



News Release – For Immediate Release: January 22, 2009
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PACIFIC WEST BANK REPORTS 2008 FINANCIAL RESULTS

West Linn, OR – Pacific West Bank (OTCBB: PWBO) reported net income of \$14,000 and diluted earnings per share of \$0.02 for the year ended December 31, 2008 compared with net income of \$362,000 and diluted earnings per share of \$0.48 for the year ended December 31, 2007. For the quarter ended December 31, 2008, the Bank reported a net loss of \$45,000 and a diluted loss per share of \$0.06 compared with net income of \$69,000 and diluted earnings per share of \$0.09 for the comparable period in 2007.

Other financial highlights:

- Total assets increased to \$64.3 million as of December 31, 2008 compared with \$42.0 million as of December 31, 2007 (53% increase).
- Loans, net of deferred fees, increased to \$58.1 million as of December 31, 2008 compared with \$36.3 million as of December 31, 2007 (60% increase).
- Total deposits increased to \$48.8 million as of December 31, 2008 compared with \$32.1 million as of December 31, 2007 (52% increase).

Pacific West Bank Chief Executive Officer Douglas H. Leeding comments, “While we expected a reduction in profitability during 2008 as we invested in opening two new facilities, we did not anticipate seven rate cuts by the Federal Reserve, reducing federal funds from 4.25% to 0.25%. While not satisfied with our quarterly and annual results, the current pressure on net interest margins creates a challenging operating environment.”

Mr. Leeding continued, “The opening of our new headquarters in West Linn and the opening of a branch in Lake Oswego, while bringing additional operating expense, have also brought a significant increase in customer relationships. During 2008, the total number of deposit accounts increased 68% and, in the second half alone, the Bank opened more new customer relationships than in all of 2007.”

Mr. Leeding concluded, “While the current economic conditions have affected our operating results in the short run, we believe the gains we have made during the year – both in infrastructure and in increased customer relationships - will help the Bank return to greater profitability.”

Net Interest Margin

The Bank’s net interest margin decreased 149 basis points quarter over quarter (from 5.62% to 4.13%) and 171 basis points year over year (from 6.24% to 4.53%). Interest income was negatively impacted by the sharp cuts in federal funds rates, while the benefits of the rate cuts on interest expense are realized more slowly due to the greater fixed rate nature of deposits and borrowings.

Credit Quality

The Bank did experience some deterioration in the performance of its loan portfolio in the fourth quarter as it saw an increase in nonaccrual and past due loans. However, nonperforming loans are believed to be well-secured by the underlying collateral based on recent appraisals and other market considerations.

The Bank recorded a provision for loan losses of \$60,000 for the quarter and \$240,000 for the year. Loans charged off during the year totaled just \$2,000. As of December 31, 2008, the allowance for loan losses stands at \$776,000 or 1.34% of loans, net of deferred fees.

Mr. Leeding reiterated that although the Bank has loans to residential developers and builders, it has no exposure to regional or national builders and it has no subprime or Alt-A mortgage loans in the portfolio.

Capital Adequacy

The Bank continues to be classified as well-capitalized by regulatory standards. Total risk-based capital was approximately 12.9% at year end.

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, business 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:

Certain statements in this release may be deemed to be "forward-looking statements". Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

PACIFIC WEST BANK

BALANCE SHEETS

(in thousands) (unaudited)

	12/31/08	9/30/08	12/31/07
Cash and due from banks	\$ 959	\$ 1,144	\$ 869
Federal funds sold	1,470	1,750	2,335
Investment securities	-	-	1,856
Loans, net of deferred fees	58,091	53,848	36,317
Allowance for loan losses	(776)	(718)	(538)
Premises and equipment, net	3,246	3,263	242
Other assets	1,311	1,182	927
Total assets	\$64,301	\$60,469	\$42,008
Noninterest-bearing deposits	\$ 4,813	\$ 5,827	\$ 6,399
Interest-bearing deposits	44,029	41,226	25,685
Borrowed funds	7,500	5,500	2,000
Other liabilities	384	310	415
Total liabilities	56,726	52,863	34,499
Common stock	7,694	7,680	7,642
Accumulated deficit	(119)	(74)	(133)
Shareholders' equity	7,575	7,606	7,509
Total liabilities and shareholders' equity	\$64,301	\$60,469	\$42,008

STATEMENTS OF INCOME

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

	Three Months Ended		Year Ended	
	12/31/08	12/31/07	12/31/08	12/31/07
Interest and fee income	\$ 1,002	\$ 878	\$ 3,764	\$ 3,029
Interest expense	416	312	1,497	953
Net interest income	586	566	2,267	2,076
Provision for loan losses	60	43	240	193
Net interest income after provision for loan losses	526	523	2,027	1,883
Noninterest income	10	8	45	25
Salaries and employee benefits	335	240	1,182	808
Occupancy expense	82	38	259	132
Other noninterest expense	189	134	604	372
Total noninterest expense	606	412	2,045	1,312
Income (loss) before income taxes	(70)	119	27	596
Provision for income taxes (benefit)	(25)	50	13	234
Net income (loss)	\$ (45)	\$ 69	\$ 14	\$ 362
Earnings (loss) per share-diluted	\$ (0.06)	\$ 0.09	\$ 0.02	\$ 0.48
Return on average assets (annualized)	-0.29%	0.67%	0.03%	1.05%
Return on average equity (annualized)	-2.30%	3.70%	0.19%	5.04%
Efficiency ratio	101.54%	71.72%	88.45%	62.46%
Net interest margin (annualized)	4.13%	5.62%	4.53%	6.24%
Book value per share at balance sheet dates	\$ 9.99	\$ 10.04	\$ 9.91	