



NEWS RELEASE

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PACIFIC WEST BANK REPORTS 2009 FINANCIAL RESULTS

West Linn, OR – Pacific West Bank (OTCBB: PWBO) reported a net loss of \$1.25 million and diluted loss per share of \$1.64 for the year ended December 31, 2009 compared with net income of \$14,000 and diluted earnings per share of \$0.02 for the year ended December 31, 2008. For the quarter ended December 31, 2009, the Bank reported a net loss of \$653,000 and diluted loss per share of \$0.86 compared with a net loss of \$45,000 and diluted loss per share of \$0.06 for the comparable period in 2008. The full year 2009 results included a provision for loan losses of \$996,000 and a valuation allowance against deferred tax assets of \$521,000 recorded in the fourth quarter.

Steve Gray, the Bank's President and CEO, commented, "2009 was a challenging year for Pacific West Bank due to a weak economy, high levels of unemployment and continuing downward pressure on real estate values. While we are disappointed to report losses and remain committed to restoring profitability, we have focused our efforts on strengthening our balance sheet. Our strategic priorities are to protect our capital, build our liquidity, continue to grow customer deposits, reduce our usage of noncore funding sources, and improve the composition and performance of our loan portfolio, and we've demonstrated significant progress to that end during 2009."

Capital

As of December 30, 2009, the Bank's leverage, Tier 1 risk-based capital and total risk-based capital ratios were 8.13%, 10.22% and 11.48%, respectively, well above the minimum regulatory benchmarks for "well-capitalized" institutions of 5%, 6% and 10%, respectively.

Liquidity

The Bank maintained a strong liquidity position, with asset-based liquidity ending 2009 at 20.0% of assets, up from 3.8% as of December 31, 2008. In addition, the Bank maintains lines of credit with the Federal Home Loan Bank of Seattle, the Federal Reserve Bank of San Francisco, and correspondent banks which as of December 31, 2009 totaled approximately \$12.8 million in available credit, subject to collateralization.

Customer Deposits

For 2009, customer deposit balances nearly doubled, growing 97% for the year, while the number of customer deposit accounts increased 73%. Gray commented, "We are very pleased with the progress we have made in growing these strong customer deposit relationships. We view this growth as a validation of our relationship-based banking model."

Customer deposit growth has allowed the Bank to significantly reduce its usage of noncore funding, defined as wholesale deposits and borrowed funds. With the 2009 repayment of \$9.4 million of wholesale deposits

and \$2.0 million of borrowed funds, noncore funding has been reduced to 22.9% of total assets as of December 31, 2009 compared with 45.5% as of December 31, 2008. Gray commented, "With significant asset liquidity, strong customer deposit momentum, and upcoming maturities of wholesale deposits, we plan to further reduce our noncore funding in 2010."

Asset Quality

For 2009, the Bank recorded a provision for loan losses of \$996,000 and charged off loans totaling \$467,000, resulting in a \$529,000 net increase in the allowance for loan losses. The allowance for loan losses stands at \$1.3 million or 2.28% of loans, net of deferred fees, as of December 31, 2009, up from \$776,000 or 1.34% of loans, net of deferred fees, as of December 31, 2008.

Nonperforming assets (consisting of loans 90 days or more past due, loans on nonaccrual and other real estate owned) totaled \$6.7 million or 8.6% of total assets as of December 31, 2009, up from \$2.2 million or 3.4% of total assets as of December 31, 2008. Residential land development and construction continued to be the weakest sector of the loan portfolio, accounting for the majority of the nonperforming assets and charge-offs.

To address asset quality deterioration, in January 2010 the Bank added Greg Froman as Executive Vice President & Chief Credit Officer. Froman will manage all facets of the Bank's credit administration and loan production functions, including credit approval, underwriting, loan servicing, special assets and loan portfolio management. Froman has over 35 years of lending experience in the banking industry.

Loan Portfolio

New loan originations totaled \$12.5 million in 2009 and were predominantly in the residential real estate, commercial real estate and commercial and industrial loan segments. New loan originations, combined with a significant reduction in the construction loan segment, helped rebalance the Bank's loan portfolio. The overall loan portfolio mix improved substantially, as follows:

Loan Type	12/31/09		12/31/08	
	Balance (thousands)	% of Loans	Balance (thousands)	% of Loans
Residential Real Estate	\$16,252	28.4%	\$ 8,891	15.2%
Commercial Real Estate	15,439	26.9%	11,226	19.3%
Commercial and Industrial	15,274	26.7%	11,253	19.3%
Acquisition, Development, and Construction	9,706	16.9%	26,725	45.8%
Consumer	615	1.1%	211	0.4%
Deferred Fees	-129		-215	

"We've been very successful in diversifying the portfolio to neutralize the risk associated with excess credit concentrations, while continuing to meet the needs in our community," said Gray.

Results of Operations

The 2009 loss was attributable to a higher provision for loan losses, the establishment of a full valuation allowance against deferred tax assets, a decline in net interest margin and an increase in noninterest expense. The 2009 provision for loan losses of \$996,000, compared with \$240,000 for the prior year, reflects the challenging economic conditions resulting in an elevated level of estimated losses in the loan portfolio. The establishment of a full valuation allowance against deferred tax assets was deemed prudent based primarily on current and projected 2010 operating losses. Any future reversals of the valuation allowance as a result of the Bank generating taxable income would decrease the Bank's income tax expense and increase net income in the periods of reversals. The decline in net interest margin, to 3.53% for 2009 compared with 4.57% for the prior year, is primarily attributed to interest reversed and foregone on higher

levels of nonperforming assets, a shift in the asset mix to highly liquid, lower-yielding instruments and an overall compressed interest rate environment. The year-over-year increase in noninterest expense is primarily due to increased ongoing operating expenses resulting from the relocation of our main office in West Linn and the opening of a branch office in Lake Oswego, as well as losses from sale of foreclosed property and significantly higher FDIC deposit insurance assessments.

About Pacific West Bank:

Pacific West Bank, a community bank, commenced operations in November 2004. The Bank, headquartered in West Linn, Oregon, opened its second branch in Lake Oswego, Oregon in 2008. Pacific West Bank provides not only highly personalized deposit and loan services to individuals and small-to-medium sized businesses but also financial and volunteer support to a variety of community, civic and charitable organizations. For more information about Pacific West Bank, please call 503-905-2222 or visit www.bankpacificwest.com. Information about the Bank's stock may be obtained through the Over the Counter Bulletin Board at www.otcbb.com. Pacific West Bank's stock symbol is PWBO.

Forward-looking Statements:

This press release, as well as other written communications made from time to time by the Bank and oral communications made from time to time by authorized officers of the Bank, may contain statements relating to the future results of the Bank (including certain projections and business trends) that are considered "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). Such forward-looking statements may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "intend" and "potential." For these statements, the Bank claims the protection of the safe harbor for forward-looking statements contained in the PSLRA.

The Bank cautions that a number of important factors could cause actual results to differ materially from those currently anticipated in any forward-looking statement. Such factors include, but are not limited to: prevailing economic and geopolitical conditions; changes in interest rates, loan demand and real estate values; changes in accounting principles, policies and guidelines; changes in any applicable law, rule, regulation or practice with respect to tax or legal issues; the results of regulatory examinations and directives; and other economic, competitive, governmental, regulatory and technological factors affecting the Bank's operations, pricing, products and services. The forward-looking statements are made as of the date of this release, and, except as may be required by applicable law or regulation, the Bank assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

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PACIFIC WEST BANK

BALANCE SHEETS (in thousands) (unaudited)

	12/31/09	9/30/09	12/31/08
Cash and due from banks	\$ 15,541	\$ 5,886	\$ 959
Federal funds sold	--	4,315	1,470
Loans, net of deferred fees	57,157	57,290	58,091
Allowance for loan losses	(1,305)	(1,230)	(776)
Premises and equipment, net	3,150	3,174	3,246
Other assets	3,345	3,822	1,311
Total assets	\$ 77,888	\$ 73,257	\$ 64,301
Noninterest-bearing deposits	\$ 5,665	\$ 7,407	\$ 4,813
Interest-bearing deposits	60,029	52,056	44,029
Borrowed funds	5,500	6,500	7,500
Other liabilities	354	302	384
Total liabilities	71,548	66,265	56,726
Common stock	7,705	7,704	7,694
Accumulated deficit	(1,365)	(712)	(119)
Shareholders' equity	6,340	6,992	7,575
Total liabilities and shareholders' equity	\$ 77,888	\$ 73,257	\$ 64,301

STATEMENTS OF OPERATIONS (in thousands, except earnings (loss) per share) (unaudited)

	Three Months Ended		Year Ended	
	12/31/09	12/31/08	12/31/09	12/31/08
Interest and fee income	\$ 905	\$ 1,002	\$ 3,852	\$ 3,764
Interest expense	383	416	1,557	1,497
Net interest income	522	586	2,295	2,267
Provision for loan losses	75	60	996	240
Net interest income after provision for loan losses	447	526	1,299	2,027
Noninterest income	18	10	54	45
Salaries and employee benefits	312	335	1,322	1,182
Occupancy expense	75	82	340	258
Other noninterest expense	270	189	859	605
Total noninterest expense	657	606	2,521	2,045
Income (loss) before provision for income taxes	(192)	(70)	(1,168)	27
Provision (benefit) for income taxes	461	(25)	78	13
Net income (loss)	\$ (653)	\$ (45)	\$ (1,246)	\$ 14
Earnings (loss) per share - diluted	\$ (0.86)	\$ (0.06)	\$ (1.64)	\$ 0.02