduciary capacity or as a result of debts previously contracted) issued and outstanding immediately prior to the merger will be cancelled and retired and converted into the right to receive per share stock consideration or per share cash consideration, subject to adjustments as described in the Agreement. Based on Pacific Premier's 10-day average closing price on March 1, 2013 of \$11.96, the aggregate merger consideration was \$30.6 million and represented a price of \$13.41 per SDTB share to SDTB's common shareholders.

*Selected Companies Analysis.* Using publicly available information, KBW compared the financial performance, financial condition and market performance of SDTB to the following publicly traded institutions headquartered in the Southern California counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, or Ventura with total assets between \$100 million and \$600 million, and excluded announced merger targets as of March 1, 2013. Companies included in this group were:

1st Century Bancshares, Inc.	Friendly Hills Bank
Bank of Santa Clarita	Manhattan Bancorp
Bank of Southern California, N. A.	Mission Oaks Bancorp
California Republic Bancorp	Mission Valley Bancorp
CalWest Bancorp	NCAL Bancorp
Capital Bank	Ojai Community Bank
Chino Commercial Bancorp	Orange County Business Bank
Commerce National Bank	Plaza Bank
CommerceWest Bank	Premier Service Bank
Community Valley Bank	Santa Clara Valley Bank, N.A.
Coronado First Bank	Seacoast Commerce Bank
County Commerce Bank	Security California Bancorp

Using publicly available information, KBW compared the financial performance, financial condition, and market performance of Pacific Premier to the following institutions traded on the New York Stock Exchange or Nasdaq Stock Market headquartered in California with total assets between \$1.0 billion and \$2.0 billion and excluded announced merger targets as of March 1, 2013. Companies included in this group were:

Bank of Marin Bancorp	Heritage Oaks Bancorp
Bridge Capital Holdings	Pacific Mercantile Bancorp
CU Bancorp	Preferred Bank
First PacTrust Bancorp, Inc.	Sierra Bancorp
Heritage Commerce Corp	

To perform this analysis, KBW used financial information as of the most recent three month period available (ended either December 31, 2012 or September 30, 2012) and market price information was as of March 1, 2013. Earnings estimates for 2013 and 2014 were taken from a nationally recognized earnings estimate consolidator for selected companies. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in SDTB's and Pacific Premier's historical financial statements as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.



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KBW's analysis showed the following concerning SDTB's and Pacific Premier's financial condition:

	<b>SDTB</b>	<b>SDTB Group Minimum</b>	<b>SDTB Group Maximum</b>
Return on Average Assets	0.85%	(4.02)%	3.48%
Return on Average Equity	7.19%	(141.13)%	38.63%
Net Interest Margin	3.17%	1.61%	5.26%
Efficiency Ratio	85.8%	50.5%	177.2%

	<b>Pacific Premier(1)</b>	<b>Pacific Premier Group Minimum</b>	<b>Pacific Premier Group Maximum</b>
Return on Average Assets	1.42%	(0.85)%	1.28%
Return on Average Equity	14.07%	(8.44)%	12.50%
Net Interest Margin	4.88%	3.08%	5.10%
Efficiency Ratio	58.4%	54.4%	122.7%

	<b>SDTB</b>	<b>SDTB Group Minimum</b>	<b>SDTB Group Maximum</b>
Tangible Common Equity / Tangible Assets	10.63%	(0.36)%	22.88%
Risk-Based Capital Ratio	29.67%	10.71%	38.87%
Loans / Deposits	19.8%	45.5%	97.3%
Loan Loss Reserve / Loans	2.72%	0.65%	5.47%
Nonperforming Assets / Assets(2)	0.71%	0.00%	5.37%
Nonperforming Assets / Loans + OREO(2)	4.50%	0.00%	11.67%
Last Twelve Months Net Charge-Offs / Average Loans	0.00%	(3.21)%	12.14%

	<b>Pacific Premier(1)</b>	<b>Pacific Premier Group Minimum</b>	<b>Pacific Premier Group Maximum</b>
Tangible Common Equity / Tangible Assets	9.29%	8.76%	15.05%
Risk-Based Capital Ratio	14.01%	12.35%	19.36%
Loans / Deposits	82.3%	54.9%	104.2%
Loan Loss Reserve / Loans	0.79%	1.03%	2.55%
Nonperforming Assets / Assets(2)	0.29%	1.18%	6.36%
Nonperforming Assets / Loans + OREO(2)	0.44%	1.82%	10.16%
Last Twelve Months Net Charge-Offs / Average Loans	0.12%	(0.08)%	1.22%

(1) Pacific Premier capital, balance sheet, and credit quality data pro forma for announced merger with FAB and the exercise of greenshoe from recent offering. Profitability metrics are for Pacific Premier standalone.

(2) Nonperforming assets include nonaccrual loans, restructured loans, OREO and other nonaccrual assets.

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KBW's analysis showed the following concerning SDTB's and Pacific Premier's market performance:

	<b>SDTB</b>	<b>SDTB Group Minimum</b>	<b>SDTB Group Maximum</b>
Market Capitalization (\$ Million)	\$ 31.2	\$ 0.9	\$ 113.1
Percentage of 1-Year High	93.8%	52.6%	100.0%
1-year Stock Price Change	(6.7)%	(45.5)%	123.1%
Stock Price / Book Value per Share	1.21x	0.20x	2.25x
Stock Price / Tangible Book Value per Share	1.21x	0.20x	2.25x
Stock Price / Last Twelve Months EPS	17.2x	5.1x	35.0x
Dividend Yield	0.00%	0.00%	0.00%

	<b>Pacific Premier(1)</b>	<b>Pacific Premier Group Minimum</b>	<b>Pacific Premier Group Maximum</b>
Market Capitalization (\$ Million)	\$ 183.5	\$ 100.4	\$ 236.7
Percentage of 1-Year High	97.5%	81.4%	99.5%
1-year Stock Price Change	56.7%	(7.2)%	58.6%
Stock Price / Book Value per Share	1.21x	0.79x	1.61x
Stock Price / Tangible Book Value per Share	1.31x	0.86x	1.61x
Stock Price / Last Twelve Months EPS	8.3x	4.9x	25.0x
Stock Price / 2013e EPS(3)	11.1x	10.7x	19.8x
Stock Price / 2014e EPS(3)	9.1x	9.1x	18.4x
Dividend Yield	0.00%	0.00%	4.18%

- (3) Pacific Premier and Pacific Premier Group consensus earnings estimates per FactSet Research Systems, Inc., as compiled by SNL Financial, as of March 1, 2013.

*Contribution Analysis.* KBW analyzed the relative contribution of each SDTB and Pacific Premier to the pro forma balance sheet of the combined entity, including assets, gross loans, deposits, tangible common equity, last twelve months core net income, 2013 net income, 2014e net income and pro forma ownership. This analysis excluded any purchase accounting adjustments and was based on SDTB's closing price on March 1, 2013 of \$14.50 and Pacific Premier's 10-day average closing price on March 1, 2013, of \$11.96. To perform this analysis, KBW used financial information as of the three

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month period ended December 31, 2012. The results of KBW's analysis are set forth in the following table:

	<b>Pacific Premier(1) as % of Total</b>	<b>SDTB as % of Total</b>
<b>Balance Sheet</b>		
Assets	86.3	13.7
Gross Loans	96.4	3.6
Deposits	86.7	13.3
Tangible Common Equity	84.5	15.5
<b>Income Statement</b>		
LTM Core Net Income(4)	92.8	7.2
Net Income 2013e(3)(5)	93.0	7.0
Net Income 2014e(3)(5)	93.5	6.5
<b>Pro Forma Diluted Ownership</b>		
50% Common Stock / 50% Cash(6)	92.9	7.1
100% Common Stock / 0% Cash(7)	86.0	14.0

- (4) Core net income excludes realized gains on sale of securities and negative provisions, assuming 2012 effective tax rate.
- (5) SDTB projections per SDTB management.
- (6) 50% stock/ 50% cash transaction, and in-the-money options cashed out.
- (7) Hypothetical 100% stock/ 0% cash transaction, using fully diluted shares outstanding.

*Recent Transaction Analysis.* KBW reviewed publicly available information related to selected acquisitions of Western Region banks and thrifts announced after January 1, 2012, with announced (as-reported) transaction values between \$10 million and \$50 million where pricing was disclosed. The Western Region, as defined by KBW, includes the following 13 states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The transactions included in the group were:

<b>Acquiror</b>	<b>Acquiree</b>
Glacier Bancorp, Inc.	Wheatland Bankshares, Inc.
Central Valley Community Bancorp	Visalia Community Bank
Coronado First Bank	San Diego Private Bank
Pacific Continental Corporation	Century Bank
Heartland Financial USA, Inc.	Heritage Bank, National Association
Umpqua Holdings Corporation	Circle Bancorp
First PacTrust Bancorp, Inc.	Private Bank of California
SKBHC Holdings LLC	ICB Financial
SKBHC Holdings LLC	PremierWest Bancorp
Washington Federal, Inc.	South Valley Bancorp, Inc.
FNB Bancorp	Oceanic Bank Holding, Incorporated
SKBHC Holdings LLC	Security Business Bancorp
Grandpoint Capital, Inc.	California Community Bank

Transaction multiples for the merger were derived from an aggregate merger consideration of \$30.6 million, which represented a price of \$13.41 per SDTB share to SDTB's common shareholders, based on Pacific Premier's 10-day average closing price on March 1, 2013 of \$11.96. For each

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transaction referred to above, KBW derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

last twelve months earnings per share based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

market premium based on the closing price 1-day prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table:

<b>Transaction Price to:</b>	<b>Pacific Premier / SDTB Merger</b>	<b>Recent Transactions Minimum</b>	<b>Recent Transactions Maximum</b>
Last Twelve Months EPS	16.9x	11.0x	34.7x
Tangible Book Value	1.19x	0.43x	1.51x
Core Deposit Premium	2.7%	(8.0)%	5.4%
1-Day Market Premium(8)	(7.5)%	9.3%	63.1%
1-Month Market Premium(8)	(4.2)%	11.7%	61.2%

(8)

Based on SDTB's stock price of \$14.50 on March 1, 2013

No company or transaction used as a comparison in the above analysis is identical to SDTB, Pacific Premier or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

*Financial Impact Analysis.* KBW performed pro forma merger analyses that combined projected income statement and balance sheet information of SDTB and Pacific Premier. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of Pacific Premier. In the course of this analysis, KBW used 2014 earnings estimates for Pacific Premier from a nationally recognized earnings estimate consolidator and for SDTB from SDTB management. This analysis indicated that the merger is expected to be accretive to Pacific Premier's estimated earnings per share in 2014. The analysis also indicated that the merger is expected to be dilutive to book value per share and dilutive to tangible book value per share for Pacific Premier and that Pacific Premier would maintain well capitalized capital ratios. For all of the above analyses, the actual results achieved by Pacific Premier following the merger will vary from the projected results, and the variations may be material.

*Discounted Cash Flow Analysis.* KBW performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that SDTB could provide to equity holders through 2018 on a stand-alone basis. In performing this analysis, KBW used earnings estimates for 2013 to 2018, from SDTB management, and assumed discount rates ranging from 12.0% to 17.0%. The range of values was determined by adding (1) the present value of projected cash flows to SDTB shareholders from 2013 to 2017 and (2) the present value of the terminal value of SDTB's common stock. In determining cash flows available to shareholders, KBW assumed balance sheet growth per SDTB management and assumed that SDTB would maintain a tangible common equity / tangible asset ratio

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of 8.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for SDTB. In calculating the terminal value of SDTB, KBW applied multiples ranging from 10.0 times to 14.0 times 2018 forecasted earnings. This resulted in a range of values of SDTB from \$9.56 to \$13.98 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of SDTB.

The SDTB board of directors retained KBW as financial adviser to SDTB regarding the merger. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, and sell securities to, SDTB and Pacific Premier. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of SDTB and Pacific Premier for KBW's own account and for the accounts of its customers. To the extent KBW held any such positions, it was disclosed to SDTB.

SDTB and KBW entered into an agreement relating to the services to be provided by KBW in connection with the merger. SDTB paid KBW a cash fee of \$100,000 concurrently with the rendering of the fairness opinion related to the merger. In addition, SDTB agreed to pay KBW at the time of closing of the merger a cash fee equal to 1.0% of aggregate deal value. During the past two years, KBW has provided investment banking and financial advisory services to SDTB, but has not received compensation for such services. KBW has not provided investment banking or financial advisory services to, and has not received compensation from, Pacific Premier during the past two years. KBW may in the future provide investment banking and financial advisory services to Pacific Premier and receive compensation for such services.

**The Merger Consideration**

*General.* At the effective time of the merger, each share of SDTB common stock outstanding immediately before the effective time of the merger, except as provided below, will, by virtue of the merger and without any action on the part of a SDTB shareholder, be converted into the right to receive the per share cash consideration or the per share stock consideration, or a combination of both, which is described below. The aggregate consideration to be paid to SDTB shareholders in the merger is referred to as the merger consideration. Since the federal income tax consequences will be dependent on the form of consideration received, you are urged to read carefully the information set forth below under " Material Federal Income Tax Consequences" beginning on page 78.

The merger consideration may be paid in cash in an amount equal to \$13.41 per share of SDTB common stock, which is referred to as the per share cash consideration, 1.114 shares of Pacific Premier common stock, which is referred to as the per share stock consideration, or a combination of cash and Pacific Premier common stock. The cash portion of the merger consideration and the stock portion of the merger consideration are both subject to possible adjustment prior to the closing of the merger, each of which is described in more detail below. SDTB shareholders will have the opportunity to elect the form of consideration to be received for all shares of SDTB common stock held by them, subject to the allocation procedures set forth in the merger agreement which are intended to ensure that 50% of the aggregate value of the merger consideration is paid in the form of shares of Pacific Premier common stock, and 50% of the aggregate merger consideration is paid in cash. Cash will be paid in lieu of any fractional share interest. See " Elections," " Election Procedures" and " Allocation Procedures" beginning on page 58.

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**The form of the consideration ultimately received by you will depend upon your election and the allocation and pro ration procedures described below. Accordingly, no guarantee can be given that your election choice will be fully honored.**

*Per Share Cash Consideration and Possible Adjustment.* The cash portion of the merger consideration will be subject to downward adjustment if SDTB's aggregate transaction-related expenses exceed \$3.0 million, on an after-tax equivalent basis, with any excess amount reducing the per share cash consideration by the quotient of (i) such excess amount divided by (ii) the total number of shares of issued and outstanding SDTB common stock. Pursuant to the terms of the merger agreement, SDTB's transaction-related expenses consist of certain fixed amounts, such as SDTB's accounting and advisory fees and expenses associated with the accrual of benefits, change in control and other contractual payments and non-competition payments payable to SDTB's Chairman, Chief Executive Officer and President, Michael E. Perry, which are estimated to amount to \$2.8 million in the aggregate on an after-tax basis, of which \$2.5 million is in connection with payments to Mr. Perry as well as certain amounts that are not fixed, such as SDTB's legal fees and premiums for extended directors and officers liability insurance to the extent premiums exceed 200% of current SDTB premiums. As of April 1, 2013, which is the latest practicable date before the filing of this proxy statement/prospectus, the aggregate amount of estimated fixed transaction-related expenses plus the variable transaction-related expenses actually incurred by SDTB, on an after-tax equivalent basis, totaled approximately \$2.9 million. Although no assurances can be made as to the final amount of SDTB's transaction-related expenses as of the closing date of the merger, SDTB does not anticipate that its transaction-related expenses, on an after-tax basis, will exceed \$3.0 million based on currently available information. The cash portion of the merger consideration is not subject to an upward adjustment if SDTB's aggregate transaction-related expenses are less than \$3.0 million, on an after-tax equivalent basis. Because the cash portion of the merger consideration is subject to a downward adjustment, the amount of cash consideration to be received will not be known at the time SDTB shareholders elect the form of merger consideration they wish to receive or when SDTB shareholders vote on the merger agreement. To the extent that no downward adjustment to the per share cash consideration occurs and based on the allocation procedures which will provide for 50% of the 2,151,395 shares of SDTB common stock outstanding shall elect to receive the per share cash consideration, the cash portion of the merger consideration would be approximately \$14,425,103, or \$13.41 for each share of SDTB common stock.

*Per Share Stock Consideration and Possible Adjustment.* The per share stock consideration is subject to (i) downward adjustment if the average closing price of Pacific Premier's common stock during the 10 trading day period ending on the fifth business day prior to the effective time of the merger, which is referred to as the PPBI Average Share Price, is greater than \$13.240 and (ii) upward adjustment if the PPBI Average Share Price is less than \$10.832. To the extent the PPBI Average Share Price is greater than \$13.240, the per share stock consideration will adjust down to a number of shares of Pacific Premier common stock equal to (X) \$14.751 divided by (Y) the PPBI Average Share Price, rounded to the nearest thousandth. To the extent the PPBI Average Share Price is less than or equal to \$10.832, the per share stock consideration will adjust up to a number of shares of Pacific Premier common stock equal to (A) \$12.069 divided by (B) the PPBI Average Share Price, rounded to the nearest thousandth. Any proposed adjustment in the per share stock consideration is subject to the limitation that the number of shares of Pacific Premier common stock issued at the closing of the merger may not exceed 19.9% of the outstanding shares of Pacific Premier common stock, which is referred to in this proxy statement/prospectus as the stock limit. If the stock limit is reached, no other adjustment will be made to any other merger consideration to be paid to SDTB shareholders, and the aggregate number of shares of Pacific Premier common stock to be issued will be equal to 19.9% of the outstanding shares of Pacific Premier common stock immediately prior to the closing date of the merger.

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Upon completion of the merger, based on the allocation procedures which provide for 50% of the 2,151,395 shares of SDTB common stock outstanding as of the date of this proxy statement/prospectus receiving the per share stock consideration, SDTB shareholders are expected to receive 1,198,327 shares of Pacific Premier common stock. Following the completion of the merger, and based on 15,437,531 shares of Pacific Premier common stock outstanding as of March 28, 2013, the former SDTB shareholders will own approximately 7.20% of the outstanding shares of Pacific Premier common stock and the current shareholders of Pacific Premier will own the remaining approximately 92.80% of the outstanding shares of common stock.

Shares of SDTB common stock held by SDTB shareholders who have elected to exercise their dissenters' rights will not be converted into the right to receive the merger consideration upon consummation of the merger. The dissenters' rights available to SDTB shareholders are described more fully in this proxy statement/prospectus under "Dissenters' Rights" beginning on page 85.

*Merger Consideration Example*

As discussed above, the merger consideration to be received by SDTB shareholders will be subject to change and will likely fluctuate prior to the closing of the merger, based on the PPBI Average Share Price. The following table illustrates what the exchange ratio, the related per share stock consideration, the per share cash consideration and the aggregate stock, cash and merger consideration values would be depending upon changes to the PPBI Average Share Price, ranging from 20% above \$12.036, which was the PPBI Average Share Price as of March 5, 2013, to 20% below \$12.036. The following table assumes there are 2,151,395 shares of SDTB common stock outstanding as of the closing date, and that the per share cash consideration is \$13.41. The table also assumes that the aggregate merger consideration paid consists of 50% cash and 50% shares of Pacific Premier common stock, and therefore, 1,075,698 shares of SDTB common stock will be exchanged for the per share stock consideration. As described below under "Allocation Procedures" beginning on page 59, regardless of whether an SDTB shareholder makes an all-cash election or an all-stock election, that SDTB shareholder may nevertheless receive a mix of cash and shares of Pacific Premier common stock as merger consideration. The table does not reflect the fact that cash will be paid instead of fractional shares.

PPBI Average Share Price	Percentage Change from PPBI Average Share Price as of March 5, 2013	Exchange Ratio(1)	Value of Pacific Premier Common Stock Received Per Share of SDTB Common Stock	Cash Value Per Share of SDTB Common Stock	Number of Shares of Pacific Premier Common Stock Issued	Aggregate Stock Value Based on Closing Average Price	Aggregate Cash Value	Aggregate Value of Merger Consideration(2)
\$ 14.443	20.0%	1.021	\$ 14.751	\$ 13.41	1,098,515	\$ 15,865,849	\$ 14,425,103	\$ 30,290,953
\$ 13.841	15.0%	1.066	\$ 14.751	\$ 13.41	1,146,294	\$ 15,865,849	\$ 14,425,103	\$ 30,290,953
\$ 13.240	10.0%	1.114	\$ 14.751	\$ 13.41	1,198,327	\$ 15,865,849	\$ 14,425,103	\$ 30,290,953
\$ 12.638	5.0%	1.114	\$ 14.079	\$ 13.41	1,198,327	\$ 15,144,457	\$ 14,425,103	\$ 29,569,560
\$ 12.036	0.0%	1.114	\$ 13.408	\$ 13.41	1,198,327	\$ 14,423,064	\$ 14,425,103	\$ 28,848,167
\$ 11.434	-5.0%	1.114	\$ 12.737	\$ 13.41	1,198,327	\$ 13,701,671	\$ 14,425,103	\$ 28,126,774
\$ 10.832	-10.0%	1.114	\$ 12.069	\$ 13.41	1,198,327	\$ 12,980,278	\$ 14,425,103	\$ 27,405,382
\$ 10.231	-15.0%	1.180	\$ 12.069	\$ 13.41	1,268,720	\$ 12,980,278	\$ 14,425,103	\$ 27,405,382
\$ 9.629	-20.0%	1.253	\$ 12.069	\$ 13.41	1,348,040	\$ 12,980,278	\$ 14,425,103	\$ 27,405,382

(1) The exchange ratio has been rounded to the nearest thousandth.

(2) Amount does not include \$1,770,013, which is the aggregate cash amount payable to holders of the outstanding options with an exercise price less than \$13.41 to acquire 400,841 shares of SDTB common stock.

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The examples above are illustrative only and are based on the assumptions indicated. The value of the merger consideration that an SDTB shareholder actually receives will be based on the actual PPBI Average Share Price calculated prior to completion of the merger, as described below, which may be outside the range of the amounts set forth in the examples above. As a result, the examples above may not show the actual value of the merger consideration that SDTB shareholders will be entitled to receive upon closing of the merger.

*Fractional Shares.* No fractional shares of Pacific Premier common stock will be issued, and in lieu thereof, each holder of SDTB common stock who would otherwise be entitled to a fractional share interest will receive an amount in cash, without interest, determined by multiplying such fractional interest by \$13.41, which amount reflects the per share cash consideration, rounded to the nearest whole cent. No such holder shall be entitled to dividends, voting rights or any other rights in respect of any fractional share.

*Elections.* No later than the date that this proxy statement/prospectus is mailed to holders of record of SDTB common stock, American Stock Transfer & Trust Company, the exchange agent, will mail to each holder of record of SDTB common stock as of the record date for the special meeting an election form and transmittal materials for use in making the election and effecting the surrender of certificates representing shares of SDTB common stock in exchange for the merger consideration allocated to them. The election form will permit each SDTB shareholder:

to elect to receive shares of Pacific Premier common stock in exchange for all shares of SDTB common stock held by them, plus cash in lieu of any fractional share interest;

to elect to receive cash in exchange for all shares of SDTB common stock held by them;

to elect to receive shares of Pacific Premier common stock with respect to some of their shares of SDTB common stock and the cash with respect to their remaining shares of SDTB common stock, which is referred to as a "mixed election"; or

to indicate that they make no election with respect to the merger consideration to be received by them in exchange for their shares of SDTB common stock.

Shares of SDTB common stock for which an election has been made to receive shares of Pacific Premier common stock (including pursuant to a mixed election) are referred to as "stock election shares." Shares of SDTB common stock for which an election has been made to receive the cash consideration (including pursuant to a mixed election) are referred to as "cash election shares." Shares of SDTB common stock for which no election has been made are referred to as "no-election shares."

If an SDTB shareholder either (i) does not submit a properly completed election form in a timely fashion or (ii) revokes their election form prior to the deadline for the submission of the election form and does not resubmit a properly completed election form by the election form deadline, the shares of SDTB common stock held by that SDTB shareholder will be designated no-election shares.

*Election Procedures.* To be effective, a properly completed and executed election form must be submitted to the exchange agent on or before 5:00 p.m., Pacific Time, on \_\_\_\_\_, 2013.

Even if an SDTB shareholder has no preference as to the form of merger consideration, it is suggested that they return their election form and transmittal materials, together with their stock certificate(s), by the election deadline indicating that they have no preference, so that they may receive the merger consideration allocable to them promptly following completion of the exchange procedures after the merger is consummated.

If an SDTB shareholder's shares of SDTB common stock are held in street name by a broker, only that broker or other nominee can make an election with respect to the consideration to be received by the SDTB shareholder in exchange for their shares of SDTB common stock. A broker or other



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nominee, however, will not be able to make the election without instructions from the SDTB shareholder. SDTB shareholders should instruct their broker or other nominee on which election to make, following the directions the broker or other nominee provides. If an SDTB shareholder fails to instruct their broker or other nominee on which election to make, the SDTB shareholder will be treated as if they did not make an election with respect to the consideration to be received by them in exchange for their shares of SDTB common stock. Such shares will be treated as no-election shares and will be subject to the allocations procedures described in this proxy statement/prospectus.

**SDTB shareholders should not return their SDTB stock certificates with the enclosed proxy, and stock certificates should not be forwarded to Pacific Premier, SDTB or any other party until SDTB shareholders have received the election form and related transmittal materials, which will be sent to them concurrently with this proxy statement/prospectus under separate cover.**

**If an SDTB shareholder has a particular preference as to the form of consideration to be received for their shares of SDTB common stock, they should make an election because shares as to which an election has been made will be given priority in allocating such consideration over shares as to which no election was made. Neither the SDTB board of directors nor its financial advisor makes any recommendation as to whether SDTB shareholders should elect to receive the cash consideration, the stock consideration or a combination of stock and cash in the merger. SDTB shareholders must make their own decision with respect to such election, bearing in mind the tax consequences of the election they choose. See " Material Federal Income Tax Consequences" beginning on page 78.**

*Allocation Procedures.* An SDTB shareholder's ability to receive all cash or all shares of Pacific Premier common stock in exchange for their shares of SDTB common stock in the merger is subject to allocation procedures that are designed to ensure that 50% of the aggregate value of the merger consideration is paid in the form of shares of Pacific Premier common stock, and 50% of the aggregate merger consideration is paid in cash.

It is unlikely that elections will be made in the exact proportions provided for in the merger agreement. As a result, the merger agreement provides for procedures to be followed if SDTB shareholders in the aggregate elect to receive more or less of the Pacific Premier common stock than Pacific Premier has agreed to issue. These procedures are summarized below.

Pursuant to the terms of the merger agreement, the exchange agent will effect the allocation of the merger consideration among holders of shares of SDTB common stock as follows:

If the cash elections total less than the minimum cash consideration, then a sufficient number of shares will be converted into cash election shares, first from among the holders of no-election shares and then, if necessary, from among the holders of stock election shares on a pro rata basis, so that the total cash paid equals as closely as practicable the minimum cash consideration. This pro ration will reflect the proportion that the number of stock election shares of each holder of stock election shares bears to the total number of stock election shares.

If the cash elections total more than the minimum cash consideration, then all no-election shares will be converted to stock election shares and a sufficient number of shares from among the holders of cash election shares (excluding shares of SDTB common stock held by dissenting shareholders) will be converted on a pro rata basis into stock election shares, so that the total cash paid equals as closely as practicable the minimum cash consideration. This pro ration will reflect the proportion that the number of cash election shares of each holder of cash election shares bears to the total number of cash election shares.

If the cash election shares equal the minimum cash consideration, then all no election shares will be converted into stock election shares.

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Shares of SDTB common stock held by SDTB shareholders who have perfected their dissenters' rights, as described more fully in this proxy statement/prospectus under " Dissenters' Rights" beginning on page 85, will be treated as cash election shares for purposes of the allocation procedures described above.

In addition, if at the time of the closing of the merger, the aggregate value of the shares of Pacific Premier common stock to be exchanged for shares of SDTB common stock is less than 45% of the sum of (i) the aggregate merger consideration and (ii) the aggregate cash consideration paid by Pacific Premier to the holders of options to purchase shares of SDTB's common stock, which is described below, then Pacific Premier will cause a minimum number of no-election shares and, to the extent necessary, a minimum number of cash election shares, to be converted into stock election shares so that the aggregate value of the shares of Pacific Premier common stock exchanged for shares of SDTB common stock constitutes 45% of the sum of (i) the aggregate merger consideration and (ii) the aggregate cash consideration paid by Pacific Premier to the holders of options to purchase shares of SDTB's common stock.

**SDTB Options**

Pursuant to the terms of the merger agreement, at least one hundred (100) days prior to the anticipated closing date of the merger, SDTB's board of directors is required to declare that each option to purchase shares of SDTB's common stock, referred to in this proxy statement/prospectus as an SDTB option, that is then outstanding, but that is not then exercisable, shall become fully vested and exercisable for a period of three (3) months ending immediately before the anticipated closing date of the merger. Following this acceleration declaration by the SDTB board of directors, and at least ninety (90) days prior to the anticipated closing date of the merger, SDTB is required to deliver a written notification to each holder of SDTB options, informing him or her of the declaration. The vesting and exercise will be effective on the closing date of the merger.

Each SDTB option, vested or unvested, that remains outstanding as of the closing of the merger will be cancelled in accordance with the San Diego Trust Bank Second Amended and Restated 2003 Stock Plan, or the SDTB Stock Option Plan, upon the closing of the merger, and each holder of such SDTB option will be entitled to receive from Pacific Premier, as soon as reasonably practicable after the effective time of the merger, but in no event later than three (3) days after such effective time, a single lump sum cash payment equal to the product of (i) the number of shares of SDTB common stock subject to such SDTB option immediately prior to the closing of the merger, and (ii) the excess, if any, of the per share cash consideration over the exercise price per share of such SDTB option, less any applicable taxes required to be withheld with respect to such payment. If the exercise price per share of any such SDTB option is equal to or greater than the per share cash consideration, such SDTB option will be canceled without any cash payment being made in respect thereof.

At least thirty (30) days prior to the expected closing date of the merger, SDTB is required to send a request to all holders of all of the then-outstanding SDTB options requesting that they return a written acknowledgment with regard to the cancellation of his or her SDTB options and the payment therefor in accordance with the terms of the merger agreement. SDTB shall use its reasonable best efforts to obtain the written acknowledgment of each holder of a then-outstanding SDTB option with regard to the cancellation of such SDTB option and the payment therefor in accordance with the terms of the merger agreement.

Subject to the foregoing, the SDTB Stock Option Plan and all SDTB options issued thereunder will terminate at the effective time of the merger.

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**Procedures for Exchanging SDTB Common Stock Certificates**

No later than the date that this proxy statement/prospectus is mailed to holders of record of SDTB common stock, American Stock Transfer & Trust Company, the exchange agent, will mail to each holder of record of SDTB common stock as of the record date for the special meeting an election form and transmittal materials for use in making the election and effecting the surrender of certificates representing shares of SDTB common stock in exchange for the merger consideration allocated to them. Upon surrender of a stock certificate of SDTB common stock for exchange and cancellation to the exchange agent, together with a duly executed election form and transmittal letter, the holder of such certificate will be entitled to receive the merger consideration allocated to them and the certificate for SDTB common stock so surrendered will be canceled. No interest will be paid or accrued on any cash constituting merger consideration.

SDTB shareholders who surrender their stock certificates and complete the election form and transmittal materials will automatically receive the merger consideration allocated to them as the result of the merger promptly following completion of the allocation procedures and the closing of the merger. Other shareholders will receive the merger consideration allocated to them as soon as practicable after their stock certificates have been surrendered with appropriate documentation to the exchange agent or other steps have been taken to surrender the evidence of their stock interest in SDTB in accordance with the instructions accompanying the letter of transmittal.

No stock certificates representing fractional shares of Pacific Premier common stock will be issued upon the surrender for exchange of SDTB stock certificates. In lieu of the issuance of any such fractional share, Pacific Premier will pay to each former shareholder of SDTB who otherwise would be entitled to receive a fractional share of Pacific Premier common stock an amount in cash, without interest, determined by multiplying such fractional interest by \$13.41, which amount reflects the per share cash consideration, rounded to the nearest whole cent.

Any SDTB shareholder who receives shares of Pacific Premier common stock in the merger will receive dividends on Pacific Premier common stock or other distributions declared after the completion of the merger only if he or she has surrendered his or her SDTB stock certificates. Only then will the SDTB shareholder be entitled to receive all previously withheld dividends and distributions, without interest. Pacific Premier has never declared or paid dividends on its common stock and does not anticipate declaring or paying any cash dividends in the foreseeable future.

After completion of the merger, no transfers of SDTB common stock issued and outstanding immediately prior to the completion of the merger will be allowed. SDTB stock certificates that are presented for transfer after the completion of the merger will be canceled and exchanged for the appropriate merger consideration.

Pacific Premier will only issue a Pacific Premier stock certificate in a name other than the name in which a surrendered SDTB stock certificate is registered if a SDTB shareholder presents the exchange agent with all documents required to show and effect the unrecorded transfer of ownership of the shares of SDTB common stock formerly represented by such SDTB stock certificate, and that the SDTB shareholder has paid any applicable stock transfer taxes.

If an SDTB shareholder has lost his or her SDTB stock certificate, or the SDTB stock certificate has been lost, stolen or destroyed, the SDTB shareholder may be required to deliver an affidavit and a lost certificate bond as a condition to receiving any merger consideration to which he or she may be entitled.

**Conditions to the Merger**

Completion of the merger is subject to the satisfaction of certain conditions set forth in the merger agreement, or the waiver of such conditions by the party entitled to do so, at or before the closing date

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of the merger. Each of the parties' obligation to consummate the merger under the merger agreement is subject to the following conditions:

the holders of a majority of the outstanding shares of SDTB common stock must have approved the merger agreement;

all regulatory approvals required to consummate the merger by any governmental authority must have been obtained and must remain in full force and effect, all statutory waiting periods in respect thereof must have expired, and no required approval may contain any condition, restriction or requirement which Pacific Premier's board of directors reasonably determines in good faith would, individually or in the aggregate, materially reduce the benefits of the merger to such a degree that Pacific Premier would not have entered into the merger agreement had such conditions, restrictions or requirements been known or could reasonably have been known at the date of the merger agreement;

no statute, rule, regulation, judgment, decree, injunction or other order shall have been enacted, issued, promulgated, enforced or entered which prohibits the consummation of the merger;

the registration statement of Pacific Premier, of which this document is a part, must have become effective under the Securities Act and no stop order suspending the effectiveness of such registration statement shall have been issued and no proceedings for that purpose shall have been initiated by the Commission and not withdrawn;

the shares of Pacific Premier common stock to be issued in connection with the merger must have been approved for listing on the Nasdaq Global Market (or on any securities exchange on which the Pacific Premier common stock may then be listed); and

each of Pacific Premier and SDTB must have received an opinion of Patton Boggs LLP to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

In addition to the foregoing conditions, the obligation of Pacific Premier to consummate the merger under the merger agreement is subject to the following conditions, which may be waived by Pacific Premier:

the representations and warranties of SDTB in the merger agreement must be true and correct as of the date of the merger agreement and as of the effective time of the merger, except as to any representation or warranty which specifically relates to an earlier date and other than, in most cases, those failures to be true and correct that have not had or are reasonably likely not to have a material adverse effect (as defined below) on SDTB, and Pacific Premier shall have received a certificate signed by the chief executive officer and chief operating officer of SDTB to that effect;

SDTB must have performed in all material respects all obligations required to be performed by it at or prior to consummation of the merger, and Pacific Premier shall have received a certificate signed by the chief executive officer and chief financial officer of SDTB to that effect;

dissenting shares shall not represent 10% or more of the outstanding SDTB common stock;

the employment agreement entered into between the Bank and Mr. Reschan, as well as the confidentiality, non-competition and non-solicitation agreement entered into between the Bank and Mr. Perry, both key executive officers of SDTB, shall not have been terminated and shall remain in full force and effect;

SDTB's average total deposits for the period commencing December 31, 2012 and ending on the month-end prior to the closing date of the merger must not be less than \$171,000,000;



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as of the day of the closing of the merger, SDTB shall have Tier 1 capital (as defined by federal banking regulations) of not less than \$21,200,000; and

Pacific Premier must have received such certificates of SDTB's officers or others and such other documents to evidence fulfillment of the conditions to its obligations as Pacific Premier may reasonably request.

In addition to the other conditions set forth above, the obligation of SDTB to consummate the merger under the merger agreement is subject to the following conditions, which may be waived by SDTB:

the representations and warranties of Pacific Premier in the merger agreement must be true and correct as of the date of the merger agreement and as of the effective time of the merger, except as to any representation or warranty which specifically relates to an earlier date and except that the representations and warranties of Pacific Premier will be deemed true and correct unless the failure or failures of those representations and warranties to be true and correct has had or is reasonably likely to have a material adverse effect (as defined below) on Pacific Premier, and SDTB shall have received a certificate signed by the chief executive officer and chief financial officer of Pacific Premier to that effect;

Pacific Premier must have performed in all material respects all obligations required to be performed by it at or prior to consummation of the merger, and SDTB shall have received a certificate signed by the chief executive officer and chief financial officer of Pacific Premier to that effect;

Pacific Premier must have provided to American Stock Transfer & Trust Company, as exchange agent, certificates, or at Pacific Premier's option, evidence of shares in book entry form, representing the number of shares of Pacific Premier common stock issuable to holders of SDTB common stock as part of the merger consideration, as well as the cash portion of the merger consideration; and

SDTB must have received such certificates of Pacific Premier's officers or others and such other documents to evidence fulfillment of the conditions to its obligations as SDTB may reasonably request.

Under the terms of the merger agreement, a material adverse effect on either Pacific Premier or SDTB is defined to mean any effect that, taken individually or together with any other effect, (i) is material and adverse to the financial condition, results of operations or business of Pacific Premier and its subsidiaries taken as a whole or SDTB, as the case may be, or (ii) would materially impair the ability of Pacific Premier and its subsidiaries taken as a whole or SDTB, as the case may be, to perform their respective obligations under the merger agreement or otherwise materially impede the consummation of the merger. However, under the terms of the merger agreement, none of the following would be deemed to constitute a material adverse effect under subclause (i) above:

changes after March 5, 2013 in laws or regulations of general applicability to banks, savings institutions and their holding companies generally or interpretations of them by governmental authorities;

changes after March 5, 2013 in GAAP or regulatory accounting requirements applicable to banks, savings institutions or their holding companies generally;

any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism;

changes resulting from conditions affecting the banking and financial services industry or changes in global, national or regional political conditions or market conditions (including



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changes in prevailing interest rates or exchange rates) affecting banks, savings institutions and their holding companies generally;

the public announcement or pendency of the merger, including the impact of the merger on relationships with customers or employees;

any modifications or changes to valuation policies and practices in connection with the merger or restructuring charges taken in connection with the merger, in each case in accordance with GAAP; and

with respect to SDTB, the effects of any action or omission taken with the prior consent of Pacific Premier or as otherwise contemplated by the merger agreement,

provided that the effect of the changes described in the first, second, third and fourth bullet points above will not be excluded as a material adverse effect to the extent of a materially disproportionate impact, if any, that they have on Pacific Premier and its subsidiaries as a whole on the one hand, or SDTB on the other hand, as measured relative to similarly situated companies in the banking industry.

**Bank Regulatory Approvals**

The merger cannot be completed unless the parties receive prior approvals, exemptions or waivers from the Federal Reserve and the CA DFI.

*California Department of Financial Institutions; Board of Governors of the Federal Reserve System.* The prior approval of the CA DFI and the Federal Reserve will be required under the California Financial Code and the federal Bank Merger Act, respectively, to consummate the merger. In reviewing the merger, the CA DFI and the Federal Reserve will take competitive considerations into account, as well as capital adequacy, quality of management and earnings prospects. The regulators will also take into account the record of performance of the Bank in meeting the credit needs of the communities that it serves and the Bank's regulatory rating under the Community Reinvestment Act, or CRA. The Bank and SDTB both received a "satisfactory" performance rating in their most recent CRA evaluations. In considering the merger, the California Financial Code also requires the CA DFI to consider whether the proposed transaction will be fair, just, and equitable to the bank being acquired and the surviving depository institution.

Any transaction approved by the Federal Reserve under the Bank Merger Act may not be completed until thirty (30) days after the Federal Reserve's approval, during which time the U.S. Department of Justice may challenge such transaction on antitrust grounds. With the approval of the Federal Reserve and the U.S. Department of Justice, the waiting period may be reduced to fifteen (15) days. While Pacific Premier and SDTB do not know of any reason that the Department of Justice would challenge regulatory approval by the Federal Reserve and believe that the likelihood of such action is remote, there can be no assurance that the U.S. Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, the result of any such challenge.

Prior to completing the merger, Pacific Premier must receive a waiver of certain approval requirements from the Federal Reserve otherwise applicable to acquisitions of control of banks, such as SDTB. In the event that the Federal Reserve does not grant such a waiver, Pacific Premier may be required to file an application with the Federal Reserve under the Bank Holding Company Act of 1956, as amended, or BHC Act, in connection with the merger.

*Other Regulatory Approvals.* Neither Pacific Premier nor SDTB is aware of any other regulatory approvals that would be required for completion of the merger except as described above. Should any other approvals be required, it is presently contemplated that such approvals would be sought. There can be no assurance, however, that any other approvals, if required, will be obtained.



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*Status of Applications and Waiver.* Pacific Premier, the Bank and SDTB have filed all required applications with the Federal Reserve and the CA DFI, and the waiver request will be filed with the Federal Reserve. There can be no assurance that all requisite approvals and waiver will be obtained, that such approvals and waiver will be received on a timely basis or that such approvals and waiver will not impose conditions, restrictions or requirements which, individually or in the aggregate, would so materially reduce the benefits of the transactions contemplated by the merger agreement to Pacific Premier that had such condition, restriction or requirement been known or could reasonably have been known, Pacific Premier, in its reasonable, good faith judgment, would not have entered into the merger agreement. If any such condition or requirement is imposed, Pacific Premier may elect not to consummate the merger. See " Conditions to the Merger" beginning on page 61. The approval of any application or notice merely implies satisfaction of regulatory criteria for approval, and does not include review of the merger from the standpoint of the adequacy of the merger consideration to be received by, or fairness to, SDTB shareholders. Regulatory approval does not constitute an endorsement or recommendation of the proposed merger.

**Business Pending the Merger**

The merger agreement contains certain covenants of the parties regarding the conduct of their respective businesses pending consummation of the merger. These covenants, which are contained in Article IV of the merger agreement included as Appendix A to this proxy statement/prospectus, are briefly described below.

Pending consummation of the merger, SDTB may not, among other things, take the following actions without the prior written consent of Pacific Premier:

conduct its business other than in the ordinary and usual course consistent with past practice or fail to use reasonable best efforts to preserve its business organization, keep available the present services of its employees (except in the case of terminations of employees for cause) and preserve for itself and Pacific Premier the goodwill of the customers of SDTB and others with whom business relations exist;

issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of capital stock or rights to acquire stock, or permit any additional shares of stock to become subject to grants of employee or director stock options or other rights, except as previously disclosed to Pacific Premier;

make, declare, pay or set aside for payment any dividend on or in respect of, or declare or make any distribution on any shares on its capital stock, or directly or indirectly adjust, split, combine, redeem, reclassify, purchase or otherwise acquire any shares of its capital stock;

enter into or amend or renew any employment, consulting, severance, change in control, bonus, salary continuation or similar agreement or arrangement with any director, officer or employee of SDTB or grant any salary or wage increase or increase any employee benefit, except for changes that are required by applicable law;

hire any person as an employee of SDTB or promote any employee, except (i) as previously disclosed to Pacific Premier, (ii) to satisfy contractual obligations existing as of the date of the merger agreement and previously disclosed to Pacific Premier, and (iii) persons hired to fill a vacancy arising after the date of the merger agreement, provided that the person's employment is terminable at the will of SDTB and that the person is not subject to or eligible for any severance or similar benefits or payments that would become payable as a result of the merger or its consummation;

enter into, establish, adopt, amend, or terminate or make any contributions to (except (i) as may be required by applicable law or (ii) as required under the terms of a contract, plan,

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arrangement or agreement existing as of the date of the merger agreement and previously disclosed to Pacific Premier), any employee benefit plan with respect to any director, officer, or employee of SDTB, or take any action to accelerate the vesting or exercisability of stock options, restricted stock or other compensation or benefits payable thereunder;

sell, transfer, mortgage, encumber or otherwise dispose of or discontinue any of its material assets, deposits, business or properties, except with respect to OREO;

acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary and usual course of business consistent with past practice), including without limitation, by merger or consolidation or by investment in a partnership or joint venture, all or any portion of the assets, business, securities, deposits or properties of any other entity having a value, individually or in the aggregate, that exceeds \$25,000;

make any capital expenditures, other than capital expenditures in the ordinary course of business consistent with past practice not exceeding \$10,000 individually or \$25,000 in the aggregate;

amend the SDTB articles of incorporation or bylaws or enter into a plan of consolidation, merger, share exchange, or reorganization with any person, or a letter of intent or agreement in principle with respect thereto;

implement or adopt any change in its accounting principles, practices or methods other than as may be required by changes in laws or regulations or GAAP;

except as previously disclosed to Pacific Premier or as otherwise permitted under the merger agreement, enter into, cancel, fail to renew, terminate, amend, or modify any material contract or amend or modify in any material respect any of its existing material contracts;

enter into any settlement or similar agreement with respect to any claims if the settlement, agreement, or action involves payment by SDTB of an amount that exceeds \$10,000 and/or would impose any material restriction on the business of SDTB or create precedent for claims that reasonably are likely to result in a material adverse effect to SDTB;

enter into any new material line of business; introduce any material new products or services; change its material banking and operating policies, except as required by applicable law, regulation or policy, or the manner in which its investment securities or loan portfolio is classified or reported; or invest in any mortgage-backed or mortgage-related security that would be considered "high risk" under applicable regulatory guidance; or file any application or enter into any contract with respect to the opening, relocation or closing of, or open, relocate or close, any branch, office, service center or other facility;

introduce any material new marketing campaigns or any material new sales compensation or incentive programs or arrangements (except if the material terms have been fully disclosed in writing to Pacific Premier prior to the date of the merger agreement);

enter into any derivatives contract;

incur any indebtedness for borrowed money (other than certain short-term borrowings) or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, other than with respect to the collection of checks and other negotiable instruments in the ordinary course of business consistent with past practice;

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acquire (other than by way of foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity investment or dispose of any debt security or equity investment;

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(i) make, renew or modify any loan, loan commitment, letter of credit or other extension of credit, which are collectively referred to as the loans, other than loans made in the ordinary course of business consistent with past practice that are not in excess of \$250,000 individually (with any individual loan in excess of \$250,000 subject to Pacific Premier's review and consent); (ii) take any action that would result in any discretionary release of collateral or guarantees or otherwise restructure the amount set forth in clause (i) above; or (iii) enter into any loan securitization or create any special purpose funding entity;

make any investment or commitment to invest in real estate or in any real estate development project (other than by way of foreclosure or acquisitions in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted in good faith, in each case in the ordinary course of business consistent with past practice);

make or change any material tax election in respect of taxes relating to SDTB, settle or compromise any material tax liability of SDTB, agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of a material amount of taxes of relating to SDTB, enter into any closing agreement with respect to any material amount of taxes or surrender any right to claim a material tax refund, adopt or change any method of accounting with respect to taxes relating to SDTB, file any amended tax return;

take any action that would cause the merger agreement or the merger to be subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, or to exempt or make not subject to the provisions of any state antitakeover law or state law that purports to limit or restrict business combinations or the ability to acquire or vote shares, any person (other than Pacific Premier or its subsidiaries) or any action taken thereby, if that person or action would otherwise have been subject to the restrictive provisions of that law;

take any action that is intended or is reasonably likely to result in (i) the merger not qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) any of the representations and warranties of SDTB set forth in the merger agreement being or becoming untrue in any material respect at or prior to the effective time of the merger, (iii) any of the conditions to the merger set forth in the merger agreement not being satisfied, or (iv) a material violation of any provision of the merger agreement, except as may be required by applicable law and regulation; or

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

The merger agreement also provides that pending consummation of the merger, Pacific Premier may not, and will cause each of its subsidiaries not to, take the following actions without the prior written consent of SDTB:

take any action that is intended or is reasonably likely to result in (i) the merger not qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, (ii) any of the representations and warranties of Pacific Premier set forth in the merger agreement being or becoming untrue in any material respect at or prior to the effective time of the merger, (iii) any of the conditions to the merger set forth in the merger agreement not being satisfied, or (iv) a material violation of any provision of the merger agreement, except as may be required by applicable law and regulation; or

enter into any contract with respect to, or otherwise agree or commit to do, any of the foregoing.

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**Board of Directors' Covenant to Recommend the Merger Agreement**

Pursuant to the merger agreement, the SDTB board of directors is required to recommend that SDTB shareholders approve the merger agreement at all times prior to and during the meeting of SDTB shareholders at which the merger agreement is to be considered by them. The SDTB board of directors may not withdraw, modify or qualify in any manner adverse to Pacific Premier such recommendation or take any other action or make any other public statement in connection with the meeting of its shareholders inconsistent with such recommendation, except as described below. Regardless of whether the SDTB board of directors changes its recommendation, the merger agreement must be submitted to the SDTB shareholders at the meeting of SDTB shareholders for the purpose of approving the merger agreement and any other matters required to be approved by SDTB's shareholders for consummation of the transaction. SDTB may not submit to the vote of its shareholders any acquisition proposal other than the merger.

The SDTB board of directors is permitted to change its recommendation if SDTB has complied with the merger agreement and the SDTB board of directors, based on the advice of its outside counsel, has determined in good faith that failure to do so would result in a violation of the board of directors' fiduciary duties under applicable law. If the SDTB board of directors intends to change its recommendation following an acquisition proposal, as described in " No Solicitation" below, it must have first concluded in good faith, after giving effect to all of the adjustments to the terms and conditions of the merger agreement that may be offered by Pacific Premier, that another acquisition proposal constitutes a superior proposal, as defined in " No Solicitation" below. SDTB also must notify Pacific Premier at least five business days in advance of its intention to change its recommendation in response to the superior proposal, including the identity of the party making the acquisition proposal, and furnish to Pacific Premier a copy of the relevant proposed transaction agreements with the party making the superior proposal and all other material documents. Prior to changing its recommendation, SDTB must, and must cause its financial and legal advisors to, during the period following its delivery of the required notice, negotiate in good faith with Pacific Premier for a period of up to five business days to the extent Pacific Premier desires to negotiate to make the adjustments in the terms and conditions of the merger agreement so that the other acquisition proposal ceases to constitute a superior proposal.

**No Solicitation**

The merger agreement provides that SDTB will, and will direct and use its reasonable best efforts to cause its affiliates, directors, officers, employees, agents and representatives to, immediately cease any discussions or negotiations with any other parties that have been ongoing with respect to the possibility or consideration of any acquisition proposal and will use its reasonable best efforts to enforce any confidentiality or similar agreement relating to any acquisition proposal. For purposes of the merger agreement, "acquisition proposal" is defined to mean any inquiry, proposal or offer, filing of any regulatory application or notice, whether in draft or final form, or disclosure of an intention to do any of the foregoing from any person relating to any (i) direct or indirect acquisition or purchase of a business that constitutes 10% or more of the total revenues, net income, assets, or deposits of SDTB; (ii) direct or indirect acquisition or purchase of any class of equity securities representing 10% or more of the voting power of SDTB; (iii) tender offer or exchange offer that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of SDTB; or (iv) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving SDTB, other than the transactions contemplated by the merger agreement.

From the date of the merger agreement through the effective time of the merger, SDTB will not, and will use reasonable efforts to cause its directors, officers or employees or any other representative retained by it not to, directly or indirectly through another person (i) solicit, initiate, or encourage, including by way of furnishing information or assistance, or take any other action designed to facilitate

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or that is likely to result in, any inquiries or the making of any proposal or offer that constitutes, or is reasonably likely to lead to, any acquisition proposal, (ii) provide any confidential information or data to any person relating to any acquisition proposal, (iii) participate in any discussions or negotiations regarding any acquisition proposal, (iv) waive, terminate, modify, or fail to enforce any provision of any contractual "standstill" or similar obligations of any person other than Pacific Premier or its affiliates, (v) approve or recommend, propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, asset purchase agreement or share exchange agreement, option agreement or similar agreement related to any acquisition proposal or propose to take any of these actions, or (vi) make or authorize any statement, recommendation, or solicitation in support of any acquisition proposal.

However, prior to the date of the special meeting of the SDTB shareholders, if the SDTB board of directors determines in good faith, after consulting with its outside legal and financial advisors, that the failure to do so would breach, or would reasonably be expected to result in a breach of, its fiduciary duties under applicable law, SDTB may, in response to a bona fide, written acquisition proposal not solicited in violation of the merger agreement that the SDTB board of directors determines in good faith constitutes a superior proposal, subject to providing 48 hours prior written notice of its decision to take such action to Pacific Premier and identifying the person making the proposal and all the material terms and conditions of the proposal and compliance with the merger agreement:

furnish information with respect to itself and its subsidiaries to any person making the superior proposal pursuant to a customary confidentiality agreement, as determined by SDTB after consultation with its outside counsel, on terms no more favorable to the person than the terms contained in the confidentiality agreement between SDTB and Pacific Premier are to Pacific Premier; and

participate in discussions or negotiations regarding the superior proposal.

For purposes of the merger agreement, "superior proposal" is defined to mean any bona fide written proposal made by a third party to acquire, directly or indirectly, including pursuant to a tender offer, exchange offer, merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction, for consideration consisting of cash and/or securities, more than 50% of the combined voting power of the shares of SDTB common stock then outstanding or all or substantially all of SDTB's consolidated assets, that the SDTB board of directors determines in good faith, after taking into account all legal, financial, regulatory, and other aspects of the proposal and the person making the proposal, including any break-up fees, expense reimbursement provisions, and conditions to consummation, and after taking into account the advice of SDTB's financial advisor, which will be a nationally recognized investment banking firm, and outside counsel, (1) is more favorable from a financial point of view to its shareholders than the merger, (2) is reasonably likely to be consummated on the terms set forth, and (3) for which financing, to the extent required, is then committed or which, in the good faith judgment of the SDTB board of directors, is reasonably likely to be obtained by the third party.

In addition to these obligations, SDTB will promptly, within 24 hours, advise Pacific Premier orally and in writing of its receipt of any acquisition proposal, or any inquiry that could reasonably be expected to lead to an acquisition proposal, and keep Pacific Premier informed, on a current basis, of the continuing status of the inquiry, including the terms and conditions of the inquiry and any changes to the inquiry, and will contemporaneously provide to Pacific Premier all materials provided to or made available to any third party pursuant to the merger agreement that were not previously provided to Pacific Premier.

SDTB has agreed that any violations of the restrictions set forth in the merger agreement by any representative of SDTB will be deemed a breach of the merger agreement by SDTB.

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Pacific Premier, the Bank and SDTB have agreed that irreparable damage would occur in the event SDTB or any of its representatives violated any of the restrictions described above regarding discussions and negotiations with other parties with respect to the possibility or consideration of any acquisition proposal. As such, under the merger agreement, Pacific Premier is entitled to injunctive relief to prevent breaches of these restrictions and to enforce specifically the terms of these restrictions.

**Representations and Warranties of the Parties**

Pursuant to the merger agreement, Pacific Premier and SDTB made certain customary representations and warranties relating to their respective companies, subsidiaries, businesses and matters related to the merger. For detailed information concerning these representations and warranties, reference is made to Article V of the merger agreement included as Appendix A to this proxy statement/prospectus. Such representations and warranties generally must remain accurate through the completion of the merger, unless the fact or facts that caused a breach of a representation and warranty has not had or is not reasonably likely to have a material adverse effect on the party making the representation and warranty. See " Conditions to the Merger" beginning on page 61.

The merger agreement contains representations and warranties that Pacific Premier and SDTB made to and solely for the benefit of each other. These representations and warranties are subject to materiality standards which may differ from what may be viewed as material by investors and shareholders, and, in certain cases, were used for the purpose of allocating risk among the parties rather than establishing matters as facts. The assertions embodied in those representations and warranties also are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. Although neither Pacific Premier nor SDTB believes that the disclosure schedules contain information that the federal securities laws require to be publicly disclosed, the disclosure schedules do contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement.

Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they were only made as of the date of the merger agreement and are modified in important part by the underlying disclosure schedules. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in Pacific Premier's public disclosures.

**Effective Time of the Merger**

Pursuant to the terms and conditions set forth in the merger agreement, SDTB will be acquired by Pacific Premier whereby SDTB will merge with and into the Bank, with the Bank as the surviving institution. The merger will become effective upon the acceptance of the articles of merger to be filed with the CA DFI and the certification and acceptance by the Secretary of State of the State of California in accordance with the provisions of applicable California law.

**Amendment of the Merger Agreement**

To the extent permitted under applicable law, the merger agreement may be amended or supplemented at any time by written agreement of the parties whether before or after the approval of the shareholders of SDTB, except that after shareholders of SDTB have approved the principal terms of the merger agreement, except as described in the next sentence, no amendment or supplement which by law requires further approval by the shareholders of SDTB may be made without obtaining such approval. The merger agreement provides that, by approving the principal terms of the merger agreement, SDTB shareholders will be deemed to have approved any amendment to the September 30, 2013 termination date described below.

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**Termination of the Merger Agreement**

The merger agreement may be terminated:

by the mutual written consent of Pacific Premier, the Bank and SDTB;

if the terminating party is not in material breach of any representation, warranty, covenant, or agreement contained in the merger agreement, by Pacific Premier and the Bank on one hand or SDTB on the other hand, in the event of a breach by the other party or parties of any representation, warranty, covenant, or agreement contained in the merger agreement that (i) cannot be or has not been cured within thirty (30) days of the giving of written notice to the breaching party or parties and (ii) would entitle the non-breaching party or parties not to consummate the merger;

by Pacific Premier and the Bank on one hand or SDTB on the other hand, in the event that the merger is not consummated by September 30, 2013, except to the extent that the failure to consummate the merger by September 30, 2013 is due to (i) the failure of the party or parties seeking to terminate to perform or observe its covenants and agreements set forth in the merger agreement, or (ii) the failure of any of the SDTB shareholders (if SDTB is the party seeking to terminate) to perform or observe their respective covenants under their respective shareholder agreements with Pacific Premier;

by Pacific Premier and the Bank on one hand or SDTB on the other hand, in the event the approval of any governmental authority required for consummation of the merger and the other transactions contemplated by the merger agreement have been denied by final non-appealable action of the governmental authority or an application for approval has been permanently withdrawn at the request of a governmental authority, provided that no party or parties has the right to terminate the merger agreement if the denial is due to the failure of the party or parties seeking to terminate the merger agreement to perform or observe its covenants;

by Pacific Premier and the Bank on the one hand and SDTB on the other if approval of the merger agreement by SDTB shareholders has not been obtained by reason of the failure to obtain the required vote at the special meeting of SDTB shareholders or at any adjournment or postponement thereof;

by Pacific Premier, if SDTB materially breaches the covenants described under " No Solicitation" on page 68, in any respect adverse to Pacific Premier, the SDTB board of directors fails to recommend that the shareholders of SDTB approve the merger agreement or withdraws, modifies or changes its recommendation in a manner that is adverse to Pacific Premier, or SDTB breaches its covenants requiring the calling and holding of a meeting of shareholders in accordance with the merger agreement; and

by Pacific Premier if a third party commences a tender offer or exchange offer for 15% or more of the outstanding SDTB common stock and the board of directors of SDTB recommends that SDTB shareholders tender their shares in the offer or otherwise fails to recommend that they reject the offer within a specified period.

**Termination Fee**

The merger agreement provides that SDTB must pay Pacific Premier a \$1.75 million termination fee under the circumstances and in the manner described below:

if the merger agreement is terminated by Pacific Premier for any of the reasons described in the sixth or seventh bullet points under " Termination of the Merger Agreement" on page 71, SDTB must pay the termination fee to Pacific Premier on the second business day following the termination of the merger agreement; or





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if the merger agreement is terminated by (A) Pacific Premier pursuant to the second bullet point under " Termination of the Merger Agreement" above, (B) either Pacific Premier or SDTB pursuant to the third bullet point under " Termination of the Merger Agreement" above and at the time of the termination no vote of the SDTB shareholders contemplated by the merger agreement at the SDTB special meeting shall have occurred, or (C) either Pacific Premier or SDTB pursuant to the fifth bullet point under " Termination of the Merger Agreement" above, and in the case of any termination referenced in clause (A), (B) or (C), an "acquisition proposal" (as defined under " No Solicitation" above) shall have been publicly announced or otherwise communicated or made known to the senior management of SDTB or the board of directors of SDTB (or any person shall have publicly announced, communicated or made known an intention, whether or not conditional, to make an acquisition proposal, or reiterated a previously expressed plan or intention to make an acquisition proposal) at any time after the date of the merger agreement and prior to the time that shareholders of SDTB vote on the merger agreement (in the case of clause (C)) or the date of termination of the merger agreement (in the case of clause (A) or (B)) and (1) within 12 months after the termination, SDTB or a SDTB subsidiary enters into an agreement with respect to a "control transaction," then SDTB shall pay to Pacific Premier an amount equal to \$1.0 million on the date of execution of such agreement and upon consummation of any such "control transaction" at any time thereafter, SDTB shall pay to Pacific Premier the remainder of the termination fee on the date of such consummation and (2) if a control transaction is consummated otherwise than pursuant to an agreement with SDTB within 15 months after such termination, then SDTB shall pay to Pacific Premier the termination fee (less any amount previously paid by SDTB pursuant to clause (1) above) on the date of such consummation of such control transaction. A "control transaction" is defined as (i) the acquisition by any person whether by purchase, merger, consolidation, sale, transfer, or otherwise, in one transaction or any series of transactions, of a majority of the voting power of the outstanding securities of SDTB or SDTB Bank or a majority of the assets of SDTB or SDTB Bank, (ii) any issuance of securities resulting in the ownership by any person of more than 50% of the voting power of SDTB or by any person other than SDTB or its subsidiaries of more than 50% of the voting power of SDTB Bank, or (iii) any merger, consolidation, or other business combination transaction involving SDTB or any of its subsidiaries as a result of which the shareholders of SDTB cease to own, in the aggregate, at least 50% of the total voting power of the entity surviving or resulting from such transaction.

Any termination fee that becomes payable pursuant to the merger agreement shall be paid by wire transfer of immediately available funds to an account designated by Pacific Premier.

If SDTB fails to timely pay the termination fee to Pacific Premier, SDTB will be obligated to pay the costs and expenses incurred by Pacific Premier to collect such payment, together with interest.

**Certain Employee Matters**

The merger agreement contains certain agreements of the parties with respect to various employee matters, which are described below.

As soon as administratively practicable after the effective time of the merger, Pacific Premier will take all reasonable action so that employees of SDTB will be entitled to participate in the Pacific Premier and the Bank employee benefit plans of general applicability to the same extent as similarly-situated employees of Pacific Premier and its subsidiaries, provided that coverage shall be continued under the corresponding benefit plans of SDTB until such employees are permitted to participate in the Pacific Premier benefit plans. Pacific Premier and the Bank, however, shall not be under any obligation to make any grants to any former employee of SDTB under any discretionary equity compensation plan of Pacific Premier. For purposes of determining eligibility to participate in, the vesting of benefits and for all other purposes, other than for accrual of pension benefits under, the

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Pacific Premier employee benefit plans, Pacific Premier will recognize years of service with SDTB to the same extent as such service was credited for such purpose by SDTB, except where such recognition would result in duplication of benefits. Nothing contained in the merger agreement shall limit the ability of Pacific Premier to amend or terminate any SDTB benefit plan in accordance with their terms at any time.

At the time the employees of SDTB become eligible to participate in a medical, dental or health plan of Pacific Premier and its subsidiaries, Pacific Premier will cause each such plan to:

waive any preexisting condition limitations to the extent such conditions are covered under the applicable medical, health or dental plans of Pacific Premier;

provide full credit under such plans for any deductibles, co-payment and out-of-pocket expenses incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation; and

waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the effective time of the merger to the extent such employee had satisfied any similar limitation or requirement under an analogous plan prior to the effective time of the merger.

At and following the effective time of the merger, Pacific Premier shall honor and the Bank shall continue to be obligated to perform, in accordance with their terms, all benefit obligations to, and contractual rights of, current and former employees of SDTB and current and former directors of SDTB existing as of the effective date of the merger, as well as all bonus deferred compensation or other existing plans and policies of SDTB that were disclosed to Pacific Premier.

Those employees of SDTB who are not offered employment by Pacific Premier or the Bank following the merger, who are not a party to an employment agreement or otherwise entitled to an existing severance package and who sign and deliver a termination and release agreement (which will be negotiated between Pacific Premier and SDTB) within 30 days of the closing of the merger will be entitled to receive a single lump sum payment of severance equal to two weeks of salary for each year of service (with a prorated amount of payment for partial years), up to a maximum of 13 weeks. These payments will be made by Pacific Premier on the date the termination and release agreement that is executed by an employee becomes effective, which date will be in the sole discretion of Pacific Premier. If SDTB also has a severance pay plan, then any amounts paid pursuant to that plan will reduce the amount that the employee will receive as severance from Pacific Premier and in no event will there be any duplication of severance pay.

**Interests of Certain SDTB Officers and Directors in the Merger**

When SDTB shareholders are considering the recommendation of SDTB's board of directors with respect to approving the merger agreement, SDTB shareholders should be aware that SDTB directors and officers have interests in the merger as individuals that are in addition to, or different from, their interests as shareholders of SDTB. The SDTB board of directors was aware of these factors and considered them, among other matters, in approving the merger agreement and the merger. These interests are described below.

*Stock Ownership.* The directors and executive officers of SDTB beneficially owned and had the power to vote as of March 28, 2013, a total of 518,866 shares of SDTB common stock, representing approximately 24.1% of the outstanding shares of SDTB common stock. See "Certain Beneficial Ownership of SDTB Common Stock" beginning on page 112. All of these shares are expected to be voted in favor of the merger agreement pursuant to the shareholder agreements entered into by each of the executive officers and directors of SDTB who own shares of SDTB common stock. See

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" Shareholder Agreements" beginning on page 83. Each of these persons will receive the same merger consideration for their shares of SDTB common stock as the other SDTB shareholders.

*Stock Options.* The merger agreement provides that at the effective time of the merger, each option to purchase shares of SDTB common stock granted under the SDTB Stock Option Plan which is outstanding, vested or unvested, immediately prior thereto will be canceled in exchange for the right to receive a lump sum cash payment equal to the product of (1) the number of shares of SDTB common stock subject to such holder's stock option and (2) the excess, if any, of the per share cash consideration and the exercise price per share of such stock option. Pursuant to the SDTB Stock Option Plan, all outstanding stock options that are currently not vested will be vested immediately prior to the effective time of the merger and option holders will receive a lump sum cash payment for their options.

As of the date of this proxy statement/prospectus, directors and executive officers of SDTB held options to purchase 111,222.49 and 239,230.89 shares of SDTB common stock, respectively, at prices ranging from \$6.2840 to \$15.7100 per share. The aggregate amount to be paid to SDTB's directors and officers for stock options held by them is approximately \$1,450,874.

*Employment Agreement.* In connection with the signing of the merger agreement, the Bank entered into an employment agreement with James T. Reschan, who currently serves as SDTB's Senior Executive Vice President and Chief Operating Officer. Mr. Reschan's current employment agreement with SDTB will be terminated, and his employment agreement with the Bank will become effective, upon consummation of the Merger.

Mr. Reschan's employment agreement with the Bank provides for a term of employment ending upon the earlier to occur of (i) three (3) years, commencing on the closing date of the merger, unless such term is extended, and (ii) the termination of the executive's employment with the Bank. Mr. Reschan will receive an annual base salary of \$200,000, and Mr. Reschan will be eligible for bonuses and will be entitled to participate in any pension, retirement or other benefit plan or program given to employees and executives of the Bank, to the extent commensurate with his duties and responsibilities as fixed by the board of directors of the Bank or the President of the Bank. Mr. Reschan is entitled to a monthly automobile allowance.

In the event that Mr. Reschan's employment with the Bank is terminated (i) by the Bank other than for cause or death or disability, and his termination occurs within two (2) years following a change in control, or (ii) by Mr. Reschan due to a material breach of his employment agreement or for good reason, then Mr. Reschan will be entitled to receive a lump sum cash severance amount equal to his base salary plus his incentive bonus for the previous year as in effect immediately prior to the date of termination, less taxes and other required withholdings. In the event that Mr. Reschan's employment with the Bank is terminated by the Bank other than for cause or death or disability, and his termination does not occur in connection with a change in control or within two (2) years after a change in control, then Mr. Reschan will be entitled to receive a lump sum cash severance amount equal to his base salary. In each circumstance described in the prior two sentences, Mr. Reschan will be entitled to receive for a period ending at the earlier of (i) the first anniversary of the date of termination or (ii) the date of his full-time employment by another employer, at no cost to Mr. Reschan, the continued participation in all group insurance, life insurance, health and accident, disability and other employee benefit plans, programs and arrangements in which Mr. Reschan was entitled to participate immediately prior to the date of termination, other than any stock option or other stock compensation plans or bonus plans of Pacific Premier or the Bank. If Mr. Reschan's participation in any such plan, program or arrangement is barred, the Bank will arrange to provide him with benefits substantially similar to those he was entitled to receive under such plans, programs and arrangements.

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In the event that Mr. Reschan's employment is terminated as a result of disability or death during the term of the employment agreement, Mr. Reschan, or his estate in the event of death, will receive his existing base salary as in effect as of the date of termination or death, multiplied by one (1) year. If Mr. Reschan is terminated for cause, or he terminates his employment other than for disability or good reason, then he will have no right to compensation or other benefits for any period after the date of termination other than for base salary accrued through the date of termination.

In addition, Mr. Reschan's employment agreement includes covenants whereby Mr. Reschan agrees not to, for a period of one (1) year following termination of employment with the Bank:

establish, acquire, operate, manage, own, advise, control or in any way participate, be employed by or otherwise engage in the business of a bank, credit union, industrial bank, any other financial institution, bank holding company or savings and loan holding company operating within San Diego County, California, or have any financial interest in any of the foregoing other than a less-than-5% equity interest held solely for investment purposes;

solicit (other than general solicitations through newspapers or other media of general circulation not targeting such employees) any employees of the Bank and its affiliates who are then still employees; or

induce, persuade, encourage or influence any person or entity having a business relationship with the Bank or any of its affiliates to discontinue, reduce or restrict such relationship or solicit or target the deposits, loans or other products and services from or to persons or entities who were depositors, borrowers or customers of the Bank or its affiliates, except for general solicitations that are directed to the general public and not directed specifically to persons who were depositors, borrowers or customers of the Bank or its affiliates on the date of Mr. Reschan's termination of employment.

The form of Mr. Reschan's employment agreement with the Bank is included as Annex D to the merger agreement.

*Confidentiality, Non-Competition and Non-Solicitation Agreement.* In connection with the signing of the merger agreement, the Bank entered into a confidentiality, non-competition and non-solicitation agreement with Michael E. Perry, who currently serves as SDTB's Chairman, President and Chief Executive Officer. The confidentiality, non-competition and non-solicitation agreement with Mr. Perry will become effective upon consummation of the merger. Pursuant to his confidentiality, non-competition and non-solicitation agreement, Mr. Perry agrees to maintain the confidentiality of specified confidential and proprietary information, and he agrees that, for a period of three (3) years following the closing of the merger, he will not:

establish, acquire, operate, manage, own, advise, control or in any way participate, be employed by or otherwise engage in the business of a bank, credit union or industrial bank operating within San Diego County, California, or have any financial interest in any of the foregoing other than a less-than-5% equity interest held solely for investment purposes;

solicit (other than general solicitations through newspapers or other media of general circulation not targeting such employees) any employees of the Bank and its affiliates who are then still employees; or

induce, persuade, encourage or influence any person or entity having a business relationship with the Bank or any of its affiliates to discontinue, reduce or restrict such relationship or solicit or target the deposits, loans or other products and services from or to persons or entities who were depositors, borrowers or customers of the Bank or its affiliates, except for general solicitations that are directed to the general public and not directed specifically to persons who were

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depositors, borrowers or customers of the Bank or its affiliates on the date of the closing of the merger.

In consideration for his non-competition and non-solicitation covenants, Mr. Perry will receive a fee from the Bank payable in three (3) equal annual installments of \$375,000, on a pre-tax basis, with the first installment payable on the closing of the merger and the remaining two (2) installments payable on the first and second anniversaries of the closing of the merger. The form of confidentiality, non-competition and non-solicitation agreement is included as Annex E to the merger agreement.

*SDTB's Compensation and Retirement Arrangements with Mr. Perry.* SDTB has four compensation arrangements with Mr. Perry that will be affected as a result of his employment being terminated in connection with the merger. Pacific Premier has agreed to assume all of the obligations under these arrangements in connection with the merger.

The amounts set forth in the discussion that follows are approximate and based upon the assumption that the merger is completed on June 30, 2013. An earlier or later closing date for the merger would cause certain of the amounts to change, although any such changes are not expected to be material. The amounts set forth in the discussion that follows are also on a pre-tax basis and therefore cannot be directly used for purposes of calculating transaction related expenses, which are considered on an after-tax basis.

*Merger-Related Payments Under Employment Agreement.* Mr. Perry currently serves SDTB under the terms of an employment agreement that would, but for the merger, terminate on December 31, 2015.

As a result of his termination in connection with the merger, Mr. Perry is entitled to a lump sum "change in control" payment of \$628,403, plus interest, that will be paid to him six months after the merger is completed. This amount is equal to approximately one times Mr. Perry's average taxable compensation from 2008 through 2012.

In addition, Mr. Perry will receive liquidated damages designed to compensate him for the loss of salary and bonus caused by his termination. He will receive 18 months of his base salary, which is currently \$275,000 per annum. The first six months of payments, plus interest, would be delayed until six months following completion of the merger. In addition, assuming the merger is completed in 2013, he would receive a full-year bonus for 2013 expected to equal \$250,000, payable in the first 120 days of 2014, and a half-year bonus of \$125,000, payable in the first 120 days of 2015.

Certain of Mr. Perry's benefits are continued after the merger under his employment agreement as well. His medical and life insurance, auto allowance (\$18,000 per annum), home security (\$528 per annum), and make-up for lost employer contribution to 401(k) are continued for eighteen months. Certain memberships (\$1,704 per annum) and office space (or in-kind payment to obtain similar office space) are provided for three years.

*Assumption of Obligations of 2009 Supplemental Executive Retirement Plan.* Pursuant to the merger agreement, Pacific Premier shall assume SDTB's obligations under Mr. Perry's 2009 Supplemental Executive Retirement Plan. The 2009 Supplemental Executive Retirement Plan provides, among other things, that should he retire on or after age 65, he would be entitled to receive monthly payments for ten years after his retirement. Under the plan, he would be entitled to a lesser amount if he retires between age 56 and 65. However, as a result of his termination in connection with the merger, under the plan, Mr. Perry will begin to receive payments of \$277,879 annually, which are payable monthly beginning on the date of his termination for ten years. The initial six months of payments will be delayed until the date six months after the completion of the merger and will bear interest during that delay.

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In addition to Mr. Perry's 2009 Supplemental Executive Retirement Plan, the SDTB board of directors adopted a Supplement Executive Retirement Plan for Mr. Perry in 2007. Mr. Perry is not fully vested in his 2007 Supplement Executive Retirement Plan. As a result, Mr. Perry will not receive any payments under the 2007 Supplement Executive Retirement Plan and will forfeit any benefits he might otherwise receive from it as a result of his termination of employment in connection with merger.

Mr. Perry's 2009 and 2007 Supplemental Executive Retirement Plans are funded by insurance policies that Pacific Premier will receive in the merger. At March 31, 2013, the life insurance policies to be received by Pacific Premier had an aggregate cash value of approximately \$2,869,733 with death benefits of approximately \$7,638,839 payable to SDTB.

Effect of the Merger on Deferred Compensation Plan. In 2011, SDTB and Mr. Perry entered into a Deferred Compensation Plan designed to provide retirement payments to him for five years after the 2009 Supplemental Executive Retirement Plan payments cease. Absent his termination in connection with this merger, payments to Mr. Perry would commence ten years after retirement at age 56 or older, and continue for five years. As a result of his termination in connection with the merger, Mr. Perry will receive annual payments of \$161,580 payable monthly, for five years, beginning ten years after completion of the merger.

Aggregate Cash Payments to Mr. Perry. Upon the closing of the merger, pursuant to the terms of his confidentiality, non-competition and non-solicitation agreement with the Bank, as well as his employment agreement, SDTB stock options and other contractual arrangements with SDTB, Mr. Perry will be entitled to receive an aggregate of \$3,266,592. In addition, Pacific Premier will assume SDTB's obligations under the Supplemental Executive Retirement Plans with Mr. Perry and Mr. Perry's deferred compensation agreement, which will entitle Mr. Perry to receive an aggregate of \$3,586,690 over the 15 years following the closing of the merger, for which Pacific Premier will accrue a liability, in addition to SDTB's existing liability, in the amount of \$1,648,151. The cash portion of the merger consideration will be subject to downward adjustment if SDTB's aggregate transaction-related expenses exceed \$3.0 million, on an after-tax equivalent basis. Pursuant to the terms of the merger agreement, SDTB's transaction-related expenses consist of certain fixed amounts, such as SDTB's accounting and advisory fees and expenses associated with the accrual of benefits and payments payable to Mr. Perry described above, which are estimated to amount to \$2.8 million in the aggregate on an after-tax basis, of which \$2.5 million is associated with the accrual of benefits and payments payable to Mr. Perry described above. SDTB's transaction-related expenses also consist of certain amounts that are not fixed, such as SDTB's legal fees and premiums for extended directors' and officers' liability insurance to the extent premiums exceed 200% of current SDTB premiums. To the extent that the variable amounts cause SDTB's aggregate transaction-related expenses to exceed \$3.0 million, on an after-tax equivalent basis, and the cash portion of the merger consideration is reduced by such excess, all of SDTB's transaction-related expenses, including the payments made to Mr. Perry, the liability accrued by Pacific Premier related to future payments to Mr. Perry and the premiums for extended directors' and officers' liability insurance, to the extent premiums exceed 200% of current SDTB premiums, will have the effect of reducing the merger consideration payable to SDTB's shareholders. The cash portion of the merger consideration is not subject to an upward adjustment if SDTB's aggregate transaction-related expenses are less than \$3.0 million, on an after-tax equivalent basis. Although no assurances can be made as to the final amount of SDTB's aggregate transaction-related expenses, SDTB does not anticipate that its variable transaction-related expenses will cause its aggregate transaction-related expenses to exceed \$3.0 million.

Indemnification. SDTB's directors, officers and employees are entitled to continuing indemnification against certain liabilities by virtue of provisions contained in the SDTB amended articles of association and bylaws, as amended, and the merger agreement. Pursuant to the merger agreement, Pacific Premier agreed for a period of six (6) years from the closing of the merger, to

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indemnify and hold harmless each present and former director, officer and employee of SDTB, determined as of the effective time of the merger, against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the effective time of the merger, whether asserted or claimed prior to, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was a director, officer, employee, fiduciary or agent of SDTB or is or was serving at the request of SDTB as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise including, without limitation, matters related to the negotiation, execution and performance of the merger agreement or the consummation of any of the transactions contemplated by the merger agreement, to the fullest extent to which such indemnified parties would be entitled under the articles of incorporation and bylaws of SDTB, or any agreement, arrangement or understanding previously disclosed by SDTB to Pacific Premier pursuant to the merger agreement, in each case as in effect on the date of the merger agreement.

Pursuant to the merger agreement, Pacific Premier has agreed to purchase an extended reporting period endorsement under SDTB's existing directors' and officers' liability insurance policy for SDTB's directors and officers or a substitute policy which shall provide such directors and officers with coverage following the effective time of the merger for an additional three (3) years, provided that if the cost of such insurance exceeds 200% of the annual premiums paid by SDTB for its existing directors' and officers' liability insurance, which is referred to as the maximum insurance amount, SDTB, at its discretion, shall either (a) obtain such insurance, with the excess cost and expense being considered transaction expenses for purposes of determining whether SDTB's transaction expenses exceed \$3.0 million on an after-tax equivalent basis, and thus reduce the per share cash consideration pursuant to the terms of the merger agreement, or (b) obtain the most advantageous coverage as is available for the maximum insurance amount.

Other than as set forth above, no director or officer of SDTB has any direct or indirect material interest in the merger, except insofar as ownership of SDTB common stock might be deemed such an interest.

**Material Federal Income Tax Consequences**

The following is a summary of the material U.S. federal income tax consequences of the merger and represents the opinion of Patton Boggs LLP, counsel to Pacific Premier. This discussion is based upon the Code, Treasury regulations, judicial authorities, published positions of the IRS, and other applicable authorities, all as currently in effect and all of which are subject to change. Accordingly, the U.S. federal income tax consequences of the merger to the holders of SDTB common stock could differ from those described below.

Except as specifically stated herein, this discussion is limited to U.S. holders (as defined below) that hold shares of SDTB common stock as capital assets within the meaning of Section 1221 of the Code for U.S. federal income tax purposes. This discussion does not address the tax consequences applicable to SDTB shareholders that are not U.S. holders, nor does it address all of the tax consequences that may be relevant to particular U.S. holders that are subject to special treatment under U.S. federal income tax laws, including, without limitation, financial institutions, insurance companies, partnerships and other pass-through entities, tax-exempt organizations, regulated investment companies, real estate investment trusts, dealers in securities or currencies, U.S. persons whose functional currency is not the U.S. dollar, traders in securities that elect to use a mark-to-market method of accounting, persons that hold SDTB common stock as part of a straddle, hedge, constructive sale or conversion transaction, and U.S. holders that acquired their shares of SDTB common stock through the exercise of an employee stock option or otherwise as compensation.



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If a partnership or other entity taxed as a partnership holds SDTB common stock, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships holding SDTB common stock and partners in such partnerships should consult with their tax advisors about the tax consequences of the merger to them.

This discussion does not address the tax consequences of the merger under state, local or foreign tax laws. This discussion also does not address the tax consequences of any transaction other than the merger.

For purposes of this section, the term "U.S. holder" means a beneficial owner of SDTB common stock that for U.S. federal income tax purposes is (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state or the District of Columbia, (iii) an estate that is subject to U.S. federal income tax on its income regardless of its source, or (iv) a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or that has validly elected under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

*Tax Consequences of the Merger.* As a condition to the completion of the merger, Patton Boggs LLP is required to deliver an opinion, dated the closing date of the merger, to the effect that the merger will be treated as a "reorganization" for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code. The opinion will assume that the merger will be completed according to the terms of the merger agreement and that the parties will report the merger in a manner consistent with the opinion. The opinion will rely on the facts as stated in the merger agreement, the Registration Statement on Form S-4 filed by Pacific Premier in connection with the merger (of which this joint proxy statement/prospectus is a part) and certain other documents. In rendering the opinion, counsel will rely on the representations of Pacific Premier and SDTB, to be delivered at the time of closing (and counsel will assume that any representation that is qualified by belief, knowledge or materiality is true, correct and complete without such qualification). If any assumption or representation is or becomes inaccurate, the U.S. federal income tax consequences of the merger could be adversely affected. The opinion will be based on statutory, regulatory and judicial authority existing as of the date of the opinion.

An opinion of counsel represents such counsel's best legal judgment but is not binding on the IRS or on any court. Neither Pacific Premier nor SDTB intends to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth below or any of the tax consequences described in the opinion.

Based on representations contained in representation letters of officers of Pacific Premier and SDTB, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, and subject to the other matters set forth above, it is the opinion of Patton Boggs LLP that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Based upon the foregoing, the material U.S. federal income tax consequences of the merger will be as described below.

*Tax Consequences of the Merger for Pacific Premier, the Bank and SDTB.* No gain or loss will be recognized by Pacific Premier, the Bank or SDTB as a result of the merger.

*Tax Consequences of the Merger for U.S. Holders of SDTB Common Stock.* The U.S. federal income tax consequences of the merger to a U.S. holder of SDTB common stock will depend on whether such U.S. holder receives shares of Pacific Premier common stock, cash or a combination of cash and Pacific Premier common stock in exchange for such U.S. holder's SDTB common stock. As discussed above under " The Merger Consideration" beginning on page 55, SDTB shareholders will

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make a stock, cash or mixed stock/cash election pursuant to the terms of the merger agreement. Shares held by those SDTB shareholders who do not make an election to receive cash, stock or a combination of cash and stock will be treated as no-election shares and allocated merger consideration as provided in the merger agreement. An SDTB shareholder will not know the exact amount or the form of consideration they will receive. As a result, the tax consequences to such SDTB shareholder will not be ascertainable with certainty until such shareholder knows the precise number of shares of Pacific Premier common stock and/or amount of cash that it will receive pursuant to the merger.

Exchange of SDTB common stock solely for Pacific Premier common stock. Except as discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," a U.S. holder that exchanges all of their shares of SDTB common stock solely for shares of Pacific Premier common stock pursuant to the merger will not recognize gain or loss in connection with such exchange.

A U.S. holder's aggregate tax basis in the Pacific Premier common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," will equal such U.S. holder's aggregate tax basis in the SDTB common stock surrendered by such U.S. holder in the merger. The holding period for the shares of Pacific Premier common stock received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," will include the holding period for the shares of SDTB common stock exchanged therefor.

Exchange of SDTB common stock solely for cash. A U.S. holder that exchanges all of its shares of SDTB common stock solely for cash pursuant to the merger will recognize gain or loss equal to the difference between the amount of cash received by such U.S. holder and the U.S. holder's adjusted tax basis in the SDTB common stock exchanged therefor, provided that such U.S. holder does not otherwise already own, either actually or constructively, shares of Pacific Premier Common Stock. Any gain or loss will be capital gain or loss. Any capital gain or loss will be long-term capital gain or loss if the U.S. holder held the shares of SDTB common stock for more than one year at the effective time of the merger. Long-term capital gains of non-corporate U.S. holders are generally subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gains recognized by individuals, trusts and estates also may be subject to a 3.8% federal Medicare contribution tax.

In some cases, if a U.S. holder actually or constructively owns shares of Pacific Premier common stock other than shares of Pacific Premier common stock received pursuant to the merger, the receipt of the cash may not be treated as capital gain and instead treated as having the effect of the distribution of a dividend to the U.S. holder under the tests set forth in Section 302 of the Code. These tests are complex and dependent upon the specific factual circumstances particular to each U.S. holder. As such, it is not possible to provide an opinion as to whether these tests would apply. If these tests do apply to treat the receipt of the cash as having the effect of the distribution of a dividend, then this would mean that, notwithstanding the previous paragraph, the U.S. holder may not recognize gain or loss and up to the entire amount of the cash would be treated as ordinary dividend income. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

Exchange of SDTB common stock for a combination of Pacific Premier common stock and cash. Except as discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," a U.S. holder that exchanges shares of SDTB common stock for a combination of Pacific Premier common stock and cash pursuant to the merger will recognize gain (but not loss) equal to the lesser of (i) the excess, if any, of the amount of cash plus the fair market value of any Pacific Premier common stock received in the merger, over such U.S. holder's adjusted tax basis in the shares of SDTB common stock surrendered by such U.S. holder in the merger and (ii) the amount of cash received by

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such U.S. holder in the merger (other than cash received in lieu of fractional shares of Pacific Premier common stock).

A U.S. holder's aggregate tax basis in the Pacific Premier common stock received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," will equal such U.S. holder's aggregate tax basis in the SDTB common stock surrendered in the merger, increased by the amount of taxable gain or dividend income (discussed below), if any, recognized by such U.S. holder in the merger (other than with respect to cash received in lieu of fractional shares of Pacific Premier common stock), and decreased by the amount of cash, if any, received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of Pacific Premier common stock). The holding period for the shares of Pacific Premier common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below under " Cash in Lieu of Fractional Shares of Pacific Premier Common Stock," will include the holding period for the shares of SDTB common stock exchanged therefor.

Any gain will be capital gain unless the U.S. holder actually or constructively owns Pacific Premier common stock immediately after the merger. In that case, the receipt of the cash may be treated as having the effect of the distribution of a dividend to the U.S. holder under the tests set forth in Section 302 of the Code and as described above.

Any capital gain or loss will be long-term capital gain or loss if the U.S. holder held the shares of SDTB common stock for more than one year at the effective time of the merger. Long-term capital gains of non-corporate U.S. holders are generally subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gains recognized by individuals, trusts and estates also may be subject to a 3.8% federal Medicare contribution tax.

*Cash in Lieu of Fractional Shares of Pacific Premier Common Stock.* A U.S. holder that receives cash instead of a fractional share of Pacific Premier common stock will be treated as having received the fractional share of Pacific Premier common stock pursuant to the merger and then having exchanged the fractional share of Pacific Premier common stock for cash in a redemption by Pacific Premier. This deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of SDTB common stock allocable to such fractional interest. Such gain or loss will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. holder's holding period for the SDTB common stock exchanged by such U.S. holder is greater than one year as of the effective time of the merger. Long-term capital gains of non-corporate U.S. holders are generally subject to reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gains recognized by individuals, trusts and estates also may be subject to a 3.8% federal Medicare contribution tax.

Notwithstanding the previous paragraph, if the receipt of the cash has the effect of the distribution of a dividend to the U.S. holder, as described above, all or portion of the cash would be treated as ordinary dividend income as described above.

*Information Reporting and Backup Withholding.* Cash payments received in the merger by a U.S. holder may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the U.S. holder, unless the U.S. holder provides proof of an applicable exemption, furnishes its taxpayer identification number (in the case of individuals, their social security number) and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

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*Reporting Requirements.* A U.S. holder that receives shares of Pacific Premier common stock as a result of the merger will be required to retain records pertaining to the merger. Each U.S. holder that is required to file a U.S. tax return and that is a "significant holder" that receives Pacific Premier common stock in the merger will be required to file a statement with the significant holder's U.S. federal income tax return setting forth such significant holder's basis (determined immediately before the exchange) in the SDTB common stock surrendered and the fair market value (determined immediately before the exchange) of the SDTB common stock that is exchanged by such significant holder. A "significant holder" is a U.S. holder that receives shares of Pacific Premier common stock in the merger and that, immediately before the merger, owned at least 5% of the outstanding stock of SDTB (by vote or value) or securities of SDTB with a tax basis of \$1 million or more.

**THE FOREGOING SUMMARY IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES OF THE MERGER TO SDTB SHAREHOLDERS. SDTB SHAREHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, LOCAL OR FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.**

**Accounting Treatment of the Merger**

The merger will be accounted for under the purchase method of accounting under GAAP. Under this method, SDTB's assets and liabilities as of the date of the merger will be recorded at their respective fair values and added to those of Pacific Premier. Any excess between the purchase price for SDTB and the fair value of the identifiable net assets acquired (including core deposit intangibles) will be recorded as goodwill. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," issued in July 2001, the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually and to the extent goodwill is impaired, its carrying value will be written down to its implied fair value and a charge will be made to earnings. Core deposit and other intangibles with definite useful lives recorded by Pacific Premier in connection with the merger will be amortized to expense. The financial statements of Pacific Premier issued after the merger will reflect the results attributable to the acquired operations of SDTB beginning on the date of completion of the merger.

**Expenses of the Merger**

The merger agreement provides that each of SDTB and Pacific Premier will bear and pay all costs and expenses incurred by it in connection with the transactions contemplated by the merger agreement, except that Pacific Premier will pay at closing up to \$3.0 million, on an after-tax equivalent basis, of SDTB's transaction-related expenses, which includes certain fixed amounts, such as SDTB's accounting and advisory fees and expenses associated with the accrual of benefits, change in control and other contractual payments and non-competition payments payable to SDTB's Chairman, Chief Executive Officer and President, Michael E. Perry, which are further discussed in the Section entitled "Interests of Certain SDTB Officers and Directors in the Merger *Aggregate Cash Payments to Mr. Perry*", as well as certain amounts that are not fixed, such as SDTB's legal fees and premiums for extended directors and officers liability insurance to the extent premiums exceed 200% of current SDTB premiums.

To the extent that SDTB's aggregate expenses related to the merger, whether paid by SDTB prior to closing or by Pacific Premier at closing, exceed \$3.0 million on an after-tax equivalent basis, any excess shall reduce the per share cash consideration by the quotient of (i) such excess expense amount divided by (ii) the total number of shares of issued and outstanding SDTB common stock. The per share cash consideration will not be increased if SDTB's aggregate expenses related to the merger, whether paid by SDTB prior to closing or by Pacific Premier at closing, are less than \$3.0 million on an

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after-tax equivalent basis. Although no assurances can be made as to the final amount of SDTB's aggregate expenses related to the merger, SDTB does not anticipate that its aggregate expenses related to the merger, on an after-tax basis, will exceed \$3.0 million based on currently available information. See "The Merger Consideration" beginning on page 55. The cash portion of the merger consideration is not subject to an upward adjustment if SDTB's aggregate transaction-related expenses are less than \$3.0 million, on an after-tax equivalent basis.

Any costs or expenses related to (i) any claims brought by a third party against SDTB in connection with the merger, (ii) any retention payments made or to be made to SDTB employees, (iii) the acceleration of SDTB options, or (iv) purchasing an extended reporting period endorsement under SDTB's existing directors' and officers' liability insurance policy or a substitute policy, as described in "Interests of Certain SDTB Officers and Directors in the Merger *Indemnification*" beginning on page 73, to the extent the cost of such insurance does not exceed 200% of the annual premiums paid by SDTB for its existing directors' and officers' liability insurance policy, will not be considered SDTB transaction-related expenses or count towards the \$3.0 million limit.

As of April 1, 2013, which is the latest practicable date before the filing of this proxy statement/prospectus, the aggregate amount of estimated fixed transaction-related expenses plus the variable transaction-related expenses actually incurred by SDTB, on an after-tax equivalent basis, was approximately \$2.9 million. Although no assurances can be made as to the final amount of SDTB's transaction-related expenses as of the closing date of the merger, SDTB does not anticipate that its transaction-related expenses, on an after-tax basis, will exceed \$3.0 million based on currently available information.

**Listing of the Pacific Premier Common Stock**

Pacific Premier has agreed to use its reasonable best efforts to cause the shares of Pacific Premier common stock to be issued to SDTB shareholders in the merger to be approved for listing on the Nasdaq Global Market.

**Resale of Pacific Premier Common Stock**

The shares of common stock that SDTB shareholders receive as a result of the merger will be registered under the Securities Act. SDTB shareholders may freely trade these shares of Pacific Premier common stock if such SDTB shareholder is not considered an "affiliate" of Pacific Premier, as that term is defined in the federal securities laws. Generally, "affiliates" include directors, certain executive officers and holders of 10% or more of the outstanding Pacific Premier common stock.

Pacific Premier's affiliates may not sell their shares of Pacific Premier common stock acquired in the merger, unless those shares are registered under an effective registration statement under the Securities Act, or by complying with an applicable exemption from the registration requirements of the Securities Act. Pacific Premier may also place restrictive legends on certificates representing shares of Pacific Premier common stock issued to all persons who will be considered "affiliates" of Pacific Premier.

**Shareholder Agreements**

In connection with the execution of the merger agreement, executive officers and directors of SDTB entered into a shareholder agreement with Pacific Premier pursuant to which each such executive officer and director agreed that at any meeting of the shareholders of SDTB, or in

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connection with any written consent of the shareholders of SDTB, the executive officer and director shall:

appear at such meeting or otherwise cause all shares of SDTB common stock owned by him to be counted as present thereat for purposes of calculating a quorum;

vote (or cause to be voted), in person or by proxy, or deliver a written consent (or cause a consent to be delivered) covering, all shares of SDTB common stock beneficially owned by him or as to which he has, directly or indirectly, the right to direct the voting:

in favor of adoption and approval of the merger, the merger agreement and the transactions contemplated by the merger agreement;

against any action or agreement that could reasonably be expected to result in a breach of any covenant, representation or warranty or any other obligation or agreement of SDTB contained in the merger agreement or of the director or officer contained in the shareholder agreement; and

against any acquisition proposal (as defined in " No Solicitation" on page 68) or any other action, agreement or transaction that is intended, or could reasonably be expected, to materially impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect consummation of the merger or the performance of his, her, or its obligations under the shareholder agreement.

Pursuant to the shareholder agreement, each SDTB executive officer and director also agreed, while the shareholder agreement is in effect, not to, directly or indirectly, sell, transfer, pledge, encumber (except for pledges or encumbrances existing as of the date of the shareholder agreement), distribute by gift, or otherwise dispose of any of the shares whether by actual disposition, physical settlement, or effective economic disposition through hedging transactions; nor to enter into any agreement with any person that violates shareholder's representations, warranties, covenants, and obligations under the shareholder agreement; nor to take any other action that reasonably could be expected to adversely effect, in any material respect, shareholder's power, authority, and ability to comply with and perform his, her, or its covenants and obligations under the shareholder agreement. Each SDTB executive officer and director also agreed not to deposit any shares in a voting trust, grant any proxy, or enter into any voting agreement or similar agreement or arrangement with respect to any shares.

In addition, each SDTB executive officer and director agreed that, for a period of two (2) years following the consummation of the merger, they will not:

solicit (other than general solicitations through newspapers or other media of general circulation not targeted at such employees) any employees of SDTB prior to consummation of the merger;

induce, persuade, encourage or influence any person or entity having a business relationship with Pacific Premier, the Bank or any of their affiliates to discontinue, reduce or restrict such relationship or solicit or target depositors, borrowers or customers of SDTB on the date of the merger agreement and/or as of the date the merger is consummated, except for general solicitations that are directed to the general public and not directed specifically to persons who were depositors, borrowers or customers of SDTB on the date of the merger agreement or as of the date the merger is consummated; or

disparage Pacific Premier, the Bank or any of their affiliates.

The shareholder agreements shall remain in effect until the earlier to occur of the date, if any, of termination of the merger agreement in accordance with its terms, or the effective time of the merger.

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**Dissenters' Rights**

SDTB shareholders have the right to dissent from the merger and assert dissenters' rights, provided the requirements of the CGCL are followed. Any SDTB shareholder electing to exercise dissenters' rights must strictly comply with the provisions of Chapter of the CGCL.

**The following is intended to be a summary of the material provisions of the California statutory procedures required to be followed SDTB shareholders in order to demand and perfect dissenters' rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Chapter 13 of the CGCL. The full text of these dissenters' provisions is reproduced in its entirety in Appendix C to this proxy statement/prospectus. If an SDTB shareholder wishes to consider exercising dissenters' rights, they should carefully review the text of Chapter 13 of the CGCL, since failure to timely and properly comply with the requirements of Chapter of the CGCL will result in the loss of dissenters' rights under California law.**

Chapter 13 of the CGCL provides SDTB shareholders who do not vote "FOR" approval of the merger agreement with the right, subject to compliance with the requirements summarized below, to dissent and demand the payment of, and to be paid in cash for, the fair market value of the shares of SDTB common stock owned by such SDTB shareholders as of \_\_\_\_\_, 2013, the record date for SDTB's special shareholders meeting to consider and vote upon the merger agreement. The fair market value of shares of SDTB common stock is determined as of March 5, 2013, which was the last day before the first public announcement of the terms of the merger.

*Not Vote "FOR" the Merger Agreement.* Any SDTB shareholder who desires to exercise dissenters' rights must not have voted his, her or its shares of SDTB common stock "FOR" approval of the merger agreement. If an SDTB shareholder returns a proxy without voting instructions or with instructions to vote "FOR" approval of the merger agreement, or votes in person at the SDTB shareholders special meeting "FOR" approval of the merger agreement, his, her or its shares of SDTB common stock will be counted as votes in favor of the merger agreement and such shareholder will lose any dissenters' rights. Thus, if an SDTB shareholder wishes to dissent and they execute and return a proxy, they must specify that their shares of SDTB common stock are to be voted "AGAINST" or "ABSTAIN" with respect to approval of the merger agreement.

*Written Demand for Payment.* To preserve dissenters' rights, an SDTB shareholder must make a written demand for the purchase of their shares of SDTB common stock and payment to them of the fair market value of their shares of SDTB common stock within 30 days after the date on which notice of SDTB shareholder approval (as described immediately below) of the merger agreement is mailed. Simply failing to vote for, or voting against, the merger agreement does not constitute a proper written demand under the CGCL. To comply with the requirements under the CGCL, the written demand must:

be received by SDTB (or Pacific Premier, as SDTB's successor if the merger has been consummated) not later than 30 days after the date on which the notice of approval is mailed;

specify the shareholder's name and mailing address and the number and class of shares of SDTB capital stock held of record which the shareholder demands that SDTB (or Pacific Premier, as its successor) purchase;

state that the SDTB shareholder is demanding purchase of their shares of SDTB common stock and payment of the fair market value of such shares; and

state the price that the SDTB shareholder claims to be the fair market value of their shares of SDTB common stock as of March 5, 2013, which statement of fair market value constitutes an offer by the SDTB shareholder to sell their shares of SDTB common stock to SDTB (or Pacific Premier, as its successor) at that price.

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Any written demands for payment from SDTB shareholders should be sent to SDTB at San Diego Trust Bank, 2550 Fifth Avenue, Suite 1010, San Diego, California 92103, Attention: Corporate Secretary. In the event the merger is consummated before the end of the 30-day period described above, the submissions may be made to Pacific Premier at Pacific Premier Bancorp, Inc., 17901 Von Karman Ave., Suite 1200, Irvine, California 92614, Attention: Corporate Secretary. Shares of SDTB common stock held by shareholders who have perfected their dissenters' rights in accordance with Chapter 13 of the CGCL and have not withdrawn their demands or otherwise lost their dissenters' rights are referred to in this summary as "dissenting shares."

*Notice of Approval.* If SDTB's shareholders approve the merger agreement, SDTB (or Pacific Premier, as its successor) is required within ten (10) days after the approval to send to those SDTB shareholders who did not vote "FOR" approval of the merger agreement a written notice of SDTB shareholder approval, accompanied by a copy of Sections 1300, 1302, 1303 and 1304 of the CGCL, a statement of the price determined by SDTB (or Pacific Premier, as its successor) to represent the fair market value of the dissenting shares as of March 5, 2013, and a brief description of the procedure to be followed if the SDTB shareholder desires to exercise the shareholder's dissenters' right under the CGCL. The statement of price determined by SDTB (or Pacific Premier, as its successor) to represent the fair market value of dissenting shares, as set forth in the notice of approval, will constitute an offer by SDTB (or Pacific Premier, as its successor) to purchase the dissenting shares at the stated price if the merger closes and the dissenting shares do not otherwise lose their status as such. Within 30 days after the date of the mailing of the notice of SDTB shareholder approval, a dissenting SDTB shareholder must submit to SDTB (or Pacific Premier, as its successor), or SDTB's transfer agent, for endorsement as dissenting shares, the stock certificates representing their shares of SDTB common stock as to which such SDTB shareholder is exercising dissenter's rights. If the dissenting shares are uncertificated, then the SDTB shareholder must provide written notice of the number of shares of SDTB common stock which the shareholder demands that SDTB (or Pacific Premier, as its successor) purchase within 30 days after the date of the mailing of the notice of SDTB shareholder approval.

Submissions can be made to SDTB (or Pacific Premier, as successor) as described above, or to SDTB's transfer agent, Computershare, at 350 Indiana Street, Suite 750, Golden, CO, 80401, Attention: Adam Burnham.

*Payment of Agreed-Upon Price.* If SDTB (or Pacific Premier, as its successor) and a dissenting SDTB shareholder agree that the shareholder's shares SDTB common stock are dissenting shares and agree upon the price of the dissenting shares, the dissenting SDTB shareholder is entitled to receive the agreed price with interest at the legal rate on judgments from the date of that agreement. Payment for the dissenting shares must be made within 30 days after the later of the date of that agreement or the date on which all statutory and contractual conditions to the mergers are satisfied. Payments are also conditioned on the surrender of the certificates representing the dissenting shares.

*Determination of Dissenting Shares or Fair Market Value.* If SDTB (or Pacific Premier, as its successor) denies that the dissenting SDTB shareholder's shares of SDTB common stock are dissenting shares, or SDTB and the SDTB shareholder fail to agree upon the fair market value of the dissenting shares, then, within six months after the notice of SDTB shareholder approval of the merger is sent by SDTB (or Pacific Premier, as its successor), any SDTB shareholder demanding purchase of their shares of SDTB common stock as dissenting shares or any interested corporation may file a complaint in the superior court in the proper county praying the court to determine whether the shares of SDTB common stock are dissenting shares or the fair market value of the dissenting shares, or both, or may intervene in any action pending on such a complaint. If a complaint is not filed or intervention in a pending action is not made within the specified six-month period, the dissenters' rights are lost. If the fair market value of the dissenting shares is at issue, the court will determine, or will appoint one or more impartial appraisers to determine, such fair market value.



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On the trial of the action, the court determines the issues. If the status of the SDTB shareholder's shares of SDTB common stock as dissenting shares is in issue, the court first determines that issue. If the fair market value of the dissenting shares is in issue, the court determines, or appoints one or more impartial appraisers to determine, the fair market value of the dissenting shares.

If the court appoints an appraiser or appraisers, the appraiser or appraisers shall proceed to determine the fair market value per share. Within the time fixed by the court, the appraisers, or a majority of the appraisers, shall make and file a report in the office of the clerk of the court. Thereafter, on the motion of any party, the report shall be submitted to the court and considered on such evidence as the court considers relevant. If the court finds the report reasonable, the court may confirm it.

If the appraiser or appraisers fail to make and file a report within ten (10) days after the date of their appointment or within such further time as the court allows, or if the court does not confirm the report, the court will determine the fair market value of the dissenting shares. Subject to Section 1306 of the CGCL, the court will render a judgment against SDTB (or Pacific Premier, as its successor) for payment of an amount equal to the fair market value (as confirmed or determined by the court) of each dissenting share multiplied by the number of dissenting shares that any dissenting shareholder who is a party, or who has intervened, is entitled to require SDTB (or Pacific Premier, as its successor) to purchase, with interest at the legal rate from the date on which the judgment is entered. Any party may appeal from the judgment.

The costs of the action, including reasonable compensation to the appraiser or appraisers to be fixed by the court, is assessed or apportioned as the court considers equitable. However, if the appraisal determined by the court is more than the price offered by SDTB (or Pacific Premier, as successor), SDTB (or Pacific Premier, as successor) will pay the costs, which may include, at the court's discretion, attorneys' fees, fees of expert witnesses and interest at the legal rate on judgments from the date the shareholder made the demand and submitted shares for endorsement if the value awarded by the court for the shares is more than 125% of the price offered by SDTB (or Pacific Premier, as successor).

*Maintenance of Dissenting Share Status.* Except as expressly limited by Chapter 13 of the CGCL, holders of dissenting shares continue to have all the rights and privileges incident to their shares of SDTB common stock until the fair market value of their shares of SDTB common stock is agreed upon or determined. A holder of dissenting shares may not withdraw a demand for payment unless SDTB (or Pacific Premier, as its successor) consents to the withdrawal.

Dissenting shares lose their status as dissenting shares, and dissenting SDTB shareholders cease to be entitled to require SDTB (or Pacific Premier, as its successor) to purchase their shares of SDTB common stock, upon the happening of any of the following:

the merger is abandoned;

their shares of SDTB common stock are transferred before their submission for the required endorsement;

the dissenting SDTB shareholder and SDTB (or Pacific Premier, as its successor) do not agree on the status of the dissenting SDTB shareholder's shares of SDTB common stock as dissenting shares or do not agree on the purchase price, but neither SDTB (or Pacific Premier, as its successor) nor the shareholder files a complaint or intervenes in a pending action within six months after the date on which SDTB (or Pacific Premier, as its successor) mails a notice that SDTB's shareholders have approved the merger; or

with the consent of SDTB (or Pacific Premier, as its successor), the dissenting SDTB shareholder withdraws their demand for purchase of the dissenting shares.

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To the extent that the provisions of Chapter 5 of the CGCL (which place conditions on the power of a California corporation to make distributions to its shareholders) prevent the payment to any holders of dissenting shares of the fair market value of the dissenting shares, the dissenting SDTB shareholders will become creditors of SDTB (or Pacific Premier, as its successor) for the amount that they otherwise would have received in the repurchase of their dissenting shares, plus interest at the legal rate on judgments until the date of payment, but subordinate to all other creditors of SDTB (or Pacific Premier, as its successor) in any liquidation proceeding, with the debt to be payable when permissible under the provisions of Chapter 5 of the CGCL.

SDTB shareholders should be aware that the fair value of any shares of SDTB common stock as determined under Section 1300 of the CGCL could be more, the same, or less than the merger consideration.

**The failure of an SDTB shareholder to comply strictly with the CGCL requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions is attached as Appendix C. SDTB shareholders are urged to refer to Appendix C for a complete statement concerning dissenters' rights. The foregoing summary of such rights is qualified in its entirety by reference to Appendix C.**

**MARKET FOR COMMON STOCK AND DIVIDENDS****Pacific Premier Market Information and Dividends**

*Market Information.* Pacific Premier's common stock is traded on the Nasdaq Global Market under the symbol "PPBI." As of March 28, 2013, there were 15,437,531 shares of Pacific Premier common stock outstanding, which were held by approximately 2,189 holders of record. Such numbers of shareholders do not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

The following table sets forth during the periods indicated the high and low sales prices of Pacific Premier common stock as reported on the Nasdaq Stock Market.

	Pacific Premier	
	Market Price	
	High	Low
<b>Year Ending December 31, 2013</b>		
First Quarter	\$ 13.29	\$ 10.21
Second Quarter (through April 1, 2013)	13.19	12.80
<b>Year Ending December 31, 2012</b>		
First Quarter	\$ 8.35	\$ 6.30
Second Quarter	8.50	7.53
Third Quarter	9.74	8.11
Fourth Quarter	11.49	9.50
<b>Year Ending December 31, 2011</b>		
First Quarter	\$ 7.30	\$ 5.55
Second Quarter	7.20	6.12
Third Quarter	6.81	5.80
Fourth Quarter	7.12	5.50
<b>Year Ending December 31, 2010</b>		
First Quarter	\$ 5.03	\$ 3.26
Second Quarter	5.42	4.10
Third Quarter	4.54	3.60
Fourth Quarter	5.90	4.05

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*Dividends.* During the periods presented in the table above, Pacific Premier did not pay any dividends on its common stock. It is Pacific Premier's current policy to retain earnings to provide funds for use in its business. Pacific Premier has never declared or paid dividends on its common stock and does not anticipate declaring or paying any cash dividends in the foreseeable future.

**SDTB Market Information and Dividends**

*Market Information.* SDTB's equity securities consist of common stock, of which there were 2,151,395 shares outstanding, held by 152 shareholders of record, on March 28, 2013, and preferred stock, of which no shares are outstanding. Such number of shareholders do not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

Trading in SDTB's common stock has not been extensive and such trades cannot be characterized as constituting an active trading market. SDTB's common stock is not listed on any national securities exchange, although it is quoted on the OTCQB Market, or the OTCQB, under the ticker symbol "SDBK." Trades may also occur in unreported private transactions. The OTCQB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter equity securities. Unlike the a national securities exchange, such as the New York Stock Exchange or the Nasdaq, the OTCQB does not impose listing standards and does not provide automated trade executions. Since January 1, 2012, SDTB common stock traded only 35% of the days the market was open.

The following table sets forth the high and low closing bids for shares of SDTB's common stock for the periods indicated. Bid prices are based on information received from the OTCQB based on all transactions reported on the OTCQB. Such information reflects inter-dealer prices, without retail markups, markdowns or commissions and may not reflect actual transactions.

	Closing Information	
	High	Low
<b>Year Ending December 31, 2013</b>		
First Quarter	\$ 14.50	\$ 13.01
Second Quarter (through April 1, 2013)	13.50	13.30
<b>Year Ending December 31, 2012</b>		
First Quarter	\$ 15.53	\$ 12.62
Second Quarter	15.00	12.50
Third Quarter	13.50	11.75
Fourth Quarter	14.20	11.25
<b>Year Ending December 31, 2011</b>		
First Quarter	\$ 16.46	\$ 11.78
Second Quarter	21.84	15.58
Third Quarter	16.02	14.56
Fourth Quarter	16.75	12.38

The last reported trade of SDTB's common stock prior to the filing of this proxy statement/prospectus was on March 28, 2013, at \$13.30. The last reported trade of SDTB's common stock on the date prior to the announcement of the merger was on February 26, 2013, at \$14.50.

*Dividends.* SDTB has not declared or paid any dividends to date during 2013. SDTB declared and paid a 3% stock dividend in each of April 2011 and April 2012. Payment of stock or cash dividends in the future will depend upon its earnings and financial condition and other factors deemed relevant by its board of directors, as well as its legal ability to pay dividends, which are discussed below. Pursuant

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to the merger agreement, SDTB has certain restrictions on the payment of dividends to its shareholders pending the closing of the merger. See "The Merger Business Pending the Merger" beginning on page 65.

Holders of SDTB common stock are entitled to receive dividends, on a pro rata basis, as and when declared by its board of directors, out of funds legally available for the payment of dividends and as specified and limited by the California Financial Code and other banking regulations. Under Section 1132 of the California Financial Code, funds available for cash dividend payments by a bank are restricted to the lesser of a bank's retained earnings or a bank's net income for its last three fiscal years (less any distributions to shareholders made during such period). Notwithstanding the provisions of Section 1132 of the California Financial Code, under Section 1133 thereof, a bank or a majority-owned subsidiary of a bank may, with prior approval from the California Department of Financial Institutions, the DFI, make a distribution to its shareholders in an amount not exceeding the greater of: (a) the retained earnings of the bank; (b) the net income of the bank for its last fiscal year; or (c) the net income of the bank for its current fiscal year. Notwithstanding the provisions of Section 1132 of the California Financial Code, under Section 1134 thereof, with prior DFI approval, a bank may make a distribution to its shareholders by means of redeeming its redeemable shares, and with prior DFI approval as well as the approval of the bank's outstanding shares, a bank may make a distribution to its shareholders in connection with a reduction of its contributed capital.

If CA DFI finds that the shareholders' equity of SDTB is not adequate or that the payment of a dividend would be unsafe or unsound for SDTB, CA DFI may order SDTB not to pay a dividend to its shareholders. The Federal Deposit Insurance Corporation, the FDIC, also has the authority to prohibit a bank from engaging in business practices (including payment of dividends) considered by the FDIC to be unsafe or unsound.

A more detailed discussion of SDTB dividends and restrictions thereto is set forth in this proxy statement/prospectus under "Comparisons of the Rights of Shareholders" beginning on page 124.

**SDTB Securities Authorized for Issuance Under Equity Compensation Plan**

The San Diego Trust Bank Second Amended and Restated 2003 Stock Plan has been previously approved by SDTB's shareholders. SDTB has no equity compensation plans not previously approved by shareholders. The following table sets forth certain information concerning aggregate common stock options, warrants and rights authorized for issuance under the Second Amended and Restated 2003 Stock Plan.

*Equity Compensation Plan Information at December 31, 2012*

Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under the Plan (excluding securities reflected in Column 1)
457,597.07	\$ 10.4734	40,756.07

**Equivalent Market Value Per Share of SDTB Common Stock**

The following table sets forth the closing sale prices of (i) Pacific Premier common stock as reported on the Nasdaq Stock Market, and (ii) SDTB common stock as quoted on the OTCQB, on March 5, 2013, the last trading-day before Pacific Premier announced the merger, and on March 11, 2013, the last practicable trading-day before the distribution of this proxy statement/prospectus. To help illustrate the market value of the per share stock consideration to be received by SDTB's shareholders, the following table also presents the equivalent market value per share of SDTB common stock as of March 5, 2013 and April 1, 2013, which were determined by multiplying the closing price for Pacific Premier's common stock on those dates by the exchange ratio of 1.114 of a share of Pacific Premier

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common stock for each share of SDTB common stock. The equivalent market value per share of SDTB common stock presented below does not reflect the possible upward or downward adjustment if the PPBI Average Share Price is less than \$10.832 or greater than \$13.240, or the per share cash consideration that may also be received by holders of SDTB common stock. See "The Merger The Merger Consideration" beginning on page 55 for additional information about the merger consideration to be received by holders of SDTB common stock, including the possible adjustments to the per share cash consideration and the per share stock consideration.

	<b>Pacific Premier Common Stock</b>	<b>SDTB Common Stock</b>	<b>Equivalent Market Value Per Share of SDTB Common Stock</b>
At March 5, 2013	\$ 12.40	\$ 14.50	\$ 13.81
At April 1, 2013	\$ 13.00	\$ 13.30	\$ 14.48

Shareholders are advised to obtain current market quotations for Pacific Premier common stock. The market price of Pacific Premier common stock at the effective time of the merger or at the time shareholders of SDTB receive Pacific Premier common stock in the merger following the consummation of the merger may be higher or lower than the market price at the time the merger agreement was executed, at the date of mailing of this proxy statement/prospectus or at the time of the special meeting. See "Risk Factors" beginning on page 30.

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**INFORMATION ABOUT PACIFIC PREMIER**

**General**

Pacific Premier is a California-based bank holding company for the Bank, a California-chartered commercial bank. Pacific Premier's principal asset is all of the capital stock of the Bank. The Bank provides banking services to businesses, professionals and consumers in its primary market area of Southern California through ten locations in the cities of San Bernardino, Seal Beach, Huntington Beach, Los Alamitos, Irvine, Newport Beach, Palm Springs and Palm Desert, California. On March 15, 2013, the Bank completed its acquisition of First Associations Bank, or FAB, which added a new office in Dallas, Texas. The banking operations conducted in this new office will be exclusively focused on providing deposit and other services to homeowners associations, or HOAs, and HOA management companies nationwide. Through the Bank's branches and its Internet website at [www.ppbi.com](http://www.ppbi.com), the Bank offers a broad array of deposit and loan products and services for both businesses and consumer customers. As of December 31, 2012, Pacific Premier had, on a consolidated basis, total assets of \$1.2 billion, total stockholders' equity of \$134.5 million and total deposits of \$904.8 million. At December 31, 2012, Pacific Premier had real estate loans and business loans collateralized by real estate totaling 67.9% of its gross loan portfolio. Beginning with the 2013 fiscal year, Pacific Premier's filing status with the Commission transitioned from a "smaller reporting company" to an "accelerated filer," as those terms are defined under Commission rules. Under the Commission's rules, Pacific Premier is permitted to continue to provide the scaled disclosure required of a "smaller reporting company" in its filings with the Commission until its quarterly report on Form 10-Q for the quarter ended March 31, 2013.

Based on information contained in Schedule 13Ds, Schedule 13Gs and Schedule 13Fs filed with the Commission, there are two shareholders (each of which is an institutional shareholder) who collectively beneficially own an aggregate of approximately 14.81% of Pacific Premier's outstanding common stock. These two shareholders, together with the shares of Pacific Premier common stock beneficially owned by Steven Gardner, Pacific Premier's president and chief executive officer, beneficially own an aggregate of approximately 15.63% of Pacific Premier's outstanding common stock. Pacific Premier is not aware of any agreements, arrangements or understandings between such shareholders with respect to the voting or disposition of any shares of Pacific Premier common stock. The 495,000 shares of Pacific Premier common stock issued in connection with the underwriters' exercise of their over-allotment option issued as part of its public offering of common stock in December 2012 are included in the calculation of these aggregate beneficial ownership percentages. Other than as publicly disclosed in their respective Schedule 13Ds, Schedule 13Gs or Schedule 13Fs filed with the Commission, Pacific Premier is not aware of any increase or decrease in the beneficial ownership of these seven shareholders, including as a result of the shares of common stock sold in Pacific Premier's recently completed public offering. To the extent that any of these seven shareholders purchased additional shares of Pacific Premier common stock in the offering, or purchased or sold shares of Pacific Premier common stock in the open market, through privately negotiated transactions or otherwise, their collective beneficial ownership of shares of Pacific Premier's common stock could have changed from the percentages provided above.

On January 9, 2013, Pacific Premier issued 495,000 shares of its common stock at a public offering price of \$10.00 per share in connection with the underwriters' exercise of the over-allotment option granted to them as part of Pacific Premier's public offering of common stock in December 2012. The net proceeds from the offering after, including the underwriters' exercise of the over-allotment option, deducting underwriting discounts and commissions and estimated offering expenses were approximately \$4.7 million. Pacific Premier intends to use the net proceeds of this offering for general corporate purposes, to support its ongoing and future anticipated growth and to augment the capitalization of the Bank. As of the date of this proxy statement/prospectus, the net proceeds from this offering have not

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been applied for any specific purpose other than being available to Pacific Premier and the Bank for general corporate purposes.

Pacific Premier's principal executive offices are located at 17901 Von Karman Ave., Suite 1200, Irvine, California 92614 and its telephone number is (714) 431-4000.

**Management and Additional Information**

Certain information relating to director and executive compensation, benefit plans, voting securities and the principal holders thereof, certain relationships and related transactions and other related matters as to Pacific Premier is incorporated by reference or set forth in Pacific Premier's annual report on Form 10-K for the year ended December 31, 2012, which is incorporated herein by reference. Shareholders wishing to obtain a copy of such document may contact Pacific Premier at its address or telephone number indicated under "Where You Can Find More Information" beginning on page 133.

**INFORMATION ABOUT SDTB**

**Business**

SDTB is a California state chartered bank headquartered in San Diego, California. It was incorporated in June of 2003, opened for business in October 30 of 2003, and currently operates three full-service offices in the San Diego California metropolitan area.

SDTB is licensed to operate as a commercial bank under the California Banking Law and is subject to supervision by the California Department of Financial Institutions. In accordance with the Federal Deposit Insurance Act, the Federal Deposit Insurance Corporation insures the deposits of SDTB up to the maximum legal limit. SDTB's primary source of revenue is from investment securities and also from providing loans to customers, who are predominately small and middle-market businesses and individuals.

SDTB offers a defined range of banking products, tailored to meet the needs of its customers, which includes secured and unsecured personal loans and lines of credit, commercial lines of credit, commercial loans for equipment financing, residential and commercial real estate loans, construction loans and bridge loans. SDTB also offer a variety of deposit products, including demand deposit accounts, interest-bearing checking accounts, money market accounts and certificates of deposit.

At December 31, 2012, SDTB had total assets of \$242 million, which were comprised of total investment securities of \$135.8 million and total net loans of \$36.2 million, total stockholders' equity of \$25.7 million and total deposits of \$187.9 million.

**Competition**

The banking business in California, generally, and in SDTB's service areas, specifically, is highly competitive with respect to both loans and deposits and is dominated by a number of major banks that have many offices operating over wide geographic areas. SDTB competes for deposits and loans principally with these major banks, community banks, savings and loan associations, finance companies, credit unions and other financial institutions located in its market areas. Among the advantages that the major banks have over SDTB are their ability to finance extensive advertising campaigns and to allocate their investment assets to regions of highest yield and demand. Many of the major commercial banks operating in SDTB's service areas offer certain services (such as trust and international banking services) that are not offered directly by SDTB and, by virtue of their greater total capitalization, such banks have substantially higher lending limits.

As of June 30, 2012, the most recent period for which figures are available, data reported by the FDIC indicated that the 637 banks and savings and loan offices then open in SDTB's primary market

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area, San Diego County, held approximately \$60.89 billion in total deposits averaging approximately \$95.6 million per banking office. SDTB's total deposits (approximately \$180.5 million) in the San Diego market area constituted approximately 0.30% of the total deposits in that market.

Moreover, all banks face increasing competition for loans and deposits from non-bank financial intermediaries such as mortgage companies, insurance companies, credit unions and securities firms.

In order to compete, SDTB uses to the fullest extent possible the familiarity of its directors and officers with the market area and its residents and businesses and the flexibility that SDTB's independent status will permit. This includes an emphasis on specialized services, local promotional activity, and personal contacts by directors, officers and other employees. SDTB uses newspaper advertising to inform the business community of the services it offers. SDTB also utilizes emerging marketing techniques, such as the Internet and e-mail marketing, to reach target markets.

SDTB has developed programs that are specifically addressed to the needs of entrepreneurs and their closely held businesses, professionals and their professional service firms, high net worth and high income individuals, as well as local area businesses and non-profit organizations. In the event there are customers whose loan demands exceed SDTB's lending limits, it arranges for such loans on a participation basis with other financial institutions and intermediaries. SDTB also assists those customers requiring other services not offered by SDTB to obtain those services from correspondent banks. In addition, SDTB offers ATM services by offsetting fees from foreign ATMs, courier services, bank-by-mail services remote deposit capture, online banking and direct deposit services.

**Premises**

SDTB leases approximately 5,610 square feet of office space for its headquarters located at 2550 Fifth Avenue, Suite 1010, San Diego, CA 92103. The lease is with an unaffiliated third party. The lease commenced on March 15, 2006 and terminates on April 30, 2018. The monthly base rent for the premises is \$13,838.00 for 2013.

SDTB leases approximately 6,126 square feet of office space for its branch office located at 2550 Fifth Avenue, Suite 120, San Diego, CA 92103. The lease is with an unaffiliated third party. The lease commenced on November 01, 2003 and terminates on April 15, 2013. The monthly base rent for the premises is \$15,146.36 for 2013.

SDTB leases approximately 4,879 square feet of office space for its branch office located at 781 Garden View Court, Suite 100, Encinitas, CA 92024. The lease is with an unaffiliated third party. The lease commenced on October 15, 2007 and terminates on October 15, 2017. The monthly base rent for the premises is \$16,543.88 for 2013.

SDTB leases approximately 1,710 square feet of office space for its branch office located at 1110 Rosecrans Street, Suite 101, San Diego, CA 92106. The lease is with an unaffiliated third party. The lease commenced on August 15, 2010 and terminates on August 15, 2014. The monthly base rent for the premises is \$3,448.40 for 2013.

SDTB believes that its premises will be adequate for present and anticipated needs. SDTB also believes that it has adequate insurance to cover its premises.

**Employees**

At December 31, 2012, SDTB had 25 full-time equivalent employees. Management of SDTB considers its relations with its employees to be good. SDTB is not a party to any collective bargaining agreement.



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**Legal Proceedings**

SDTB is from time to time involved in legal proceedings arising in the normal course of business. Other than proceedings incidental to SDTB's business, it is not a party to, nor is any of its property the subject of, any material pending legal or administrative proceedings.

**Effect of Existing or Probable Governmental Regulations on the Business of SDTB**

As a state-chartered bank with deposits insured by the FDIC, SDTB is subject to extensive governmental regulations on its business. Federal, state and local laws and regulations regarding the discharge of harmful materials into the environment may also have an impact on SDTB. Since SDTB is not involved in any business that manufactures, uses or transports any material amount of chemicals, waste, pollutants or toxins that might have a material adverse effect on the environment, SDTB's primary exposure to environmental laws is through its lending activities and through properties or businesses SDTB may own, lease or acquire. Based on a general survey of SDTB's loan portfolio, conversations with local appraisers and the type of lending currently and historically done by SDTB, management is not aware of any potential liability for hazardous waste contamination that would be reasonably likely to have a material adverse effect on SDTB.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS OF SDTB**

This discussion presents the analysis of SDTB's financial condition and results of operations as of December 31, 2012 and 2011 and for each of the years in the two-year period ended December 31, 2012. This discussion is designed to provide a more comprehensive review of the operating results and financial position of SDTB than could be obtained from an examination of the financial statements alone. This discussion should be read in conjunction with the financial statements of SDTB and the notes related thereto which appear elsewhere in this proxy statement/prospectus. See "Index to SDTB Financial Statements" beginning on page F-1.

Statements contained in this proxy statement/prospectus that are not purely historical are forward-looking statements within the meaning of Section 21E of the Exchange Act, including SDTB's expectations, intentions, beliefs or strategies regarding the future. All forward-looking statements concerning economic conditions, rates of growth, rates of income or values as may be included in this proxy statement/prospectus are based on information available to SDTB as of the date of this proxy statement/prospectus and SDTB assumes no obligation to update any such forward-looking statements. It is important to note that SDTB's actual results could materially differ from those in such forward-looking statements. Factors that could cause actual results to differ materially from those in such forward-looking statements include fluctuations in interest rates, inflation, government regulations, economic conditions and competitive product and pricing pressures in the geographic and business areas in which SDTB conducts its operations. See "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 36.

**General**

SDTB commenced operations on October 30, 2003 as a California-chartered commercial bank. SDTB is a member of the FDIC and is subject to the regulations of and periodic examinations by the CA DFI and the FDIC, its primary regulators.

SDTB provides a wide range of financial services, including credit and deposit products, from its headquarters located in San Diego, California, as well as two full-service branches in the San Diego, California metropolitan area. SDTB's target clients include small and middle market businesses and individuals.

SDTB's primary source of income is from the interest earned on loans and investment securities, and its primary expenses are interest paid on deposits and salaries and employee benefits.

At December 31, 2012, SDTB had \$242 million in total assets, \$136 million in securities, \$36 million in net loans, \$188 million in total deposits and \$26 million in total shareholders' equity.

For the year ended December 31, 2012, net income totaled \$1,815,000, or \$0.82 per diluted share, compared to net income of \$1,610,000, or \$0.72 per diluted share, for the prior year. The increase in net income for the year ended December 31, 2012 was primarily due to an increase in gains on sale of securities of \$196,000. SDTB recorded a (negative) provision for credit losses of (\$450,000) and (\$273,000) for the years ended December 31, 2012 and 2011, respectively, primarily related to a 25% decrease in the loan portfolio during the two years ended December 31, 2012 and the lack of any nonperforming or past due loans during that same period.

The return on average total assets was 0.86% and 0.80% for 2012 and 2011, respectively. The return on average total shareholders' equity was 7.33% and 8.19% for 2012 and 2011, respectively.

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**Critical Accounting Policies**

SDTB's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and prevailing practices in the banking industry. The financial information contained within these statements is, to a significant extent, financial information that is based on approximate measures of the financial effects of transactions and events that have already occurred.

Based on its consideration of accounting policies that involve the most complex and subjective decisions and assessments, management has identified its most critical accounting policy to be that related to the allowance for credit losses. SDTB's methodology to determine its allowance for credit losses incorporates a variety of risk considerations, both quantitative and qualitative, in establishing an allowance for credit losses that management believes is appropriate at each reporting date taking into account the characteristics of the loan portfolio, current economic conditions and historical credit loss experience. Although management believes that the level of the allowance as of December 31, 2012 is adequate to absorb losses inherent in SDTB's loan portfolio, a decline in the local economy or other adverse factors may result in increasing losses that cannot be reasonably predicted at this time. See " Financial Condition" beginning on page 104.

**Results of Operations**

*Net Interest Income.* SDTB's earnings depend largely upon its net interest income, which is the difference between the income received from its loan and investment portfolios and other interest-earning assets and the interest paid on deposits and other interest-bearing liabilities. Net interest income, when expressed as a percentage of average total interest-earning assets, is referred to as the net interest margin. SDTB's net interest income is affected by changes in the level and mix of interest-earning assets and interest-bearing liabilities, which are referred to as volume changes. SDTB's net interest income is also affected by changes in the yields earned on assets and rates paid on liabilities, which are referred to as rate changes. Interest rates charged on SDTB's loans are affected principally by the demand for such loans, the supply of money available for lending purposes and competitive factors. Those factors are, in turn, affected by general economic conditions and other factors beyond SDTB's control, such as federal economic policies, the general supply of money in the economy, legislative tax policies, governmental budgetary matters and the actions of the Federal Reserve. Interest rates on deposits are affected primarily by rates charged by competitors.

Net interest income totaled \$6,495,000 for 2012, representing a decrease of \$10,000, or 0.2%, from \$6,505,000 for 2011. This decrease in net interest income reflects a \$179,000 decrease in total interest income accompanied by a \$168,000 decrease in total interest expense.

Total interest income decreased \$179,000, or 2.5%, in 2012 compared with 2011, primarily due to a lower yield of average interest-earning assets of 3.52% for 2012, which decreased from 3.85% in 2011.

Total interest expense for the year ended December 31, 2012 decreased \$169,000 or 24.6% from the year ended December 31, 2011. The decrease in total interest expense is primarily due to a decline in the rate paid on average interest-bearing liabilities, which decreased from 0.53% in 2011 to 0.40% in 2012.

The noted decreases in interest income and interest expense are consistent with a protracted zero interest rate environment that has existed now for several years.

*Net Interest Margin and Net Interest Spread.* Net interest income, when expressed as a percentage of average total interest-earning assets, is referred to as the net interest margin. The net interest margin for the years ended December 31, 2012 and 2011 was 3.26% and 3.49%, respectively.

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The difference between the yield on average total interest-earning assets and the cost of average total interest-bearing liabilities is the net interest spread. The net interest spread is an indication of SDTB's ability to manage yields earned on loans and securities available-for-sale and rates paid on deposits and borrowings.

For the year ended December 31, 2012, SDTB's net interest spread was 3.12%, as compared to 3.32% for the year ended December 31, 2011. Net interest spread did not change significantly between periods because the decrease in the yield on average total interest-earning assets was nearly offset by a decrease in the cost of average interest-bearing liabilities.

The yield on average total interest-earning assets decreased from 3.85% for the year ended December 31, 2011 to 3.52% for the year ended December 31, 2012. The cost of average total interest-bearing liabilities declined from 0.53% for the year ended December 31, 2011 to 0.40% for the year ended December 31, 2012. Decreases in the yield on interest-earning assets occurred primarily as a result of maturities and pay-downs of loans and investment securities which were reinvested in lower yielding instruments as a result of the long downward trend in market interest rates. Decreases in the yield on interest-bearing liabilities were due to market-based downward adjustments to yields paid on various deposit products. These adjustments were made by SDTB management in response to the decreasing yields on interest-earning assets.

The following tables show SDTB's average balances of assets, liabilities and shareholders' equity; the amount of interest income and interest expense; the average yield or rate for categories of

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interest-earning assets and interest-bearing liabilities; and the net interest margin and net interest spread for the indicated periods:

**Distribution, Yield and Rate Analysis of Net Interest Income  
For the Year Ended December 31,**

	2012			2011		
	Average Balance	Interest Income or Expense	Average Yield or Rate	Average Balance	Interest Income or Expense	Average Yield or Rate
<b>(Dollars in Thousands)</b>						
<b>Assets:</b>						
Interest-earning assets:						
Net loans(1)	\$ 35,650	\$ 2,363	6.63%	\$ 41,192	\$ 2,849	6.92% \$ (486)
Securities available-for-sale	146,637	4,595	3.13%	123,092	4,277	3.47% \$ 318
Other interest-earning assets	16,685	54	0.32%	22,348	65	0.29% \$ (11)
Total interest-earning assets	198,972	7,012	3.52%	186,632	7,191	3.85% \$ (179)
Noninterest-earning assets	12,920			14,309		
Total assets	\$ 211,892			\$ 200,941		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing demand deposits	\$ 11,294	\$ 20	0.18%	\$ 10,057	\$ 18	0.18% \$ 2
Money market and savings deposits	104,255	433	0.42%	98,765	530	0.54% \$ (97)
Time certificates of deposit	7,399	51	0.69%	13,683	117	0.86% \$ (66)
Total interest-bearing deposits	122,948	504	0.41%	122,505	665	0.54% \$ (161)
Other borrowings	5,036	13	0.26%	7,156	21	0.29% \$ (8)
Total interest-bearing liabilities	127,984	517	0.40%	129,661	686	0.53% \$ (169)
Noninterest-bearing liabilities:						
Demand deposits	57,570			50,430		
Other liabilities	1,570			1,202		
Total noninterest-bearing liabilities	59,140			51,632		
Total liabilities	187,124			181,293		
Shareholders' equity	24,768			19,648		
Total liabilities and shareholders' equity	\$ 211,892			\$ 200,941		
Net interest income		\$ 6,495			\$ 6,505	
Net interest spread(2)			3.12%			3.32%
Net interest margin			3.26%			3.49%
Average interest-earning assets as a percentage average interest-bearing liabilities			155.47%			143.94%

Notes:

- (1) Loans are net of the allowance for credit losses and net deferred loan fees/costs. Unamortized net deferred loan fees were \$46,000 and \$86,000 at December 31, 2012 and 2011, respectively.

(2)

Weighted average yield on interest-earning assets less the weighted average cost of interest-bearing liabilities for the indicated period.

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The following table sets forth the dollar amount of changes in interest earned and paid for interest-earning assets and interest-bearing liabilities, respectively, and the amount of change attributable to changes in balances ("volume changes") and changes in interest rates ("rate changes"):

	<b>Year Ended December 31, 2012 vs. 2011 Change Due to Dollars in Thousands</b>		
	<b>Volume</b>	<b>Rate</b>	<b>Total</b>
<b>Increase (decrease) in interest income:</b>			
Loans, net(1)	\$ (181)	\$ (305)	\$ (486)
Securities available-for-sale	162	156	318
Other interest-earning assets	48	(59)	(11)
<b>Total</b>	<b>29</b>	<b>(208)</b>	<b>(179)</b>
<b>(Increase) decrease in interest expense:</b>			
Interest-bearing demand deposits	(6)	4	(2)
Savings and money market deposits	(65)	162	97
Time certificates of deposit	60	6	66
Other borrowings	(5)	13	8
<b>Total</b>	<b>(16)</b>	<b>185</b>	<b>169</b>
Increase (decrease) in net interest income	\$ 13	\$ (23)	\$ (10)

*Note:*

- (1) Loans are net of unamortized net deferred fees/costs. Amortized loan fees and costs have been included in the calculation of net interest income. Net loan fees recognized in interest income totaled \$45,000 and \$15,000 for the years ended December 31, 2012 and 2011, respectively.

*Provision for Credit Losses.* SDTB accounts for credit risk associated with lending activities through its allowance for credit losses and provision for credit losses. The provision for credit losses is the expense recognized in the statement of income to adjust the allowance for credit losses to the level deemed appropriate by management based upon application of SDTB's allowance methodology procedures. Specifically identifiable and quantifiable losses are immediately charged-off against the allowance for credit losses. The procedures for monitoring the adequacy of the allowance for credit losses, as well as detailed information about the allowance itself, are included below. See " Financial Condition Allowances for Credit Losses" beginning at page 107.

For the years ended December 31, 2012 and 2011, SDTB recorded (negative) provisions for credit losses of (\$450,000) and (\$273,000), respectively. The (negative) provision for credit losses reflects the impact of management's continuing assessment of the credit quality of SDTB's loan portfolio, which is affected by a variety of factors including the size and composition of the loan portfolio, information about specific borrower situations, estimated collateral values and general economic factors and reflects a 25% decrease in the loan portfolio during the two-year period ended December 31, 2012 combined with the lack of any nonperforming loans in 2012 and 2011 during that same period.

*Noninterest Income.* For the years ended December 31, 2012 and 2011, total noninterest income was \$918,000 and \$663,000, respectively. The year-over-year increase is primarily attributable to a \$196,000 increase in gains on the sale of securities available-for-sale.

*Noninterest Expense.* For the years ended December 31, 2012 and 2011, total noninterest expense was \$5,495,000 and \$5,574,000, respectively, reflecting a \$79,000, or 1.4%, decrease year-over-year. The decrease was primarily due to reduced depreciation expense on leasehold improvements and equipment which related to a write-down of abandoned leasehold improvements and equipment in the amount of \$56,000 that occurred in 2011 that did not re-occur in 2012.





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Noninterest expense as a percentage of average total interest-earning assets improved to 2.76% for the year ended December 31, 2012, down from 2.99% for the year ended December 31, 2011. The efficiency ratio also improved year-over-year, declining from 80.3% in 2011 to 78.6% in 2012.

The following table sets forth the major components of noninterest expense:

	For the Year Ended December 31,			
	2012		2011	
	(Dollars in Thousands)			
	\$ Amount	Percent of Total	\$ Amount	Percent of Total
Salaries and employee benefits	\$ 3,039	55%	\$ 3,017	54%
Occupancy and fixed assets	1,032	19%	1,097	20%
Legal and other professional fees	643	12%	548	10%
Marketing and promotion	70	1%	76	1%
Office expenses	172	3%	187	3%
Correspondent bank charges	50	1%	53	1%
Messenger and delivery services	51	1%	49	1%
Other	438	8%	547	10%
<b>Total noninterest expense</b>	<b>\$ 5,495</b>	<b>100%</b>	<b>\$ 5,574</b>	<b>100%</b>
As a percentage of average earning assets		2.76%		2.99%
<b>Efficiency ratio</b>		<b>78.61%</b>		<b>80.31%</b>

*Provision for Income Taxes.* For the years ended December 31, 2012 and 2011, SDTB's effective tax rate was 23.3% and 13.8%, respectively. The decrease in effective tax rate is primarily attributable to tax exempt income relating to municipal bonds and income from cash surrender value of bank-owned life insurance.

**Market Risk/Interest Rate Risk Management**

Market risk is the risk of loss from adverse changes in market prices or rates. SDTB's market risk arises primarily from interest rate risk inherent in its lending, investment and deposit-taking activities. SDTB's profitability is affected by fluctuations in interest rates. A sudden and substantial change in interest rates may adversely impact SDTB's earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent or on the same basis. SDTB's management actively monitors and manages its interest rate exposure.

Asset and liability management is concerned with the timing and magnitude of the repricing of assets and liabilities. It is SDTB's objective to control risks associated with interest rate movements within tolerances approved by its board of directors. In general, management's strategy is to match asset and liability balances within maturity and repricing categories to limit SDTB's exposure to earnings variations and variations in the value of assets and liabilities as interest rates change over time.

*Interest Rate Risk.* Interest rate risk is inherent in financial institutions and financial services companies. Interest rate risk results from assets and liabilities maturing or repricing at different times, from assets and liabilities repricing at the same time but in different amounts or from short-term and long-term interest rates changing by different amounts. Generally speaking, the rates of interest that SDTB earns on its assets, and pays on its liabilities, are established contractually for specified periods of time. Market interest rates change over time and if a financial institution cannot quickly adapt to interest rate changes, it may be exposed to volatility in earnings. For instance, if SDTB were to fund long-term fixed rate assets with short-term variable rate deposits and interest rates were to rise over the

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term of the assets, the short-term variable rate deposits would rise in cost and adversely affect net interest income. Similar risks exist when rate sensitive assets (for example, prime rate-based loans) are funded by longer-term fixed rate liabilities in a falling interest rate environment.

SDTB uses two primary measurement processes on a quarterly basis to quantify and manage exposure to interest rate risk: net interest income and net income simulations and economic value of equity analyses. Net interest income and net income simulations are used to identify the direction and severity of interest rate risk exposure over a 12- and 24-month forecast horizon. Economic value of equity analyses are used to estimate the price sensitivity of shareholders' equity to changes in interest rates.

SDTB also uses gap analysis to provide insight into mismatches of asset and liability cash flows. The interest rate sensitivity gap is determined by subtracting the amount of liabilities from the amount of assets that reprice during a particular time interval. A liability-sensitive position results when more assets than liabilities reprice within a given period. Conversely, an asset-sensitive position results when more assets than liabilities reprice within a given period.

As of December 31, 2012, SDTB was generally liability sensitive at the measured time horizons, with a negative cumulative one-year gap of \$66.0 million, or 27.3% of total assets, and a negative cumulative five-year gap of \$42.6 million, or 17.6% of total assets. As more of its liabilities than assets will reprice over a five-year horizon, SDTB will realize lower net interest income in a rising rate environment and higher net interest income in a falling interest rate environment with all other conditions remaining constant.

The following table sets forth the interest rate sensitivity of SDTB's interest-earning assets and interest-bearing liabilities as of December 31, 2012 using the interest rate sensitivity gap ratio. For the purposes of the following table, an asset or liability is considered rate-sensitive within a specified period when it can be repriced or matures within its contractual terms. Actual repricing patterns may differ

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from contractual repricing patterns, particularly with mortgage-backed securities which comprise a significant portion of total securities available-for-sale.

	As of December 31, 2012					Total
	Amounts Subject to Repricing Within:					
	Within Three Months	After Three Months But Within One Year	After One Year But Within Five Years	After Five Years	Non-Rate Sensitive	
(Dollars in Thousands)						
<b>Assets:</b>						
Cash and cash equivalents	\$ 56,118	\$	\$	\$	\$ 2,746	\$ 58,864
Interest-bearing time deposits in other banks	249	249				498
Securities available-for-sale	3,650	4,500	6,700	113,194	7,705	135,749
Loans, net	13,356	4,966	17,488	1,461	(1,059)	36,212
Other assets					10,682	10,682
<b>Total assets</b>	<b>\$ 73,373</b>	<b>\$ 9,715</b>	<b>\$ 24,188</b>	<b>\$ 114,655</b>	<b>\$ 20,074</b>	<b>\$ 242,005</b>
<b>Liabilities and shareholders' equity</b>						
Demand deposits	\$	\$	\$	\$	\$ 63,056	\$ 63,056
Interest-bearing demand deposits	13,816					13,816
Savings and money market deposits	105,588					105,588
Time deposits	2,629	2,121	674			5,424
Other borrowings	25,000					25,000
Noninterest-bearing liabilities and shareholders' equity					29,121	29,121
<b>Total liabilities and shareholders' equity</b>	<b>\$ 147,033</b>	<b>\$ 2,121</b>	<b>\$ 674</b>	<b>\$</b>	<b>\$ 92,177</b>	<b>\$ 242,005</b>
Interest rate sensitivity gap	\$ (73,660)	\$ 7,594	\$ 23,514	\$ 114,655		
Cumulative interest rate sensitivity gap	\$ (73,660)	\$ (66,066)	\$ (42,552)	\$ 72,103		
As a percentage of total assets: Interest rate sensitivity gap	-30.44%	3.14%	9.72%	47.38%		
Cumulative interest rate sensitivity gap	-30.44%	-27.30%	-17.58%	29.79%		

**Liquidity and Capital Resources**

*Liquidity.* Liquidity is SDTB's ability to maintain sufficient cash flow to meet obligations as they come due, fund loan demand and take advantage of investment opportunities as they arise. Changes in liquidity can be anticipated or unanticipated. SDTB actively manages its liquidity on a daily basis because adequate liquidity is essential to address balance sheet fluctuations without causing undue rise in cost, risk or disruption to normal operating conditions. SDTB's Asset-Liability Management Committee and its board of directors periodically reviews SDTB's liquidity position.

SDTB's principal sources of liquidity are deposit growth and principal and interest payments on loans and securities available-for-sale. To supplement these primary sources of liquidity, SDTB maintains contingent funding sources, which include unsecured overnight borrowing lines of credit totaling \$9,000,000 at December 31, 2012 with two of its correspondent banks and secured borrowing facilities at the Federal Home Loan Bank of San Francisco, or the FHLB. At December 31, 2012,

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SDTB had a total borrowing capacity of \$55 million at the FHLB with outstanding FHLB advances totaling \$25 million, leaving unused borrowing capacity of \$30 million. The outstanding advances matured on January 3, 2013 and carried an interest rate of 0.26%.

*Capital Resources.* Total shareholders' equity was \$26 million at December 31, 2012, compared to \$23 million at December 31, 2011. The primary reasons for the increase in total shareholders' equity have been an increase in net income of \$1.8 million from 2011 to 2012, and a \$1.1 million increase in the unrealized gain, net of tax, on securities available-for-sale.

Management is committed to maintaining capital at a level to assure shareholders, customers and regulators that SDTB is financially sound and able to support its growth from its retained earnings. SDTB is subject to risk-based capital regulations adopted by the federal banking regulators. These guidelines are used to evaluate capital adequacy and are based on an institution's asset risk profile and off-balance sheet exposures. The risk-based capital guidelines assign risk weightings to assets both on- and off-balance sheet and place increased emphasis on common equity in the capital structure. According to the regulations, institutions whose Tier 1 risk-based capital ratio, total risk-based capital ratio and leverage ratio meet or exceed 6%, 10% and 5%, respectively, are generally deemed to be "well-capitalized". Based on these guidelines, SDTB's Tier 1 and total risk-based capital ratios at December 31, 2012 were 28.4% and 29.7%, compared to 25.6% and 26.9% at December 31, 2011, respectively. SDTB's leverage ratio was 9.7% at December 31, 2012, compared to 9.2% at December 31, 2011. All of SDTB's capital ratios were above the minimum regulatory requirements for a "well-capitalized" institution.

**Contractual Obligations**

As of December 31, 2012, SDTB had contractual obligations for the following payments, by type and period due:

	Contractual Obligations Payments Due by Period				
	Total	One Year or Less	Over One Through Three Years	Over Three Years Through Five Years	Over Five Years
	(Dollars in Thousands)				
FHLB advances	\$ 25,000	\$ 25,000	\$	\$	\$
Operating lease obligations	\$ 2,336	\$ 459	\$ 846	\$ 847	\$ 184

*Impact of Inflation.* The impact of inflation on a financial institution differs significantly from such impact on other companies. Banks, as financial intermediaries, have assets and liabilities that tend to move in concert with inflation both as to interest rates, yields and value. A bank can reduce the impact of inflation if it can manage its interest rate sensitivity gap. SDTB attempts to structure its mix of financial instruments and manage its interest rate risk sensitivity gap in order to minimize the potential adverse effects of inflation or other market forces on its net interest income and therefore its earnings and capital. See "Interest Rate Risk." Inflation has been moderate in recent years and has had little or no effect on the financial condition and results of operations of SDTB during the periods covered in this proxy statement/prospectus.

**Financial Condition**

*Summary.* SDTB experienced growth in deposits in 2012 which also resulted in growth in total assets and securities available for sale. New funds received through increased deposits were primarily invested in securities available for sale due to a combination of poor loan demand and SDTB's conservative underwriting policies. Deposit growth was mainly attributable to increased deposits at a new branch opened in 2010 in the Point Loma area of San Diego, California. SDTB's reputation as a safe and secure institution during uncertain economic times also contributed to deposit growth in 2012.

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Total assets were \$242 million at December 31, 2012, compared to \$213 million at December 31, 2011, representing an increase of 13.6%.

Total net loans were \$37 million at December 31, 2012, compared to \$40 million at December 31, 2011, representing a decrease of 7.5%.

Total securities available-for-sale were \$136 million at December 31, 2012, compared to \$131 million at December 31, 2011, representing an increase of 3.8%.

Total deposits were \$188 million at December 31, 2012, compared to \$169 million at December 31, 2011, representing an increase of 11.2%.

*Loans.* SDTB's loan portfolio represents approximately 15.4% of SDTB's total assets. The quality and diversification of its loan portfolio are important considerations when reviewing SDTB's results of operations.

At December 31, 2012, total loans outstanding were \$37.2 million, compared to \$39.7 million at December 31, 2011. This decrease of 6.3% reflects SDTB's strict underwriting standards for new loans and the lack of loan demand in the current economic environment.

The following table sets forth the composition of SDTB's loan portfolio as of the dates indicated:

	As of December 31,			
	2012		2011	
	Amount	Percent of Total	Amount	Percent of Total
(Dollars in Thousands)				
Construction and land development	\$ 3,822	10.25%	\$ 2,600	6.54%
Commercial real estate	27,498	73.78%	29,298	73.71%
Residential real estate	953	2.56%	2,417	6.08%
Commercial	4,729	12.69%	5,409	13.61%
Consumer and Other	269	0.72%	25	0.06%
Total gross loans	37,271	100.00%	39,749	100.00%
Deferred loan (fees) costs	(46)		(85)	
Total loans	37,225		39,664	
Less allowance for credit losses	(1,013)		(1,463)	
Loans, net	\$ 36,212		\$ 38,201	

*Commitments.* During the ordinary course of business, SDTB will provide various forms of credit lines to meet the financing needs of its customers. These commitments to provide credit represent an obligation of SDTB to its customers which is not represented in any form in the balance sheet. These commitments include, to varying degrees, elements of credit and interest rate risk not recognized in SDTB's financial statements.

The effect on SDTB's revenues, expenses, cash flows and liquidity from the unused portion of the commitments to provide credit cannot be reasonably predicted because there is no guarantee that the lines of credit will ever be used.

At December 31, 2012 and December 31, 2011, SDTB had undisbursed loan commitments outstanding of \$5.4 million whose contractual amounts represent credit risk.

*Loan Maturities and Sensitivity to Changes in Interest Rates.* The following table shows the maturity distribution of SDTB's outstanding loans as of December 31, 2012. The loan amounts are based on

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contractual maturities although borrowers may have the ability to prepay. In addition, the table excludes net deferred loan fees totaling \$46,000.

	As of December 31, 2012			Total
	Within One Year	After One But Within Five Years	After Five Years	
(Dollars In Thousands)				
<b>Maturities:</b>				
Construction and land development	\$ 3,822	\$	\$	\$ 3,822
Commercial real estate	5,770	12,491	9,237	27,498
Residential real estate		953		953
Commercial	2,594	2,135		4,729
Consumer and other	126	143		269
<b>Total gross loans before net deferred loan fees</b>	<b>\$ 12,312</b>	<b>\$ 15,722</b>	<b>\$ 9,237</b>	<b>\$ 37,271</b>
<b>Repricing:</b>				
Loans with variable (floating) interest rates	\$ 11,487	\$ 7,932	\$	\$ 19,419
Loans with predetermined (fixed) interest rates	6,835	9,556	1,461	17,852
	<b>\$ 18,322</b>	<b>\$ 17,488</b>	<b>\$ 1,461</b>	<b>\$ 37,271</b>

*Nonperforming Assets.* Nonperforming assets are comprised of loans on nonaccrual status, loans 90 days or more but not on nonaccrual status, loans restructured where the terms of repayment have been renegotiated resulting in a reduction of deferral of interest or principal and other real estate owned, or OREO. Management generally places loans on nonaccrual status when they become 90 days past due, unless they are both fully secured and in the process of collection. Loans may be restructured by management when a borrower has experienced some change in financial status causing an inability to meet the original repayment terms and where SDTB believes the borrower will eventually overcome these circumstances to repay the loan in full. OREO consists of real property acquired through foreclosure or similar means that management intends to offer for sale.

Management's classification of a loan as nonaccrual or restructured is an indication that there is reasonable doubt as to the full collectability of principal or interest on the loan. At this point, SDTB stops recognizing income from the interest on the loan and reverses any uncollected interest that has been accrued but unpaid. If the loan deteriorates further due to a borrower's bankruptcy or similar financial problems, unsuccessful collection efforts or a loss classification by regulators or auditors, the remaining balance of the loan is then charged-off. These loans may or may not be collateralized, but collection efforts are continuously pursued.

SDTB had no nonperforming loans as of December 31, 2012 or December 31, 2011. SDTB had one parcel of OREO at December 31, 2012 and 2011 in the amount of \$752,000.

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The following table provides information with respect to the components of SDTB's nonperforming assets as of the dates indicated:

	As of December 31,	
	2012	2011
	(Dollars in Thousands)	
Nonaccrual loans	\$	\$
Restructured loans on nonaccrual status(1)		
Loans past due 90 days or more and still accruing		
Total nonperforming loans		
Other real estate owned	752	752
Total nonperforming assets	\$ 752	\$ 752
Nonperforming loans as a percentage of total loans	0.00%	0.00%
Allowance for credit losses as a percentage of nonperforming loans	N.M	N.M

(1) A "restructured loan" is a loan whose terms were renegotiated to provide for a reduction or deferral of interest or principal because of a deterioration in the financial position of the borrower and where interest income is no longer recognized.

*Allowance for Credit Losses.* The allowance for credit losses reflects management's judgment of the level of allowance adequate to provide for probable losses inherent in the loan portfolio. On a quarterly basis, management assesses the overall adequacy of the allowance for credit losses utilizing a methodology which includes an individual analysis of specific categories of loans, specific categories of classified loans and individual classified loans. The adequacy of the allowance for credit losses is determinable only on an approximate basis since estimates as to the magnitude and timing of loan losses are not probable because of the impact of external events.

Evaluation of the adequacy of the allowance for credit losses is based upon relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy and credit documentation as well as an amount for other factors that, in management's judgment, deserve recognition in estimating possible loan losses. These factors include, but are not limited to, historical charge-offs, estimated future losses on all significant loans, credit concentrations, certain classes or composition of loan, trends in the portfolio, delinquencies and nonaccruals, economic factors and the experience of management.

The allowance for credit losses is established through a provision for credit losses charged to expense. Loan losses are charged against the allowance when management believes that the collectability of principal is unlikely. Subsequent recoveries of charged-off amounts are credited to the allowance for credit losses.

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The table below summarizes the activity in SDTB's allowance for credit losses for the periods indicated:

	December 31,	
	2012	2011
	(Dollars in Thousands)	
<b>Balances:</b>		
Average total loans outstanding during period	\$ 37,060	\$ 42,875
Total loans outstanding at the end of period	37,271	39,749
<b>Allowance for credit losses:</b>		
Beginning of the year	\$ 1,463	\$ 1,463
Charge-offs:		
Construction and land development		
Commercial real estate		
Residential real estate		
Commercial		
Consumer and Other		
Total charge-offs		
<b>Recoveries:</b>		
Construction and land development		
Commercial real estate		
Residential real estate		273
Commercial		
Consumer and Other		
Total recoveries		273
Net charge-offs (recoveries)		273
(Negative) Provision for credit losses	(450)	(273)
Balance at the end of period	\$ 1,013	\$ 1,463
<b>Selected Ratios:</b>		
Net loan charge-offs (recoveries) as a percentage of:		
Average total loans	0.00%	-0.64%
Total loans at end of period	0.00%	-0.69%
(Negative) provision for credit losses	0.00%	-100.00%
Allowance for credit losses as a percentage of:		
Average total loans	2.73%	3.41%
Total loans at end of period	2.72%	3.68%
Total nonperforming loans at end of period	0.00%	0.00%

For the year ended December 31, 2012, SDTB recorded a (negative) provision for credit losses of (\$450,000), compared to a (negative) provision of (\$273,000) for 2011. The negative provisions for credit losses for 2012 and 2011 were primarily related to a 25% decrease in the loan portfolio that occurred during the two-year period ended December 31, 2012, combined with the lack of any nonperforming or past due loans during that same period.

Management is committed to maintaining the allowance for credit losses at a level that is considered to be commensurate with estimated and known risks in the loan portfolio. As of December 31, 2012, management believed that the allowance for credit losses of \$1.0 million was adequate based on its assessment of such factors. However, no assurance can be given that economic conditions which adversely affect SDTB's service areas or other circumstances will result in increased provisions for credit losses or loan losses in the future.



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The following table provides a breakdown of the allowance for credit losses by category as of the dates indicated:

<b>Allocation of the Allowance for Credit Losses</b>				
<b>As of December 31,</b>				
	<b>2012</b>		<b>2011</b>	
	<b>Amount</b>	<b>% of Loans in Category to Total Loans</b>	<b>Amount</b>	<b>% of Loans in Category to Total Loans</b>
<b>(Dollars in Thousands)</b>				
Construction and land development	\$ 137	10.25%	\$ 120	6.54%
Commercial real estate	670	73.78%	925	73.71%
Residential real estate	26	2.56%	80	6.08%
Commercial	168	12.69%	336	13.61%
Consumer and Other	12	0.72%	1	0.06%
<b>Total allowance for credit losses</b>	<b>\$ 1,013</b>	<b>100.00%</b>	<b>\$ 1,462</b>	<b>100.00%</b>

*Securities Available-for-Sale.* The primary objectives of SDTB's securities portfolio, all of which is categorized as available-for-sale, are to support a sufficient level of liquidity, manage interest rate risk and generate an adequate total return comprised of interest income and gains on sale without taking undue risks.

The following tables summarize the amortized cost, fair value and distribution of SDTB's securities portfolio as of the dates indicated:

<b>As of December 31,</b>				
	<b>2012</b>		<b>2011</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Amortized Cost</b>	<b>Fair Value</b>
<b>(Dollars in Thousands)</b>				
U.S. government agencies	\$	\$	\$ 2,277	\$ 2,278
Municipal securities	27,180	29,794	30,549	32,777
Mortgage-backed securities	35,139	36,402	44,176	45,685
SBA pools	50,898	54,061	35,035	36,556
Corporate bonds	14,827	15,492	12,872	13,497
<b>Total</b>	<b>\$ 128,044</b>	<b>\$ 135,749</b>	<b>\$ 124,909</b>	<b>\$ 130,793</b>

At December 31, 2012, the fair value of securities available-for-sale totaled \$136 million, an increase of \$5 million, or 3.8%, from \$131 million at December 31, 2011. The primary reason for the growth of the securities portfolio during this period is strong deposit growth and weak loan demand as a result of anemic economic growth in SDTB's market area.

At December 31, 2012, the securities portfolio had an unrealized gain of \$7.7 million, compared to an unrealized gain of \$5.9 million at December 31, 2011, with the increase primarily attributable to increasing investor preference for high quality U.S. government and insured municipal bonds such as those held by SDTB. The unrealized gain on available-for-sale securities is excluded from net income and reported net of income taxes as other comprehensive income in the shareholders' equity section of the balance sheet.

SDTB realized gains on the sale of securities totaling \$423,000 and \$227,000 during the years ended December 31, 2012 and 2011, respectively.

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At December 31, 2012, all mortgage-backed securities owned by SDTB were issued by U.S. government agencies or government sponsored entities which carry either the explicit or implicit guarantee of the United States government.

All corporate bonds held by SDTB are of companies that are Fortune 100 corporations and are rated A- or above by Standard & Poors. Municipal bonds held by SDTB are all rated AA or higher by Standard & Poors or Moody's and additionally, carry insurance issued by the top rated municipal bond insurer in the nation or are guaranteed by specific funds of the individual states.

The following table summarizes the contractual maturity characteristics of SDTB's securities portfolio by investment category as of December 31, 2012. Expected remaining maturities will differ from remaining contractual maturities as U.S. agency mortgage-backed securities and certain municipal bonds in SDTB's portfolio can be prepaid, refunded or called without penalty.

	As of December 31, 2012									
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		Total	
	\$	Yield	\$	Yield	\$	Yield	\$	Yield	\$	Yield
(Dollars in Thousands)										
<b>Available for sale:</b>										
Municipal bonds(1)	\$	N.A.	\$	N.A.	\$ 6,650	3.80%	\$ 23,144	4.00%	\$ 29,794	3.96%
Mortgage-backed securities		N.A.		N.A.		N.A.	36,402	2.86%	36,402	2.86%
SBA pools		N.A.		N.A.		N.A.	54,061	3.27%	54,061	3.27%
Corporate bonds	6,201	4.46%	9,291	3.75%		N.A.		N.A.	15,492	4.20%
Total	\$ 6,201	4.46%	\$ 9,291	3.75%	\$ 6,650	3.80%	\$ 113,607	3.38%	\$ 135,749	3.40%

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(1) Adjusted to a tax equivalent basis using the statutory 34% federal tax rate.

*Deposits.* Deposits are S