

Executive Management



STEVE GRAY

PRESIDENT & CHIEF EXECUTIVE OFFICER

Steve, who joined the Bank in 2008 and was promoted to President and CEO in 2009, brings over 20 years accounting and finance experience, including seven years with an international CPA firm and six years as Corporate Controller for Microsoft. Steve, a native Oregonian, is a graduate of Oregon State University. Steve is a member of the Board of Directors of the Oregon Bankers Association and is active in several community organizations.

503-905-2217

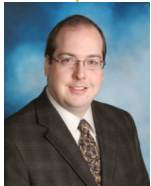


GREG FROMAN

CHIEF CREDIT OFFICER & EXECUTIVE VICE PRESIDENT

Greg Froman joined Pacific West Bank as Chief Credit Officer & Executive Vice President in January 2010. With over 35 years of lending experience in the banking industry, Greg is extremely experienced to 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. Greg is a graduate of Texas Tech University (BA 1971). Greg and his wife Barb live in Beavercreek, Oregon.

503-905-2218



BOB SEIBERT

CHIEF FINANCIAL OFFICER & SENIOR VICE PRESIDENT

Bob Seibert joined Pacific West Bank in 2008 and is responsible for the financial and accounting functions of the Bank. Bob also fulfills the responsibility of IT manager and director of human resources. Bob has over 20 years experience at community banks in Oregon and is a member of the Oregon Bankers Association's Financial Officers and Investment Committee. Bob is a graduate of South Salem H.S. and Willamette University (BA 1994; MBA 2008) and is active with Mercy Corps where his wife, Minda, is the Manager of Community Fundraising.

503-905-2226



CONNIE KEMP

CHIEF OPERATING OFFICER & SENIOR VICE PRESIDENT

Connie joined Pacific West Bank in April 2010 and oversees all areas of operations, compliance, and business development for the Bank. She has over 34 years of banking experience, most recently in Senior Vice President and COO positions for banks in Oregon and Washington. Connie is a Past Member of Oregon Bankers Association Committees for Human Resources, Compliance (Chair) and Community Reinvestment (Chair) and a former Advisory Board Member and instructor at the Western Compliance School. Connie is a Graduate of Northwest Intermediate Banking School and is a Certified Regulatory Compliance Manager and Bank Compliance Officer.

503-905-2220



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Pacific West Bank Shareholders' Report

September 30, 2011



Dear Shareholders:

The third quarter of 2011 presented continuing signs of stabilization for our balance sheet, with nonperforming assets down from \$4.4 million to \$3.0 million for the quarter, and nonaccrual loans down from \$1.7 million to \$925 thousand – their lowest level since March 2009.

This improvement did not come without cost, as provision for loan losses and expense related to other real estate owned constituted \$749 thousand of the \$827 thousand quarterly loss.

Despite the loss, the Bank's capital level remained steady, with two of the Bank's three capital ratios exceeding the minimum to be considered "well capitalized," with the third ratio (total capital to risk-weighted assets) remaining well above the minimum for "adequately capitalized."

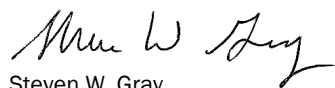
With improving stability in our existing loan portfolio, we have begun reenergizing new loan production in order to grow a sound and profitable portfolio. Although the market is competitive, we are seeing good opportunities to lend, and have begun seeing good traction in this strategic emphasis.

Many of our best leads have come from existing satisfied customers. As always, we appreciate your referrals.

In summary, we have seen continued improvements to the quality of our loan portfolio and in our operational performance, and look forward to a return of profitability and long term health.

Thank you for your ongoing support.

Sincerely,



Steven W. Gray
President & CEO

STATEMENTS OF OPERATIONS

(in thousands) (unaudited)

	Three Months Ended	
	9/30/11	9/30/10
Interest and fee income	\$ 658	\$ 867
Interest expense	179	282
Net interest income	479	585
Provision for loan losses	456	886
Net interest income (loss) after provision	23	(301)
Noninterest income	29	18
Salaries and employee benefits	324	397
Other real estate owned	293	122
Occupancy	78	81
Other noninterest expense	184	227
Total noninterest expense	879	827
Loss before income taxes	(827)	(1,110)
Income tax expense	-	1
Net loss	\$ (827)	\$ (1,111)
	Nine Months Ended	
	9/30/11	9/30/10
Interest and fee income	\$ 2,144	\$ 2,634
Interest expense	569	947
Net interest income	1,575	1,687
Provision for loan losses	931	2,771
Net interest income (loss) after provision	644	(1,084)
Noninterest income	94	48
Salaries and employee benefits	1,046	1,090
Other real estate owned	721	411
Occupancy	249	236
Other noninterest expense	604	672
Total noninterest expense	2,620	2,409
Loss before income taxes	(1,882)	(3,445)
Income tax expense	2	3
Net loss	\$ (1,884)	\$ (3,448)

BALANCE SHEETS

(in thousands) (unaudited)

	9/30/11	12/31/10
	Cash and due from banks	\$ 3,182
Overnight funds	12,175	6,840
Certificates of deposit with other banks	3,486	-
Loans, net of deferred fees	37,626	49,294
Allowance for loan losses	(1,230)	(1,605)
Premises and equipment, net	2,906	3,014
Other real estate owned	2,111	2,670
Other assets	662	737
Total assets	\$ 60,918	\$ 63,237
Customer deposits	\$ 51,559	\$ 51,167
Wholesale deposits	494	3,641
Borrowed funds	5,500	5,500
Other liabilities	159	187
Total liabilities	57,712	60,495
Common stock	10,925	8,577
Accumulated deficit	(7,719)	(5,835)
Shareholders' equity	3,206	2,742
Total liabilities and shareholders' equity	\$ 60,918	\$ 63,237

SUPPLEMENTAL INFORMATION

(in thousands) (unaudited)

	9/30/11	12/31/10
Nonaccrual loans	\$ 925	\$ 3,902
Other real estate owned	2,111	2,670
Nonperforming assets	\$ 3,036	\$ 6,572
Tier 1 capital to average assets	5.24%	4.14%
Tier 1 capital to risk-weighted assets	7.97%	5.26%
Total capital to risk-weighted assets	9.25%	6.53%