

American Pacific Bank

SUMMARY

American Pacific Bank is an Oregon state chartered commercial bank, organized under the state of Oregon Banking Act. The institution was incorporated on June 6, 1979, under the name, Santiam Valley Bank. Operations commenced on December 6, 1979, in the small agricultural community of Aumsville, Oregon, eight miles from the state's capitol city of Salem.



Portland, Oregon

By 1987, the combination of an economic recession in Oregon and a weakness in previous management caused local and national regulatory authorities to encourage Mr. Fai H. Chan to recapitalize and restructure the Bank. Mr. Chan undertook this task, and restructuring and recapitalization began in earnest in January 1988. In March 1988, the name of the Bank was changed to American Pacific Bank.

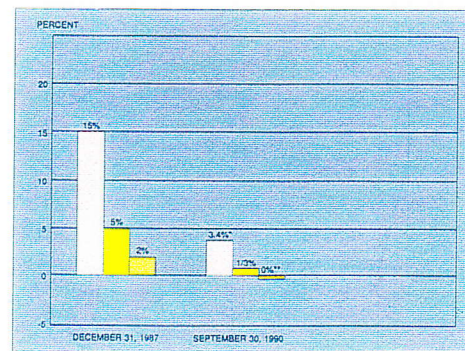
Under current management, American Pacific Bank has successfully instituted new policies and procedures for banking operations and lending practices. Today, the Bank's management has substantially restructured 85% of the Bank's loan portfolio, achieving significant reductions in the area of past due loans and operational writeoffs. Both areas have been reduced by 99% since 1988.

American Pacific Bank has evolved from an unprofitable institution to one defined by state and federal regulators as one of the most improved banking institutions in the region.

American Pacific Bank's future focus is to be an active participant in both domestic and global markets. In response to the growing demands of customers, the Bank will offer the traditional banking services, but most important, will be the services designed to meet individual and corporate needs available through the International Banking and Trust Divisions. American Pacific's future will be defined as one of growth and success.



American Pacific Bank's Portland Office.



*82% of total guaranteed by FmHA

% OF TOTAL NON-ACCRUAL LOANS
 % OF TOTAL LOANS OVER 30 DAYS PAST DUE
 % OF TOTAL DEPOSITS OPERATIONAL CHARGE OFFS

April 1991 to March 1993 **American Pacific Bank** - Chairman & CEO
(Chairman since March 1988)

American Pacific Bank is an Oregon State chartered bank. The Bank is also a member of the Federal Reserve and member of FDIC.

Mr. Chan was approved in 1988 by the Board of the Federal Reserve to be a Bank Control Owner to take over American Pacific Bank formerly known as Santiam Valley Bank (before the restructuring).

Mr. Chan was responsible for the restructuring of the Bank from a loss making near bankrupt entity to a profit-generating bank that has just been named one of the top public companies in the State of Oregon out of over 90,000 companies for 1999. In addition to this honor the Bank has been named one of the "Top Banks in Oregon" for 1999. In 1998 the financial industry magazine BankINVESTOR named American Pacific Bank in the top 25 best performing banks in the USA for the year ending December 31, 1997.

In early 1988, Mr. Chan began a complete restructuring and recapitalization of the Bank. In order to increase the working capital of the bank, a complete recapitalization was required. This included the initial public offering of the Bank as well as numerous private placements. The continuous efforts of Mr. Chan to raise capital and to market the Bank stock allowed the Bank to receive much needed capital injections to increase the services that the Bank could offer.

The Bank had significant past due loans and operational write-offs. These areas required immediate restructuring. Mr. Chan headed the Loan committee in implementing new criteria to qualify for loans and cleaning up these problem areas. Within 24 months the loans over 30 days past due were reduced by 89 percent and comprised of less than one percent of the total loan portfolio. Operational write-offs were reduced by 99 percent in the same time period.

During the first three years Mr. Chan was obligated to employ "blue chip bankers" that were nominated by the Federal Reserve Board as the management of American Pacific Bank. These bankers were able to assist with the cutting down of losses that the Bank was incurring however they were unable to turn the Bank around. Mr. Chan approached the Federal Reserve for clearance to roll up his sleeves and get the work done himself.

Mr. Chan was responsible for the generation of growth in assets, loans, deposits and shareholder's equity. After receiving clearance from the Federal Reserve, Mr. Chan assumed the role of CEO with the goal to increase the profitability of the Bank. During his role as CEO, (from April 1991 to March 1993) assets increased by 282%. Loans in the same period grew 342%. Deposits grew by 289%. Shareholder's equity increased by 167%. Mr. Chan succeeded in implementing his goals for consistent, structural profitability. This was achieved in all measures without deviating from the Bank's high underwriting standards.

Mr. Chan also pioneered a Secured Credit card program. This award-winning program has been featured on Nationwide American television news shows. He introduced a construction loan department and a mortgage refinancing division. These products have brought significant income to the Bank and continue to assist in the growth of the Company.

Mr. Chan has built the foundation for consistent growth in assets and earnings. He has also brought on board a highly qualified management team to ensure that the Bank stays on track. Mr. Chan personally trained the hand picked team. Over the last five years the management team has a proven track record of maintaining the consistent growth of the Bank. Before leaving the direct management of the Bank, Mr. Chan implemented stringent risk management procedures and policies to ensure that the Bank would not repeat past problems with delinquent loans.

As of December 1998, total loans have grown to US\$37.8 Million, assets have grown to US\$51.8 million and deposits have reached US\$46.9 Million. The bank has not suffered any losses from the commercial, construction and mortgage loan portfolios in the last several years. For 1998 the Bank has announced record earnings of US\$0.41 per share a 40% increase compared to the same period in 1997. The Bank is expected to continue to sustain this growth rate.