

FOR IMMEDIATE RELEASE

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People's Bank year-to-date Earnings Increase 13%

Medford, Oregon - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the second quarter and year-to-date 2019. The bank reported net income of \$933,000 or \$0.30 per basic and diluted share for the second quarter of 2019, compared to net income of \$845,000 or \$0.28 per share in the same quarter of 2018. Earnings for the first six months of 2019 totaled \$1,772,000 or \$0.58 per share compared to \$1,569,000 or \$0.54 per share during the first half of 2018. Earnings per diluted share for the trailing 12 months ending June 30, 2019 were \$1.21 per share compared to \$0.94 one year earlier, a 29% increase.

Balance Sheet June 30, 2019 versus June 30, 2018:

- Total Loans increased 12%
- Total Deposits increased 8%
- Total Assets increased 9%
- Total Equity increased 14%
- Year to Date return on Assets as of June 30, 2019 was 1.04%
- Year to Date return on Equity as of June 30, 2019 was 9.70%

Income Statement year-to date June 30, 2019 versus June 30, 2018:

- Net-interest Income before the provision for losses increased 18%
- Pre-tax income increased 14%
- Non-interest Income decreased 5%
- Non-interest Expense increased 10%

President's Comments

"Total loans and deposits continued to grow through the first half of 2019, at 9.51% and 3% respectively," stated Ken Trautman, bank President and CEO. "The bank retooled our residential mortgage lending division in 2019 and saw a 41% increase in mortgage lending income in the first six months of 2019 versus the same period last year. Residential mortgage opportunities are expected to continue throughout the balance of this year based on the recent reduction in home loan rates."

Provision for Credit Losses

Mr. Trautman continued, "Credit quality remains strong with no loans past due over 90 days or on non-accrual at the end of June 2019 and June 2018. At the end of the second quarter 2019, the loan loss reserve was 1.12% of loans held for investment compared to 1.13% at the end of the second quarter 2018."

Non-Interest Income

For the quarter ending June 30, 2019, non-interest income was \$1.7 million compared to \$1.8 million in the same quarter one year earlier. For the first half of 2019, non-interest income was slightly lower than the previous year with \$3.2 million compared to \$3.4 million year-to-date in 2018. The bank's Steelhead Finance Division generated \$2.1 million in non-interest income during the first half of 2019, compared to \$2.4 million in the same period the prior year.

Non-Interest Expense

For the quarter ending June 30, 2019, non-interest expense was \$3.8 million compared to \$3.6 million in 2018. Year-to-date non-interest expense totaled \$7.6 million through June 30, 2019, compared to \$6.9 million in the same period the prior year. Mr. Trautman explained, "The most significant items impacting non-interest expense during 2019 was the salary expense associated with the addition of a four person lending team in the Medford market and one time data processing fees incurred with the banks recent core processing conversion."

Capital

As of June 30, 2019, shareholder's equity totaled \$38 million, compared to \$33 million at June 30, 2018. The bank's Tier 1 Capital ratio was 9.61% at the end of the second quarter 2019, compared to 9.22% one year ago. Tangible Book value per share was \$10.91 at June 30, 2019, compared to \$9.78 on June 30, 2018, when adjusted for the 5% stock dividend received in May of 2019.

About People's Bank of Commerce

People's Bank of Commerce's stock trades on the over-the-counter market under the symbol PBCO. Additional information about the Bank is available in the investor section of the bank's website at: www.peoplesbank.bank.

Founded in 1998, People's Bank of Commerce is the only locally owned and managed community bank in Southern Oregon. People's Bank of Commerce is a full service bank headquartered in Medford, Oregon with branches in Medford, Ashland, Central Point, Grants Pass and Klamath Falls.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as People's Bank or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe People's Bank's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

| People's Bank of Commerce | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Balance Sheet (unaudited) | | | | | |
| (dollars in thousands) | 6/30/2019 | 3/31/2019 | 12/31/2018 | 9/30/2018 | 6/30/2018 |
| Assets | | | | | |
| Cash and due from banks | 3,747 | 4,736 | 9,382 | 3,928 | 2,431 |
| Federal funds sold | | | | | |
| Interest-bearing deposits | 18,694 | 30,152 | 17,127 | 21,381 | 15,713 |
| Investment securities | 22,585 | 20,031 | 25,878 | 24,462 | 26,198 |
| Loans held for sale | 2,013 | 1,157 | 2,084 | 215 | 1,381 |
| Loans held for investment, net of unearned income | 261,835 | 256,389 | 249,949 | 240,093 | 233,600 |
| Allowance for loan and lease losses | <u>(2,920)</u> | <u>(2,880)</u> | <u>(2,812)</u> | <u>(2,701)</u> | <u>(2,631)</u> |
| Loans, net | 258,915 | 254,666 | 247,137 | 237,392 | 230,969 |
| Premises and equipment, net | 20,736 | 21,086 | 16,807 | 16,387 | 16,165 |
| Other assets | <u>31,185</u> | <u>30,894</u> | <u>31,110</u> | <u>32,730</u> | <u>34,064</u> |
| Total assets | <u>357,875</u> | <u>361,565</u> | <u>349,525</u> | <u>336,495</u> | <u>326,921</u> |
| Liabilities | | | | | |
| Deposits | | | | | |
| Demand noninterest-bearing | 136,211 | 128,937 | 124,866 | 120,679 | 131,743 |
| Demand interest-bearing | 46,690 | 56,175 | 48,813 | 44,661 | 29,300 |
| Money market and savings | 105,310 | 110,237 | 117,714 | 112,728 | 107,634 |
| Time deposits of less than \$250,000 | 17,915 | 16,750 | 15,300 | 15,017 | 16,136 |
| Time deposits of more than \$250,000 | <u>2,682</u> | <u>1,873</u> | <u>1,317</u> | <u>2,081</u> | <u>2,074</u> |
| Total deposits | 308,808 | 313,972 | 308,010 | 295,166 | 286,887 |
| Other liabilities | <u>11,308</u> | <u>11,137</u> | <u>6,062</u> | <u>7,290</u> | <u>7,022</u> |
| Total liabilities | 320,116 | 325,109 | 314,072 | 302,456 | 293,909 |
| Capital | | | | | |
| Common stock, surplus, retained earnings | 37,913 | 36,863 | 36,011 | 34,920 | 33,891 |
| Accumulated other comprehensive income (loss) | <u>212</u> | <u>(2)</u> | <u>(113)</u> | <u>(319)</u> | <u>(278)</u> |
| Unearned ESOP Shares | <u>(366)</u> | <u>(405)</u> | <u>(445)</u> | <u>(562)</u> | <u>(601)</u> |
| Total shareholders' equity | 37,759 | 36,456 | 35,453 | 34,039 | 33,012 |
| Total Liabilities and Equity | <u>357,875</u> | <u>361,565</u> | <u>349,525</u> | <u>336,495</u> | <u>326,921</u> |
| memo: | | | | | |
| Total intangible assets and goodwill | 3,486 | 3,486 | 3,486 | 3,468 | 3,468 |
| Current shares outstanding | 3,122,155 | 2,955,964 | 2,953,464 | 2,915,752 | 2,902,164 |

| People's Bank of Commerce | | | | | |
|--|---------------------------|------------------|------------------|----------------------------|------------------|
| Income Statement (unaudited) | | | | | |
| (dollars in thousands) | Three Months Ended | | | Twelve Months Ended | |
| | 6/30/2019 | 3/31/2019 | 6/30/2018 | 6/30/2019 | 6/30/2018 |
| Interest Income | | | | | |
| Loans | 3,543 | 3,475 | 2,957 | 13,513 | 10,986 |
| Investments | 130 | 156 | 170 | 600 | 690 |
| Federal funds sold and due from banks | 92 | 108 | 108 | 543 | 338 |
| Total interest income | 3,765 | 3,739 | 3,235 | 14,657 | 12,014 |
| Interest Expense | | | | | |
| Deposits | 350 | 347 | 188 | 1,216 | 572 |
| Other | 6 | 5 | 84 | 163 | 144 |
| Total interest expense | 356 | 352 | 272 | 1,378 | 716 |
| Net interest income | 3,409 | 3,387 | 2,963 | 13,278 | 11,298 |
| Provision for credit losses | 39 | 59 | 102 | 280 | 283 |
| Net Interest Income after provision for credit losses | 3,370 | 3,328 | 2,861 | 12,999 | 11,015 |
| Non-Interest Income | | | | | |
| Service charges on deposit accounts | 78 | 67 | 78 | 299 | 298 |
| Mortgage lending income | 261 | 210 | 159 | 751 | 744 |
| Steelhead Finance income | 1,062 | 1,051 | 1,312 | 4,631 | 3,797 |
| Gain (loss) on other real estate | - | - | - | - | 25 |
| Other non-interest income | 274 | 227 | 289 | 818 | 823 |
| Total non-interest income | 1,675 | 1,555 | 1,838 | 6,499 | 5,687 |
| Non-Interest Expense | | | | | |
| Salary and Benefits | 2,425 | 2,380 | 2,216 | 9,448 | 7,720 |
| Premises and fixed assets | 547 | 549 | 474 | 2,110 | 1,650 |
| Other | 844 | 838 | 893 | 3,335 | 3,095 |
| Total non-interest expense | 3,816 | 3,767 | 3,583 | 14,894 | 12,465 |
| Net income before taxes | 1,229 | 1,116 | 1,116 | 4,604 | 4,237 |
| Income taxes | 296 | 277 | 271 | 1,003 | 1,660 |
| Net income | 933 | 839 | 845 | 3,601 | 2,577 |
| Basic earnings per share | 0.30 | 0.28 | 0.28 | 1.21 | 0.95 |
| Diluted earnings per share | 0.30 | 0.28 | 0.28 | 1.21 | 0.94 |
| Average common shares outstanding | 3,110,261 | 2,955,964 | 3,042,691 | 2,975,770 | 2,716,167 |
| Performance Measures | | | | | |
| Return on average assets | 1.06% | 0.94% | 1.06% | 1.04% | 0.84% |
| Return on average equity | 10.09% | 9.29% | 10.55% | 9.73% | 8.13% |
| Net interest margin | 4.60% | 4.33% | 4.19% | 4.27% | 4.20% |
| Efficiency ratio | 75.06% | 76.22% | 74.63% | 75.31% | 73.39% |