



## PRESS RELEASE

For Immediate Release

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### **Atlantic Pacific Bank Reports Total Assets in Excess of \$50 million and Financial Results for Second Quarter 2008**

SANTA ROSA, Calif.--(BUSINESS WIRE) – July 30, 2008 - Atlantic Pacific Bank (OTCBB: APFB) today announced unaudited financial results for the three and six month periods ended June 30, 2008. Total assets grew to \$52,118,000 at June 30, 2008 which represents an increase of 22% over December 31, 2007. At June 30, 2008, the Bank's net loans totaled \$36,816,000 and deposits totaled \$24,030,000 representing a year-to-date increase in net loans totaling 22% and an increase in deposits totaling 42%. For the second quarter of 2008, the Bank reported a net loss of \$156,000, and a year-to-date loss of \$333,000. Atlantic Pacific Bank began operating on July 10, 2006.

The bank has continued to make progress in reducing its operating losses and has also continued to generate positive cash flow from operations. The second quarter operating loss totaling \$156,000 was \$21,000 below 2008's first quarter operating loss of \$177,000. With regard to the generation of positive cash flow, the bank's operating loss includes three material non-cash expenditures. During the second quarter of 2008, the bank's provision for loan losses totaled \$126,000, stock based compensation expense totaled \$79,000 and depreciation and amortization expense totaled \$69,000, resulting in a combined total of \$274,000, which exceeded the second quarter net operating loss by \$118,000. During 2008, the bank's year-to-date provision for loan losses totaled \$169,000, stock based compensation expense totaled \$158,000 and depreciation and amortization expense totaled \$137,000, resulting in a combined total of \$464,000, exceeding the year-to-date net operating loss by \$131,000.

With regard to asset quality, the bank does not have any nonperforming loans. However, at June 30, 2008, the bank did have one construction loan in escrow which was past due in excess of 30 days which has since been paid in full. As of June 30, 2008, the bank's Allowance for Loan Losses totaled \$629,000, which represents 1.68% of gross loans. Charles O. Hall, President and Chief Executive Officer of Atlantic Pacific Bank stated, "the economic trends we are currently experiencing on a local and national level have caused us to increase our conservative risk profile with regard to the bank's Allowance for Loan Losses."

Mr. Hall further stated, "exceeding \$50 million in assets has been a great achievement. While we will continue to focus on obtaining quality loan and deposit relationships, our next key goal will be to achieve profitability." Furthermore, Mr. Hall reported "Atlantic Pacific Bank continues to be well-capitalized with a total risk-based capital ratio in excess of 55%, which substantially exceeds the 10% regulatory requirement for a well-capitalized institution. In addition, the bank has never engaged in subprime lending or predatory lending practices. It simply is not consistent with our approach to managing credit risk."

Atlantic Pacific Bank is the newest independent business bank headquartered in Sonoma County. The Bank is focused on meeting the specialized needs of small to medium-sized businesses and professionals. Atlantic Pacific Bank is located at 3725 Westwind Blvd., Suite 100, Santa Rosa, California and is near the Charles M. Schultz – Sonoma County Airport. For additional information, please contact us at (707) 236-1500 or online at [www.apbconnect.com](http://www.apbconnect.com).

Atlantic  Pacific  
BANK

The following is a summary of the bank's financial performance (unaudited) as of June 30, 2008:

<i>(Dollars in thousands)</i>	<b>December 31, 2007</b>	<b>June 30, 2008</b>	<b>Net Change</b>	<b>% Change</b>
Gross Loans	\$ 30,750	\$ 37,445	\$ 6,695	21.8%
Allowance for Loan Losses	460	629	169	36.7%
Net Loans	30,290	36,816	6,526	21.5%
Total Deposits	16,890	24,030	7,140	42.3%
Total Assets	42,771	52,118	9,347	21.9%
Shareholder's Equity	25,270	24,992	(278)	(1.1%)

<i>(Dollars in thousands)</i>	<b>Three Month Period Ended</b>		<b>Six Month Period Ended</b>
	<b>March 31, 2008</b>	<b>June 30, 2008</b>	<b>June 30, 2008</b>
Interest Income	\$ 720	\$ 792	\$ 1,512
Interest Expense	114	101	215
Net Interest Income	606	691	1,297
Provision for Loan Losses	43	126	169
Noninterest Income	2	4	6
Noninterest Expense	741	725	1,466
Provision for Income Taxes	1	--	1
Net Loss	(177)	(156)	(333)

*This press release includes forward-looking statements that involve inherent risks and uncertainties. Atlantic Pacific Bank cautions readers that a number of important factors could cause actual results to differ materially from those in the forward-looking statements. These factors include economic conditions and competition in the geographic and business areas in which Atlantic Pacific Bank operates, inflation, fluctuations in interest rates, legislation and governmental regulation and other factors beyond Atlantic Pacific Bank's control. We make no promise to update any forward-looking statement, whether as a result of changes in underlying factors, new information, future events or otherwise.*