

**Proxy Statement of Sunwest Bank
17542 East Seventeenth Street, Suite 200
Tustin, California 92780
(714) 730-4400**

May 1, 2006

Dear Shareholder:

You are cordially invited to attend the 2006 annual meeting of shareholders of Sunwest Bank, which will be held at Sunwest Bank's main office located at 17542 East Seventeenth Street, Suite 200, Tustin, California 92780 on Tuesday May 23, 2006 at 11:30 a.m. At the annual meeting, you will be asked to elect eight directors for next year.

We are pleased to enclose for your review this proxy statement that provides you with the information you need to evaluate the matters to be presented at the 2006 annual meeting. We encourage you to review it carefully.

We urge you to fill in, date, sign and mail the enclosed proxy card in the enclosed self-addressed postage prepaid envelope. It is expected that the enclosed proxy statement and accompanying proxy will be mailed or delivered to shareholders of Sunwest Bank on or about May 1, 2006. We hope that the proxy statement will answer any questions you may have concerning the election. Your interest and participation are appreciated.

Sincerely,

Eric D. Hovde
Chairman

SUNWEST BANK
17542 East Seventeenth Street
Tustin, California 92780
(714) 730-4400

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 23, 2006

TO OUR SHAREHOLDERS:

We are hereby providing notice that, pursuant to our Bylaws and the call of our Board of Directors, the 2006 Annual Meeting of Shareholders of Sunwest Bank, a California corporation, will be held on Tuesday May 23, 2006, at 11:30 a.m. at the offices of Sunwest Bank, located at 17542 East Seventeenth Street, Suite 200, Tustin, California 92780. We will ask you to take action on the following items, all as set forth in the attached proxy statement:

1. **Election of Directors.** To elect the following persons to our Board of Directors. The following eight persons are the Board of Directors' nominees:

Tara O. Balfour	Karen D. Conlon
Sergio D. Bechara	Glenn E. Gray
Irving R. Beimler	Eric D. Hovde
Michael A. Cohen	Russell E. Wertz

2. **Other Business.** To transact such other business as may properly come before the meeting and at any and all adjournments thereof.

Only those shareholders of record at the close of business on April 18, 2006 are entitled to notice of, and to vote in person or by proxy at, the annual meeting. Our Board of Directors is soliciting this proxy. We expect this notice of proxy and accompanying proxy statement will be mailed to you on or about May 1, 2006.

Our Bylaws provide for the nomination of directors as follows:

Nominations for election of members of the Board of Directors may be made by the Board of Directors or by a shareholder of any outstanding class of capital stock of Sunwest Bank entitled to vote for the election of directors provided that a notice of intention to make nominations is made in the form and manner specified in this paragraph. Notice of intention to make any nominations shall be made in writing and shall be delivered or mailed to the President of Sunwest Bank not later than the close of business on the day which is no more than 60 days before the date of any meeting of shareholders called for the election of directors, and no more than 10 days after the date the notice of such meeting is sent to shareholders pursuant to Section 4 of these Bylaws; provided, however, if only 10 days notice of the meeting is given to shareholders such notice of intention to nominate shall be received by the President of Sunwest Bank not later than the time fixed in the notice of the meeting for the opening of the meeting. Such notification shall contain the following information to the extent known to the person making the nomination: (a) the name and address of the proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of capital stock of Sunwest Bank owned by each proposed nominee; (d) the name and residence address of the person making the nominations; and (e) the number of shares of capital stock of Sunwest Bank owned by said person. Nominations not made in accordance herewith may, in the discretion of the Chairman of the meeting, be disregarded; and, upon the Chairman's instructions, the inspector of elections can disregard all votes cast for each such nominee. A copy of this paragraph shall be set forth in a notice to shareholders of any meeting at which directors are to be elected.

IT IS IMPORTANT THAT ALL SHAREHOLDERS VOTE. WE URGE YOU TO SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE, REGARDLESS OF WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. IF YOU DO ATTEND THE MEETING, YOU MAY THEN WITHDRAW YOUR PROXY AND VOTE IN PERSON. IN ORDER TO FACILITATE THE PROVIDING OF ADEQUATE ACCOMMODATIONS, PLEASE INDICATE ON THE PROXY WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING.

By Order of the Board of Directors,

John M. Michel
Corporate Secretary

Tustin, California
May 1, 2006

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Q: Why did you send me this Proxy Statement?

A: We sent you this proxy statement and the enclosed proxy card because the Board of Directors is soliciting your vote at the 2006 Annual Meeting of Shareholders.

This proxy statement summarizes the information you need to know to cast an informed vote at the meeting. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

The annual meeting will be held on Tuesday May 23, 2006, at 11:30 a.m. at the main office of Sunwest Bank. We will begin sending this proxy statement, notice of annual meeting and the enclosed proxy card on or about May 1, 2006 to all shareholders entitled to vote. The record date for those entitled to vote is April 18, 2006. On April 18, 2006 there were 17,221 shares of our common stock outstanding. Common stock is our only class of stock outstanding. We are also sending our Annual Report on Form 10-KSB to shareholders for the year ended December 31, 2005 along with this proxy statement.

Q: How do I vote by proxy?

A: Whether you plan to attend the meeting or not, we urge you to complete, sign and date the enclosed proxy card and to return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the meeting and vote.

If you properly fill in your proxy card and send it to us in time to vote, your “proxy” (one of the individuals named on your proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will vote your shares as recommended by the Board of Directors as “FOR” the election of all eight nominees for director.

If any other matter is presented, your proxy will vote in accordance with the recommendation of the Board of Directors, or, if no recommendation is given, in their own discretion. At the time this proxy statement went to press, we knew of no matters which needed to be acted on at the meeting, other than those discussed in this proxy statement.

Q: How many votes do I have?

A: Each share of common stock entitles you to one vote. The proxy card indicates the number of shares of common stock that you own. However, in the election of directors, you are entitled to cumulate your votes if you are present at the meeting, the nominee(s) name(s) have properly been placed in nomination, and a shareholder has given notice at the meeting prior to the actual voting of his intention to vote his shares cumulatively. Cumulative voting allows you to give one nominee as many votes as is equal to the number of directors to be elected, multiplied by the number of shares you own, or to distribute your votes in the same fashion between two or more nominees. The return of an executed proxy grants the Board of Directors the discretionary authority to also cumulate votes.

Q: Can I change my vote after I return my Proxy Card?

A: Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised if you file with Sunwest Bank’s Secretary either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

Q: How do I vote in person?

A: If you plan to attend the meeting and vote in person, we will give you a ballot form when you arrive. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a legal proxy from your broker, bank or other nominee to vote the shares at the meeting.

Q: What constitutes a quorum?

A: The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum, permitting the conduct of business at the meeting. Proxies which are marked as abstentions will be included in the calculation of the number of shares considered to be present at the meeting.

Q: What vote is required for each proposal?

A: The eight nominees for director who receive the most votes will be elected. So, if you do not vote for a particular nominee or you indicate “withhold authority to vote” for a particular nominee on your proxy card, your vote will not count either “for” or “against” the nominee. Our directors, officers and their respective affiliates beneficially own approximately 66.9% of our outstanding common stock and have indicated their intention to vote in favor of all of the matters set forth herein.

Q: What are the costs of solicitation of proxies?

A: We will bear the costs of this solicitation, including the expense of preparing, assembling, printing and mailing this proxy statement/prospectus and the material used in this solicitation of proxies. The proxies will be solicited principally through the mail, but Sunwest Bank’s directors, officers and regular employees may solicit proxies personally or by telephone. Although there is no formal agreement to do so, we may reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expense in forwarding these proxy materials to their principals. In addition, we may pay for and utilize the services of individuals or companies we do not regularly employ in connection with the solicitation of proxies.

Q: What is the effect of broker non votes and abstentions?

A: If you hold your shares of common stock in “street name” (that is, through a broker or other nominee), and you fail to instruct your broker or nominee as to how to vote your shares of common stock, your broker or nominee, may, in its discretion, vote your shares “FOR” the election of the nominees for director set forth in this proxy statement.

BENEFICIAL OWNERSHIP OF OUR COMMON STOCK

The following table sets forth, as of May 1, 2006, the common stock ownership of each Director and Named Executive Officer of Sunwest Bank (the “Bank”) individually, all Directors and Named Executive Officers as a group, and each person known by the Bank to be the beneficial owner of more than 5% of the Bank’s common stock. “Beneficial Ownership” means more than ownership in the usual sense. For example, a person has beneficial ownerships of a share not only if he owns it in the usual sense, but also if he has the power to vote, sell or otherwise dispose of the share. Beneficial Ownership also includes that number of shares that a person has the right to acquire within sixty days of May 1, 2006.

Name of Beneficial Owner	Total Beneficial Ownership (a)	Percent of Class (b)
Directors and Named Executives:		
Tara O. Balfour, Director	-	*
Sergio D. Bechara, Director	-	*
Irving R. Beimler, Vice Chairman	2	*
Michael A. Cohen, Director	28	*
Karen D. Conlon, Director	2	*
Glenn E. Gray, Director, President and Chief Executive Officer	30 (e)	*
Eric D. Hovde, Chairman	11,404 (c)	66.14 %
Russell E. Wertz, Director	68	*
Steven P. Williams, Director	12	*
John M. Michel, EVP and Chief Financial Officer	12	*
All Directors and Executive Officers as a group (10 individuals)	11,558	66.89 %
Greater than 5% Shareholders (other than Mr. Hovde)		
Western Acquisition Partners LLC	9,222	53.55 %
Western Acquisitions, L.L.C.	9,915 (d)	57.58 %

* Less than one (1) percent.

(a) Includes shares that may be acquired within 60 days of May 1, 2006 pursuant to the exercise of stock options. Shares subject to options are as follows: Mr. Beimler, 2; Mr. Cohen, 5; Ms. Conlon, 2; Mr. Hovde, 22; Mr. Wertz, 2; Mr. Williams, 12; and Mr. Michel, 12.

(b) The percentage ownership interest of each individual or group is based upon the total number of shares of the Bank’s common stock outstanding plus the shares which the respective individual or group has the right to acquire within 60 days after May 1, 2006 through the exercise of stock options.

(c) Includes 9,915 shares beneficially owned by Western Acquisitions, L.L.C. and 337 shares beneficially owned by Mr. Hovde’s wife. Mr. Hovde is a managing member and officer of Western Acquisitions, L.L.C. which serves as the managing member of Western Acquisition Partners LLC. Mr. Hovde disclaims beneficial ownership of those shares of the Bank owned directly by Western Acquisitions, L.L.C., Western Acquisition Partners LLC, and Mr. Hovde’s wife, and the filing of any statement included in this proxy statement that indicates otherwise shall not be construed as an admission that Mr. Hovde is the beneficial owner of any of those shares of the Bank covered by the statement. The address of Mr. Hovde is 1826 Jefferson Place, NW, Washington, DC, 20036.

(d) The address of Western Acquisitions, L.L.C. and Western Acquisitions Partners LLC is 1629 Colonial Parkway, Inverness, IL, 60067. Includes 9,222 shares owned by Western Acquisition Partners LLC. Western Acquisition, L.L.C. serves as the managing member of Western Acquisition Partners LLC.

(e) Includes 30 shares of restricted stock to be issued to Mr. Gray under his employment agreement. See “Employment Contracts and Termination of Employment and Change-in-control Arrangements.”

**PROPOSAL 1
ELECTION OF DIRECTORS**

The Board of Directors Recommends a Vote “FOR” All Nominees

The Bylaws of the Bank currently provide that we have not less than seven (7) nor more than thirteen (13) directors. The Bylaws further provide that the exact number of directors shall be fixed from time to time, within the foregoing range, by a bylaw or amendment thereof or a resolution duly adopted by the Board of Directors or by the shareholders. As of the date of the Annual Meeting on May 23, 2006, the number of directors is fixed at eight (8).

We will nominate the individuals named below, all of whom are present members of the Board of Directors of the Bank, to serve until the 2007 annual meeting of shareholders. Votes will be cast pursuant to the enclosed proxy in such a way as to effect the election of said nominees, or as many thereof as possible, under applicable voting rules. In the event that any of the nominees should be unable or unwilling to accept nomination for election as a director, it is intended that the proxy holders will vote for the election of such substitute nominees, if any, as shall be designated by the Board of Directors. The Board of Directors has no reason to believe that any nominee will be unable or unwilling to serve if elected to office.

There are no family relationships among directors or executive officers of the Bank as of the date hereof. The following members of the Board of Directors are not independent under Nasdaq guidelines: Tara O. Balfour, Irving R. Beimler, Glenn E. Gray and Eric D. Hovde.

The following table sets forth certain information as of May 1, 2006 with respect to those individuals who are to be nominated to become members of the Board of Directors of the Bank:

<u>Name</u>	<u>Age</u>	<u>Position with Sunwest Bank</u>	<u>First Year of Service</u>
Tara O. Balfour	43	Director	2005
Sergio D. Bechara	41	Director	2004
Irving R. Beimler	59	Vice Chairman of the Board	2004
Michael A. Cohen	47	Director	2000
Karen D. Conlon	54	Director	2003
Glenn E. Gray	52	President and Chief Executive Officer	2005
Eric D. Hovde	42	Chairman of the Board	1996
Russell E. Wertz	50	Director	2004

Tara O. Balfour has served as CEO of Cranbrook Capital Advisors, Inc., a consulting firm based in Orange County, California, since June 2005. From June 2005 to December 2005, Ms. Balfour also served as the Executive Managing Director of the Bank. From 2003 to 2005, Ms. Balfour was the President and Founder of Casamar Communities, Inc., a real estate company based in Orange County. From 1985 to 2003, Ms. Balfour worked for Bank of America including serving as President of the California Commercial Banking Division and President of Bank of America Orange County.

Sergio D. Bechara has served as Chief Executive Officer of Millennium Corporate Solutions since 1997. Millennium Corporate Solutions provides professional management consulting services in the insurance and risk management areas to businesses.

Irving R. Beimler has served as Senior Vice President of Hovde Capital Advisors, LLC and Hovde Acquisition L.L.C. since 1997, entities that are affiliated with Mr. Eric Hovde. From August 23, 2004 through November 28, 2005, Mr. Beimler served as the President and Chief Executive Officer of the Bank.

Michael A. Cohen has served as President of M.A. Cohen & Co., an advisory services and loan brokerage firm, since 1997. Mr. Cohen is a non-practicing lawyer and a licensed real estate broker in the State of California.

Karen D. Conlon has served as the President of the California Association of Community Managers, Inc., a professional association for common interest development (CID) managers, since 1992. Ms. Conlon also provides expert witness services to the community association industry. Ms. Conlon served on the California Department of Real Estate's Subdivision Advisory Committee from 1991 to 1995.

Glenn E. Gray has served as the President and Chief Executive Officer of the Bank since November 28, 2005. Prior to joining the Bank, Mr. Gray worked for the Finova Group from 1994 to 2005, serving as its Chief Operating Officer from 2002 to 2005. Mr. Gray also served as a Vice President of Wells Fargo Bank from 1985 to 1993.

Eric D. Hovde has served: (i) as Chairman of Hovde Financial, Inc. since 2002 and previously served as President from 1987 to 2002; (ii) as President, CEO and Portfolio Manager of Hovde Capital Advisors, LLC since 2000; (iii) as Chairman of Hovde Securities LLC; (iv) as President and CEO of Hovde Capital Inc.; (v) as Managing Member and President of Western Acquisitions, LLC; and (vi) as a Partner in 1824-1826 Jefferson Place, L.L.P.

Russell E. Wertz, a certified public accountant, is the founder and Managing Partner of Wertz & Company, LLP, an accounting firm headquartered in Southern California since 2003. From 1983 to 2002, Mr. Wertz was Senior Partner with Corbin & Wertz, a public accounting firm headquartered in Southern California.

Executive Officers

The following sets forth certain information regarding the Bank's executive officers as of May 1, 2006:

Glenn E. Gray, age 52, was appointed as the President and Chief Executive Officer of the Bank effective November 28, 2005. Further biographical information about Mr. Gray is set forth above.

John M. Michel, age 46, a certified public accountant, was appointed as Executive Vice President and Chief Financial Officer of the Bank effective February 22, 2005. From October 2003 to August 2004, Mr. Michel served as Chief Financial Officer of First American Lending Corporation, a mortgage banking company located in Orange County, California. From October 2002 to April 2003, Mr. Michel served as the Chief Financial Officer for the proposed H&R Block Bank. From July 1998 to December 2001, Mr. Michel served as Executive Vice President and Chief Financial Officer of Bank Plus Corporation and Fidelity Federal Bank.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as adopted by the Federal Deposit Insurance Corporation, requires the Bank's executive officers and directors, and persons who own more than 10% of a registered class of the Bank's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors and greater than 10% shareholders are required by regulation to furnish the Bank with copies of all Section 16(a) forms they file.

Based solely on the review of the copies of such forms furnished to the Bank, or a written representation that no forms were required, the Bank believes that, during the fiscal year ended December 31, 2005, each of its directors, executive officers and more than 10% shareholders complied with all applicable Section 16(a) filing requirements except for the following: On December 21, 2005, each Director was granted options to purchase 7 shares of stock at the current market price of \$3,500. No Form 4's were filed for this stock grant. Each of the Directors has filed a Form 5 in 2006 within the prescribed timelines which reflect this stock option grant.

Code of Ethics

The Bank has adopted a Code of Business Conduct and Ethics that applies to its Directors and all of its employees. The Code of Business Conduct and Ethics is available to any person without charge upon request in writing to the Bank's Corporate Secretary at Sunwest Bank, 17542 East Seventeenth Street, Tustin, California 92780.

Nomination of Director Procedures

The Board of Directors has not established a formal nominating committee, but rather, the full Board is responsible for nominating directors. The Board of Directors made the determination not to establish a nominating committee because of the desire to keep the nominating functions with the full Board of Directors. The Board of Directors does not have a nominating charter.

The Board of Directors believes that candidates for director should have certain minimum qualifications, including:

- Directors should be of the highest ethical character.
- Directors should have excellent personal and professional reputations in the Bank's market area.
- Directors should be accomplished in their professions or careers.
- Directors should be able to read and understand financial statements and either have knowledge of, or the ability and willingness to learn, financial institution law.
- Directors should have relevant experience and expertise to evaluate financial data and provide direction and advice to the chief executive officer and the ability to exercise sound business judgment.
- Directors must be willing and able to expend the time to attend meetings of the Board of Directors of the Bank and to serve on board committees.
- The Board of Directors will consider whether a nominee is independent, as legally defined. In addition, directors should avoid the appearance of any conflict and should be independent of any particular constituency and be able to serve all shareholders of the Bank.
- Directors must be at least 21 years of age.

The Board of Directors of the Bank reserves the right to modify these minimum qualifications from time to time, except where the qualifications are required by the laws relating to financial institutions.

The Board of Directors identifies and evaluates nominees for director as follows: In the case of incumbent directors whose terms are set to expire, the Board of Directors considers the directors' overall service to the Bank during their term, including such factors as the number of meetings attended, the level of participation, quality of performance and any transactions between such directors and the Bank. The Board of Directors also reviews the payment history of loans, if any, made to such directors by the Bank to ensure that the directors are not chronically delinquent and in default. The Board of Directors considers whether any banking regulatory agency or the Bank's external auditors have criticized any transactions between the directors and the Bank and whether corrective action, if required, has been taken and was sufficient. The Board of Directors also confirms that such directors remain eligible to serve on the board of directors of a financial institution under federal and state law. For new director candidates, the Board of Directors uses its network of contacts in the Bank's market area to compile a list of potential candidates. The Board of Directors then meets to discuss each candidate and whether he or she meets the criteria set forth above. The Board of Directors then discusses each candidate's qualifications and chooses a candidate by majority vote.

The Board of Directors will consider director candidates recommended by shareholders, provided that the recommendations are received at least 120 days before the next annual meeting of shareholders. In addition, shareholders are eligible to submit nominations to the Board of Directors in accordance with the procedures set forth in the notice of annual meeting. The Board of Directors does not intend to alter the manner in which it evaluates candidates, regardless of whether or not the candidate was recommended or nominated by a shareholder.

Since the 2005 annual meeting, the Board of Directors has added the following person as director: Glenn E. Gray. Mr. Gray, our President and Chief Executive Officer, was recommended for election by existing directors.

Communications with the Board of Directors

Shareholders wishing to contact the Bank's Board of Directors, including the Audit Committee of the Board or specified individual directors, may do so by writing to the following address to the attention of the Board or a committee of the Board:

Board of Directors
Sunwest Bank
17542 East Seventeenth Street, Suite 200
Tustin, California 92780

All communications sent to the entire Board of Directors will be communicated with the entire Board of Directors unless the Chairman of the Board reasonably believes communication with the entire Board of Directors is not appropriate or necessary or the communication is intended only for a specific committee or specified individual director, in which case such communication will be shared with the committee or director(s), as appropriate.

Attendance at Annual Meetings

The Board of Directors encourages all of its members to attend the annual meeting of shareholders. At the 2005 annual meeting of shareholders 8 of 8 directors attended in person.

Executive Compensation

Summary Compensation Table

The following table sets forth certain summary information concerning compensation of the chief executive officers and executive officers of the Bank for each of the periods indicated:

Name and Principal Position	Year	Salary	Bonus	Other	Restricted Stock Awards (\$)	Securities Underlying Options # (e)	All Other Compensation (c)
Glenn E. Gray, President and CEO	2005	\$ 22,000	\$ -	(d)	\$ 109,000(f)	539	\$ -
John M. Michel, EVP and CFO	2005	132,000	41,000	(d)	-	58	2,000
Irving R. Beimler, Former President and CEO (a)	2005	95,000	50,000	(d)	-	7	-
	2004	57,000	-	(d)	-	6	-
Tara O. Balfour, Former Executive Managing Director (b)	2005	114,000	-	(d)	-	7	-

(a) Mr. Beimler, who served as the CEO of the Bank from August 2004 to November 2005, was paid as an employee of an affiliate, Hovde Capital Advisors, LLC. See "Certain Relationships and Related Transactions." The amount included in the above table represents the portion of Mr. Beimler's salary paid by the Bank to the affiliate. In addition, these amounts include Director fees of \$18,000 and \$12,000 for 2005 and 2004, respectively. Mr. Beimler did not participate in the Sunwest Bank 401(k) Profit Sharing Plan.

(b) From August 2005 until December 2005, Ms. Balfour was retained as a consultant to serve as the Executive Managing Director of the Bank which included managing the operations, serving on the appropriate management committees and performing such other functions as may be requested from time to time by the Board of Directors or Chief Executive Officer. Ms. Balfour was paid \$105,000. In addition, this amount includes \$9,000 of Director fees. Ms. Balfour did not participate in the Sunwest Bank 401(k) Profit Sharing Plan.

(c) Includes amounts contributed by the Bank to the Sunwest Bank 401(k) Profit Sharing Plan and allocated to the named executive's vested or unvested account under such plan. Mr. Beimler and Ms. Balfour did not participate in the Sunwest Bank 401(k) Profit Sharing Plan.

(d) The aggregate amount of perquisites and other personal benefits, securities or property is not more than the lesser of \$50,000 or 10% of the total of annual salary and bonus for the named executive officer.

(e) Share amounts have been adjusted to reflect 30 for 1 reverse stock split that occurred in December 2004.

(f) Mr. Gray was granted 30 shares of restricted stock as part of his employment agreement. The value of these shares as of December 31, 2005 was \$105,000. These shares vest in three equal installments on each of the first, second and third anniversaries of Mr. Gray's start date of November 28, 2005. These shares are eligible to receive dividends paid by the Bank.

Base Salaries of Named Executive Officers of the Registrant

As of May 1, 2006, the annual base salaries of the named executive officers (as defined in Item 402 (a)(3) of Regulation S-K) of the Bank are as follows:

Glenn E. Gray, President and Chief Executive Officer	\$ 230,000
John Michel, Executive Vice President and Chief Financial Officer	160,000

Mr. Gray and Mr. Michel will be eligible to receive a discretionary bonus for 2006 and are eligible to participate in and receive an allocation from the Sunwest Bank 401(k) Profit Sharing Plan.

Options Grants in Last Fiscal Year

The following table provides information with respect to the grant of stock options to the Named Executives during 2005:

	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price	Expiration Date
Glenn E. Gray, President and CEO	539	81.4 %	\$ 4,734.00	11/28/15
Irving R. Beimler, Former President and CEO	7	1.1	3,500.00	12/21/15
Tara O. Balfour, Former Executive Managing Director	7	1.1	3,500.00	12/21/15
John M. Michel, EVP and CFO	58	8.8	3,100.00	5/17/15

Aggregated Option Exercises in Last Fiscal Year and Year-end Option Values

The following table provides information with respect to the exercise of options during 2005 and the unexercised options held as of December 31, 2005 by the Named Executives:

	Shares Acquired on Exercise (#)	Value Realized (\$) (a)	Number of Unexercised Options (exercisable / unexercisable)	Value of Unexercised In-the-Money Options (exercisable / unexercisable) (a)
Glenn E. Gray, President and CEO	-	\$ -	- / 539	\$ - / \$ -
Irving R. Beimler, Former President and CEO	-	-	2 / 11	1,000 / 2,000
Tara O. Balfour, Former Executive Managing Director	-	-	- / 7	- / -
John M. Michel, EVP and CFO	-	-	- / 58	- / 23,000

(a) The value of unexercised options represents the difference between the grant price of the underlying stock options and market value of the Bank's common stock as of December 31, 2005 (\$3,500), which was the last reported sales price.

Compensation of Directors

Nonemployee Directors receive a fee of \$1,000 for each Board of Directors meeting attended in person and \$500 for each Board of Directors meeting attended telephonically. Nonemployee Directors receive a fee of \$300 for each committee meeting attended.

Nonemployee Directors are also eligible to participate in the Sunwest Bank 2001 Stock Option Plan and the Sunwest Bank 2004 Stock Appreciation Rights Plan. In December 2005, each nonemployee Director, including Irving R. Beimler, received 7 options to purchase stock under the Sunwest Bank 2001 Stock Option Plan at an exercise price of \$3,500.00. These options vest in equal installments over a five year period and expire in ten years.

Mr. Beimler, who served as the CEO of the Bank from August 2004 to November 2005, was paid as an employee of an affiliate, Hovde Capital Advisors, LLC and the Bank reimbursed the affiliate for a substantial portion of his salary. See "Executive Compensation" and "Certain Relationships and Related Transactions."

From August 2005 until December 2005, Ms. Balfour was retained as a consultant to serve as the Executive Managing Director of the Bank which included managing the operations, serving on the appropriate management committees and performing such other functions as may be requested from time to time by the Board of Directors or Chief Executive Officer. See "Executive Compensation" and "Certain Relationships and Related Transactions."

Employment Contracts and Termination of Employment and Change-in-control Arrangements

Mr. Gray and the Bank entered into an employment agreement on November 18, 2005 that provides for Mr. Gray's employment as President and Chief Executive Officer and his appointment as a Director of the Bank. The Agreement provides for an initial term of three years, commencing November 28, 2005. The term will be extended an additional 12 months on each anniversary beginning November 28, 2006 unless either party provides written notice ninety days prior to such anniversary. Compensation under the agreement includes an annual base salary of not less than \$230,000, an annual auto allowance of \$9,000 and an annual bonus of up to 35% of base salary. Mr. Gray will be entitled to participate in the Bank's group insurance and benefit programs, including medical, dental and the 401(k) retirement plans available to all full time employees. Mr. Gray will be entitled to four weeks of paid vacation per year and a term life insurance policy with a death benefit equal to two times Mr. Gray's base salary plus \$25,000. Under the Agreement, Mr. Gray will be granted (i) thirty shares of restricted common stock for which ownership will vest in three equal installments on each of the first, second and third anniversaries of the Commencement Date; and (ii) 539 nonqualified options to purchase shares under the Sunwest Bank 2001 Stock Option Plan which have an exercise price of \$4,734, vest in full on November 28, 2006 and will expire on November 28, 2015. Additionally, Mr. Gray is obligated to purchase common stock of the Bank within 180 days of the Commencement Date, subject to certain adjustments, in an aggregate amount not less than \$50,000.

If Mr. Gray's employment is terminated other than for cause or because of death, or disability, the Agreement provides that he will receive a severance payment equal to his annual base salary. In the event Mr. Gray's employment is terminated other than for cause or he resigns with good reason within one year following a change in control (as defined in the Agreement), he would receive a severance payment equal to the lesser of (i) two times his annual base salary or (ii) the annual base salary that would be payable for the remainder of the term of the Agreement.

Mr. Michel and the Bank are in the process of finalizing an employment agreement that will provide for Mr. Michel's employment as Executive Vice President and Chief Financial Officer of the Bank with an annual salary of at least \$160,000. Mr. Michel will be eligible for annual incentive bonuses and is also entitled to participate in the Bank's medical benefits, dental and 401(k) retirement plans available to all full time employees. The employment agreement will also provide for certain benefits in the event of termination or a change-in-control.

Certain Relationships and Related Transactions

Some of the directors and officers of the Bank and its subsidiaries and the entities with which they are associated are customers of, and have had banking transactions with Sunwest Bank, in the ordinary course of Sunwest Bank's business during 2005 and 2004. All fees incurred and banking transactions were made in compliance with applicable laws and on substantially the same terms, including interest rates, as those prevailing for comparable transactions with other persons and, in the opinion of the Board of Directors of Sunwest Bank, did not present any other unfavorable features.

During the first 11 months of 2005 and the last 5 months of 2004, Mr. Beimler, served as the President and CEO of Sunwest Bank in and was paid as an employee of an affiliate, Hovde Capital Advisors, LLC. Mr. Hovde is the President, CEO and Portfolio Manager of Hovde Capital Advisors, LLC. Sunwest Bank reimbursed the affiliate \$77,000 and \$47,000 in 2005 and 2004, respectively, for a significant portion of the compensation and benefits paid to the CEO by the affiliate during the respective time periods. In 2006, Sunwest Bank reimbursed the affiliate \$50,000 in relation to a bonus paid to Mr. Beimler for his services to the Bank in 2005.

From August 2005 until December 2005, Ms. Balfour was retained as a consultant to serve as the Executive Managing Director of the Bank which included managing the operations, serving on the appropriate management committees and performing such other functions as may be requested from time to time by the Board of Directors or Chief Executive Officer. Ms. Balfour was paid \$105,000 in addition to her Board of Director meeting and committee fees for these services.

In August 2005, Millennium Corporate Solutions, Inc., a company owned by Mr. Bechara, was appointed as the broker of record for the Bank's medical, dental and other employee benefit insurance policies. Fees earned by Millennium as the broker of record were \$16,000 in 2005.

The Board of Directors and Committees

Our Board of Directors presently has five committees, an Audit Committee, a Credit Committee, an Asset Liability Committee, a Compensation Committee and a Marketing Committee. We do not have a standing Nominating Committee. The procedures for nominating directors, other than through the Board of Directors itself, is set forth in our Bylaws and reprinted in the Notice of Annual Meeting of Shareholders.

During 2005, our Board of Directors held 17 meetings. Each of the individuals who is a nominee and was a director of the Company during 2005 attended at least 75% of the aggregate of (1) the total number of Board meetings held during his or her term of service and (2) the total number of meetings held by all committees of the Board on which he or she served during his or her term of service.

The Credit Committee, which held 20 meetings in 2005, is currently composed of Ms. Balfour, Mr. Beimler, Mr. Cohen and Mr. Gray. The purpose of the Credit Committee, among other things, is to review credit policies and examination reports, loan portfolio trends and the adequacy of the allowance for loan losses. The Credit Committee also approves loans in excess of management limits.

The Compensation Committee, which held 2 meetings in 2005, is currently composed of Ms. Balfour, Mr. Hovde and Mr. Williams (Chairman). The purpose of the Compensation Committee is to review the compensation programs of the Bank.

The Asset Liability Committee, which held 3 meetings in 2005, is currently composed of Mr. Beimler, Mr. Hovde and Mr. Williams. The purpose of the Asset Liability Committee is to review the asset and liability strategies of Sunwest Bank.

The Marketing Committee, which did not hold any meetings in 2005, is currently composed of Mr. Bechara, Ms. Conlon and Mr. Wertz. The purpose of the Marketing Committee is to guide the marketing activities of Sunwest Bank.

The Audit Committee, which held 13 meetings in 2005, is currently composed of, Mr. Wertz (Chairman) and Mr. Williams. The responsibilities of the Audit Committee are contained in the Audit Committee Report below. Each of the members is independent as defined by our policies and the Nasdaq listing standards. In March 2004, the Board of Directors selected Mr. Russell E. Wertz as a Director and member of the Audit Committee and determined Mr. Wertz to be its Audit Committee financial expert as such term is defined by SEC regulations issued under the Sarbanes-Oxley Act of 2002. Mr. Wertz has been a Certified Public Accountant in the State of California since 1980. Mr. Wertz was previously employed by Price Waterhouse from 1978-1983. In 1983, Mr. Wertz co-founded Corbin & Wertz, a firm that provides business and strategic tax planning for the firm's closely held business and individual clientele. Currently, Mr. Wertz is the Managing Partner of Wertz & Company, LLP, an accounting firm headquartered in Southern California.

Audit Committee Report

The following Audit Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Exchange Act of 1934 (as adopted by the Federal Deposit Insurance Corporation), except to the extent we specifically incorporate this Report by reference.

The Audit Committee charter adopted by the board sets out the responsibilities, authority and specific duties of the Audit Committee.

Pursuant to the charter, the Audit Committee has, among other things, the following responsibilities:

- To review the preparation of quarterly and annual financial reports;
- To review the adequacy of internal control systems and financial reporting procedures with management and independent auditors;
- To review the general scope of the annual audit and the fees charged by the independent auditors;
- To meet with the independent auditors to review their findings and to order additional audits or examinations, as appropriate; and
- To review all releases which concern financial condition or projections of financial condition.

Management is responsible for the financial reporting process and for the preparation of the Financial Statements in accordance with accounting principles generally accepted in the United States. Sunwest Bank's independent public accountants are responsible for auditing those Financial Statements. The Audit Committee's responsibility is to monitor and review these processes.

In discharging its oversight responsibility the Audit Committee met with and held discussions with management and Vavrinek, Trine, Day & Co. LLP, the independent public accountants for Sunwest Bank since April 2005.

Sunwest Bank's financial statements for the fiscal year ended December 31, 2005 were prepared in accordance with generally accepted accounting principles, and the Audit Committee reviewed and discussed the consolidated financial statements with management and the independent public accountants. The Audit Committee also discussed with the independent public accountants matters required to be discussed by Statement on Auditing Standards No. 61 (*Communications with Audit Committees*).

The Audit Committee also obtained from the independent public accountants a formal written statement describing all relationships between Sunwest Bank and the independent public accountants that bear on the public accountants' independence consistent with Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. The Audit Committee discussed with the independent public accountants any relationships that may impact on the firm's objectivity and independence and satisfied itself as to the public accountants' independence.

Based on these discussions and reviews, the Audit Committee recommended that the Board of Directors approve the inclusion of the Sunwest Bank's audited consolidated financial statements in Sunwest Bank's Annual Report on Form 10-KSB for the year ended December 31, 2005, for filing with the Federal Deposit Insurance Corporation.

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

April 18, 2006

Russell E. Wertz
Steve P. Williams

Independent Public Accountants

On April 14, 2005, the Audit Committee of the Board of Directors decided to dismiss Moss Adams LLP as the principal independent accountant of the Bank. The principal accountant's reports issued by Moss Adams, LLP on the financial statements for the years ended December 31, 2004 and 2003 did not contain any adverse opinions or disclaimers of opinion, nor were they modified as to uncertainty, audit scope or accounting principles. There were no disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which would have caused Moss Adams, LLP to make reference to the subject matter of the disagreement in connection with its reports.

Effective April 15, 2005 Vavrinek, Trine, Day & Co. LLP has been engaged by the Audit Committee of the Bank as the principal accountant to audit the financial statements of the Bank for the year ended December 31, 2005. Representatives of Vavrinek, Trine, Day & Co., LLP will not be in attendance at the 2006 annual meeting and will not have the opportunity to make a statement or to respond to appropriate questions.

Principal Accountant Fees and Services

Audit Fees: The aggregate audit fees billed by Vavrinek, Trine, Day & Co. LLP for the 2005 audit of the Bank were \$54,000. The aggregate audit fees billed by Moss Adams LLP for the 2004 audit of the Bank were \$73,000.

Audit Related Fees: No audit related fees were paid to Vavrinek, Trine, Day & Co. LLP. The Bank paid \$2,000 in audit related fees to Moss Adams for the 2004 audit for services provided relating to the Bank's change in principal accountant.

Tax Fees: No tax fees were paid to Vavrinek, Trine, Day & Co. LLP. The Bank paid \$15,000 in tax fees to Moss Adams for 2004 for tax services rendered that included the preparation of and the federal and state income tax returns and computation of quarterly estimated tax payments.

All Other Fees: No other fees were paid to Vavrinek, Trine, Day & Co. LLP or Moss Adams LLP for services provided in 2005 or 2004.

Audit Committee Administration of the Engagement: It is the policy of Sunwest Bank to require the Audit Committee to approve all audit and non-audit services rendered by Sunwest Bank's independent accountants before the accountant is engaged to provide the services. In 2005 and 2004, the Audit Committee approved all services provided by Vavrinek, Trine, Day & Co. LLP and Moss Adams, LLP prior to their engagement.

OTHER BUSINESS

The Board of Directors know of no other business that will be presented for consideration at the Meeting other than that stated in the Notice of Meeting. If, however, other matters are properly brought before the Meeting, it is the intention of the individuals named in the accompanying form of Proxy to vote the shares represented thereby in accordance with their best judgment and in their discretion, and authority to do so is included in the Proxy.

SHAREHOLDER PROPOSALS

Under certain circumstances, shareholders are entitled to present proposals at shareholder meetings. If you wish to submit a proposal to be included in our 2007 proxy statement, we must receive it, in a form which complies with applicable law, on or before January 1, 2007. Please address your proposals to Secretary, Sunwest Bank, 17542 East Seventeenth Street, Suite 200, Tustin, California 92780.

In addition, in the event a shareholder proposal is not submitted to us prior to March 16, 2007, the proxy to be solicited by the Board of Directors for the 2007 annual meeting of shareholders will confer authority on the holders of the proxy to vote the shares in accordance with their best judgment and discretion if the proposal is presented at the 2007 annual meeting of shareholders without any discussion of the proposal in the proxy statement for such meeting.

ANNUAL REPORT

Together with this proxy statement, Sunwest Bank has distributed to each of its shareholders its Annual Report on Form 10-KSB for the year ended December 31, 2005, which includes the consolidated financial statements and the reports thereon of Vavrinek, Trine, Day & Co. LLP and Moss Adams, LLP. If you did not receive the Form 10-KSB (or you would like another copy), we will send it to you without charge. In addition, the Bank will provide, without charge, a copy of its annual disclosure statement as required by the rules and regulations of the FDIC. The Annual Report on Form 10-KSB meets the requirements of an annual disclosure statement as such term is used in the rules and regulations of the FDIC.

The Annual Report on Form 10-KSB includes a list of exhibits filed with the FDIC, but the Form 10-KSB we have delivered to you does not include the exhibits. If you wish to receive copies of the exhibits, we will send them to you. Expenses for copying and mailing will be your responsibility. Please write to:

John Michel
Secretary
Sunwest Bank
17542 East Seventeenth Street, Suite 200
Tustin, California 92780