



News Release – For Immediate Release: July 17, 2009

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## **PACIFIC WEST BANK REPORTS SECOND QUARTER 2009 FINANCIAL RESULTS**

**West Linn, OR** – Pacific West Bank (OTCBB: PWBO) reported a net loss of \$99,000 and diluted loss per share of \$0.13 for the quarter ended June 30, 2009 compared with net income of \$12,000 and diluted earnings per share of \$0.01 for the quarter ended June 30, 2008.

For the first six months of 2009, the Bank reported a net loss of \$148,000 and diluted loss per share of \$0.20 compared with net income of \$48,000 and diluted earnings per share of \$0.06 for the comparable period in 2008.

Steve Gray, the Bank's President and CEO, commented, "The quarter was adversely impacted by the reversal of interest income necessitated by placing some loans on nonaccrual status and by FDIC assessments instituted to replenish a significantly depleted federal deposit insurance fund. Looking forward, our objective is to operate at a breakeven in the third quarter and return to profitability in the fourth quarter."

Gray continued, "While we remain committed to restoring profitability, we have focused our efforts on improving the structure and strength of our balance sheet, which we believe to be critical in this economic and regulatory environment. Our strategic priorities are to continue to grow customer deposits and reduce our usage of noncore funding sources, protect our capital, improve the composition and performance of our loan portfolio and maintain our liquidity. We are pleased with the progress we have made in all these strategic areas."

### **Customer Deposits**

Customer deposit accounts increased 19% during the quarter and 91% during the past twelve months. This customer deposit growth allowed the Bank to reduce noncore funding (consisting of wholesale deposits and borrowed funds) from 36.4% of total assets as of March 31, 2009 to 33.6% as of June 30, 2009. Gray commented, "We are very pleased with the progress we have made in growing our customer deposits. We feel we are still gaining momentum and we expect the growth trend to continue."

### **Capital**

The Bank continues to be "well-capitalized" by regulatory standards. Total risk-based capital was approximately 12.5% at quarter end, in comparison to the regulatory minimum of 10% to be classified as well-capitalized.

### **Loan Portfolio**

The Bank experienced modest improvement in the performance of its loan portfolio in the second quarter as the level of nonperforming loans was reduced to \$2.1 million as of June 30, 2009. Nonperforming loans consist of six loans to two borrowers. Five of the six nonperforming loans, totaling \$1.5 million, are believed to be well-secured by the underlying collateral and all six loans have guarantors in addition to the borrower.

The Bank recorded a provision for loan losses of \$85,000 for the quarter – equal to that of the first quarter of 2009 – while recording a charge to the allowance for loan losses of \$29,000. As of June 30, 2009, the allowance for loan losses stands at \$893,000 or 1.51% of loans, net of deferred fees.

## **Liquidity**

The Bank maintained a strong liquidity position, with asset-based liquidity ending the quarter at 11.8% of assets. In addition, the Bank maintains \$18.9 million in available, unutilized borrowing capacity with the Federal Reserve Bank of San Francisco, the Federal Home Loan Bank of Seattle, and correspondent banks.

## **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](http://www.bankpacificwest.com). Information about the Bank's stock may be obtained through the Over the Counter Bulletin Board at [www.otcbb.com](http://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)

	6/30/09	3/31/09	12/31/08	6/30/08
Cash and due from banks	\$ 3,018	\$ 1,136	\$ 959	\$ 1,021
Federal funds sold	5,510	9,305	1,470	-
Investment securities	-	-	-	1,485
Loans, net of deferred fees	59,221	59,662	58,091	49,152
Allowance for loan losses	(893)	(837)	(776)	(658)
Premises and equipment, net	3,187	3,213	3,246	3,159
Other assets	2,261	2,381	1,311	1,147
Total assets	<u>\$ 72,304</u>	<u>\$ 74,860</u>	<u>\$ 64,301</u>	<u>\$ 55,306</u>
Noninterest-bearing deposits	\$ 4,973	\$ 6,331	\$ 4,813	\$ 3,812
Interest-bearing deposits	54,105	55,106	44,029	35,817
Borrowed funds	5,500	5,500	7,500	7,815
Other liabilities	289	393	384	286
Total liabilities	<u>64,867</u>	<u>67,330</u>	<u>56,726</u>	<u>47,730</u>
Common stock	7,704	7,698	7,694	7,661
Accumulated deficit	(267)	(168)	(119)	(85)
Shareholders' equity	<u>7,437</u>	<u>7,530</u>	<u>7,575</u>	<u>7,576</u>
Total liabilities and shareholders' equity	<u>\$ 72,304</u>	<u>\$ 74,860</u>	<u>\$ 64,301</u>	<u>\$ 55,306</u>

## STATEMENTS OF OPERATIONS

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

	Three Months Ended		Six Months Ended	
	6/30/09	6/30/08	6/30/09	6/30/08
Interest and fee income	\$ 964	\$ 900	\$ 1,965	\$ 1,744
Interest expense	408	356	813	682
Net interest income	556	544	1,152	1,062
Provision for loan losses	85	60	170	120
Net interest income after provision for loan losses	471	484	982	942
Noninterest income	12	12	21	25
Salaries and employee benefits	343	273	674	531
Occupancy expense	104	53	178	87
Other noninterest expense	199	151	395	270
Total noninterest expense	646	477	1,247	888
Income (loss) before provision for income taxes	(163)	19	(244)	79
Provision for income taxes (benefit)	(64)	7	(96)	31
Net income (loss)	<u>\$ (99)</u>	<u>\$ 12</u>	<u>\$ (148)</u>	<u>\$ 48</u>
Earnings (loss) per share-diluted	<u>\$ (0.13)</u>	<u>\$ 0.01</u>	<u>\$ (0.20)</u>	<u>\$ 0.06</u>
Return on average assets (annualized)	-0.55%	0.09%	-0.43%	0.20%
Return on average equity (annualized)	-5.28%	0.59%	-3.96%	1.26%
Efficiency ratio	113.74%	85.87%	106.32%	81.73%
Net interest margin (annualized)	3.33%	4.32%	3.62%	4.52%
Book value per share (balance sheet dates)	\$ 9.80	\$ 9.92	\$ 9.99	\$ 10.00