

FOR IMMEDIATE RELEASE

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Earnings Increase 37%

Medford, Oregon - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the first quarter of 2018. The bank reported net income of \$724,000 or \$0.26 per diluted share for the first quarter of 2018, compared to net income of \$528,000 or \$0.23 per diluted share in the same quarter of 2017. Earnings in the fourth quarter of 2017 totaled \$313,000 or \$0.11 per diluted share. Earnings per share for the trailing 12 months, was \$0.86 per share at the end of the first quarter 2018 from \$0.93 per share for the prior period. Fourth quarter 2017 earnings were impacted by the one-time tax charge associated with the tax law revision of \$413,000 or \$0.15 per share.

Highlights for the quarter compared to the first quarter of 2017:

- Net loans increased 10%.
- Deposits increased 16%
- The bank's total assets increased 17%.
- Net interest income increased by 9%.
- Non-Interest income increased 198%.
- Non-interest expense increased 41%

President's Comments

"The bank is seeing an increase in the number and size of requests for commercial loans, indicative of the strength of the local economy and the optimism of our business owners. This optimism was greatly assisted by the recently passed tax cuts that benefited a large majority of our customers. The net interest margin for the first quarter of 2018 was 4.35% compared to 4.33% for the same quarter of 2017. The efficiency ratio was 73.46% for the 12 months ending 3/31/18 from 72.28% for the 12 months ending 3/31/2017," said Ken Trautman, President and CEO.

Provision for Credit Losses

Loan quality continues to be strong and loans outstanding are growing at a year-to-date annualized rate of over 20%. This growth resulted in an increase to the allowance for loan losses of \$122,000, compared to a reduction in the allowance of \$36,000 in the same quarter last year. The addition in 2018 was due to a 5% increase in loans outstanding during the quarter. "The bank anticipates continued additions to the allowance for loan and lease losses during 2018 due to anticipated loan growth," commented Mr. Trautman.

Non-Interest Income

Non-interest income for the first quarter of 2018 was \$1,547,000 compared to \$519,000 for the same quarter of 2017, an increase of 198%. This increase was primarily driven by income generated by the Bank's wholly owned

subsidiary, Steelhead Finance, which provided \$1,085,000 in revenue. Mortgage income for the 1st quarter of 2018 was down \$64,000 when compared to the 1st quarter of 2017 on reduced volume.

Non-Interest Expense

Non-interest expense for the first quarter of 2018 was \$3,286,000 compared to \$2,330,000 for the same quarter of 2017, an increase of 41% driven primarily by salary and benefit increases associated with the Steelhead Finance purchase in September of 2017. The Bank also opened a full service branch in Klamath Falls during the first quarter of 2018 which increased non-interest expenses in all categories.

Capital

At March 31, 2018, shareholder equity totaled \$32.0 million, compared to \$26.6 million at March 31, 2017. The bank's leverage ratio was 10.0% at the end of the first quarter 2018, compared to 9.8% one year ago. Book value per share was \$11.65 on March 31, 2018, compared to \$11.67 on March 31, 2017, when adjusted for the 5% stock dividend received in May of 2017.

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					
Income Statement (unaudited)					
	Three Months Ended			Twelve Months Ended	
(dollars in thousands)	3/31/2018	12/31/2017	3/31/2017	3/31/2018	3/31/2017
Interest Income					
Loans	2,741	2,678	2,484	10,625	9,649
Investments	173	164	176	700	772
Federal funds sold and due from banks	97	62	12	261	60
Total interest income	3,011	2,904	2,672	11,586	10,481
Interest Expense					
Deposits	143	130	93	485	435
Other	60	-	-	60	-
Total interest expense	203	130	93	545	435
Net interest income	2,808	2,774	2,579	11,041	10,046
Provision for credit losses	122	72	(36)	211	237
Net Interest Income after provision for credit losses	2,686	2,702	2,615	10,830	9,809
Non-Interest Income					
Service charges on deposit accounts	75	74	78	287	289
Mortgage lending income	176	191	240	742	892
Steelhead Finance income	1,085	1,072		2,485	
Gain (loss) on other real estate	-	-	22	22	62
Other non-interest income	211	150	179	742	906
Total non-interest income	1,547	1,487	519	4,278	2,149
Non-Interest Expense					
Bank salary and benefits	1,601	1,492	1,407	5,943	5,078
Steelhead Finance salary and benefits	495	462		957	
Premises and fixed assets	389	419	335	1,530	1,340
Other	801	724	588	2,824	2,397
Total non-interest expense	3,286	3,097	2,330	11,254	8,815
Net income before taxes	948	1,092	804	3,854	3,143
Income taxes	224	779	276	1,639	1,033
Net income	724	313	528	2,215	2,110
Basic earnings per share *	0.26	0.11	0.23	0.86	0.93
Diluted earnings per share *	0.26	0.11	0.23	0.85	0.93
Average common shares outstanding *	2,746,110	2,723,883	2,279,022	2,568,080	2,261,014
Performance Measures					
Return on average assets	0.94%	0.41%	0.80%	0.75%	0.79%
Return on average equity	8.93%	3.87%	7.97%	8.23%	6.41%
Net interest margin	4.35%	4.12%	4.33%	4.27%	3.97%
Efficiency ratio	75.45%	72.68%	75.21%	73.46%	72.28%

* adjusted for 5% stock dividend May 2016, May 2017

People's Bank of Commerce					
Balance Sheet (unaudited)					
(dollars in thousands)	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
Assets					
Cash and due from banks	11,918	14,046	13,133	11,713	10,181
Federal funds sold			-		
Interest-bearing deposits	13,948	8,209	22,377	14,164	11,067
Investment securities	26,871	28,538	27,436	31,315	29,883
Loans held for sale	1,862	2,191	742	2,295	1,603
Loans held for investment, net of unearned income	219,359	208,657	202,165	202,891	199,990
Allowance for loan and lease losses	<u>(2,523)</u>	<u>(2,400)</u>	<u>(2,327)</u>	<u>(2,339)</u>	<u>(2,300)</u>
Loans, net	216,836	206,257	199,838	200,552	197,690
Premises and equipment, net	14,806	12,196	10,965	7,432	7,088
Other assets	<u>32,581</u>	<u>31,004</u>	<u>26,601</u>	<u>13,947</u>	<u>13,966</u>
Total assets	<u>318,822</u>	<u>302,441</u>	<u>301,092</u>	<u>281,418</u>	<u>271,478</u>
Liabilities					
Deposits					
Demand noninterest-bearing	126,424	118,948	117,755	113,979	106,171
Demand interest-bearing	27,188	26,218	25,717	23,882	22,858
Money market and savings	108,666	101,141	101,925	97,656	97,137
Time deposits of less than \$100,000	16,483	16,555	17,087	8,406	8,501
Time deposits of more than \$100,000	<u>2,067</u>	<u>2,060</u>	<u>1,803</u>	<u>8,131</u>	<u>8,224</u>
Total deposits	280,828	264,922	264,287	252,054	242,891
Other liabilities	<u>5,983</u>	<u>6,103</u>	<u>5,093</u>	<u>2,208</u>	<u>1,986</u>
Total liabilities	286,811	271,025	269,380	254,262	244,877
Shareholders' Equity					
Common stock, surplus, retained earnings	32,901	32,152	31,671	27,067	26,578
Accumulated other comprehensive income (loss)	(249)	(56)	41	89	23
Unearned ESOP shares	<u>(641)</u>	<u>(680)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	32,011	31,416	31,712	27,156	26,601
Total Liabilities and Equity	318,822	302,441	301,092	281,418	271,478