



## PRESS RELEASE

For Immediate Release

May 4, 2012

Contact Person:  
Charles O. Hall  
President & CEO  
(707) 236-1500

### **AltaPacific Bancorp Reports Earnings for First Quarter 2012**

SANTA ROSA, Calif. – (BUSINESS WIRE) – May 4, 2012 - AltaPacific Bancorp (OTCBB: ABNK), the parent company of AltaPacific Bank, today reported net income for the first quarter of 2012 totaling \$74,000. Net income for the quarter on a pretax basis totaled \$151,000, representing a decrease of 26% over the prior quarter and a decrease of 25% over the same period last year. Following the close of business on February 17, 2012, the merger with Stellar Business Bank was completed. During the first quarter of 2012, ongoing merger and related integration costs totaled \$123,000. Excluding the ongoing merger and related integration costs, pretax income for the quarter totaled \$274,000.

Assets totaled \$211,174,000 at March 31, 2012, representing an increase of 83.1% over December 31, 2011 and an increase of 153.6% over March 31, 2011. At March 31, 2012, the Company's net loans totaled \$105,962,000 consisting of \$55,805,000 in originated loans, \$51,457,000 in purchased loans (resulting from the merger with Stellar Business Bank) and an Allowance for Loan Losses totaling \$1,300,000. Deposits totaled \$160,841,000 at March 31, 2012 representing a 110.5% increase over December 31, 2011 and a 218.7% increase over March 31, 2011.

At March 31, 2012, the Company's Allowance for Loan and Lease Losses totaled \$1,300,000 and represented 2.33% of Gross Loans Originated. In accordance with generally accepted accounting principles, the loans acquired through the merger with Stellar Business Bank have been marked to fair value at the date of acquisition which resulted in a total credit fair value adjustment of \$3.0 million to the loan balances. The determination of fair value takes into consideration certain financial exposures, including credit risk and interest rate risk. The Total Risk-Based Capital Ratio for AltaPacific Bank totaled 27.99% at March 31, 2012, which substantially exceeds the 10% minimum ratio for a well capitalized institution. The bank's regulatory capital ratios continue to be among the highest of any commercial bank operating in California.

"The increase in total assets, loans and deposits is largely attributed to the completion of our merger with Stellar Business Bank, which was finalized in February," stated Charles O. Hall, President and Chief Executive Officer. "In addition to the successful completion of this transaction, the Bank was also awarded the Preferred Lender Status (PLP) by the Small Business Administration (SBA) and announced a five percent stock dividend for the third consecutive year. We are enthusiastic about the momentum we have created and see great potential for future expansion opportunities. We are confident in our abilities to achieve the next phase of our strategic growth plans."



Timothy J. Jorstad, AltaPacific Bancorp Chairman of the Board stated, “In addition to our outstanding first quarter achievements, we also welcomed two new directors to our Board. Richard J. Jett served as Stellar Business Bank’s founding Chairman of the Board and Harold J. Borak, Sr. served as a founding director. Both directors have expertise in the Southern California market and we look forward to their contributions as we continue to strengthen our Southern California presence.”

Please note that all of the fair value adjustments that have been made by the Company related to the Stellar Business Bank merger are considered preliminary as of the date of this release and are subject to change as the Company finalizes all of its fair value determinations. Should the final amounts result in material changes to the amounts disclosed within this release, the Company will provide an updated release.

**About AltaPacific Bancorp and AltaPacific Bank:**

AltaPacific Bancorp is the parent company for AltaPacific Bank. The Company’s stock trades over the counter under the symbol ABNK. AltaPacific Bank is an independent business bank headquartered in Santa Rosa, California and has offices in Santa Rosa, Rancho Cucamonga and Covina, California. The bank is focused on meeting the specialized needs of small to medium-sized businesses and professionals throughout California. The U.S. Small Business Administration has approved the bank as a PLP lender (Preferred Lender Program). PLP status is the highest lending designation granted by the SBA and it is only granted to its most experienced lenders. For additional information, please contact us at (707) 236-1500 or online at [www.apbconnect.com](http://www.apbconnect.com).



The following is a summary of the Company's financial performance (unaudited) as of March 31, 2012:

<i>(Dollars in thousands)</i>	<b>March 31, 2011</b>	<b>December 31, 2011</b>	<b>March 31, 2012</b>
Gross Loans	\$ 56,887	\$ 59,874	\$ 107,262
Allowance for Loan Losses	1,423	1,300	1,300
Net Loans	55,464	58,574	105,962
Total Deposits	50,470	76,400	160,841
Total Assets	83,277	115,319	211,174
Shareholders' Equity	27,239	26,334	44,509

<i>(Dollars in thousands)</i>	<b>Three Month Period Ended</b>		
	<b>March 31, 2011</b>	<b>December 31, 2011</b>	<b>March 31, 2012</b>
Interest Income	\$ 1,345	\$ 1,560	\$ 2,003
Interest Expense	116	159	202
Net Interest Income	1,229	1,401	1,801
Provision for Loan Losses	--	(123)	--
Provision for OREO Losses	75	--	--
Noninterest Income	4	48	102
Noninterest Expense	1,031	1,368	1,752
Pretax Income	202	204	151
Income Tax Expense	89	149	77
Net Income	113	55	74

#### *Forward-Looking Statements*

*This press release contains forward-looking statements. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of AltaPacific Bancorp and its subsidiary AltaPacific Bank and on information available to management at the time these statements were made. There are a number of factors, many of which are beyond AltaPacific's control, which could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards and tax laws, may adversely affect the businesses in which AltaPacific is engaged; (6) competitors may have greater financial resources and develop products that enable such competitors to compete more successfully than AltaPacific; and (7) adverse changes may occur in the securities markets or with respect to inflation. Forward-looking statements speak only as of the date they are made. Except as required by law, AltaPacific does not undertake to update forward-looking statements to reflect subsequent circumstances or events.*