

FOR IMMEDIATE RELEASE

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People's Bank year-to-date Earnings Increase 55%

Medford, Oregon - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the second quarter and year-to-date 2018. The bank reported net income of \$845,000 or \$0.29 per basic and diluted share for the second quarter of 2018, compared to net income of \$483,000 or \$0.20 per share in the same quarter of 2017. Earnings for the first six months of 2018 totaled \$1,569,000 or \$0.56 per share compared to \$1,011,000 or \$0.43 per share during the first half of 2017. Diluted earnings per share for the trailing 12 months ending 6/30/2018 were \$0.97 per share compared to \$0.92 one year earlier.

Balance Sheet June 30, 2018 vs. June 30, 2017:

- Total Loans increased 15%
- Total Deposits increased 14%
- Total Assets increased 16%
- Total Equity increased 22%

Income Statement year-to date June 30, 2018 vs. June 30, 2017:

- Net-interest Income increased 9%
- Pre-tax income increased 34%
- Non-interest Income increased 257%
- Non-interest Expense increased 46%

President's Comments

"Total loans and deposits showed strong increases in the first half of 2018 as noted above," stated Ken Trautman, bank President and CEO. "Our pipeline of approved but not yet funded loans is at the highest level in the bank's history, which positions us well for the last half of this year. The recent increases in interest rates has been expected for some time and will steadily increase our cost of funds. The bank has been fortunate to have large non-interest demand deposit balances, about 46% of total deposits, which have lessened the impact of rising interest rates. Increasing local and national competition for deposits could impact the bank's net interest margin."

Provision for Credit Losses

Mr. Trautman continued, "With total loans increasing over 12% during first 6 months of this year, our provision for loan and lease losses has increased to \$224 thousand compared to a decrease of \$6 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 June 2018 compared to \$71 thousand of non-accrual in 2017. At the end of the second quarter 2018, the loan loss reserve was 1.126% of loans held for investment compared to 1.15% at the end of the second quarter 2017.

Non-Interest Income

For the quarter ending June 30, 2018, non-interest income was \$1.8 million compared to \$429 thousand in the same quarter one year earlier. For the first half of 2018, non-interest income was higher than the previous year with \$3.4 million compared to \$949 thousand year-to-date in 2017. The bank's wholly owned subsidiary Steelhead Finance, LLC generated \$2.4 million in non-interest income during the first half of 2018.

Non-Interest Expense

For the quarter ending June 30, 2018, non-interest expense was \$3.6 million compared to \$2.4 million in 2017. Year-to-date non-interest expense totaled \$6.9 million through June 30, 2018, compared to \$4.7 million in the same period the prior year. Mr. Trautman explained, "Two significant items impacted non-interest expense during 2018, the first is the salary expense associated with the Steelhead Finance purchase and the second is the salary and overhead expense associated with the bank's expansion into the Klamath Falls market."

Capital

As of June 30, 2018, shareholder's equity totaled \$33 million, compared to \$27.2 million at June 30, 2017. The bank's leverage ratio was 10.1% at the end of the second quarter 2017, compared to 9.6% one year ago. Book value per share was \$11.37 on June 30, 2018, compared to \$10.80 on June 30, 2017, 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.peoplesbankofcommerce.com.

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)	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Assets					
Cash and due from banks	2,431	11,918	14,046	13,133	11,713
Federal funds sold				-	
Interest-bearing deposits	15,713	13,948	8,209	22,377	14,164
Investment securities	26,198	26,871	28,538	27,436	31,315
Loans held for sale	1,381	1,862	2,191	742	2,295
Loans held for investment, net of unearned income	233,600	219,359	208,657	202,165	202,891
Allowance for loan and lease losses	<u>(2,631)</u>	<u>(2,523)</u>	<u>(2,400)</u>	<u>(2,327)</u>	<u>(2,339)</u>
Loans, net	230,969	216,836	206,257	199,838	200,552
Premises and equipment, net	16,165	14,806	12,196	10,965	7,432
Other assets	<u>34,064</u>	<u>32,581</u>	<u>31,004</u>	<u>26,601</u>	<u>13,947</u>
Total assets	<u>326,921</u>	<u>318,822</u>	<u>302,441</u>	<u>301,092</u>	<u>281,418</u>
Liabilities					
Deposits					
Demand noninterest-bearing	131,743	126,424	118,948	117,755	113,979
Demand interest-bearing	29,300	27,188	26,218	25,717	23,882
Money market and savings	107,634	108,666	101,141	101,925	97,656
Time deposits of less than \$100,000	16,136	16,483	16,555	17,087	8,406
Time deposits of more than \$100,000	<u>2,074</u>	<u>2,067</u>	<u>2,060</u>	<u>1,803</u>	<u>8,131</u>
Total deposits	286,887	280,828	264,922	264,287	252,054
Other liabilities	<u>7,022</u>	<u>5,983</u>	<u>6,103</u>	<u>5,093</u>	<u>2,208</u>
Total liabilities	293,909	286,811	271,025	269,380	254,262
Shareholders' Equity					
Common stock, surplus, retained earnings	33,891	32,901	32,152	31,671	27,067
Accumulated other comprehensive income (loss)	<u>(278)</u>	<u>(249)</u>	<u>(56)</u>	<u>41</u>	<u>89</u>
Unearned ESOP Shares	<u>(601)</u>	<u>(641)</u>	<u>(680)</u>	-	-
Total shareholders' equity	33,012	32,011	31,416	31,712	27,156
Total Liabilities and Equity	<u>326,921</u>	<u>318,822</u>	<u>302,441</u>	<u>301,092</u>	<u>281,418</u>

People's Bank of Commerce					
Income Statement (unaudited)					
(dollars in thousands)	Three Months Ended			Twelve Months Ended	
	6/30/2018	3/31/2018	6/30/2017	6/30/2018	6/30/2017
Interest Income					
Loans	2,957	2,741	2,597	10,986	9,948
Investments	170	173	180	690	748
Federal funds sold and due from banks	108	97	30	338	67
Total interest income	3,235	3,011	2,807	12,014	10,763
Interest Expense					
Deposits	188	143	100	572	405
Other	84	60	-	144	-
Total interest expense	272	203	100	716	405
Net interest income	2,963	2,808	2,706	11,298	10,358
Provision for credit losses	102	122	30	283	133
Net Interest Income after provision for credit losses	2,861	2,686	2,676	11,015	10,225
Non-Interest Income					
Service charges on deposit accounts	78	75	67	298	287
Mortgage lending income	159	176	156	744	860
Steelhead Finance income	1,312	1,085		3,797	
Gain (loss) on other real estate	-	-		25	123
Other non-interest income	289	211	206	823	753
Total non-interest income	1,838	1,547	429	5,687	2,023
Non-Interest Expense					
Bank salary and benefits	1,693	1,601	1,395	6,711	5,284
Steelhead Finance salary and benefits	523	495		1,009	
Premises and fixed assets	474	389	354	1,650	1,367
Other	893	801	624	3,095	2,392
Total non-interest expense	3,583	3,286	2,373	12,465	9,043
Net income before taxes	1,116	948	732	4,237	3,205
Income taxes	271	224	250	1,660	1,060
Net income	845	724	483	2,577	2,145
Basic earnings per share *	0.29	0.26	0.20	0.98	0.93
Diluted earnings per share *	0.29	0.26	0.20	0.97	0.92
Average common shares outstanding *	2,897,801	2,746,227	2,394,360	2,635,817	2,307,857
Performance Measures					
Return on average assets	1.06%	0.94%	0.66%	0.85%	0.80%
Return on average equity	10.55%	8.94%	6.72%	9.81%	8.16%
Net interest margin	4.19%	4.35%	4.13%	4.22%	4.17%
Efficiency ratio	74.63%	75.45%	75.69%	73.39%	73.04%

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