

FOR IMMEDIATE RELEASE

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People's Bank of Commerce 12-Month Earnings per Share increases 40%

Medford, Oregon - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the first quarter of 2019. The bank reported net income of \$839,000 or \$0.28 per diluted share for the first quarter of 2019, compared to net income of \$724,000 or \$0.26 per diluted share in the same quarter of 2018. Earnings in the fourth quarter of 2018 totaled \$882,000 or \$0.30 per diluted share. Earnings per share for the trailing 12 months was \$1.20 per share up from \$0.86 per share the previous period, a 40% increase.

Highlights for the quarter compared to the first quarter of 2018:

- Net loans increased 17%
- Deposits increased 12%
- The bank's total assets increased 13%
- Net interest income increased 21%
- Non-Interest income increased by less than 1%
- Non-interest expenses increased 15%

President's Comments

"The strong loan and deposit growth we saw in 2018 continued through the first quarter of 2019. The flat yield curve has caused loan yields to remain stable while the cost of funds has been increasing. This condition is not expected to change significantly through the balance of 2019. The local economies we serve in Southern Oregon remain strong, and the bank is well positioned with our branch network to serve the needs of our communities. The net interest margin for the first quarter of 2019 was 4.33% compared to 4.35% for the same quarter of 2018," said Ken Trautman, President and CEO.

Provision for Credit Losses

"Loan quality continues to be strong with no loans past due over 30 days or on Non-Accrual at the end of the first quarter of 2019. Total loans outstanding are growing at a year-to-date annualized rate of over 10%. This loan growth resulted in an increase to the allowance for loan losses of \$59,000, compared to an increase in the allowance of \$122,000 in the same quarter last year. The bank anticipates continued additions to the allowance for loan and lease losses during 2019 due to anticipated loan growth," commented Mr. Trautman.

Non-Interest Income

Non-interest income for the first quarter of 2019 was \$1,555,000 compared to \$1,547,000 for the same quarter of 2018. The majority of this income was generated by the Bank's Steelhead Finance Division, which provided \$1,051,000 in revenue. Mortgage income for the first quarter of 2019 was up \$34,000 when compared to the first quarter of 2018 on increased volume.

Non-Interest Expense

Non-interest expense for the first quarter of 2019 was \$3,767,000 compared to \$3,286,000 for the same quarter of 2018. Salary expense associated with the addition of a 3 person commercial loan team and other personnel that joined the bank in mid-2018 accounted for part of the increase. Occupancy and FF&E expenses increased with the completion of the new Biddle Road branch and administrative headquarters. The bank also completed a core processing conversion during the first quarter of 2019.

Capital

At March 31, 2019, shareholder equity totaled \$36.5 million, compared to \$32.0 million at March 31, 2018. The bank's Tier 1 Capital ratio was 9.21% at the end of the first quarter 2019, compared to 9.18% one year ago. Tangible book value per share was \$11.15 on March 31, 2019, compared to \$10.48 on March 31, 2018, when adjusted for the 5% stock dividend received in May of 2018.

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					
Income Statement (unaudited)					
(dollars in thousands)	Three Months Ended			Twelve Months Ended	
	3/31/2019	12/31/2018	3/31/2018	3/31/2019	3/31/2018
Interest Income					
Loans	3,475	3,343	2,741	12,927	10,625
Investments	156	162	173	640	700
Federal funds sold and due from banks	108	161	97	559	261
Total interest income	3,739	3,666	3,011	14,127	11,586
Interest Expense					
Deposits	347	278	143	1,054	484
Other	5	75	60	240	60
Total interest expense	352	353	203	1,294	545
Net interest income	3,387	3,313	2,808	12,832	11,041
Provision for credit losses	59	112	122	343	211
Net Interest Income after provision for credit losses	3,328	3,201	2,686	12,489	10,830
Non-Interest Income					
Service charges on deposit accounts	67	78	75	300	287
Mortgage lending income	210	150	176	649	742
Steelhead Finance income	1,051	1,179	1,085	4,881	2,485
Gain (loss) on other real estate	-	-	-	-	-
Other non-interest income	227	118	211	833	764
Total non-interest income	1,555	1,525	1,547	6,662	4,278
Non-Interest Expense					
Salary and Benefits	2,380	2,346	2,096	9,239	6,900
Premises and fixed assets	549	554	389	2,038	1,530
Other	838	825	801	3,385	2,825
Total non-interest expense	3,767	3,725	3,286	14,661	11,254
Net income before taxes	1,116	1,001	947	4,490	3,854
Income taxes	277	119	223	978	1,639
Net income	839	882	724	3,513	2,215
Basic earnings per share *	0.28	0.30	0.26	1.20	0.86
Diluted earnings per share *	0.28	0.30	0.26	1.20	0.86
Average common shares outstanding *	2,955,964	2,926,964	2,746,227	2,922,655	2,590,307
Performance Measures					
Return on average assets	0.94%	1.03%	0.91%	1.03%	0.75%
Return on average equity	9.29%	10.25%	8.94%	10.30%	7.32%
Net interest margin	4.33%	4.11%	4.35%	4.17%	4.18%
Efficiency ratio	76.22%	76.99%	75.45%	75.21%	73.46%

* adjusted for 5% stock dividend May 2017, May 2018

People's Bank of Commerce					
Balance Sheet (unaudited)					
(dollars in thousands)	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018
Assets					
Cash and due from banks	4,736	9,382	3,928	2,431	11,918
Federal funds sold					
Interest-bearing deposits	30,152	17,127	21,381	15,713	13,948
Investment securities	20,031	25,878	24,462	26,198	26,871
Loans held for sale	1,157	2,084	215	1,381	1,862
Loans held for investment, net of unearned income	256,389	249,949	240,093	233,600	219,359
Allowance for loan and lease losses	<u>(2,880)</u>	<u>(2,812)</u>	<u>(2,701)</u>	<u>(2,631)</u>	<u>(2,523)</u>
Loans, net	254,666	247,137	237,392	230,969	216,836
Premises and equipment, net	21,086	16,807	16,387	16,165	14,806
Other assets	30,894	31,110	<u>32,730</u>	<u>34,064</u>	<u>32,581</u>
Total assets	<u>361,565</u>	<u>349,525</u>	<u>336,495</u>	<u>326,921</u>	<u>318,822</u>
Liabilities					
Deposits					
Demand noninterest-bearing	128,937	124,866	120,679	131,743	126,424
Demand interest-bearing	56,175	48,813	44,661	29,300	27,188
Money market and savings	110,237	117,714	112,728	107,634	108,666
Time deposits of less than \$250,000	16,750	15,300	15,017	16,136	16,483
Time deposits of more than \$250,000	<u>1,873</u>	<u>1,317</u>	<u>2,081</u>	<u>2,074</u>	<u>2,067</u>
Total deposits	313,972	308,010	295,166	286,887	280,828
Other liabilities	<u>11,137</u>	<u>6,062</u>	<u>7,290</u>	<u>7,022</u>	<u>5,983</u>
Total liabilities	325,109	314,072	302,456	293,909	286,811
Capital					
Common stock, surplus, retained earnings	36,863	36,011	34,920	33,891	32,901
Accumulated other comprehensive income (loss)	<u>(2)</u>	<u>(113)</u>	<u>(319)</u>	<u>(278)</u>	<u>(249)</u>
Unearned ESOP Shares	<u>(405)</u>	<u>(445)</u>	<u>(562)</u>	<u>(601)</u>	<u>(641)</u>
Total shareholders' equity	36,456	35,453	34,039	33,012	32,011
Total Liabilities and Equity	<u>361,565</u>	<u>349,525</u>	<u>336,495</u>	<u>326,921</u>	<u>318,822</u>
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Total intangible assets and goodwill	3,486	3,486	3,468	3,468	3,468
Current shares outstanding	2,955,964	2,953,464	2,915,752	2,902,164	2,747,164