

PRESS RELEASE

Pacific Commerce Bank (PFCI.OB) News Release

PACIFIC COMMERCE BANK REPORTS 3RD QUARTER 2009 PROFIT

LOS ANGELES, CA – (Business Wire) – October 21, 2009 – Pacific Commerce Bank (OTC BB: PFCI), located at 420 E. Third Street, Los Angeles, California announced its 2009 third quarter results.

Net income for the third quarter was \$22,000 compared to \$167,000 for the same quarter a year ago. The decrease in net income was primarily attributable to the bank's decision to set aside provision for loan losses of \$550,000 compared to \$151,000 for the same quarter in 2008, an increase of \$399,000. In addition, the bank recorded income tax expense of \$12,000 in the third quarter 2009 versus income tax benefit of \$90,000 for the like quarter a year ago. Core operating income (before loan loss provision, stock options expense, and income tax benefits) increased to \$617,000, an increase of \$343,000 from a year ago.

Net income for the nine months ended September 30, 2009 was \$194,000 compared to \$475,000, a decrease of \$281,000 compared to a year ago. The decrease was primarily attributable to loan loss provision of \$1,180,000, an increase of \$730,000 compared to \$450,000 for the same period in 2008.

Total non-accrual loans were \$7,277,000 at September 30, 2009 compared to \$7,543,000 in the second quarter, a decrease of \$257,000. Delinquent loans (30 to 89 days) were 1,494,000, compared to \$5,785,000 in the second quarter, a decrease of \$4,291,000. The ratio of non-accrual and delinquent loans to total loans was 6.03% at September 30, 2009, decreasing by 2.82% from the previous quarter.

The following are balance sheet highlights as of September 30, 2009:

- Total assets increased 17% to \$193,594,000 from \$165,410,000 a year ago,
- Investment portfolio increased 85% to \$30,027,000 from \$16,244,000,
- Total loans increased 6% to \$148,874,000 from \$140,307,000 a year ago,
- Allowance for loan losses was \$3,266,000 versus \$1,804,000 a year ago, an increase of 81%,
- Total deposits increased 26% to \$168,291,000 from \$133,070,000 a year ago, and
- Tier 1 Leverage Ratio and Total Risk-Based Capital Ratio were 9.49% and 13.30%, respectively.

Highlights of the results of operations for the nine months ended September 30, 2009 included the following:

- Net interest income was \$4,986,000 compared to \$4,498,000, an 11% increase from a year ago,
- Non-interest income was \$725,000 compared to \$243,000 a year ago, an 198% increase helped by gains on sale of investment securities and SBA-guaranteed loans,
- Non-interest expense was \$4,443,000 compared to \$4,059,000, an increase of 9%, and

- Year-to-date net interest margin was 3.67% compared to 3.87% a year earlier.

Brian H. Kelley, President and CEO, said, "We are very pleased with the progress our bank made during the past quarter, reducing delinquent loans by nearly \$4.3 million (a 76% decrease) and seeing our non-accruing loans drop as well." Kelley further commented, "After the close of the 3rd Quarter, we are also pleased to report that we reached a settlement on the largest of our non-accruing loans (a \$3.35 million loan representing 46% of total non-performing loans) which was confirmed by the U.S. Bankruptcy Court on October 6th, and brought current. The return of that loan to performing status effectively reduces our total non-accrual loans to \$4,193,000 (2.81% of total loans)." Kelley also highlighted the bank's continuing quarterly profit despite having set-aside additional loan loss reserves of \$550,000 during the quarter. "Like most of our peers, we have been setting aside significant levels of loan reserves to ensure that the bank is adequately protected going forward, but thanks to improving profit margins, we have been able to fund those reserves from earnings," Kelley stated. "We are also very pleased by the growth in core deposits, which are up 26% from the first of the year," a key factor identified by Kelley in lowering the bank's funding costs and improving its profit margins.

Established in 2002, Pacific Commerce Bank is a community bank with offices in Downtown Los Angeles and West Los Angeles. Founded by local business owners and professionals, it is focused on meeting the varied needs of those clients. It is publicly traded on the OTC Bulletin Board under the stock symbol PFCI. The bank offers small business loans, asset-based loans, construction and permanent real estate financing, SBA government-guaranteed loans, as well as personal and professional credit lines. Information on the bank as well as a copy of the bank's most recent newsletter and financial summary can be accessed through its website: "pacificcommercebank.com" or by calling between 9:00am and 5:00pm at 213-617-0082.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:

The financial information in this press release is based on our unaudited financial results. Certain statements in this press release, including statements regarding the anticipated development and expansion of the bank's business, and the intent, belief, and current expectations of the bank, its directors, or its officers, are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Such forward-looking statements are subject to risks and uncertainties and therefore the bank's actual results may differ materially from those expressed or implied by such forward-looking statements. The risks and uncertainties that the bank is subject to include, but are not limited to, risks related to the local and national economy, including fluctuations in interest rates and costs and changes in economic policy; the ability of the bank to perform in accordance with its plans; competition; regulatory matters; and other risks detailed in its filings with the State of California Department of Financial Institutions and the Federal Deposit Insurance Corporation. The bank cautions readers not to place undue reliance on any forward-looking statements. The bank does not undertake, and specifically disclaims any obligation, to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

SOURCE: Pacific Commerce Bank
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Financial Highlights

BALANCE SHEET (unaudited)

(In thousands, except for shares outstanding and book value per share)

	09/30/2009	09/30/2008	\$ Change	% Change
Total assets	\$193,594	\$165,410	\$28,184	17.0%
Total investments	\$30,027	\$16,244	\$13,783	84.8%
Total loans	\$148,874	\$140,307	\$8,567	6.1%
Deferred loan fees	(\$246)	(\$253)	\$7	-2.8%
Allowance for loan losses	(\$3,266)	(\$1,804)	(\$1,462)	81.0%
Net loans	\$145,362	\$138,250	\$7,112	5.1%
Total deposits	\$168,291	\$133,070	\$35,221	26.5%
Total borrowings	\$5,002	\$14,253	(\$9,251)	-64.9%
Total stockholders' equity	\$19,280	\$16,980	\$2,300	13.5%
Non-performing assets	\$7,277	\$25	\$7,252	
Non-performing assets/Total loans	4.89%	0.02%	4.87%	
QTD net interest margin	3.84%	3.98%	-0.14%	
YTD net interest margin	3.67%	3.87%	-0.20%	
Net loans to deposits	86.4%	103.9%	-17.5%	
Tangible equity ratio	10.0%	10.3%	-0.3%	
Total shares outstanding	2,444,255	2,444,255	-	
Ending book value per common share (without TARP capital)	\$6.23	\$6.95	(\$0.72)	

STATEMENT OF OPERATIONS (unaudited)

(In thousands, except for earnings per share)

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2009	2008	2009	2008
Total interest income	\$2,267	\$2,452	\$6,662	\$7,210
Total interest expense	<u>468</u>	<u>838</u>	<u>1,676</u>	<u>2,712</u>
Net interest income	1,799	1,614	4,986	4,498
Total non-interest income	<u>321</u>	<u>61</u>	<u>725</u>	<u>243</u>
Total Income	2,120	1,675	5,711	4,741
Total non-interest expense	<u>1,503</u>	<u>1,401</u>	<u>4,434</u>	<u>4,059</u>
Income before loan loss provision, stock options and income tax expenses	<u>617</u>	<u>274</u>	<u>1,277</u>	<u>682</u>
Provision for loan losses	550	151	1,180	450
Stock option expense	33	46	98	116
Income tax expense/(benefits)	<u>12</u>	<u>(90)</u>	<u>(195)</u>	<u>(359)</u>
Net income	<u>\$22</u>	<u>\$167</u>	<u>\$194</u>	<u>\$475</u>
Adjusted income before loan loss provision, stock option expense, and income tax benefits	<u>\$617</u>	<u>\$274</u>	<u>\$1,277</u>	<u>\$682</u>
Earnings per share	\$0.01	\$0.07	\$0.08	\$0.19
EPS before loan loss provision, stock option expense, and income tax expense or benefits	\$0.25	\$0.11	\$0.52	\$0.28