

PCBB 1Q 2013 Shareholder Report

PACIFIC COAST BANKERS' BANCSHARES REPORTS FINANCIAL RESULTS (UNAUDITED)

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Pacific Coast Bankers' Bancshares ("Company", "PCBB"), parent company of Pacific Coast Bankers' Bank ("Bank") and PCBB Capital Markets, LLC ("Capital Markets") reported net income for the first quarter 2013 was \$1.0 million or \$0.93 per share, compared to \$1.6 million or \$1.34 for the same quarter last year.

Relative to the same period a year ago, the results for the first quarter were driven primarily by solid non-interest income and a 7% reduction in non-interest expenses, offset by lower interest income due to the low interest rate environment and two non-recurring items related to an OREO asset write down and losses on legacy derivative transactions.

Steve Brown, President and Chief Executive Officer said, "Coming off of a record year in 2012, in the first quarter of 2013 our core business continued to drive performance, as customer demand for our products and services was strong. On a year-over-year basis, excluding the non-recurring items, Company earnings were consistent, as the balance sheet remained strong and we maintained our disciplined approach to risk management."

Brown continued: "We are pleased that our results for the quarter and disciplined risk management approach supported the ability to absorb these non-recurring items and still provide a solid return to our shareholders. Despite the non-recurring items, tangible return on equity was 10.2%, return on assets was 0.63% and book value per common share increased by 12.0% over same period last year. Excluding these non-recurring items, tangible return on equity and return on assets would have been 15.0% and 0.95%, respectively."

In reviewing the Bank, Brown said: "Throughout the quarter, we remained focused on maintaining a strong and liquid balance sheet. Total assets were \$619 million, about a 6% decrease over the first quarter of 2012, primarily due to investment portfolio prepayments and runoff of excess cash balances. Loans increased 12% to \$194 million and deposits decreased 6% compared to the same period last year. Capital remained exceptionally strong, as the regulatory Leverage ratio was 11.16%, Tier 1 Risk-based reached 28.08% and Total Risk-based was 29.33%."

Brown concluded: "After our record year in 2012, reviewing our first quarter 2013 results and listening to the community bankers and guests that joined us for our annual Executive Management Conference, I continue to be optimistic for the future of our industry for 2013 and beyond and the role PCBB can play in contributing towards your success."

1Q 2013 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

As of March 31, 2013 (Unaudited)

BANK BALANCE SHEET (thousands)

ASSETS

Cash and Due from bank	\$ 11,142
Interest Bearing Cash	231,477
Investment Securities	95,819
Loans Outstanding	194,406
Loan Loss Reserve	(4,706)
Other Assets	90,900
Total Assets	\$ 619,037

LIABILITIES AND CAPITAL

Deposits	\$ 480,792
Federal Funds Purchased	-
Borrowings from FHLB	10,000
Other Liabilities	57,116
Equity Capital	71,129
Total Liabilities and Capital	\$ 619,037

BANCSHARES FINANCIALS (YTD)

CONSOLIDATED INCOME STATEMENT (thousands)

Interest Income	\$ 2,747
Interest Expense	289
Net Interest Income	2,458
Other Income	6,904
Operating Expenses	7,842
Tax	524
Net Income	\$ 997

OTHER

Fed EBA Balances Managed:	\$ 3.0 Billion
Book Value per share	\$37.57
Consolidated ROA	0.63%
Consolidated ROE (Tangible)	10.18%

Strong Financial Results (Company):

- Net income of \$1.0 million, decreased 37% vs. same period last year, due to non-recurring items
- Return on assets was 0.63% vs. 0.97% for the same quarter last year
- Non-interest income was solid during the quarter, as clients increased hedging and international activities and utilized more consulting services. On the expense side, ongoing improvement in credit quality further reduced legal costs.

High Levels of Capital and Liquidity (Bank):

- Total Risk-based capital ratio was 29.33%
- Tier 1 Risk-based was 28.08%
- Leverage capital was 11.16%
- Very high liquidity was maintained, with 55% of total assets held in cash, short term investments and securities

Asset Quality (Bank):

- Texas Ratio was 20.6% vs. 10.8% for the same quarter last year due to a large singular customer relationship that was negatively impacted by sequestration and defense sector cuts. Affected loans have since been positively restructured and additional collateral has been secured.
- Nonaccrual loans totaled only \$14.4 million, 83% of which are secured by real estate, with approximately 50% of that total attributable to the singular increase noted above
- Loan loss reserves remained a strong 2.42% of loans or nearly 8 times 2012 net loan charge-offs

COMPANY UPDATE

This month marked another successful PCBB Executive Management Conference. Held at the Palace Hotel in San Francisco, the event was packed with hundreds of community bank executives from across the nation. Throughout the year leading up to the event, our team of experts meets with community bankers like yours to discuss issues and concerns and seek new ways to help in the coming year. We look forward to the conference because it gathers fellow bankers together and creates a forum for discussion of these topics as bankers improve and exchange ideas and adapt to industry changes.

We are constantly seeking to deliver innovative products and services community bankers need to continue to grow and be successful. When we plan our conference each year, we surface the most current and relevant industry topics, layer in a forward-looking emphasis and discuss the tools necessary for community banks to compete even more effectively.

Some key takeaways from this year's conference from community bankers and expert speakers is that the outlook is brighter in 2013 than in prior years. Banking conditions are generally stable to improving and while loan demand and margin pressure remain, things are slowly improving and the next few years should continue to see positive momentum build and expand.

Dodd Frank also continues to roll out across the industry and banks are working to revamp and restructure business models. As this occurs, community bankers are actively working to enhance their business to improve efficiencies, boost revenue and reduce costs.

It is apparent that the economy is steadily recovering, but regulatory pressures remain and the reignited European economic turmoil looms. Despite these cross-winds, community bankers continue to overcome these challenges and thrive. The longstanding model of personalized service, building long-term relationships and conducting business in a manner that emphasizes finding the right solutions for customers is alive and well.

We are proud to support you as the industry continues to change and stand ready to assist whenever and wherever you need us.

Thank you for your business and if you have any questions, please do not hesitate to call us at 888.399.1930.

Regards,

Steve Brown
President & CEO,
Pacific Coast Bankers' Bancshares



LENDING SERVICES

PCBB can help your bank reduce loan concentration risk, increase portfolio diversification and limit individual loan exposure.

- Loan Participations
- Hedging Solutions
- C&I Loans
- Loan Pricing Model
- Credit Stress Testing
- Loan Loss Reserve Quantification



CHAMPIONSHIP COMMUNITY BANKING: Adjusting to a Changing Game

APRIL 7-10, 2013 | THE PALACE HOTEL | SAN FRANCISCO, CA

What attendees said about the 2013 Executive Management Conference...

*"The PCBB conference **focuses on** providing community banks with **actionable items** to improve our bottomline. These aren't just theories, you can **start as soon as you get home.**"*
- Jim Donnelly, Executive Vice President, Machias Savings Bank

*"Smart people bringing a **diversity of ideas**; PCBB does the homework (and the leg work) that I don't have time to do."* - Jayme Fields, Chief Financial Officer, 1st Capital Bank

*"Great way to meet bankers who are facing the **same challenges** you are, but who may be **addressing** it in ways you have not explored."* - Raully Butler, SVP, Retail, Mechanics Bank

*"The PCBB Executive Management Conference was **one of the most current and relevant conferences** I have attended. Each day was packed full with good speakers and strategic topics that are relevant to my bank and other community banks."* - Tony J. VunCannon, SVP & Chief Financial Officer, HomeTrust Bank

*"I am a first year attendee of the conference and I appreciate the focus to help community banks compete and beat the larger banks, plus I have never been at a conference that provided me with **so many ideas and concepts** that I can bring back to our organization, consider and debate."* - Al Baker, Chief Financial Officer, Fishback Financial

PCBB

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