

FOR IMMEDIATE RELEASE

July 22, 2020

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People's Bank year-to-date Earnings per Share Increase 24%

Medford, Oregon - People's Bank of Commerce (OTCBB: PBCO) announced today its financial results for the second quarter and year-to-date 2020. The bank reported net income of \$1,385,000 or \$0.39 per basic and diluted share for the second quarter of 2020, compared to net income of \$933,000 or \$0.30 per share in the same quarter of 2019. Earnings for the first six months of 2020 totaled \$2,496,000 or \$0.72 per share compared to \$1,772,000 or \$0.58 per share during the first half of 2019. Earnings per diluted share for the trailing 12-months ending June 30, 2020 were \$1.46 per share compared to \$1.21 one year earlier.

Balance Sheet June 30, 2020 versus June 30, 2019:

- Total Loans increased 37%, PPP loans accounted for 94.8% of the total increase
- Total Deposits increased 28%
- Total Assets increased 38%
- Total Equity increased 30%
- Year to Date Return on Average Assets as of June 30, 2020 was 1.17%
- Year to Date Return on Average Equity as of June 30, 2020 was 10.88%

Income Statement year-to date June 30, 2020 versus June 30, 2019:

- Net-interest Income before the provision for losses increased 9%
- Pre-tax income increased 40%
- Non-interest Income increased 25%
- Non-interest Expense decreased 4%

CEO's Comments

"Total loans and deposits continued to grow through the first half of 2020, at 37% and 28% respectively, significantly aided by the Paycheck Protection Program (PPP)," stated Ken Trautman, bank CEO. "The Net Interest Margin experienced compression in second quarter, resulting from the bank's portfolio of PPP loans originated during the quarter with a 1% fixed interest rate," explained Trautman. "The bank is also receiving strong income from our residential mortgage lending division. Residential mortgage opportunities are expected to continue throughout the balance of this year based on the continued low 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 2020. Although problem assets have not materialized as a result of the COVID-19 pandemic, the bank has used its strong earnings to build its loan loss reserve for portfolio loans (excluding PPP loans) to 1.46% at the end of the second quarter 2020, compared to 1.12% for the same period in 2019."

Non-Interest Income

For the quarter ending June 30, 2020, non-interest income was \$2.1 million compared to \$1.7 million in the same quarter one year earlier. For the first half of 2020, non-interest income was \$4.0 million compared to \$3.2 million year-to-date in 2019. The bank's Steelhead Finance Division generated \$1.8 million in non-interest income during the first half of 2020, compared to \$2.1 million in the same period the prior year, a direct result of the economic slowdown caused by the COVID-19 pandemic. This reduction in Steelhead income was completely offset by the significant increase in income generated by our Residential Lending Division, which produced \$1.5 million in income during the first half of 2020 compared to \$471 thousand in income for the same period last year.

Non-Interest Expense

For the quarter ending June 30, 2020, non-interest expense was \$3.5 million compared to \$3.8 million in 2019. Year-to-date non-interest expense totaled \$7.3 million through June 30, 2020, compared to \$7.6 million in the same period the prior year. Mr. Trautman explained, "The most significant item impacting non-interest expense during 2020 was salary expense, which decreased 5%, the result of operating efficiencies gained by improved digital platforms and centralization of duties, as well as expense offsets recognized from PPP processing fees."

Capital

As of June 30, 2020, shareholder's equity totaled \$49 million, compared to \$38 million at June 30, 2019. Five million of the increase in shareholder equity was the result of the capital campaign completed in the first quarter of 2020, the balance was supported by bank earnings. The bank's modified Tier 1 Capital Ratio, which excludes Paycheck Protection Program Liquidity Facility (PPPLF) advances, was 9.82% at the end of the second quarter 2020, compared to 9.61% one year ago. Tangible Book value per share was \$12.70 at June 30, 2020, compared to \$10.91 on June 30, 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	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Assets					
Cash and due from banks	3,398	7,459	3,711	2,798	3,747
Federal funds sold					
Interest-bearing deposits	57,717	14,899	11,936	16,004	18,694
Investment securities	23,597	27,172	27,734	23,212	22,585
Loans held for sale	8,106	6,648	2,474	3,909	2,013
Loans held for investment, net of unearned income	354,170	269,752	278,277	271,635	261,835
Allowance for loan and lease losses	(4,024)	(3,378)	(3,119)	(3,033)	(2,920)
Loans, net	350,146	266,374	275,158	268,602	258,915
Premises and equipment, net	20,469	20,170	20,306	20,529	20,736
Other assets	30,309	31,383	28,855	28,818	31,185
Total assets	493,742	374,105	370,174	363,872	357,875
Liabilities					
Deposits					
Demand noninterest-bearing	199,808	141,448	136,051	140,458	136,211
Demand interest-bearing	46,396	38,257	44,341	47,020	46,690
Money market and savings	125,023	112,238	107,985	108,614	105,310
Time deposits of less than \$250,000	20,897	16,231	15,715	15,419	17,915
Time deposits of more than \$250,000	2,318	2,578	2,701	2,949	2,682
Total deposits	394,442	310,752	306,793	314,460	308,808
Other liabilities	50,357	16,603	21,722	10,611	11,308
Total liabilities	444,799	327,355	328,515	325,071	320,116
Capital					
Common stock, surplus, retained earnings	48,222	46,622	41,663	38,879	37,913
Accumulated other comprehensive income (loss)	720	128	208	249	212
Unearned ESOP Shares	-	-	(212)	(327)	(366)
Total shareholders' equity	48,942	46,750	41,659	38,801	37,759
Total Liabilities and Equity	493,741	374,105	370,174	363,872	357,875
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Total intangible assets and goodwill	3,486	3,486	3,486	3,486	3,486
Current shares outstanding	3,522,857	3,500,065	3,241,075	3,122,591	3,122,155

People's Bank of Commerce					
Income Statement (unaudited)					
(dollars in thousands)	Three Months Ended			Twelve Months Ended	
	6/30/2020	3/31/2020	6/30/2019	6/30/2020	6/30/2019
Interest Income					
Loans	3,874	3,671	3,543	14,945	13,513
Investments	157	160	130	634	600
Federal funds sold and due from banks	26	63	92	298	544
Total interest income	4,057	3,894	3,765	15,877	14,657
Interest Expense					
Deposits	181	279	350	1,129	1,216
Other	67	30	6	115	162
Total interest expense	248	309	356	1,244	1,378
Net interest income	3,809	3,585	3,409	14,633	13,279
Provision for credit losses	644	260	39	1,101	280
Net Interest Income after provision for credit losses	3,165	3,325	3,370	13,532	12,999
Non-Interest Income					
Service charges on deposit accounts	54	82	78	304	299
Mortgage lending income	960	553	261	2,261	751
Steelhead Finance income	808	951	1,062	3,707	4,631
Gain (loss) on other real estate	-	-	-	-	-
Other non-interest income	291	341	274	1,188	818
Total non-interest income	2,113	1,927	1,675	7,460	6,499
Non-Interest Expense					
Salary and Benefits	2,116	2,443	2,425	9,203	9,448
Premises and fixed assets	543	532	547	2,223	2,110
Other	838	786	844	3,135	3,336
Total non-interest expense	3,497	3,761	3,816	14,561	14,894
Net income before taxes	1,781	1,491	1,229	6,431	4,604
Income taxes	396	380	296	1,638	1,003
Net income	1,385	1,111	933	4,793	3,601
Basic earnings per share	0.39	0.33	0.30	1.46	1.21
Diluted earnings per share	0.39	0.33	0.30	1.31	1.21
Average common shares outstanding	3,522,783	3,342,993	3,110,261	3,289,476	2,975,770
Performance Measures					
Return on average assets	1.16%	1.18%	0.94%	1.20%	1.04%
Return on average equity	11.53%	10.16%	9.29%	11.28%	10.24%
Net interest margin	3.61%	4.43%	4.33%	4.31%	4.27%
Efficiency ratio	59.05%	68.23%	75.06%	65.91%	75.31%