



Pacific Coast Bankers' Bancshares Reports Financial Results for 4Q & Full Year 2017 *(unaudited)*

Board of Directors declared a cash dividend of \$1.25 per common share to shareholders of record as of January 16, 2018 to be paid on January 31, 2018.

Pacific Coast Bankers' Bancshares, parent company of PCBB ("Bank"), reported a net loss of \$58 thousand, or \$0.05 per share for the fourth quarter of 2017, compared with net income of \$780 thousand or \$0.70 per share in the fourth quarter of 2016. The fourth quarter of 2017 included the impact of the enactment of the Tax Cuts and Jobs Act (Tax Act) related to changes in deferred tax assets in the amount of \$1.1 million. Excluding the impact of the Tax Act, fourth quarter net income of \$1.1 million increased 39% from the prior year period.

For the full year, net income was \$3.9 million or \$3.54 per share, compared with net income of \$6.1 million or \$5.49 per share in 2016. Excluding the impact of the Tax Act, the 2017 results would have been net income of \$5.0 million or \$4.58 per share. For 2017, consolidated return on tangible common equity was 8.0% and excluding the impact of the Tax Act, return on tangible common equity was 10.3%.

For the full year, areas of YoY growth in 2017 include: 8% growth in total assets to \$825 million, 15% growth in loan balances to \$320 million, and 12% growth in deposits to \$656 million. In addition, the allowance for loan and lease losses was \$4.7 million at period end, or 1.47% of total loans compared to \$4.6 million or 1.64% of total loans for 2016.

Steve Brown, President and Chief Executive Officer, remarked on the financial results: "2017 was a good year for PCBB, as we added customers across our business lines, grew both loans and deposits, and generated growth across multiple fee-based services. We were pleased to help so many community bankers throughout the country during the year, and those efforts are reflected in our performance."

"During the year, the PCBB team worked hard to maintain our strong credit quality and capital ratios. Those fundamental strengths, combined with an unwavering client focus, remain critical to our longer term success. Also, during the year, we continued to build for the future by investing in new capabilities, removing friction from the customer journey, improving customer delivery and further enhancing our technology."

*- Ken Cosgrove
Chairman of PCBB*

Fourth quarter performance saw improvement over the same period in the prior year in areas including: interest income +14%, net interest margin +9%, noninterest income +16% and pre-tax net income +32%. Offsetting this, operating expenses over the same period in the prior year increased 8%, driven primarily by ongoing investments in digital capabilities, higher compliance and regulatory costs, and higher compensation and benefits costs, including variable compensation related to increased business activity.

Credit quality was strong, with period end nonperforming assets of \$569 thousand, down 14% YoY compared to \$662 thousand for the prior year. Delinquent loans declined 25% YoY and the Texas Ratio remained below 1%.



Capital ratios and liquidity remained strong with a period end Tier 1 Leverage ratio of 8.1%, Tier 1 Risk Based ratio of 17.0% and a Total Risk Based ratio of 18.1%. Liquidity was robust, with over 50% of assets in cash and securities.

Book value per share increased to \$43.27, up 5% compared to \$41.36 for the prior year. Excluding the impact of the Tax Act, book value per share would have been \$44.33, up 7%.

In addition to numerous product enhancements, we were also pleased to deliver three new services and a service re-introduction in 2017, to help our community bank customers. Given the significant early interest in these offerings, we expect these to benefit our customers and PCBB in 2018 and for many years to come.

These services are:

- [CECL Solution](#)
- [Canadian Cash Letter Image Service](#)
- [FX Forward Contracts](#)
- [Funding Hedge Program](#)

Consolidated Financial Highlights

	2016	2017*
Total Assets (mm's)	\$768	\$825
Total Loans (mm's)	\$279	\$320
Net Income (mm's)	\$6.1	\$3.9
Tangible ROAE (%)	12.9%	8.0%
EPS	\$5.49	\$3.54
Book Value per Share	\$41.36	\$43.27

**On December 22, 2017, the Tax Cuts & Jobs Act (Tax Act) was signed into law. The fourth quarter of 2017 and full year 2017 results reflect estimated impact of the enactment of the Tax Act, which resulted in a \$1.14 million charge to adjust deferred taxes.*

Mr. Brown continues, “As 2018 begins, we have confidence that PCBB is firmly positioned to deliver much needed services to our customers, as we continue to build long-term value for our shareholders.”

For more information on bank capital ratios and other bank information, visit our [Investor Relations Center](#).