



NEWS RELEASE

For Immediate Release:

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PACIFIC WEST BANK REPORTS FIRST QUARTER 2010 FINANCIAL RESULTS

West Linn, OR – Pacific West Bank (OTCBB: PWBO) reported a net loss of \$1.4 million and diluted loss per share of \$1.88 for the quarter ended March 31, 2010 compared with net loss of \$49,000 and diluted loss per share of \$0.06 for the quarter ended March 31, 2009.

The first quarter loss was primarily attributed to a provision for loan losses of \$1.3 million, compared with \$85,000 for the first quarter of the prior year, reflecting prolonged difficult economic conditions which have resulted in elevated levels of actual and estimated losses in the loan portfolio. Bank President and CEO Steve Gray states, “We believe we are at or near the bottom of this economic downturn. Led by recently-hired Chief Credit Officer Greg Froman, we are more actively monitoring our loan portfolio and we believe we have identified and adequately reserved for credit issues, barring further market deterioration.”

During the first quarter, the Bank also experienced a decline in net interest margin, as well as an increase in noninterest expense. The decline in net interest margin, to 3.12% for the first quarter compared with 3.84% for the first quarter of the prior year, is primarily attributed to higher levels of nonperforming assets and a shift in the asset mix to highly liquid, lower-yielding instruments. The year-over-year increase in noninterest expense is primarily due to increased costs associated with other real estate owned and significantly higher FDIC deposit insurance assessments.

Liquidity

The Bank maintained a strong liquidity position, with asset-based liquidity ending the first quarter at 15.9% of assets, down from 20.0% as of December 31, 2009. The decline in asset-based liquidity during the first quarter is due to the repayment of \$5.3 million of wholesale deposits.

Asset Quality

The provision for loan losses of \$1.3 million, offset by charged off loans totaling \$1.1 million, resulted in a \$217,000 net increase in the allowance for loan losses. The allowance for loan losses stands at \$1.5 million or 2.62% of loans, net of deferred fees, as of March 31, 2010, up from \$1.3 million or 2.28% of loans, net of deferred fees, as of December 31, 2009.

Nonperforming assets (consisting of loans 90 days or more past due, loans on nonaccrual and other real estate owned) totaled \$6.3 million or 8.5% of total assets as of March 31, 2010, slightly down from \$6.7 million or 8.6% of total assets as of December 31, 2009. Chief Credit Officer Froman states, “The level of our nonperforming assets is unacceptable. Through aggressive collection and liquidation efforts, we are determined to reduce our nonperforming assets and redeploy the proceeds as earning assets. ”

Deposits

Continued customer deposit growth has allowed the Bank to significantly reduce its usage of noncore funding, defined as wholesale deposits and borrowed funds. With the first quarter repayment of \$5.3 million of wholesale deposits, noncore funding has been reduced to 16.9% of total assets as of March 31, 2010 compared with 22.9% as of December 31, 2009. Gray commented, "We plan to further reduce our noncore funding over the next two quarters with the repayment of maturing wholesale deposits. In addition to reducing a noncore funding source, such repayments will lower our overall cost of funds as the maturing wholesale deposits have relatively high interest rates."

Capital

As indicated in the table below, as of March 31, 2010 the Bank is "well capitalized" in two of the three regulatory standards and "adequately capitalized" in the third standard. The Bank intends to initiate a stock offering within the next 60 days, the proceeds from which should increase the total risk-based capital ratio to a level above the regulatory minimum for "well capitalized."

	Pacific West <u>Bank</u>	Regulatory Minimum to be "Adequately <u>Capitalized</u> "	Regulatory Minimum to be "Well <u>Capitalized</u> "
Leverage ratio	6.39%	≥4.00%	≥5.00%
Tier 1 risk-based capital ratio	7.99%	≥4.00%	≥6.00%
Total risk-based capital ratio	9.25%	≥8.00%	≥10.00%

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)

	3/31/10	12/31/09
Cash and due from banks	\$ 10,978	\$ 15,541
Loans, net of deferred fees	58,124	57,157
Allowance for loan losses	(1,522)	(1,305)
Premises and equipment, net	3,112	3,150
Other real estate owned	2,072	2,462
Other assets	933	883
Total assets	\$ 73,697	\$ 77,888
Noninterest-bearing deposits	\$ 6,363	\$ 5,665
Interest-bearing deposits	56,523	60,029
Borrowed funds	5,500	5,500
Other liabilities	394	354
Total liabilities	68,780	71,548
Common stock	7,713	7,705
Accumulated deficit	(2,796)	(1,365)
Shareholders' equity	4,917	6,340
Total liabilities and shareholders' equity	\$ 73,697	\$ 77,888

STATEMENTS OF OPERATIONS

(in thousands, except loss per share) (unaudited)

	Three Months Ended	
	3/31/10	3/31/09
Interest and fee income	\$ 901	\$ 1,001
Interest expense	347	405
Net interest income	554	596
Provision for loan losses	1,305	85
Net interest income (loss) after provision for loan losses	(751)	511
Noninterest income	15	9
Salaries and employee benefits	338	331
Other real estate owned	79	13
Occupancy	76	89
FDIC assessment	50	20
Data processing	33	48
Other noninterest expense	119	100
Total noninterest expense	695	601
Loss before income taxes	(1,431)	(81)
Income tax benefit	-	(32)
Net loss	\$ (1,431)	\$ (49)
Loss per share - diluted	\$ (1.88)	\$ (0.06)