



3Q 2009 Stakeholder Update

OVERVIEW

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PCBB's Total Risk Based Capital ratio ("RBC") strengthens to 21.51%, more than double regulatory "well capitalized" levels and in the top quartile for bank capital ratios nationwide.

On a pre-tax, pre-provision basis, the Company reported a year-to-date profit of \$13.3 million, a 26% increase over the same period last year.

Pacific Coast Bankers' Bancshares (the "Company"), holding company of Pacific Coast Bankers' Bank ("PCBB") and the Banc Investment Group, LLC ("BIG"), today announced financial results for the third quarter 2009.

The Company posted quarterly profit of \$1.18 million and book value per common share was \$31.90. Compared to the same period in 2008, total assets increased 17% and total deposits increased 96%, to \$651 million and \$534 million, respectively. PCBB's Total RBC strengthened to 21.51%, more than double the regulatory "well capitalized" levels and in the top quartile for bank capital ratios nationwide.

For the nine months ended September 30, 2009, the Company recognized a loss of \$2.09 million, or negative \$1.77 per share, as compared to earnings of \$4.01 million for the same nine months in 2008. The loss was driven primarily by a loan loss provision related to a single credit in the Bank Holding Company ("BHC") category of the portfolio. As a result, the Company also restated its unaudited consolidated financial position and amended the Consolidated Reports of Condition and Income ("Call Report") for the six months ended June 30, 2009.

President and CEO Steve Brown stated, "Given the difficult economic environment and despite the loss, we remain pleased with our core earnings strength and the growth in assets and deposits. Our capital ratios and liquidity levels are some of the highest in the industry and the quality of underlying earnings is strong."

Brown added, "The major industry challenge remains heightened credit costs, which are high across most loan categories. In addition, signs of economic recovery may be appearing. However, despite the fact that some pundits say the recession has officially 'ended' and signs of deterioration in the economy appear to have slowed, we remain vigilant in managing our risk portfolio across the organization until stronger and more consistent signs of economic recovery take hold."

PACIFIC COAST BANKERS' BANCSHARES

2010
EMC
EXECUTIVE MANAGEMENT CONFERENCE

May 2-5, 2010
Westin St. Francis
San Francisco, CA

SAVE THE DATE

2010

Executive Management
Conference

Westin St. Francis
San Francisco, CA

May 2-5, 2010



PCBB Customer Service

“Our transition to Pacific Coast Bankers’ Bank was easier than we could have ever imagined....I felt like we were the only customer PCBB was servicing. A live person picks up the phone every time I call and continues to provide us with exemplary service. They remember my name, my Bank, and they always go above and beyond for us. There is no service quite like that. It is a pleasure to tell our customer’s that our bank is Pacific Coast Bankers’ Bank.”

Rachel Filip
Accounting Specialist
Keysource Commercial Bank
Durham, NC

OPERATING RESULTS

- PCBB maintained a very high capital position, with a Total RBC ratio of 21.51%, Tier 1 RBC ratio of 20.25% and Tier 1 Leverage Capital of 8.51%.
- The Company achieved pre-tax, pre-provision profit of \$13.3 million for the year, up 26% from the same period last year.
- The Company remains well diversified, both geographically and with a roughly equal split of interest and non-interest income.
- PCBB boosted the loan loss reserve to 3.37% of loans, compared to 1.73% as of the same period in 2008.
- PCBB continued to reduce the risk in the loan portfolio. On a YTD basis, BHC loans were down 51%, construction and land development by 29% and single-family residential by 17%.
- PCBB continued to decrease loan concentrations, reducing construction to Total RBC to 42% and commercial real estate (“CRE”) to Total RBC to 278%. These compare favorably to regulatory guidance levels of 100% and 300%, respectively.
- PCBB’s liquidity position improved in the third quarter, with correspondent balances rising 15% and the Agency Program increasing 38%.
- PCBB decreased wholesale funding by 74%, including paying off FHLB advances.
- PCBB successfully launched the PCBB Federal Reserve Excess Balance Account (“EBA”) Program. Customer participation exceeded \$4 billion.
- PCBB’s settlement business continued to grow significantly. The number of settlement accounts increased 27% through the first nine months of 2009.
- OREO was reduced 32% during the third quarter to \$2.3 million.
- During the quarter, PCBB completed numerous enhancements to its online cash management platform, including an expansion of Wire Functionality, Automated OFAC Check, ACH Origination, Online FRB Services, TT&L, Cash Services, Case Adjustments, Large Dollar Notification and enhanced Reporting.
- PCBB expanded its in-house international group, offering customers an enhanced and comprehensive suite of foreign exchange and international services with expert assistance.

ASSET QUALITY

During the third quarter, PCBB continued to execute a comprehensive risk management program that began in mid-2007. Since the second quarter of 2007, PCBB has reduced risk throughout the loan portfolio, while substantially increasing loan loss reserves and overall capitalization.

PCBB continued to decrease loan concentrations, reducing construction to Total RBC to 42% and CRE to Total RBC to 278%. These compare favorably to regulatory guidance levels of 100% and 300%, respectively.

In 2009, PCBB significantly reduced its exposure to the most problematic loan categories including: bank holding company (down 51% YTD), construction (down 29% YTD) and single-family residential (down 17% YTD).

To maintain reserves against continued market deterioration, PCBB also boosted its loan loss reserve to 3.37% of loans from 1.73% of loans as of September 30, 2008.

PCBB had asset quality ratios of:

Ratio	6/30/2009	9/30/2009
Loss allowance to loans	5.14%	3.37%
Noncurrent loans to assets <i>"Corrected 11-03-09"</i>	4.01%	5.58%

LIQUIDITY AND CAPITAL STRENGTH

PCBB maintained a very high capital position with a Total RBC ratio of 21.51% and a Tier 1 RBC ratio of 20.25%. Both of these were more than twice the regulatory "well-capitalized" requirements.

PCBB increased liquidity over the quarter, as correspondent balances jumped 15% and the Agency Program soared 38%.

PCBB had capital ratios of:

Ratio	Minimum "Well Capitalized" Level	6/30/2009	9/30/2009
Total Risk-Based	10.00%	18.12%	21.51%
Tier 1 Risk-Based	6.00%	16.84%	20.25%
Tier 1 Leverage	5.00%	9.02%	8.51%

PCBB decreased wholesale funding by 74%, including paying off \$35 million in FHLB advances.

Deposits increased 9% over the quarter, as bank customers continued to increase balances left with PCBB in the demand deposit category.



PCBB Cash Management Solutions

"Given the extent and nature of a conversion of an entire correspondent banking relationship, I was pleased but not surprised with how well Pacific Coast Bankers' Bank helped us accomplish the process with virtually no disruption in services."

Kirk Whorf
EVP & CFO
North State Bank
Raleigh, NC



Credit Stress Analyzer

- Identifies, measures and assists you in monitoring and controlling risk
- Analyzes how current and changing trends in business environment conditions can impact loan performance and capital adequacy
- Better manage the credit arbitrage in your loan portfolio
- Assists with regulatory guidance compliance

IN SUMMARY

As 2009 nears an end, it will certainly be remembered as one of the most difficult and eventful periods in decades. As we work through the final quarter of the year and look forward to 2010, it is evident the banking landscape will continue to shift. Market forces, government initiatives, high unemployment rates, weakening asset quality, higher loan loss provisions and lower industry earnings all seem destined to be the primary themes community bankers will face throughout the rest of this year and next.

The good news is that the financial crisis has certainly eased from its peak. As market conditions have improved, liquidity has climbed and risk spreads have contracted. Despite these positive events, banks remain reluctant to lend and capital is king.

On the regulatory front, CRE will remain a top concern. Modest economic growth, rising vacancies, declining rents and increasing loss rates will lead to greater regulatory scrutiny over the coming 12 to 18 months. Bankers should make sure they have the technology capabilities in place to stratify their portfolios and ensure key areas, such as operating income, appraised value and risk rating, have been updated on core systems. At this point in the cycle and given heightened concern for loan losses, regulators will be focusing closely on CRE risk management fundamentals.

Even with some signs of economic recovery, it is important we also are realistic about future expectations. The recovery is projected to be tepid and remain vulnerable to shocks. It is simply not realistic to say the market has yet returned to normalcy. Until it does, community bankers will need to remain on alert, as significant frailty still exists in the system and the recovery remains fragile.

No one can foresee exactly when sunny skies will return, but we do know one thing for certain: Community banks remain the backbone of small business lending in this country. Since small businesses provide the job engine of growth, it is certain that community banks will drive the recovery.

As we have since our formation, the Company remains committed to supporting community banks by providing what we have always done: deliver products, services and expertise that enable community banks to implement positive changes. At the same time, we remain steadfast in our focus in maintaining maximum capital levels, proactively managing risk and assisting community bankers every day.

A recent report by The California Bankers Association and Carpenter & Company does a good job at capturing where the industry is today.

"What the current environment has proven is that capital is king and liquidity is the queen. Diversification of asset and investments, proper planning, and comprehensive risk management comprise the balance of the members of the royal family of banking."

Thanks for your ongoing support and don't hesitate to contact me or any of our dedicated professionals to assist your bank.

Sincerely,

Steve Brown
President & CEO
Pacific Coast Bankers' Bancshares