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News Release

12/23/2008

Capital Pacific Bancorp Closes on Funds From U.S. Treasury's Capital Purchase Program

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December 23, 2008, PORTLAND, Ore. — Capital Pacific Bancorp ([OTC: CPBO.OB](#)), parent company of Capital Pacific Bank, today announced it has issued \$4 million in preferred stock as part of the U.S. Department of the Treasury's Capital Purchase Program (TCPP). Capital Pacific Bancorp announced last month that it had received preliminary approval of its application. At the time it was believed Capital Pacific Bancorp was the first bank of its size in this region to be approved. TCPP is designed to attract broad participation by healthy banking institutions to help stabilize the financial system and increase lending for the benefit of the U.S. economy.

"Our intent is to use the funds to support continued growth while maintaining healthy capital ratios during this difficult economic cycle," said Mark Stevenson, CEO of Capital Pacific Bancorp.

Stevenson indicated participation in the program is a smart business move. "As a local community bank, we are very supportive of opportunities to deploy new capital on behalf of Oregonians and our local businesses," he said.

Stevenson said participation in the program gives the Company additional flexibility when setting appropriate loan growth levels in the current market cycle.

As a TCPP participant, Capital Pacific Bancorp issued \$4 million in preferred stock, paying cumulative dividends on a quarterly basis at a rate of 5% p.a. until the fifth anniversary when the rate steps up to 9% if not refinanced by the Company. The stock carries no voting rights and may be refinanced at any time during the first three years using the proceeds from a common stock offering or another preferred stock issuance. The terms and conditions of the transaction and the preferred stock will conform to those provided by the U.S. Treasury. A summary of the Capital Purchase Program can be found on the Treasury's web site at <http://www.ustreas.gov/initiatives/eesa>.

About Capital Pacific Bancorp

Capital Pacific Bancorp ([OTC: CPBO.OB](#)) is the parent company of Capital Pacific Bank, which serves businesses, professionals and nonprofit organizations with comprehensive business banking expertise and an elite level of service. Headquartered in the Fox Tower in downtown Portland, the bank's full array of products and services are delivered through a strategic combination of highly experienced client service officers and the innovative application of technology.

Forward-looking statements

Statements in this release about future events or performance are forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results of the company to be materially different from any future results expressed or implied by such forward-looking statements. Factors that could affect future results include changes in the financial condition of our borrowers, changes in economic conditions generally, deteriorating asset values caused by changing market conditions, loan losses that exceed our allowance for loan losses and fluctuations



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in interest rates and the impact those factors may have upon clients of the company. Other factors include competition for loans and deposits within the company's trade area, and the impact that may have upon growth or income. Although forward-looking statements help to provide complete information about the company, readers should keep in mind that forward-looking statements may be less reliable than historical information. The company undertakes no obligation to update or revise forward-looking statements in this release to reflect events or changes in circumstances that occur after the date of this release.

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