



YOUR PATHWAY TO SUCCESS

## 2<sup>nd</sup> Quarter 2008 Results and 2<sup>nd</sup> Annual Shareholders' Meeting August 8, 2008

### Dear Friends of Pacific Alliance Bank:

#### Board of Directors

Andrew Su, Chair.

Samuel Cheng, VChair.

Robert Oehler, CEO

Richard Barkhurst

James Chou

Joseph Gigliotti

Peter Kam

Dennis Lin

Nancy Luke

Michael Sun

Yee-Jen Shuai

An To

Joe Teo, CFO  
Corp. Sec'y.

Last quarter's momentum continued during the second quarter as well. Additionally, we have scheduled our 2<sup>nd</sup> Annual Shareholders' Meeting for 9:00am, August 8, 2008 (our "888").

We just released our 2<sup>nd</sup> quarter results, which you can view in our web site, at [www.otcbb.com](http://www.otcbb.com) (under PFBN stock symbol), and as inserted with this letter in our statement this month. As of June 30, 2008, our total assets, gross loans, and deposits totaled \$56 million, \$31.8 million, and \$37.4 million, respectively. Our monthly negative income, typical for "de novo" banks, continues to decline.

With this letter for our Shareholders are copies of our audited Annual Report, our financial results for the 2<sup>nd</sup> Quarter, and our Notice of Annual Shareholders' Meeting document, along with the Bank's Proxy Statement.

Ms. Janet Ha resigned as Executive Vice President and Chief Credit Officer and as a Director, as of June 30, 2008. The Proxy Statement includes the name of Mr. C. Ellis Porter as the Bank's proposed EVP and Chief Credit Officer. Mr. Porter is being processed for approval by the Bank's regulators, as is required for a "de novo" bank.

The Bank's loan portfolio continues to perform well. The Bank's efforts to expand our **SBA Loans** are ongoing, with a growing pipeline. Also, the Bank has been approved by the Small Business Administration to participate in its SBA Express loan product offering. The Bank's **conventional loan** pipeline is also growing. The Bank is "open for business" with its loan products, while being prudent in these economic times.

Our **FlexChecking** deposit product continues to grow on the deposit side, with its ongoing rate of 2.68% APY. This continues as the best rate in town for this free and unlimited checking account. (rates subject to change).

See also the Letter to Shareholders from both the Chairman and the President & CEO, contained in the Annual Report.

Yours truly,

Robert B. Oehler "Rob"  
President and CEO