CUBIC CORP /DE/
Form SC 13G/A
February 14, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)

CUBIC CORP /DE/
(Name of Issuer)

COMMON STOCK
(Title of Class of Securities)

229669106
(CUSIP NUMBER)

December 31, 2018
(Date of Event which Requires Filing of Statement)

Check the appropriate box to designate the Rule pursuant to which this Schedule is filed:
[x] Rule 13d - 1(b)
Rule 13d - 1(c)
Rule 13d - 1(d)

1. Name of Reporting Person
T. ROWE PRICE ASSOCIATES, INC.
52-0556948

2. Check the Appropriate Box if a Member of a Group
NOT APPLICABLE

3. SEC Use Only

4. Citizenship or Place of Organization
Maryland

Number of Shares Beneficially Owned by Each Reporting Person With

5. Sole Voting Power* 839,555

6. Shared Voting Power* 0

7. Sole Dispositive Power* 3,704,168

8. Shared Dispositive Power 0

9. Aggregate Amount Beneficially Owned by Each Reporting Person
3,704,168

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares
NOT APPLICABLE

11. Percent of Class Represented by Amount in Row 9
11.9%

12. Type of Reporting Person
IA

*Any shares reported in Items 5 and 6 are also reported in Item 7.

Item 1(a) Name of Issuer:
CUBIC CORP /DE/

Item 1(b) Address of Issuer's Principal Executive Offices:
9333 BALBOA AVE, SAN DIEGO, CALIFORNIA 92123

Item 2(a) Name of Person(s) Filing:
(1) T. ROWE PRICE ASSOCIATES, INC. ("Price Associates")

Item 2(b) Address of Principal Business Office:
100 E. Pratt Street, Baltimore, MD 21202

Item 2(c) Citizenship or Place of Organization:
(1) Maryland

Item 2(d) Title of Class of Securities: COMMON STOCK

Item 2(e) Cusip Number: 229669106

Item 3: The person filing this Schedule 13G is an:
X Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

Item 4: Reference is made to Items 5-11 on the preceding pages of this Schedule 13G.

Item 5: Ownership of Five Percent or Less of a Class
Not Applicable

Item 6: Ownership of More than Five Percent on Behalf of Another Person

(1) Price Associates does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities.

The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time.

Except as may be indicated if this is a joint filing with one of the registered investment companies sponsored by Price Associates which it also serves as investment adviser ("T. Rowe Price Funds"), not more than 5% of the class of such securities is owned by any one client subject to the investment advice of Price Associates.

(2) With respect to securities owned by any one of the T. Rowe Price Funds, only the custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid.

Item 7: Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.
Not Applicable

Item 8: Identification and Classification of Members of the Group
Not Applicable

Item 9: Notice of Dissolution of Group
Not Applicable

Item 10: Certification
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect. T. Rowe Price Associates, Inc. hereby declares and affirms that the filing of Schedule 13G shall not be construed as an admission that Price Associates is the beneficial owner of the securities referred to, which beneficial ownership is expressly denied.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

T. ROWE PRICE ASSOCIATES, INC.
Date: February 14, 2019
Signature: /s/ David Oestreicher
Name & Title: David Oestreicher, Vice President

12/31/2018

ALIGN="RIGHT" VALIGN="BOTTOM" style="font-family:times;">140,537 5.7% 147,346 5.4%

Healthcare

128,177 5.1% 131,964 5.3% 148,476 5.5%

Mixed use

53,132 2.1% 55,866 2.3% 61,588 2.3%

Gas station

33,704 1.3% 36,269 1.5% 39,716 1.5%

Self storage

69,599 2.7% 72,789 2.9% 75,941 2.8%

Restaurant

18,374 0.7% 18,559 0.7% 25,081 0.9%

Land acquisition/development

21,988 0.9% 22,051 0.9% 14,015 0.5%

Unimproved land

12,055 0.5% 13,250 0.5% 3,121 0.1%

Other

292,278 11.5% 204,647 8.3% 221,391 8.1%

Total commercial real estate mortgage

2,024,855 79.9% 1,972,026 79.6% 2,156,889 79.3%

Residential real estate mortgage:

Multi-family

277,926 11.0% 309,345 12.5% 344,499 12.7%

Single family owner-occupied

118,060 4.6% 124,695 5.0% 127,457 4.7%

Single family nonowner-occupied

30,431 1.2% 32,773 1.3% 44,965 1.7%

Mixed use

2,858 0.1% 2,879 0.1% 2,918 0.1%

HELOCs

53,678 2.1% 38,056 1.5% 42,094 1.5%

Other

27,506 1.1%

Total residential real estate mortgage

510,459 20.1% 507,748 20.4% 561,933 20.7%

Total gross real estate mortgage loans

$2,535,314 100.0%$2,479,774 100.0%$2,718,822 100.0%

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The following table presents the balance of our total gross loans and leases by portfolio segment and class, showing the non-covered and covered components, at the date indicated:

	September 30, 2012					
	Total Loans		Non-Covered Loans		Covered Loans	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Real estate mortgage:						
Hospitality	$ 121,092	3%	$ 118,189	4%	$ 2,903	
SBA 504	55,083	1%	55,083	2%		
Other	2,359,139	64%	1,755,618	57%	603,521	93%
Total real estate mortgage	2,535,314	68%	1,928,890	63%	606,424	93%
Real estate construction:						
Residential	49,844	1%	42,752	1%	7,092	1%
Commercial	129,499	4%	109,996	4%	19,503	3%
Total real estate construction	179,343	5%	152,748	5%	26,595	4%
Total real estate loans	2,714,657	73%	2,081,638	68%	633,019	97%
Commercial:						
Collateralized	449,245	12%	433,030	14%	16,215	3%
Unsecured	88,020	2%	87,335	3%	685	
Asset-based	226,401	6%	226,401	7%		
SBA 7(a)	26,002	1%	26,002	1%		
Total commercial	789,668	21%	772,768	25%	16,900	3%
Leases	161,934	4%	161,934	5%		
Consumer	21,233	1%	20,615	1%	618	
Foreign	16,126	1%	16,126	1%		
Total gross loans and leases	$ 3,703,618	100%	3,053,081	100%	650,537	100%
Less:						
Unearned income			(2,190)			
Discount					(52,437)	
Allowance			(69,142)		(30,704)	
Total net loans and leases			$ 2,981,749		$ 567,396	

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Non-Covered Loans and Leases

The following table presents the balance of our non-covered loans and leases by portfolio segment and class as of the dates indicated:

	September 30, 2012		June 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Real estate mortgage:						
Hospitality	$ 118,189	4%	$ 137,621	5%	$ 144,402	5%
SBA 504	55,083	2%	56,725	2%	58,377	2%
Other	1,755,618	57%	1,634,431	57%	1,779,685	63%
Total real estate mortgage	1,928,890	63%	1,828,777	64%	1,982,464	70%
Real estate construction:						
Residential	42,752	1%	31,253	1%	17,669	1%
Commercial	109,996	4%	97,854	3%	95,390	3%
Total real estate construction	152,748	5%	129,107	4%	113,059	4%
Total real estate loans	2,081,638	68%	1,957,884	68%	2,095,523	74%
Commercial:						
Collateralized	433,030	14%	370,857	13%	414,020	15%
Unsecured	87,335	3%	76,044	3%	78,937	3%
Asset-based	226,401	7%	228,079	8%	149,987	5%
SBA 7(a)	26,002	1%	26,064	1%	28,995	1%
Total commercial	772,768	25%	701,044	25%	671,939	24%
Leases	161,934	5%	153,793	5%		
Consumer	20,615	1%	17,151	1%	23,711	1%
Foreign	16,126	1%	17,017	1%	20,932	1%
Total gross non-covered loans and leases	$ 3,053,081	100%	$ 2,846,889	100%	$ 2,812,105	100%

With the acquisition of EQF on January 3, 2012, we added the class category of "leases." We are accounting for the leases in accordance with the accounting requirements for purchased non-impaired loans.

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The following table presents the composition of our non-covered real estate mortgage loan portfolio as of the dates indicated:

	September 30, 2012		June 30, 2012		December 31, 2011	
Loan Category	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
	(Dollars in thousands)					
Commercial real estate mortgage:						
Industrial/warehouse	$ 329,287	17.1%	$ 344,380	18.8%	$ 367,494	18.5%
Retail	255,669	13.3%	253,201	13.8%	286,691	14.5%
Office buildings	284,920	14.8%	257,703	14.1%	290,074	14.6%
Owner-occupied	196,812	10.2%	204,179	11.2%	226,307	11.4%
Hotel	118,189	6.1%	137,621	7.5%	144,402	7.3%
Healthcare	113,827	5.9%	117,418	6.4%	131,625	6.7%
Mixed use	47,404	2.5%	48,915	2.7%	53,855	2.7%
Gas station	28,563	1.5%	30,328	1.7%	33,715	1.7%
Self storage	19,489	1.0%	19,602	1.1%	23,148	1.2%
Restaurant	16,651	0.9%	16,795	0.9%	22,549	1.1%
Land acquisition/development	21,988	1.1%	22,051	1.2%	14,015	0.7%
Unimproved land	11,089	0.6%	11,516	0.6%	1,369	0.1%
Other	278,475	14.3%	190,761	10.4%	206,504	10.4%
Total commercial real estate mortgage	1,722,363	89.3%	1,654,470	90.4%	1,801,748	90.9%
Residential real estate mortgage:						
Multi-family	86,190	4.5%	93,586	5.1%	93,866	4.7%
Single family owner-occupied	37,700	2.0%	39,483	2.2%	32,209	1.6%
Single family nonowner-occupied	7,165	0.4%	8,862	0.5%	19,341	1.0%
HELOCs	47,966	2.5%	32,376	1.8%	35,300	1.8%
Other	27,506	1.3%				
Total residential real estate mortgage	206,527	10.7%	174,307	9.6%	180,716	9.1%
Total gross non-covered real estate mortgage loans	$ 1,928,890	100.0%	$ 1,828,777	100.0%	$ 1,982,464	100.0%

The largest subset of the "Other" commercial real estate mortgage category is for fixed base operators at airports with a balance of $39.3 million, or 14.1% of the total in "Other".

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Covered Loans

The following table presents the composition of our covered loans as of the dates indicated:

	September 30, 2012		June 30, 2012		December 31, 2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)					
Real estate mortgage:						
Hospitality	$ 2,903		$ 2,916		$ 2,944	
Other	603,521	93%	648,081	93%	733,414	91%
Total real estate mortgage	606,424	93%	650,997	93%	736,358	91%
Real estate construction:						
Residential	7,092	1%	7,658	1%	21,521	3%
Commercial	19,503	3%	24,467	3%	25,397	3%
Total real estate construction	26,595	4%	32,125	4%	46,918	6%
Total real estate loans	633,019	97%	683,122	97%	783,276	97%
Commercial:						
Collateralized	16,215	3%	18,229	3%	24,808	3%
Unsecured	685		725		802	
Total commercial	16,900	3%	18,954	3%	25,610	3%
Consumer	618		659		735	
Total gross covered loans	650,537	100%	702,735	100%	809,621	100%
Discount	(52,437)		(62,323)		(75,323)	
Allowance for loan losses	(30,704)		(31,463)		(31,275)	
Covered loans, net	$ 567,396		$ 608,949		$ 703,023	

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The following table presents our gross covered real estate mortgage loan portfolio as of the dates indicated:

Loan Category	September 30, 2012 Amount	September 30, 2012 % of Total	June 30, 2012 Amount	June 30, 2012 % of Total	December 31, 2011 Amount	December 31, 2011 % of Total
	(Dollars in thousands)					
Commercial real estate mortgage:						
Industrial/warehouse	$ 26,510	4.4%	$ 27,580	4.2%	$ 33,755	4.6%
Retail	94,437	15.5%	99,947	15.4%	113,289	15.4%
Office buildings	66,657	11.0%	68,781	10.6%	77,767	10.6%
Owner-occupied	20,164	3.3%	20,323	3.1%	24,837	3.4%
Hotel	2,903	0.5%	2,916	0.4%	2,944	0.4%
Healthcare	14,350	2.4%	14,546	2.2%	16,851	2.3%
Mixed use	5,728	0.9%	6,951	1.1%	7,733	1.1%
Gas station	5,141	0.8%	5,941	0.9%	6,001	0.8%
Self storage	50,110	8.3%	53,187	8.2%	52,793	7.2%
Restaurant	1,723	0.3%	1,764	0.3%	2,532	0.3%
Unimproved land	966	0.2%	1,734	0.3%	1,752	0.2%
Other	13,803	2.3%	13,886	2.1%	14,887	2.0%
Total commercial real estate mortgage	302,492	49.9%	317,556	48.8%	355,141	48.3%
Residential real estate mortgage:						
Multi-family	191,736	31.6%	215,759	33.1%	250,633	34.0%
Single family owner-occupied	80,360	13.3%	85,212	13.1%	95,248	12.9%
Single family nonowner-occupied	23,266	3.8%	23,911	3.7%	25,624	3.5%
Mixed use	2,858	0.5%	2,879	0.4%	2,918	0.4%
HELOCs	5,712	0.9%	5,680	0.9%	6,794	0.9%
Total residential real estate mortgage	303,932	50.1%	333,441	51.2%	381,217	51.7%
Total gross covered real estate mortgage loans	$ 606,424	100.0%	$ 650,997	100.0%	$ 736,358	100.0%

The loans acquired in the Los Padres and Affinity acquisitions are covered by loss sharing agreements with the FDIC and we will be reimbursed for a substantial portion of any future losses. Through September 30, 2012, gross losses for Los Padres covered assets totaled $62.7 million and gross losses for Affinity covered assets totaled $153.8 million. Of this total of $216.5 million in losses, we have received payment from the FDIC of $163.3 million, which represented 80% of our losses, and we expect to receive $9.9 million for recently submitted claims.

Under the terms of the Los Padres loss sharing agreement, the FDIC will absorb 80% of losses and receive 80% of loss recoveries on the covered assets. The Los Padres loss sharing provisions expire in the third quarters of 2015 and 2020 for non-single family and single family covered assets, respectively, while the related loss recovery provisions expire in the third quarters of 2018 and 2020, respectively.

Under the terms of the Affinity loss sharing agreement, the FDIC will (a) absorb 80% of losses and receive 80% of loss recoveries on the first $234 million of losses on covered assets and (b) absorb 95% of losses and receive 95% of loss recoveries on covered assets exceeding $234 million. The Affinity loss sharing provisions expire in the third quarters of 2014 and 2019 for non-single family covered assets and single family covered assets, respectively, while the related loss recovery provisions expire in the third quarters of 2017 and 2019, respectively.

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Allowance for Credit Losses on Non-Covered Loans and Leases

The allowance for credit losses on non-covered loans and leases is the combination of the allowance for loan and lease losses and the reserve for unfunded loan commitments. The allowance for credit losses on non-covered loans and leases relates only to loans and leases which are not subject to loss sharing agreements with the FDIC. The allowance for loan and lease losses is reported as a reduction of outstanding loan and lease balances and the reserve for unfunded loan commitments is included within other liabilities. Generally, as loans are funded, the amount of the commitment reserve applicable to such funded loans is transferred from the reserve for unfunded loan commitments to the allowance for loan and lease losses based on our allowance methodology. The following discussion is for non-covered loans and leases and the allowance for credit losses thereon. Refer to "Balance Sheet Analysis *Allowance for Credit Losses on Covered Loans*" for the policy on covered loans.

At September 30, 2012, the allowance for credit losses on non-covered loans and leases totaled $75.0 million, a $3.0 million decrease from the allowance at June 30, 2012, and was comprised of the allowance for loan and lease losses of $69.1 million and the reserve for unfunded loan commitments of $5.9 million. During the three months ended September 30, 2012, the Company recorded $1.0 million in net charge-offs and a $2.0 million negative provision for credit losses.

The allowance for loan and lease losses is maintained at a level deemed appropriate by management to adequately provide for known and inherent risks in the loan and lease portfolio and other extensions of credit at the balance sheet date. The allowance is based upon a continuing review of the portfolio, past loan loss experience, current economic conditions which may affect the borrowers' ability to pay, and the underlying collateral value of the loans. Loans and leases which are deemed to be uncollectible are charged off and deducted from the allowance. The provision for loan and lease losses and recoveries on loans and leases previously charged off are added to the allowance.

The methodology we use to estimate the amount of our allowance for credit losses is based on both objective and subjective criteria. While some criteria are formula driven, other criteria are subjective inputs included to capture environmental and general economic risk elements which may trigger losses in the loan and lease portfolios, and to account for the varying levels of credit quality in the loan and lease portfolios of the entities we have acquired that have not yet been captured in our objective loss factors.

Specifically, our allowance methodology contains three key elements: (i) amounts based on specific evaluations of impaired loans and leases; (ii) amounts of estimated losses on several pools of loans categorized by risk rating and loan type; and (iii) amounts for environmental and general economic factors that indicate probable losses were incurred but were not captured through the other elements of our allowance process. For loans and leases measured at fair value on the acquisition date, our allowance methodology captures deterioration in credit quality of such acquired assets experienced after the purchase date.

Impaired loans and leases are identified at each reporting date based on certain criteria and the majority of which are individually reviewed for impairment. Non-covered nonaccrual loans and leases with an unpaid principal balance over $250,000 and all performing restructured loans are reviewed individually for the amount of impairment, if any. Non-covered nonaccrual loans and leases with an unpaid principal balance of $250,000 or less are evaluated for impairment collectively. A loan or lease is considered impaired when it is probable that a creditor will be unable to collect all amounts due according to the original contractual terms of the agreement. We measure impairment of a loan based upon the fair value of the loan's collateral if the loan is collateral-dependent or the present value of cash flows, discounted at the loan's effective interest rate, if the loan is not collateral-dependent. The impairment amount on a collateral-dependent loan is charged-off to the allowance and the impairment amount on a loan that is not collateral-dependent is set up as a specific reserve. We measure impairment of a lease based upon the present value of the scheduled lease and lease residual cash

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flows, discounted at the lease's effective interest rate. Increased charge-offs or additions to specific reserves generally result in increased provisions for credit losses.

Our loan and lease portfolio, excluding impaired loans and leases which are evaluated individually, is categorized into several pools for purposes of determining allowance amounts by pool. The pools we currently evaluate are: commercial real estate construction, residential real estate construction, SBA real estate, hospitality real estate, real estate other, commercial collateralized, commercial unsecured, SBA commercial, consumer, foreign, asset-based and leasing. Within these loan pools, we then evaluate loans not adversely classified, which we refer to as "pass" credits, separately from adversely classified loans. The adversely classified loans are further grouped into three credit risk rating categories: "special mention," "substandard" and "doubtful," which we define as follows:

Special Mention: Loans and leases classified as special mention have a potential weakness that requires management's attention. If not addressed, these potential weaknesses may result in further deterioration in the borrower's ability to repay the loan.

Substandard: Loans and leases classified as substandard have a well-defined weakness or weaknesses that jeopardize the collection of the debt. They are characterized by the possibility that we will sustain some loss if the weaknesses are not corrected.

Doubtful: Loans and leases classified as doubtful have all the weaknesses as those classified as Substandard, with the additional trait that the weaknesses make collection or repayment in full highly questionable and improbable.

In addition, we may refer to the loans and leases classified as "substandard" and "doubtful" together as "criticized loans." For additional information on classified loans, see Note 5, *Loans and Lease*, in the Notes to Consolidated Financial Statements (Unaudited) contained in "Item 1. Condensed Consolidated Financial Statements (Unaudited)."

The allowance amounts for "pass" rated loans and leases and those loans and leases adversely classified, which are not reviewed individually, are determined using historical loss rates developed through migration analysis. The migration analysis is updated quarterly based on historic losses and movement of loans between ratings. As a result of this migration analysis and its quarterly updating, the decreases we experienced in both charge-offs and adverse classifications generally resulted in lower loss factors.

Finally, in order to ensure our allowance methodology is incorporating recent trends and economic conditions, we apply environmental and general economic factors to our allowance methodology including: credit concentrations; delinquency trends; economic and business conditions; the quality of lending management and staff; lending policies and procedures; loss and recovery trends; nature and volume of the portfolio; nonaccrual and problem loan trends; usage trends of unfunded commitments; and other adjustments for items not covered by other factors.

Management believes that the allowance for loan and lease losses is adequate and appropriate for the known and inherent risks in our non-covered loan portfolio. In making its evaluation, management considers certain quantitative and qualitative factors including the Company's historical loss experience, the volume and type of lending conducted by the Company, the results of our credit review process, the levels of classified and criticized loans, the levels of impaired loans, including nonperforming loans and performing restructured loans, regulatory policies, general economic conditions, underlying collateral values, and other factors regarding collectibility and impairment. To the extent we experience, for example, increased levels of documentation deficiencies, adverse changes in collateral values, or negative changes in economic and business conditions which adversely affect our borrowers, our classified loans may increase. Higher levels of classified loans generally result in higher allowances for loan losses.

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We recognize that the determination of the allowance for loan and lease losses is sensitive to the assigned credit risk ratings and inherent loss rates at any given point in time. Therefore, we perform sensitivity analyses to provide insight regarding the impact adverse changes in credit risk ratings may have on our allowance for loan losses. The sensitivity analyses have inherent limitations and are based on various assumptions as of a point in time and, accordingly, it is not necessarily representative of the impact loan risk rating changes may have on the allowance for loan losses.

At September 30, 2012, in the event that 1% of our non-covered loans and leases were downgraded one credit risk rating category for each category (e.g., 1% of the "pass" category moved to the "special mention" category, 1% of the "special mention" category moved to "substandard" category, and 1% of the "substandard" category moved to the "doubtful" category within our current allowance methodology), the allowance for credit losses would have increased by approximately $1.1 million. In the event that 5% of our non-covered loans and leases were downgraded one credit risk category, the allowance for credit losses would increase by approximately $5.7 million. Given current processes employed by the Company, management believes that the credit risk ratings and inherent loss rates currently assigned are appropriate. It is possible that others, given the same information, may at any point in time reach different conclusions that could be significant to the Company's financial statements. In addition, current credit risk ratings are subject to change as we continue to review loans within our portfolio and as our borrowers are impacted by economic trends within their market areas.

Although we have established an allowance for loan and lease losses that we consider adequate, there can be no assurance that the established allowance for loan and lease losses will be sufficient to offset losses on loans and leases in the future. Management also believes that the reserve for unfunded loan commitments is adequate. In making this determination, we use the same methodology for the reserve for unfunded loan commitments as we do for the allowance for loan and lease losses and consider the same quantitative and qualitative factors, as well as an estimate of the probability of advances of the commitments correlated to their credit risk rating.

The following table presents information regarding the allowance for credit losses on non-covered loans and leases as of the dates indicated:

	September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
	(Dollars in thousands)			
Allowance for loan and lease losses	$ 69,142	$ 72,061	$ 85,313	$ 90,110
Reserve for unfunded loan commitments	5,870	5,970	8,470	6,425
Total allowance for credit losses	$ 75,012	$ 78,031	$ 93,783	$ 96,535
Allowance for credit losses to loans and leases, net of unearned income	2.46%	2.74%	3.34%	3.34%
Allowance for credit losses to nonaccrual loans and leases	202.8%	147.9%	161.0%	161.0%
Allowance for credit losses to nonperforming assets	100.9%	82.6%	87.9%	89.2%

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The following table presents the changes in our allowance for credit losses on non-covered loans and leases for the periods indicated:

	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2012	June 30, 2012	September 30, 2011	2012	2011
			(In thousands)		
Allowance for credit losses, beginning of period	$ 78,031	$ 81,737	$ 102,552	$ 93,783	$ 104,328
Provision for credit losses	(2,000)			(12,000)	13,300
Net charge-offs	(1,019)	(3,706)	(6,017)	(6,771)	(21,093)
Allowance for credit losses, end of period	$ 75,012	$ 78,031	$ 96,535	$ 75,012	$ 96,535

The following table presents the changes in our allowance for loan and lease losses on non-covered loans and leases for the periods indicated:

	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2012	June 30, 2012	September 30, 2011	2012	2011
			(Dollars in thousands)		
Allowance for loan and lease losses, beginning of period	$ 72,061	$ 74,767	$ 96,427	$ 85,313	$ 98,653
Loans charged off:					
Real estate mortgage	(1,118)	(2,583)	(4,293)	(5,891)	(9,859)
Real estate construction	(492)			(492)	(5,838)
Commercial	(492)	(1,352)	(2,237)	(2,715)	(7,967)
Consumer	(25)	(34)	(54)	(258)	(1,379)
Total loans charged off	(2,127)	(3,969)	(6,584)	(9,356)	(25,043)
Recoveries on loans charged off:					
Real estate mortgage	845	43	225	1,217	349
Real estate construction	11	14	33	35	1,021
Commercial	218	190	235	1,232	1,160
Consumer	32	16	74	79	1,375
Foreign	2			22	45
Total recoveries on loans charged off	1,108	263	567	2,585	3,950
Net charge-offs	(1,019)	(3,706)	(6,017)	(6,771)	(21,093)
Provision for loan and lease losses	(1,900)	1,000	(300)	(9,400)	12,550
Allowance for loan and lease losses, end of period	$ 69,142	$ 72,061	$ 90,110	$ 69,142	$ 90,110
Ratios[1]:					
Allowance for loan and lease losses to loans and leases, net (end of period)	2.27%	2.53%	3.11%	2.27%	3.11%
Allowance for loan and lease losses to nonaccrual loans and leases (end of period)	186.95%	136.57%	150.26%	186.95%	150.26%
Annualized net charge-offs to average loans and leases	0.14%	0.52%	0.83%	0.31%	0.94%

(1) Ratios apply only to non-covered loans.

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The following table presents the changes in our reserve for unfunded loan commitments for the periods indicated:

	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2012	June 30, 2012	September 30, 2011	2012	2011
			(In thousands)		
Reserve for unfunded loan commitments, beginning of period	$ 5,970	$ 6,970	$ 6,125	$ 8,470	$ 5,675
Provision	(100)	(1,000)	300	(2,600)	750
Reserve for unfunded loan commitments, end of period	$ 5,870	$ 5,970	$ 6,425	$ 5,870	$ 6,425

Allowance for Credit Losses on Covered Loans

The loans acquired in the Los Padres and Affinity acquisitions are covered by loss sharing agreements with the FDIC and we will be reimbursed for a substantial portion of any future losses as described in " Covered Loans."

We evaluated the acquired covered loans and elected to account for them under Accounting Standards Codification ("ASC") Subtopic 310-30, "*Loans and Debt Securities Acquired with Deteriorated Credit Quality*" ("ASC 310-30"), which we refer to as acquired impaired loan accounting.

The covered loans are subject to our internal and external credit review. If deterioration in the expected cash flows results in a reserve requirement, a provision for credit losses is charged to earnings without regard to the FDIC loss sharing agreement. The portion of the estimated loss reimbursable from the FDIC is recorded in FDIC loss sharing income and increases the FDIC loss sharing asset. For acquired impaired loans, the allowance for loan losses is measured at the end of each financial reporting period based on expected cash flows. Decreases (or increases) in the amount and changes in the timing of expected cash flows on the acquired impaired loans as of the financial reporting date compared to those previously estimated are usually recognized by recording a provision (or a negative provision) for credit losses on such covered loans.

Certain home equity lines of credit acquired in the Los Padres acquisition are not eligible for acquired impaired loan accounting and are therefore accounted for as performing acquired loans. Such acquired loans were initially recorded at a discount and are subject to our quarterly allowance for credit losses methodology. We record a provision for such loan losses only when the reserve requirement exceeds any remaining credit discount on these covered loans.

The following table presents the changes in our allowance for credit losses on covered loans for the periods indicated:

	Three Months Ended			Nine Months Ended September 30,	
	September 30, 2012	June 30, 2012	September 30, 2011	2012	2011
			(In thousands)		
Allowance for credit losses on covered loans, beginning of period	$ 31,463	$ 35,810	$ 32,888	$ 31,275	$ 33,264
Provision	(141)	(271)	348	3,514	9,148
Net charge-offs	(618)	(4,076)	(3,945)	(4,085)	(13,121)
Allowance for credit losses on covered loans, end of period	$ 30,704	$ 31,463	$ 29,291	$ 30,704	$ 29,291

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Non-Covered Nonperforming Assets and Performing Restructured Loans

The following table presents non-covered nonperforming assets and performing restructured loans information as of the dates indicated:

	September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
	(Dollars in thousands)			
Nonaccrual loans and leases[1]	$ 36,985	$ 52,763	$ 58,260	$ 59,968
Other real estate owned[1]	37,333	41,742	48,412	48,260
Total nonperforming assets	$ 74,318	$ 94,505	$ 106,672	$ 108,228
Performing restructured loans[1]	$ 112,834	$ 103,815	$ 116,791	$ 86,406
Nonaccrual loans and leases to loans and leases, net of unearned income[1]	1.21%	1.86%	2.07%	2.07%
Nonperforming assets ratio[1][2]	2.41%	3.27%	3.73%	3.68%

(1) Excludes covered loans and covered OREO from the Los Padres and Affinity acquisitions.

(2) Nonperforming assets ratio is calculated as nonperforming assets divided by the sum of total non-covered loans and leases and OREO.

Non-covered nonperforming assets include non-covered nonaccrual loans and leases and non-covered OREO and totaled $74.3 million at September 30, 2012 compared to $94.5 million at June 30, 2012. The $20.2 million decline in non-covered nonperforming assets is due to a $15.8 million decrease in nonaccrual loans and leases and a $4.4 million decrease in OREO. The non-covered nonperforming assets ratio decreased to 2.41% at September 30, 2012 from 3.27% at June 30, 2012.

Nonaccrual Loans and Leases

The $15.8 million decrease in non-covered nonaccrual loans and leases during the third quarter was attributable to (a) additions of $5.5 million, (b) foreclosures of $1.7 million, (c) other reductions, payoffs and returns to accrual status of $17.7 million, and (d) charge-offs of $1.9 million.

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The following table presents our non-covered nonaccrual loans and leases and accruing loans and leases past due between 30 and 89 days by portfolio segment and class as of the dates indicated:

	Nonaccrual Loans and Leases[1]				Accruing and 30 - 89 Days Past Due[1]	
	September 30, 2012		June 30, 2012		September 30, 2012	June 30, 2012
	Amount	% of Loan Category	Amount	% of Loan Category	Amount	Amount
	(Dollars in thousands)					
Real estate mortgage:						
Hospitality	$ 6,993	5.9%	$ 13,279	9.6%	$	$
SBA 504	1,330	2.4%	1,873	3.3%	2,926	2,948
Other	9,031	0.5%	14,548	0.9%		2,495
Total real estate mortgage	17,354	0.9%	29,700	1.6%	2,926	5,443
Real estate construction:						
Residential	1,063	2.5%	1,069	3.4%		
Commercial	3,885	3.5%	4,453	4.6%	1,301	
Total real estate construction	4,948	3.2%	5,522	4.3%	1,301	
Commercial:						
Collateralized	7,180	1.7%	7,258	2.0%	12	310
Unsecured	2,055	2.4%	2,554	3.4%		
Asset-based	176	0.1%	176	0.1%		
SBA 7(a)	4,433	17.0%	6,830	26.2%	210	404
Total commercial	13,844	1.8%	16,818	2.4%	222	714
Leases	420	0.3%	244	0.2%		148
Consumer	419	2.0%	479	2.8%	23	216
Total non-covered loans and leases	$ 36,985	1.2%	$ 52,763	1.9%	$ 4,472	$ 6,521

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(1) Excludes covered loans acquired from the Los Padres and Affinity acquisitions.

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The following lending relationships, excluding SBA-related loans, were on nonaccrual status at September 30, 2012:

September 30, 2012 Nonaccrual Amount (In thousands)	Description
$ 6,993	Two loans, each secured by a hotel in San Diego County, California. The borrower is paying according to the restructured terms of each loan.(1)
3,057	This loan is unsecured. The borrower is paying according to the restructured terms of the loan. The loan was restored to accrual status in October 2012.(1)
2,388	This loan is secured by a strip retail center in Riverside County, California. The borrower is paying according to the restructured terms of the loan.(1)
2,106	This loan is secured by two industrial buildings in San Diego County, California.
1,811	This loan is unsecured and has a specific reserve for 96% of the balance. The borrower is paying according to the restructured terms of the loan.(1)
1,635	Three loans, two of which are secured by apartment buildings in San Diego County, California; and one of which is secured by an office building in San Diego County, California. One of the loans secured by an apartment building was repaid early in the 4th quarter. The borrower is paying according to the original terms of the loans.
1,241	This loan is secured by three industrial buildings in Riverside County, California. The borrower is paying according to the original terms of the loan.(1)
1,005	This loan is secured by a multi-tenant industrial building in Riverside County, California. The borrower is not paying currently.(1)
984	This loan is unsecured and has a specific reserve for 100% of the balance. The borrower is not paying currently.(1)
931	This loan is secured by a medical-related office building in Los Angeles County, California. The borrower is paying according to the restructured terms of the loan.(1)
$ 22,151	Total

(1) On nonaccrual status at June 30, 2012

OREO

The following table presents the components of non-covered OREO by property type as of the dates indicated:

Property Type	September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
	(Dollars in thousands)			
Commercial real estate(1)	$ 1,684	$ 17,630	$ 23,003	$ 21,431
Construction and land development(1)	33,911	24,112	24,788	26,093
Single family residence	1,738		621	736
Total non-covered OREO	$ 37,333	$ 41,742	$ 48,412	$ 48,260

(1) During the third quarter of 2012, the status of one OREO property with a balance of $8.3 million changed from commercial real estate to land.

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Non-covered OREO declined $4.4 million during the third quarter of 2012 due mainly to sales of $5.3 million and write-downs of $2.6 million, offset partially by foreclosures of $1.7 million and additions from the APB acquisition of $1.6 million.

Performing Restructured Loans

Non-covered performing restructured loans increased by $9.0 million during the third quarter of 2012 to $112.8 million at September 30, 2012. The increase was attributable primarily to $9.9 million in additions. At September 30, 2012, we had $81.8 million in real estate mortgage loans, $26.8 million in real estate construction loans, $4.0 million in commercial loans, and $204,000 in consumer loans that were accruing interest under the terms of troubled debt restructurings.

The majority of the performing restructured loans was on accrual status prior to the loan modifications and has remained on accrual status after the loan modifications due to the borrowers making payments before and after the restructurings. In these circumstances, generally, a borrower may have had a fixed-rate loan that they continued to repay, but may be having cash flow difficulties. In an effort to work with certain borrowers, we have agreed to interest rate reductions to reflect the lower market interest rate environment and/or interest-only payments for a period of time. In these cases, we do not forgive principal as part of the loan modification. As a result of the current economic environment in our market areas, we anticipate loan restructurings to continue.

Covered Nonperforming Assets

Loans accounted for under ASC 310-30 are generally considered accruing and performing loans as the loans accrete interest income over the estimated life of the loan when cash flows are reasonably estimable. Accordingly, acquired impaired loans that are contractually past due are still considered to be accruing and performing loans. If the timing and amount of future cash flows is not reasonably estimable, the loans may be classified as nonaccrual loans and interest income is not recognized until the timing and amount of future cash flows can be reasonably estimated.

The following table presents a summary of covered loans that would be considered nonaccrual except for the accounting requirements regarding acquired impaired loans and other real estate owned covered by the loss sharing agreement ("covered nonaccrual loans" and "covered OREO"; collectively, "covered nonperforming assets") as of the dates indicated:

	September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
	(In thousands)			
Covered nonaccrual loans	$ 126,108	$ 137,142	$ 152,062	$ 170,242
Covered OREO	26,374	31,090	33,506	32,301
Total covered nonperforming assets	$ 152,482	$ 168,232	$ 185,568	$ 202,543
Covered performing restructured loans	$ 27,006	$ 27,263	$ 16,047	$ 14,074

Loan Portfolio Risk Elements

The negative trends throughout the Southern California economy have affected certain industries and collateral types more than others. Our real estate loan portfolio is predominantly commercial and as such does not expose us to higher risks generally associated with residential mortgage loans such as option ARM, interest-only or subprime mortgage loans. Our portfolio does include mortgage loans on commercial property. Commercial mortgage loan repayments typically do not rely on the sale of the underlying collateral and instead rely on the income producing potential of the collateral as the source of repayment. Ultimately, though, due to the loan amortization period being greater than the

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contractual loan term, the borrower may be required to refinance the loan, either with us or another lender, or sell the underlying collateral in order to pay off the loan.

At September 30, 2012, we had $171.3 million of commercial real estate mortgage loans maturing over the next 12 months. In the event we refinance any of these loans because the borrowers are unable to obtain financing elsewhere due to the inability of banks in our market area to make loans, such loans may be considered troubled debt restructurings even though they were performing throughout their terms. Higher levels of troubled debt restructurings may lead to increased classified assets and credit loss provisions.

Deposits

The following table presents the balance of each major category of deposits at the dates indicated:

	September 30, 2012		June 30, 2012		December 31, 2011	
Deposit Category	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
			(Dollars in thousands)			
Noninterest-bearing deposits[1]	$ 2,006,996	42%	$ 1,872,459	41%	$ 1,685,799	37%
Interest checking deposits	499,734	11	518,330	11	500,998	11
Money market deposits	1,262,406	26	1,174,915	26	1,265,282	28
Savings deposits	155,871	3	160,603	3	157,480	3
Total core deposits	3,925,007	82	3,726,307	81	3,609,559	79
Time deposits under $100,000	291,450	6	298,980	7	324,521	7
Time deposits $100,000 and over	570,891	12	566,042	12	643,373	14
Total time deposits	862,341	18	865,022	19	967,894	21
Total deposits	$ 4,787,348	100%	$ 4,591,329	100%	$ 4,577,453	100%

(1) The September 30, 2012 balance includes a $120 million deposit received at quarter-end. Such funds were withdrawn in October 2012.

Total deposits increased $196.0 million during the third quarter to $4.8 billion at September 30, 2012. Core deposits increased $198.7 million during the third quarter due mostly to increases of $134.5 million in noninterest-bearing demand deposits and $87.5 million in money market deposits. Time deposits decreased $2.7 million during the third quarter to $862.3 million at September 30, 2012. At September 30, 2012, core deposits totaled $3.9 billion, or 82% of total deposits at that date. Noninterest-bearing demand deposits were $2.0 billion at September 30, 2012 and represented 42% of total deposits at that date.

A summary of the change in deposits during the third quarter follows:

	Total Deposits	Core Deposits	Time Deposits
		(In thousands)	
Balance at June 30, 2012	$ 4,591,329	$ 3,726,307	$ 865,022
APB acquisition	219,564	169,989	49,575
Branch sale	(125,222)	(103,183)	(22,039)
Organic growth[1]	101,677	131,894	(30,217)
Balance at September 30, 2012	$ 4,787,348	$ 3,925,007	$ 862,341

(1)

Organic growth in core deposits includes a $120 million noninterest-bearing deposit received at quarter-end. Such funds were withdrawn in October 2012.

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The following table summarizes the maturities of time deposits as of the date indicated:

Maturity	Time Deposits Under $100,000	Time Deposits $100,000 or More	Total Time Deposits	Rate
	September 30, 2012			
	(In thousands)			
Due in three months or less	$ 61,420	$ 104,417	$ 165,837	0.33%
Due in over three months through six months	58,504	110,600	169,104	1.42%
Due in over six months through twelve months	100,075	198,550	298,625	1.57%
Due in over 12 months through 24 months	58,026	122,405	180,431	1.07%
Due in over 24 months	13,425	34,919	48,344	1.09%
Total	$ 291,450	$ 570,891	$ 862,341	1.17%

Regulatory Matters

Capital

Actual capital amounts and ratios for the Company and the Bank as of September 30, 2012 are presented in the following table. Regulatory capital requirements limit the amount of deferred tax assets that may be included when determining the amount of regulatory capital. Deferred tax asset amounts in excess of the calculated limit are deducted from regulatory capital. At September 30, 2012, such amount was zero for the Company and the Bank. No assurance can be given that the regulatory capital deferred tax asset limitation will not increase in the future.

	September 30, 2012		
	Well Capitalized Requirement	Pacific Western Bank	PacWest Bancorp Consolidated
Tier 1 leverage capital ratio	5.00%	9.64%	10.26%
Tier 1 risk-based capital ratio	6.00%	14.25%	14.91%
Total risk-based capital ratio	10.00%	15.52%	16.18%
Tangible common equity ratio	N/A	10.42%	8.98%

Subordinated Debentures

The Company issued subordinated debentures to trusts that were established by us or entities we have acquired, which, in turn, issued trust preferred securities, which totaled $105.0 million at September 30, 2012. The Company includes in Tier 1 capital an amount of trust preferred securities equal to no more than 25% of the sum of all core capital elements, which is generally defined as shareholders' equity less goodwill, net of any related deferred income tax liability. At September 30, 2012, the amount of trust preferred securities included in Tier I capital was $105.0 million. While our existing trust preferred securities are currently grandfathered as Tier 1 capital under the Dodd-Frank Wall Street Reform and Consumer Protection Act, proposed regulatory capital guidelines would phase them out of Tier 1 capital over a period of 10 years, beginning in 2013, until they are fully-phased out on January 1, 2022. New issuances of trust preferred securities will not qualify as Tier 1 capital. If trust preferred securities are excluded from regulatory capital, we remain "well capitalized."

Dividends on Common Stock and Interest on Subordinated Debentures

Notification to the FRB is required prior to our declaring and paying a dividend to our stockholders during any period in which our quarterly and/or cumulative twelve-month net earnings are insufficient to fund the dividend amount. Interest payments made by the Company on subordinated

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debentures are considered dividend payments under FRB regulations. This notification requirement is included in regulatory guidance regarding safety and soundness surrounding capital and includes other non-financial measures such as asset quality and credit concentrations. Should the FRB object to our dividend payments, we would be precluded from paying interest on our subordinated debentures. Payments would not commence until approval is received or we no longer need to provide notice under applicable guidance.

Liquidity Management

Liquidity

The goals of our liquidity management are to ensure the ability of the Company to meet its financial commitments when contractually due and to respond to other demands for funds such as the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers who may need assurance that sufficient funds will be available to meet their credit needs. We have an Executive Asset/Liability Management Committee, or Executive ALM Committee, which is comprised of members of senior management and is responsible for managing balance sheet and off-balance sheet commitments to meet the needs of customers while achieving our financial objectives. Our Executive ALM Committee meets regularly to review funding capacities, current and forecasted loan demand, and investment opportunities.

The Company manages its liquidity by maintaining pools of liquid assets on-balance sheet, consisting of cash and due from banks, interest-earning deposits in other financial institutions and unpledged investment securities available-for-sale, which we refer to as our primary liquidity. In addition, we also maintain available borrowing capacity under secured borrowing lines with the FHLB and the FRB, which we refer to as our secondary liquidity. In addition to its secured lines of credit, the Company also maintains unsecured lines of credit, subject to availability, of $45.0 million with correspondent banks for purchase of overnight funds.

The following table provides a summary of the Bank's primary and secondary liquidity levels at the dates indicated:

	September 30, 2012	June 30, 2012	December 31, 2011
	(Dollars in thousands)		
Primary Liquidity On-Balance Sheet:			
Cash and due from banks	$ 89,370	$ 97,499	$ 92,342
Interest-earning deposits at financial institutions	71,036	25,970	203,275
Investment securities available-for-sale	1,357,211	1,351,701	1,326,358
Less pledged securities	(116,096)	(79,790)	(69,623)
Total primary liquidity	$ 1,401,521	$ 1,395,380	$ 1,552,352
Ratio of primary liquidity to total deposits	29.3%	30.4%	33.9%
Secondary Liquidity Off-Balance Sheet Available Secured Borrowing Capacity:			
Total secured borrowing capacity with the FHLB	$ 964,051	$ 1,180,168	$ 1,273,927
Less secured letters of credit outstanding	(1,244)	(1,244)	(2,002)
Less secured advances outstanding			(225,000)
Net secured borrowing capacity with the FHLB	962,807	1,178,924	1,046,925
Secured credit line with the FRB	380,555	337,109	347,407
Total secondary liquidity	$ 1,343,362	$ 1,516,033	$ 1,394,332

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During the three months ended September 30, 2012, the Company's primary liquidity increased $6.1 million due mostly to a $45.1 million increase in interest-earning deposits at financial institutions, offset by a $36.3 million increase in pledged securities. The Company's secondary liquidity decreased $172.7 million during the third quarter due to a reduction in borrowing capacity for the FHLB secured borrowing facility, as the FHLB lowered the amount of real estate loans allowed as collateral. Our total liquidity and the ratio of primary liquidity to total deposits remain at historically high levels. We expect to continue to maintain higher levels of on-balance sheet liquidity during the remainder of 2012 compared to historical levels until we are able to effectively increase loan portfolio balances.

At September 30, 2012, $478.8 million of our loans and leases were specifically pledged as collateral for the secured borrowing line maintained with the FRB. The remainder of our loans and leases are pledged to the FHLB under a blanket lien to secure the borrowing line that the Bank maintains with the FHLB.

In addition to our primary liquidity, we generate liquidity from cash flow from our amortizing loan portfolio and from our large base of core customer deposits, defined as noninterest-bearing demand, interest checking, savings and money market accounts. At September 30, 2012, such deposits totaled $3.9 billion and represented 82% of the Company's total deposits. These core deposits are normally less volatile, often with customer relationships tied to other products offered by the Company promoting long-standing relationships and stable funding sources.

During the three months ended September 30, 2012, total core deposits increased $198.7 million, mainly in noninterest-bearing demand deposits from our small to medium sized business customer base. Some of the growth in our core deposits is attributed to businesses having a tendency to maintain higher cash balances because of current economic conditions and low rate investment alternatives. Deposits from our customers may decline if interest rates increase significantly or if corporate customers move funds from the Company generally. In order to address the Company's liquidity risk as deposit balances may fluctuate, the Company maintains adequate levels of available liquidity.

Noninterest-bearing demand accounts currently are covered by unlimited FDIC deposit insurance under the Transaction Account Guarantee ("TAG") program. Under the Dodd-Frank Act, the TAG program will expire on December 31, 2012, at which time deposit insurance coverage will revert to $250,000 per depositor per financial institution. We have considered the possible impact the expiration of the TAG program may have on our core deposits and liquidity. Our analysis included inquiry of account officers and selected customers and review of the trends of balances in deposit account categories during the period the TAG program has been in place. Although no assurance can be given, based on our analysis nothing has come to our attention that indicates our liquidity levels will be insufficient to cover possible increased deposit volatility that may result from the expiration of the TAG program.

The following table provides a summary of the Bank's core deposits at the dates indicated:

	September 30, 2012	June 30, 2012	December 31, 2011
		(In thousands)	
Core Deposits:			
Noninterest-bearing demand[1]	$ 2,006,996	$ 1,872,459	$ 1,685,799
Interest checking	499,734	518,330	500,998
Money market deposits	1,262,406	1,174,915	1,265,282
Savings deposits	155,871	160,603	157,480
Total core deposits	$ 3,925,007	$ 3,726,307	$ 3,609,559

(1) The September 30, 2012 balance includes a $120 million deposit received at quarter-end. Such funds were withdrawn in October 2012.

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Our asset/liability policy establishes various liquidity guidelines for the Company. The policy includes guidelines for On-Balance Sheet Liquidity (a measurement of primary liquidity to total deposits), Coverage and Crisis Coverage Ratios (measurements of liquid assets to expected short-term liquidity required for the loan and deposit portfolios under normal and stressed conditions), Loan to Funding Ratio, Wholesale Funding Ratio, and other guidelines developed for measuring and maintaining liquidity. As of September 30, 2012, the Company was in compliance with all liquidity guidelines established in the ALCO policy.

We may use large denomination brokered time deposits, the availability of which is uncertain and subject to competitive market forces, for liquidity management purposes. At September 30, 2012, the Bank had $7.5 million of these brokered deposits, which we obtained as part of the APB acquisition on August 1, 2012. In addition, we have $38.4 million of customer deposits that were subsequently participated with other FDIC insured financial institutions through the CDARS program as a means to provide FDIC deposit insurance coverage for the full amount of our participating customers' deposits.

Holding Company Liquidity

The primary sources of liquidity for the Company, on a stand-alone basis, include dividends from the Bank and our ability to raise capital, issue subordinated debt and secure outside borrowings. The ability of the Company to obtain funds for the payment of dividends to our stockholders and for other cash requirements is largely dependent upon the Bank's earnings. Pacific Western is subject to restrictions under certain federal and state laws and regulations which limit its ability to transfer funds to the Company through intercompany loans, advances or cash dividends.

Dividends paid by state banks, such as Pacific Western, are regulated by the California Department of Financial Institutions ("DFI") under its general supervisory authority as it relates to a bank's capital requirements. A state bank may declare a dividend without the approval of the DFI as long as the total dividends declared in a calendar year do not exceed either the retained earnings or the total of net profits for three previous fiscal years less any dividends paid during such period. During the three months ended September 30, 2012, PacWest received $8.0 million in dividends from the Bank. For the foreseeable future, any dividends from the Bank to the Company require DFI approval.

At September 30, 2012, the Company had, on a stand-alone basis, $13.5 million in cash on deposit at the Bank. Management believes that this amount of cash, along with anticipated dividends from the Bank, will be sufficient to fund the Company's 2012 cash flow needs.

Contractual Obligations

The following table presents the known contractual obligations of the Company as of the date indicated:

	September 30, 2012				
	Due Within One Year	Due in One to Three Years	Due in Three to Five Years	Due After Five Years	Total
	(Dollars in thousands)				
Time deposits	$ 633,566	$ 187,775	$ 41,000	$	$ 862,341
Debt obligations	703	8,365	8,928	108,250	126,246
Operating lease obligations	14,653	24,511	15,433	10,564	65,161
Other contractual obligations	9,733	12,381	313	82	22,509
Total	$ 658,655	$ 233,032	$ 65,674	$ 118,896	$ 1,076,257

Time deposits included (a) $7.5 million of brokered deposits obtained in the APB acquisition and (b) $38.4 million of customer deposits that were subsequently participated with other FDIC insured financial institutions through the CDARS program as a means to provide FDIC deposit insurance coverage for the full amount of our customers' deposits.

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Long-term debt obligations include $108.3 million of subordinated debentures. Debt obligations are also discussed in Note 8, *Borrowings, Subordinated Debentures and Brokered Deposits,* in the Notes to Condensed Consolidated Financial Statements (Unaudited) contained in "Item 1. Condensed Consolidated Financial Statements (Unaudited)." Operating lease obligations are discussed in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. The other contractual obligations relate to our minimum liability associated with our data and item processing contract with a third-party provider and commitments to contribute capital to investments in low income housing project partnerships.

We believe that we will be able to meet our contractual obligations as they come due through the maintenance of adequate cash levels. We expect to maintain adequate cash levels through profitability, loan and securities repayment and maturity activity, and continued deposit gathering activities. We believe we have in place various borrowing mechanisms for both short-term and long-term liquidity needs.

Off-Balance Sheet Arrangements

Our obligations also include off-balance sheet arrangements consisting of loan-related commitments, of which only a portion are expected to be funded. At September 30, 2012, our loan-related commitments, including standby letters of credit, totaled $789.6 million. The commitments, which result in funded loans, increase our profitability through net interest income. We manage our overall liquidity taking into consideration funded and unfunded commitments as a percentage of our liquidity sources. Our liquidity sources have been and are expected to be sufficient to meet the cash requirements of our lending activities.

Asset/Liability Management and Interest Rate Sensitivity

Interest Rate Risk

Our market risk arises primarily from credit risk and interest rate risk inherent in our lending and financing activities. To manage our credit risk, we rely on adherence to our underwriting standards and loan policies, internal loan monitoring and periodic credit review as well as our allowance for credit losses methodology, all of which are administered by the Bank's credit administration department and overseen by the Company's Credit Risk Committee. To manage our exposure to changes in interest rates, we perform asset and liability management activities which are governed by guidelines pre-established by our Executive ALM Committee, and approved by our Asset/Liability Management Committee of the Board of Directors, which we refer to as our Board ALCO. Our Executive ALM Committee monitors our compliance with our asset/liability policies. These policies focus on providing sufficient levels of net interest income while considering capital constraints and acceptable levels of interest rate exposure and liquidity.

Market risk sensitive instruments are generally defined as derivatives and other financial instruments, which include investment securities, loans, deposits, and borrowings. At September 30, 2012, we had not used any derivatives to alter our interest rate risk profile or for any other reason. However, both the repricing characteristics of our fixed-rate loans and floating-rate loans and the significant percentage of noninterest-bearing deposits compared to interest-earning assets may influence our interest rate risk profile. Our financial instruments include loans receivable, Federal funds sold, interest-earning deposits in financial institutions, Federal Home Loan Bank stock, investment securities, deposits, borrowings and subordinated debentures.

We measure our interest rate risk position on at least a quarterly basis using two methods: (i) net interest income simulation analysis, and (ii) market value of equity modeling. The results of these analyses are reviewed by the Executive ALM Committee and the Board ALCO quarterly. If hypothetical changes to interest rates cause changes to our simulated net present value of equity and/or

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net interest income outside our pre-established limits, we may adjust our asset and liability mix in an effort to bring our interest rate risk exposure within our established limits.

We evaluated the results of our net interest income simulation and market value of equity models prepared as of September 30, 2012, the results of which are presented below. Our net interest income simulation indicates that our balance sheet is liability sensitive as rising interest rates would result in a decline in our net interest margin. This profile is primarily a result of (a) the increased origination of fixed-rate loans and variable-rate loans with initial fixed-rate terms over the last several years and (b) declining floating-rate construction loans. Our market value of equity model indicates an asset sensitive profile in the up 100 and 200 basis points scenarios, switching to liability sensitive in the up 300 basis point scenario. An asset sensitive profile would suggest that a sudden sustained increase in rates would result in an increase in our estimated market value of equity, while a liability sensitive profile would suggest that our estimated market value of equity would decrease when rates increase. In general, we view the net interest income model results as more relevant to the Company's current operating profile and manage our balance sheet giving priority to this information. Given the historically low market interest rates as of September 30, 2012, the "down" scenarios at September 30, 2012 are not considered meaningful and are excluded from the following discussion.

Net Interest Income Simulation

We used a simulation model to measure the estimated changes in net interest income that would result over the next 12 months from immediate and sustained changes in interest rates as of September 30, 2012. This model is an interest rate risk management tool and the results are not necessarily an indication of our future net interest income. This model has inherent limitations and these results are based on a given set of rate changes and assumptions at one point in time. We have assumed no growth in either our interest-sensitive assets or liabilities over the next 12 months; therefore, the results reflect an interest rate shock to a static balance sheet.

This analysis calculates the difference between net interest income forecasted using both increasing and decreasing interest rate scenarios and net interest income forecasted using a base market interest rate derived from the U.S. Treasury yield curve at September 30, 2012. In order to arrive at the base case, we extend our balance sheet at September 30, 2012 one year and reprice any assets and liabilities that would contractually reprice or mature during that period using the products' pricing as of September 30, 2012. Based on such repricings, we calculate an estimated net interest income and net interest margin.

The repricing relationship for each of our assets and liabilities includes many assumptions. For example, many of our assets are floating-rate loans, which are assumed to reprice to the same extent as the change in market rates according to their contracted index except for floating-rate loans tied to our base lending rate which are assumed to reprice upward only after the first 75 basis point increase in market rates. This assumption is due to the fact that we reduced our base lending rate 100 basis points when the Federal Reserve lowered the Federal Funds benchmark rate by 175 basis points in the fourth quarter of 2008. Some loans and investment vehicles include the opportunity of prepayment (imbedded options) and the simulation model uses a prepayment model to estimate these prepayments and reinvest these proceeds at current simulated yields. Our deposit products reprice at our discretion and are assumed to reprice more slowly in a rising or declining interest rate environment and usually reprice at a rate less than the change in market rates. The effects of certain balance sheet attributes, such as fixed-rate loans, floating-rate loans that have reached their floors, and the volume of noninterest-bearing deposits as a percentage of earning assets, impact our assumptions and consequently the results of our interest rate risk management model. Changes that could vary significantly from our assumptions include loan and deposit growth or contraction, changes in the mix of our earning assets or funding sources, and future asset/liability management decisions, all of which may have significant effects on our net interest income.

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The simulation analysis does not account for all factors that impact this analysis, including changes by management to mitigate the impact of interest rate changes or the impact a change in interest rates may have on our credit risk profile, loan prepayment estimates and spread relationships which can change regularly. In addition, the simulation analysis does not make any assumptions regarding loan fee income, which is a component of our net interest income and tends to increase our net interest margin. Management reviews the model assumptions for reasonableness on a quarterly basis.

The following table presents as of September 30, 2012, forecasted net interest income and net interest margin for the next 12 months using a base market interest rate and the estimated change to the base scenario given immediate and sustained upward and downward movements in interest rates of 100, 200 and 300 basis points.

Interest Rate Scenario	Estimated Net Interest Income	Percentage Change From Base	Estimated Net Interest Margin	Estimated Net Interest Margin Change From Base
	(Dollars in thousands)			
Up 300 basis points	$ 268,478	(2.7)%	5.21%	(0.15)%
Up 200 basis points	$ 266,570	(3.4)%	5.18%	(0.18)%
Up 100 basis points	$ 267,633	(3.0)%	5.20%	(0.16)%
BASE CASE	$ 275,856		5.36%	
Down 100 basis points	$ 269,502	(2.3)%	5.24%	(0.12)%
Down 200 basis points	$ 265,424	(3.8)%	5.16%	(0.20)%
Down 300 basis points	$ 265,565	(3.7)%	5.16%	(0.20)%

The net interest income simulation model prepared as of September 30, 2012 suggests our balance sheet is liability sensitive. Liability sensitivity indicates that in a rising interest rate environment, our net interest margin would decrease. Due to the historically low market interest rates as of September 30, 2012 the "down" scenarios are not considered meaningful and are excluded from the following discussion. The liability sensitive profile is due mostly to the mix of fixed-rate loans to total loans in the loan portfolio relative to our amount of interest-bearing deposits that would reprice as interest rates change. Although $1.8 billion of the $3.6 billion of total loans in the portfolio have variable interest rate terms, only $487 million of those variable-rate loans would immediately reprice at September 30, 2012 under the modeled scenarios. Of the remaining variable-rate loans, $1.1 billion would not immediately reprice because the loans' fully indexed rates are below their floor rates. Of these $1.1 billion of loans at their floors, the fully indexed rates would rise off of the floors and reprice as follows:

Cumulative Amount of Loans	Rate Increase Needed to Reprice
(Dollars in thousands)	
$ 391,000	100 bps
$ 652,000	200 bps
$ 853,000	300 bps

An additional $187 million of hybrid ARM loans would not immediately reprice because the loans contain an initial fixed-rate period before they become adjustable. The cumulative amounts of hybrid ARM loans that would switch from being fixed-rate to floating-rate because the initial fixed-rate term would expire is approximately $89 million, $137 million and $187 million in the next one, two, and three years, respectively.

In comparing the September 30, 2012 simulation results to June 30, 2012, our profile has remained relatively unchanged while our overall estimated net interest income has increased for all scenarios.

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The increase in the simulated net interest income is a result of higher earning assets due to the APB acquisition, partially offset by the decreases in legacy loans, covered loans and investments.

Market Value of Equity

We measure the impact of market interest rate changes on the net present value of estimated cash flows from our assets, liabilities and off-balance sheet items, defined as the market value of equity, using a simulation model. This simulation model assesses the changes in the market value of our interest sensitive financial instruments that would occur in response to an instantaneous and sustained increase or decrease in market interest rates of 100, 200 and 300 basis points. This analysis assigns significant value to our noninterest-bearing deposit balances. The projections are by their nature forward looking and therefore inherently uncertain, and include various assumptions regarding cash flows and interest rates. This model is an interest rate risk management tool and the results are not necessarily an indication of our actual future results. Actual results may vary significantly from the results suggested by the market value of equity table. Loan prepayments and deposit attrition, changes in the mix of our earning assets or funding sources, and future asset/liability management decisions, among others, may vary significantly from our assumptions. The base case is determined by applying various current market discount rates to the estimated cash flows from the different types of assets, liabilities and off-balance sheet items existing at September 30, 2012.

The following table shows the projected change in the market value of equity for the set of rate shocks presented as of September 30, 2012:

Interest Rate Scenario	Estimated Market Value	Dollar Change From Base	Percentage Change From Base	Percentage of Total Assets	Ratio of Estimated Market Value to Book Value
	(Dollars in thousands)				
Up 300 basis points	$ 743,057	$ (21,892)	(2.9)%	13.4%	127.2%
Up 200 basis points	$ 782,646	$ 17,697	2.3%	14.1%	134.0%
Up 100 basis points	$ 792,727	$ 27,778	3.6%	14.3%	135.7%
BASE CASE	$ 764,949			13.8%	131.0%
Down 100 basis points	$ 702,552	$ (62,397)	(8.2)%	12.7%	120.3%
Down 200 basis points	$ 699,444	$ (65,505)	(8.6)%	12.6%	119.8%
Down 300 basis points	$ 719,948	$ (45,001)	(5.9)%	13.0%	123.3%

In comparing the September 30, 2012 simulation results to June 30, 2012, our base case estimated market value of equity has increased while our overall profile has not changed materially. Base case market value of equity increased $30.6 million compared to June 30, 2012. The increase was due to a $22.4 million increase in the market value of loans and an $18.4 million increase in stockholders' equity, offset partially by a $10.3 million decrease in the fair value of deposits.

Our MVE profile is affected by the assumed floors in the Company's base lending rate and the significant value placed on the Company's noninterest-bearing deposits for purposes of this analysis. Static balances of noninterest-bearing deposits do not impact the net interest income simulation, while at the same time the value of these deposits increases substantially in the market value of equity model when market rates are assumed to rise.

Gap Analysis

As part of the interest rate management process, we use a gap analysis. A gap analysis provides information about the volume and repricing characteristics and relationship between the amounts of interest-sensitive assets and interest-bearing liabilities at a particular point in time. An effective interest

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rate strategy attempts to match the volume of interest sensitive assets and interest-bearing liabilities repricing over different time intervals.

The following table illustrates the volume and repricing characteristics of our balance sheet at September 30, 2012 over the indicated time intervals:

	Amounts Maturing or Repricing In					
September 30, 2012	**3 Months Or Less**	**Over 3 Months to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Non-Interest Rate Sensitive**	**Total**
	(Dollars in thousands)					
ASSETS						
Cash and deposits in financial institutions	$ 71,036	$	$	$	$ 89,370	$ 160,406
Investment securities	17,259	26,379	4,910	1,308,663	40,923	1,398,134
Loans and leases, net of unearned income	1,195,701	410,231	1,444,962	598,097		3,648,991
Other assets					330,971	330,971
Total assets	$ 1,283,996	$ 436,610	$ 1,449,872	$ 1,906,760	$ 461,264	$ 5,538,502
LIABILITIES AND STOCKHOLDERS' EQUITY						
Noninterest-bearing demand deposits	$	$	$	$	$ 2,006,996	$ 2,006,996
Interest-bearing demand, money market and savings	1,918,011					1,918,011
Time deposits	165,837	467,729	228,775			862,341
Borrowings	69	634	17,080		213	17,996
Subordinated debentures	108,250					108,250
Other liabilities					40,822	40,822
Stockholders' equity					584,086	584,086
Total liabilities and stockholders' equity	$ 2,192,167	$ 468,363	$ 245,855	$	$ 2,632,117	$ 5,538,502
Period gap	$ (908,171)	$ (31,753)	$ 1,204,017	$ 1,906,760	$ (2,170,853)	
Cumulative interest-earning assets	$ 1,283,996	$ 1,720,606	$ 3,170,478	$ 5,077,238		
Cumulative interest-bearing liabilities	$ 2,192,167	$ 2,660,530	$ 2,906,385	$ 2,906,385		
Cumulative gap	$ (908,171)	$ (939,924)	$ 264,093	$ 2,170,853		
Cumulative interest-earning assets to cumulative interest-bearing liabilities	58.6%	64.7%	109.1%	174.7%		
Cumulative gap as a percent of:						
Total assets	(16.4)%	(17.0)%	4.8%	39.2%		
Interest-earning assets	(18.0)%	(18.6)%	5.2%	43.0%		

All amounts are reported at their contractual maturity or repricing periods, except for $40.9 million in FHLB stock which is shown as non-interest rate sensitive as the redemption and/or return on such stock is not reliant on market interest rates. This analysis makes certain assumptions as to interest rate sensitivity of savings and NOW accounts which have no stated maturity and have had minimal rate fluctuation in the past three years. Money market accounts are repriced at management's discretion and are generally more rate sensitive.

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The preceding table indicates that we had a negative one-year cumulative gap of $939.9 million at September 30, 2012, an increase of $39.0 million from the $900.9 million negative one-year gap position at June 30, 2012. The increase in the negative gap was attributable to an increase in one-year liabilities of $130.5 million, offset partially by an increase in one-year assets of $91.5 million. The increase in one-year liabilities was due mostly to increases of $65.9 million in time deposits maturing in one year and $64.2 million in interest-bearing demand, money market, and savings deposits. The increase in one-year time deposits was attributable mainly to the movement of time deposits maturing in over one to five years into the one-year category and to the addition of one-year time deposits from APB. The increase in interest-bearing demand, money market, and savings deposits was due to the addition of these deposits from APB. The increase in one-year assets was due mostly to increases of $79.6 million in one-year loans and $45.1 million in cash and deposits in financial institutions, offset partially by a $33.2 million decrease in one-year investment securities due to the call of corporate debt securities in July 2012 .

This negative one-year cumulative gap of $939.9 million suggests that we are liability sensitive and if rates were to increase, our net interest margin would most likely decrease. Conversely, if rates were to decrease, our net interest margin would most likely increase. The ratio of interest-earning assets to interest-bearing liabilities maturing or repricing within one year at September 30, 2012, is 64.7%. This one-year gap position indicates that interest expense is likely to be affected to a greater extent than interest income for any changes in interest rates within one year from September 30, 2012.

The gap table has inherent limitations and actual results may vary significantly from the results suggested by the gap table. The gap table is unable to incorporate certain balance sheet characteristics or factors. The gap table assumes a static balance sheet, and accordingly, looks at the repricing of existing assets and liabilities without consideration of new loans and deposits that reflect a more current interest rate environment. Unlike the net interest income simulation, however, the interest rate risk profile of certain deposit products and floating-rate loans that have reached their floors cannot be captured effectively in a gap table. Although the table shows the amount of certain assets and liabilities scheduled to reprice in a given time frame, it does not reflect when or to what extent such repricings may actually occur. For example, interest-bearing demand, money market and savings deposits are shown to reprice in the first three months, but we may choose to reprice these deposits more slowly and incorporate only a portion of the movement in market rates based on market conditions at that time. Alternatively, a loan which has reached its floor may not reprice even though market interest rates change causing such loan to act like a fixed-rate loan regardless of its scheduled repricing date. The gap table as presented cannot factor in the flexibility we believe we have in repricing either deposits or the floors on our loans.

We believe the estimated effect of a change in interest rates is better reflected in our net interest income and market value of equity simulations which incorporate many of the factors mentioned.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

Please see the section above titled "Asset/Liability Management and Interest Rate Sensitivity" in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" which provides an update to our quantitative and qualitative disclosure about market risk. This analysis should be read in conjunction with text under the caption "Quantitative and Qualitative Disclosure About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2011, which text is incorporated herein by reference. Our analysis of market risk and market-sensitive financial information contains forward-looking statements and is subject to the disclosure at the beginning of Item 2 regarding such forward-looking information.

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ITEM 4. Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out by the Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, these disclosure controls and procedures were effective.

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

In the ordinary course of our business, we are party to various legal actions, which we believe are incidental to the operation of our business. The outcome of such legal actions and the timing of ultimate resolution are inherently difficult to predict. In the opinion of management, based upon information currently available to us, any resulting liability, in addition to amounts already accrued, would not have a material adverse effect on the Company's financial statements of operations.

ITEM 1A. Risk Factors

There have been no material changes with respect to the risk factors described in Item 1A. to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which Item 1A. is incorporated herein by reference.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Repurchases of Common Stock

The following table presents stock purchases made during the third quarter of 2012:

Purchase Dates	Total Number of Shares Purchased[1]	Average Price Paid Per Share
July 1 - July 31, 2012		$
August 1 - August 31, 2012	2,118	23.68
September 1 - September 30, 2012		
Total	2,118	$ 23.68

(1) Shares repurchased pursuant to net settlement by employees, in satisfaction of financial obligations incurred through the vesting of the Company's restricted stock.

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ITEM 6. Exhibits

Exhibit Number	Description
3.1	Certificate of Incorporation, as amended, of PacWest Bancorp, a Delaware corporation (Exhibit 3.1 to Form 8-K filed on May 14, 2008 and incorporated herein by this reference).
3.2	Certificate of Amendment, dated May 14, 2010, to Certificate of Incorporation of PacWest Bancorp (Exhibit 3.1 to Form 8-K filed on May 14, 2010 and incorporated herein by this reference).
3.3	Bylaws of PacWest Bancorp, a Delaware corporation, dated April 22, 2008 (Exhibit 3.2 to Form 8-K filed on May 14, 2008 and incorporated herein by this reference).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011, (ii) the Condensed Consolidated Statements of Earnings for the three months ended September 30, 2012, June 30, 2012, and September 30, 2011 and the nine months ended September 30, 2012 and 2011, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three months ended September 30, 2012, June 30, 2012, and September 30, 2011 and the nine months ended September 30, 2012 and 2011, (iv) Condensed Consolidated Statement of Changes in Stockholders' Equity for the nine months ended September 30, 2012, (v) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011, and (vi) the Notes to Condensed Consolidated Financial Statements. (Pursuant to Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.)

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SIGNATURES

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

PACWEST BANCORP

Date: November 8, 2012

/s/ VICTOR R. SANTORO

Victor R. Santoro
Executive Vice President and Chief Financial Officer