

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>BANK OF THE PACIFIC 401(K) PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/1984</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>BANK OF THE PACIFIC</u> <u>1101 S. BOONE STREET</u> <u>ABERDEEN, WA 98520</u>	2b Employer Identification Number (EIN) <u>91-1069728</u> 2c Sponsor's telephone number <u>360-537-4059</u> 2d Business code (see instructions) <u>522110</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>07/17/2012</u>	<u>LYNN M. PAYLOR</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>07/17/2012</u>	<u>DENISE PORTMANN</u>
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") BANK OF THE PACIFIC 1101 S. BOONE STREET ABERDEEN, WA 98520	3b Administrator's EIN 91-1069728 3c Administrator's telephone number 360-537-4059
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	250
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	219
b Retired or separated participants receiving benefits.....	6b	2
c Other retired or separated participants entitled to future benefits.....	6c	22
d Subtotal. Add lines 6a , 6b , and 6c	6d	243
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	243
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	210
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	9

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2S 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan BANK OF THE PACIFIC 401(K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 BANK OF THE PACIFIC	D Employer Identification Number (EIN) 91-1069728

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
UNIFIED TRUST COMPANY, N.A.

61-1256314

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

UNIFIED TRUST COMPANY, N.A.

61-1256314

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
24 13 15 17 28 37 65 50 60 63	CONTRACT ADMIN	17345	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

TRUTINA FINANCIAL

10811 MAIN STREET
BELLEVUE, WA 98004

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	INVESTMENT ADVISOR	32440	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan BANK OF THE PACIFIC 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 BANK OF THE PACIFIC	D Employer Identification Number (EIN) 91-1069728	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	309153	455163
	(9) Value of interest in common/collective trusts.....	1c(9)	2775080	2801315
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	6853652	6048531
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	9937885	9305009

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	9937885	9305009
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	54475	
(B) Participants	2a(1)(B)	730458	
(C) Others (including rollovers)	2a(1)(C)	19295	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		804228
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	18036	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		18036
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		76431
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-73168
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		825527

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1408618	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1408618
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	7784	
(2) Contract administrator fees	2i(2)	18898	
(3) Investment advisory and management fees	2i(3)	23103	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		49785
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1458403

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		-632876
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK NUBER P.S.

(2) EIN: 91-1194016

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>BANK OF THE PACIFIC 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BANK OF THE PACIFIC</u>	D Employer Identification Number (EIN) <u>91-1069728</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>61-1381380</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

BANK OF THE PACIFIC 401(k) PLAN

Financial Statements

For the Year Ended December 31, 2011

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Independent Auditors' Report***Board of Directors
Bank of the Pacific 401(k) Plan
Aberdeen, Washington***

Certified Public

Accountants

and Consultants

We were engaged to audit the accompanying statements of net assets available for benefits of Bank of the Pacific 401(k) Plan (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011, and the supplementary information as of December 31, 2011. These financial statements and supplementary information are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 5, which was certified by Unified Trust Company, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplementary information. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2011 and 2010, and for the year ended December 31, 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplementary information taken as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplementary information, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Certified Public Accountants
June 29, 2012

BANK OF THE PACIFIC 401(k) PLAN

**Statements of Net Assets Available for Benefits
December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Assets:		
Investments, at fair value-		
Mutual funds	\$ 6,048,531	\$ 6,853,652
Collective trust fund	<u>2,961,269</u>	<u>2,863,034</u>
Total investments, at fair value	9,009,800	9,716,686
Receivables-		
Notes receivable from participants	455,163	309,153
Employer matching contribution	52,870	54,555
Employee contribution	<u>2,383</u>	
Total receivables	<u>510,416</u>	<u>363,708</u>
Net Assets Available for Benefits, at Fair Value	9,520,216	10,080,394
Adjustment from fair value to contract value for fully benefit - responsive investment contracts held by the collective trust fund	<u>(159,954)</u>	<u>(87,954)</u>
Net Assets Available for Benefits	<u>\$ 9,360,262</u>	<u>\$ 9,992,440</u>

See accompanying notes.

BANK OF THE PACIFIC 401(k) PLAN

**Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2011**

Additions to Net Assets:

Contributions-

Employee	\$ 732,761
Employer	52,870
Rollovers	<u>19,295</u>

Total contributions 804,926

Investment income (loss)-

Net depreciation in fair value of mutual funds	(73,168)
Interest and dividend income	<u>94,467</u>

Net investment income 21,299

Total Additions to Net Assets 826,225

Deductions from Net Assets:

Benefits paid to participants	1,408,618
Administrative expenses	<u>49,785</u>

Total Deductions from Net Assets 1,458,403

Net Decrease in Net Assets for Benefits (632,178)

Net Assets Available for Benefits:

Beginning of year 9,992,440

End of Year \$ 9,360,262

See accompanying notes.

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 1 - Description of the Plan

The following description of Bank of the Pacific 401(k) Plan (the Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan that was established for the benefit of employees of Bank of the Pacific (the Company). The Plan's provisions permit tax deferred contributions by participants pursuant to Section 401(k) of the Internal Revenue Code (IRC). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility - Certain employees are eligible to participate in elective deferrals to the Plan. Employees can enroll into the Plan the first day of the following month after attaining the age of 21 and completing 90 days of service. Employees excluded from participation include union employees, nonresident aliens and leased employees.

Participants must complete 1,000 hours of service and be enrolled on the last day of the Plan year to be eligible for discretionary employer matching and discretionary profit sharing contributions.

Contributions - Participants may contribute to the Plan through voluntary deferrals of eligible compensation. Eligible employees may contribute from 1% to 100% of their compensation to the Plan, not to exceed annual limitations prescribed by the Internal Revenue Service (IRS). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans.

Upon completing the eligibility requirements, employees will be automatically enrolled in the Plan to contribute 3% of their eligible compensation. A participant may elect to not participate, or to participate at a different level of deferral contribution. Additionally, employees who are automatically enrolled in the Plan will have their deferral rates increased by 2% every April 1st, unless the Plan is notified otherwise by the participant. Employees can opt out or change contributions at any time.

The Company may make discretionary matching and discretionary profit sharing contributions, determined annually. For the year ended December 31, 2011, the Company authorized a matching contribution equal to 10% of a participant's elective deferrals up to deferral percentages of 7.5%. No discretionary profit sharing contributions were authorized by the Company for the year ended December 31, 2011.

Participant Accounts - Each participant's account is credited with any contributions made to the account, increases or decreases in the market value of investments, and any loans and loan repayments. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 1 - Continued

Vesting - Participants are immediately vested in their voluntary deferral contributions plus actual earnings thereon. Any discretionary matching or discretionary profit sharing contributions are subject to a vesting schedule based on years of service as follows:

<u><i>Years of Service</i></u>	<u><i>Vested Percentage</i></u>
1	20%
2	40%
3	60%
4	80%
5	100%

Forfeitures - Under the provisions of the Plan, forfeitures may be used to reduce the employer contributions or pay administrative expenses of the Plan. During 2011, forfeitures totaling approximately \$6,900 were used to offset administrative expenses and employer match. Unallocated forfeitures as of December 31, 2011 and 2010, totaled approximately \$3,400 and \$2,100, respectively.

Administrative Expenses - Plan expenses, including trustee, advisor, and recordkeeper fees are paid from the Plan's assets. Certain transaction fees are paid by participants. The Company pays any other costs associated with administering the Plan.

Payment of Benefits - Upon termination of employment, death, disability, or retirement, a participant or beneficiary may elect to receive a lump-sum distribution equal to the value of the participant's vested interest in his or her account. Participants are also eligible to receive withdrawals in the event of certain financial hardships. A participant's right to make deferrals to the Plan will be suspended for six months after receipt of a hardship withdrawal. Participants who have attained age 59½ can receive distributions while still employed by the Company.

Upon termination of service, a participant or beneficiary will automatically receive the vested interest in their account as a lump-sum payment if their vested benefits are \$1,000 or less.

Notes Receivable From Participants - The Plan allows participants to borrow from their accounts using their vested balance as collateral for loans. The maximum amount that a participant may borrow is equal to the lesser of 50% of their entire vested account balance or \$50,000. The minimum amount required to be borrowed is \$1,000. Loan terms range from one to five years unless it is used to acquire a principal residence. The loans bear interest at the Prime rate plus 1% at the effective date of the loan. Principal and interest are paid ratably through payroll deductions.

Subsequent Events - The Plan's management has evaluated subsequent events through June 29, 2012, the date on which the Plan's financial statements were available to be issued.

Note 2 - Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 2 - Continued

GAAP requires that investment contracts held by a defined-contribution plan be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective trust fund. As required by GAAP, the statements of net assets available for benefits presents the fair value of the investment in the collective trust fund and the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits are prepared on a contract value basis.

Investment Valuation and Income Recognition - The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants - Notes receivable from participants are measured at their unpaid principal balance. Accrued but unpaid interest, if any, would not have a material impact on the Plan's financial statements.

Benefits Paid to Participants - Benefits paid to participants are recognized when paid. As of December 31, 2011 and 2010, no amounts had been requested for payment by participants, but not yet paid.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Note 3 - Fair Value Measurements

GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under this guidance are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are significant to the fair value measurement.

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 3 - Continued

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Plan at December 31.

Collective Trust Fund - Valued using the NAV provided by the fund's asset custodian. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The fund is traded on a private market that is not active; however, the unit price is based on both observable and unobservable market data of the fund's underlying assets.

The valuation methodologies used by the Plan may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

<i>Fair Value Measurements as of December 31, 2011</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds-				
Mid cap	\$ 1,855,162	\$ -	\$ -	\$ 1,855,162
Fixed income	1,806,154			1,806,154
Large cap	1,461,757			1,461,757
Small cap	746,089			746,089
International	151,699			151,699
Alternative	27,670			27,670
Total mutual funds	6,048,531			6,048,531
Collective trust fund-				
UTC Stable Value Bond Fund			2,961,269	2,961,269
	<u>\$ 6,048,531</u>	<u>\$ -</u>	<u>\$ 2,961,269</u>	<u>\$ 9,009,800</u>

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 3 - Continued

	<i>Fair Value Measurements as of December 31, 2010</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds-				
Mid cap	\$ 2,091,839	\$ -	\$ -	\$ 2,091,839
Fixed income	1,659,349			1,659,349
Large cap	1,675,368			1,675,368
Small cap	864,428			864,428
International	358,498			358,498
Balanced	204,170			204,170
Total mutual funds	6,853,652			6,853,652
Collective trust fund-				
UTC Stable Value Bond Fund			2,863,034	2,863,034
	\$ 6,853,652	\$ -	\$ 2,863,034	\$ 9,716,686

A reconciliation of the beginning and ending balances for fair value measurements made using significant unobservable inputs (Level 3) is as follows for the year ended December 31, 2011:

	<i>Collective Trust Fund</i>
Balance as of January 1, 2011	\$ 2,863,034
Net appreciation in fair value	72,000
Interest income	76,430
Purchases	945,716
Sales	(995,911)
Balance as of December 31, 2011	\$ 2,961,269

The following sets forth additional disclosures of the Plan's investments, whose fair value is estimated using NAV per share (or its equivalent), as of December 31, 2011 and 2010:

	<i>2011 Fair Value</i>	<i>2010 Fair Value</i>	<i>Redemption Frequency</i>	<i>Redemption Notice Period</i>
UTC Stable Value Bond Fund (a)	\$ 2,961,269	\$ 2,863,034	Daily	None

- (a) The objective of the fund is to seek preservation of principal and stable market value, earning current income while tracking interest rates over the intermediate term. There were no unfunded commitments as of December 31, 2011 or 2010.

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 4 - Investments

The following presents the fair values of investments that represent 5% or more of the Plan's net assets at December 31:

	<u>2011</u>	<u>2010</u>
Mutual funds-		
Dodge & Cox Income Fund	\$ 1,311,230	\$ 1,253,360
Vanguard Mid Cap Index Fund	948,546	1,059,003
Columbia Small Cap Value I Z Fund	705,448	822,278
T. Rowe Price Mid Cap Value Fund	700,637	770,940
Columbia Large Cap Index Z Fund	603,703	674,307
Vanguard Int Term Treasury Admiral Fund	494,924	*
American Funds Fundamental Investors R5	*	546,706
Collective trust fund-		
UTC Stable Value Trust/Bond Fund	2,961,269	2,863,034

* Did not comprise 5% or more of plan net assets as of December 31.

Note 5 - Information Certified by the Custodian

The Plan's management has elected the method of compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Under this provision of ERISA, certain information certified by a trust company need not be subjected to independent audits. The Plan's management has obtained certifications from the asset custodian, Unified Trust Company, that the following information provided by the asset custodian and included in the Plan's financial statements and supplementary information is complete and accurate:

- Fair value and if applicable, contract value of investments as of December 31, 2011 and 2010;
- Investment and other income earned or losses incurred for the year ended December 31, 2011; and
- Investment transactions for the year ended December 31, 2011.

Note 6 - Parties-in-Interest Transactions

Certain Plan investments are being held in accounts managed by Unified Trust Company. As the trust company was the custodian, the investment transactions qualify as parties-in-interest transactions which are exempt from the prohibited transaction rules. Fees paid to Unified Trust Company for the year ended December 31, 2011, were \$17,345.

Note 7 - Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their account balances.

BANK OF THE PACIFIC 401(k) PLAN

Notes to Financial Statements For the Year Ended December 31, 2011

Note 8 - Risks and Uncertainties

The Plan provides for various investment options in any combination of investment securities offered by the Plan. Investment securities are exposed to various risks, such as interest rate, market fluctuations, and credit risks. Due to the risk associated with certain investment securities, it is at least reasonably possible that changes in market values, interest rates, or other factors in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Note 9 - Federal Income Taxes

The Plan uses a prototype plan document sponsored by United Trust Company. United Trust Company received an opinion letter dated March 31, 2008, which states that the prototype document satisfies the applicable provisions of the Internal Revenue Code. The Plan itself has not received a determination letter from the IRS. However, the Plan's management believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRS. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Plan is subject to audits by the IRS for certain tax periods based on applicable laws and regulations; however, there are currently no audits for any tax periods in progress.

Note 10 - Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31:

	<u>2011</u>	<u>2010</u>
Net assets available for benefits per the financial statements	\$ 9,360,262	\$ 9,992,440
Employer matching contribution receivable	(52,870)	(54,555)
Employee contribution receivable	<u>(2,383)</u>	<u></u>
Net Assets per the Form 5500	<u>\$ 9,305,009</u>	<u>\$ 9,937,885</u>

The following is a reconciliation of contributions per the financial statements to the Form 5500 for the year ended December 31, 2011:

Total contributions per financial statements	\$ 804,926
Net change in the employer matching and employee contributions receivable	<u>(698)</u>
Total contributions per the Form 5500	<u>\$ 804,228</u>

SUPPLEMENTARY INFORMATION

BANK OF THE PACIFIC 401(k) PLAN

**Attachment to Form 5500, Schedule H, Line 4(i)
Schedule of Assets Held at December 31, 2011**

Employer: Bank of the Pacific
EIN: 91-1069728
Plan No.: 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Unified Trust Company	United Trust Company Stable Value Trust/Bond Fund	**	\$ 2,961,269
	Dodge & Cox	Dodge & Cox Income Fund	**	1,311,230
	Vanguard	Vanguard Mid Cap Index Fund	**	948,546
	Columbia	Columbia Small Cap Value I Z Fund	**	705,448
	T. Rowe Price	T. Rowe Price Mid Cap Value Fund	**	700,637
	Columbia	Columbia Large Cap Index Z Fund	**	603,703
	Vanguard	Vanguard Int Term Treasury Admiral Fund	**	494,924
	Dimensional Fund Advisors	DFA US Large Cap Value I Fund	**	422,681
	T. Rowe Price	T. Rowe Price New America Growth Fund	**	340,159
	Vanguard	Vanguard Mid Cap Growth Index Fund	**	185,718
	Dodge & Cox	Dodge & Cox International Stock Fund	**	148,839
	Invesco	Invesco Van Kampen Equity and Income A Fund	**	95,214
	Columbia	Columbia Small Cap Index Z Fund	**	29,832
	Dimensional Fund Advisors	DFA Real Estate Securities I Fund	**	22,534
	Dimensional Fund Advisors	DFA Emerging Markets Value I Fund	**	20,261
	Vanguard	Vanguard Small Cap Growth Index Fund	**	10,809
	Prudential	Prudential Jennison Natural Resources A Fund	**	5,136
	American Funds	American Funds EuroPacific GR R5 Fund	**	2,860
*	Participant Loans	Interest rates of 3.25% - 8.75%, maturing through November 2020.	-0-	455,163
				<u>\$ 9,464,963</u>

* Party-in-interest as defined by section 3(14) of ERISA.

** Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditors' report.

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Bank of the Pacific 401(k) Plan

EIN: 91-1069728

Plan Sponsor's Name Bank of the Pacific

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	VAN KAMPEN	VAN KAMPEN EQUITY IN	96,095	95,215
	DODGE & COX FUNDS	DODGE & COX INCOME FUND	1,267,271	1,311,230
*	UNIFIED TRUST COMPANY	UTC STABLE VALUE FUND	2,621,494	2,801,315
	VANGUARD	VANGUARD INT TERM TREAS FUND	492,663	494,924
	DODGE & COX FUNDS	DODGE & COX INTL STK	168,968	148,839
	COLUMBIA FUND	COLUMBIA LARGE CAP INDEX Z	568,732	603,703
	AMERICAN FUNDS	EUROPACIFIC GROWTH R5	3,493	2,860

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Bank of the Pacific 401(k) Plan

EIN: 91-1069728

Plan Sponsor's Name Bank of the Pacific

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	T. ROWE PRICE	T. ROWE PRICE NEW AMERICA GROWTH	343,368	340,159
	VANGUARD FUNDS	VANGUARD MID CAP GROWTH INDEX INV	168,953	185,718
	VANGUARD FUNDS	VANGUARD MID CAP IND	1,006,868	948,546
	COLUMBIA FUNDS	COLUMBIA SM CAP IND	27,996	29,832
	COLUMBIA FUNDS	COLUMBIA SM CAP VAL	723,320	705,448
	T. ROWE PRICE	TRP MID CAP VALUE	691,223	700,637
	PARTICIPANT LOANS	PARTICIPANT LOANS SECURED BY VESTED ACCOUNT BALANCE INTEREST RATES RANGE FROM 3.25% - 8.75%	0	455,163

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Bank of the Pacific 401(k) Plan

EIN: 91-1069728

Plan Sponsor's Name Bank of the Pacific

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	JENNISON DRYDEN FUNDS	PRUDENTIAL JENNISON NATURAL RESOURCES A	5,181	5,136
	DIMENSIONAL FUNDS	DFA REAL ESTATE SECURITIES I	23,307	22,534
	DIMENSIONAL FUNDS	DFA US LARGE CAP VALUE I	469,872	422,681
	DIMENSIONAL FUNDS	DFA EMERGING MARKETS VALUE I	26,934	20,261
	VANGUARD FUNDS	VANGUARD SMALL CAP GROWTH INDEX INV	10,952	10,808