

**FOR IMMEDIATE RELEASE**

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## **People's Bank Reports Earnings**

**Medford, Oregon** - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the third quarter and year-to-date 2019. The bank reported net income of \$947,000 or \$0.30 per basic and diluted share for the third quarter of 2019, compared to net income of \$948,000 or \$0.31 per share in the same quarter of 2018. Earnings for the first nine months of 2019 totaled \$2,719,000 or \$0.89 per share compared to \$2,516,000 or \$0.85 per share during the first three quarters of 2018. Earnings per share for the trailing 12-months ending September 30, 2019 were \$1.19 per share compared to \$0.94 per diluted share during the same period one year earlier.

Balance Sheet September 30, 2019 vs. September 30, 2018:

- Total Loans increased 13%
- Total Deposits increased 7%
- Total Assets increased 8%
- Total Equity increased 14%

Income Statement year-to date September 30, 2019 vs. September 30, 2018:

- Net-interest Income increased 16%
- Pre-tax income increased 11%
- Non-interest Income decreased 4%
- Non-interest Expense increased 9%

### **President's Comments**

"Total loans continue to show good growth over the past 9 months" stated Ken Trautman, bank President and CEO. "The bank's factoring division, Steelhead Finance, has seen a softening in income in 2019 which follows the trucking industry's reduced activity. The bank retooled its residential mortgage department in 2019, which is now starting to pay dividends, with an increase in income for the first nine months of 2019 over 2018 of 64%," commented Trautman. "2019 has been a year of change for the bank, which included a core processing conversion as well as staff reductions in our branch system allowed by improved technology and processing centralization," added Trautman.

### **Provision for Credit Losses**

The bank's YTD provision for loan and lease losses was \$211 thousand compared a provision of \$293 thousand during the same period last year. Credit quality remains strong with no loans past due over 90 days or on non-accrual at the end of September 2019 and September 2018. At the end of the third quarter 2019, the loan loss reserve was 1.117% of loans held for investment compared to 1.124% at the end of the third quarter 2018.

### **Non-Interest Income**

For the quarter ending September 30, 2019, non-interest income was \$1.70 million compared to \$1.74 million in the same quarter one year earlier. For the first three quarters of 2019, non-interest income was lower than the previous year with \$4.9 million compared to \$5.1 million year-to-date in 2018. Steelhead Finance, the bank's factoring division, generated \$3.2 million in non-interest income during the three quarters of 2019.

### **Non-Interest Expense**

For the quarter ending September 30, 2019, non-interest expense was \$3.9 million compared to \$3.6 million in the same quarter of 2018. Year-to-date non-interest expense totaled \$11.4 million through September 30, 2019, compared to \$10.5 million in the same period the prior year.

### **Capital**

As of September 30, 2019, shareholder's equity totaled \$38.8 million, compared to \$34.0 million at September 30, 2018. The bank's Tier 1 capital ratio was 9.73% at the end of the third quarter 2019, compared to 9.28% one year ago. Tangible Book value per share was \$11.23 on September 30, 2019, compared to \$10.10 on September 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](http://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.

<b>People's Bank of Commerce</b>					
<b>Balance Sheet (unaudited)</b>					
(dollars in thousands)	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
<b>Assets</b>					
Cash and due from banks	2,798	3,747	4,736	9,382	3,928
Federal funds sold					
Interest-bearing deposits	16,004	18,694	30,152	17,127	21,381
Investment securities	23,212	22,585	20,031	25,878	24,462
Loans held for sale	3,909	2,013	1,157	2,084	215
Loans held for investment, net of unearned income	271,635	261,835	256,389	249,949	240,093
Allowance for loan and lease losses	(3,033)	(2,920)	(2,880)	(2,812)	(2,701)
Loans, net	268,602	258,915	254,666	247,137	237,392
Premises and equipment, net	20,529	20,736	21,086	16,807	16,387
Other assets	28,818	31,185	30,894	31,110	32,730
<b>Total assets</b>	<u>363,872</u>	<u>357,875</u>	<u>361,565</u>	<u>349,525</u>	<u>336,495</u>
<b>Liabilities</b>					
Deposits					
Demand noninterest-bearing	140,458	136,211	128,937	124,866	120,679
Demand interest-bearing	47,020	46,690	56,175	48,813	44,661
Money market and savings	108,614	105,310	110,237	117,714	112,728
Time deposits of less than \$250,000	15,419	17,915	16,750	15,300	15,017
Time deposits of more than \$250,000	2,949	2,682	1,873	1,317	2,081
Total deposits	314,460	308,808	313,972	308,010	295,166
Other liabilities	10,611	11,308	11,137	6,062	7,290
<b>Total liabilities</b>	325,071	320,116	325,109	314,072	302,456
<b>Capital</b>					
Common stock, surplus, retained earnings	38,879	37,913	36,863	36,011	34,920
Accumulated other comprehensive income (loss)	249	212	(2)	(113)	(319)
Unearned ESOP Shares	(327)	(366)	(405)	(445)	(562)
<b>Total shareholders' equity</b>	38,801	37,759	36,456	35,453	34,039
<b>Total Liabilities and Equity</b>	<u>363,872</u>	<u>357,875</u>	<u>361,565</u>	<u>349,525</u>	<u>336,495</u>
<b>memo:</b>					
Total intangible assets and goodwill	3,486	3,486	3,486	3,486	3,468
Current shares outstanding	3,122,591	3,122,155	2,955,964	2,953,464	2,913,752

<b>People's Bank of Commerce</b>					
<b>Income Statement (unaudited)</b>					
	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>	
(dollars in thousands)	<b>9/30/2019</b>	<b>6/30/2019</b>	<b>9/30/2018</b>	<b>9/30/2019</b>	<b>9/30/2018</b>
<b>Interest Income</b>					
Loans	3,672	3,543	3,152	14,032	11,527
Investments	160	130	152	608	660
Federal funds sold and due from banks	136	92	182	498	449
Total interest income	3,968	3,765	3,487	15,138	12,636
<b>Interest Expense</b>					
Deposits	354	350	241	1,328	701
Other	5	6	77	91	221
Total interest expense	359	356	318	1,419	922
Net interest income	3,609	3,409	3,169	13,719	11,714
Provision for credit losses	113	39	69	323	365
<b>Net Interest Income after provision for credit losses</b>	3,496	3,370	3,100	13,395	11,349
<b>Non-Interest Income</b>					
Service charges on deposit accounts	84	78	76	307	304
Mortgage lending income	294	261	130	914	656
Steelhead Finance income	1,044	1,062	1,339	4,337	4,808
Gain (loss) on other real estate	-	-	-		113
Other non-interest income	273	274	199	892	736
Total non-interest income	1,695	1,675	1,744	6,450	6,617
<b>Non-Interest Expense</b>					
Salary and Benefits	2,434	2,425	2,297	9,585	8,563
Premises and fixed assets	544	547	460	2,194	1,742
Other	883	844	827	3,391	3,248
Total non-interest expense	3,861	3,816	3,585	15,170	13,553
Net income before taxes	1,330	1,229	1,259	4,676	4,413
Income taxes	383	296	311	1,075	1,584
Net income	947	933	948	3,601	2,829
Basic earnings per share	0.30	0.30	0.31	1.19	0.96
Diluted earnings per share	0.30	0.30	0.31	1.19	0.94
Average common shares outstanding	3,122,591	3,110,261	3,055,384	3,028,945	2,948,101
<b>Performance Measures</b>					
Return on average assets	1.02%	1.06%	1.11%	1.04%	0.88%
Return on average equity	9.88%	10.09%	11.43%	9.73%	8.62%
Net interest margin	4.54%	4.60%	4.05%	4.27%	4.21%
Efficiency ratio	72.79%	75.06%	72.97%	75.21%	73.93%