

YEAR IN
REVIEW
2017

People's **BANK**
We put *people* first.

Dear Shareholder,

Take a moment with me for a journey back in time. Do you remember the following significant events?

1998 – The last episode of Seinfeld was aired; Google.com was registered as a domain name; and People’s Bank of Commerce opened its doors as a local, community bank.

2003 – Wimbledon Women’s Finals, Serena Williams beat her sister Venus Williams; Arnold Schwarzenegger is elected the governor of California; and People’s Bank hit \$54 million in assets.

2008 – Michael Phelps wins 8 Gold Medals in 2008 Olympics; President George W. Bush signs the \$700 billion dollar TARP program into law; and People’s Bank reported \$87 million in assets and it has opened branches in Ashland (2005) and Central Point (2008).

2013 – Danica Patrick becomes the first woman at the Daytona 500 and the NASCAR Sprint Cup Series to win a pole position; the oldest water ever found is discovered in a Canadian mine, dating back 2.6 billion years; and People’s Bank successfully grew to \$181 million in assets, has opened a branch in Grants Pass (2010), and its second Medford location (2012).

2018 – People’s Bank reported a 35% increase in revenue, hit \$300 million in assets, will open a new administrative headquarters on the old Marie Callender’s site, and remains the only locally-owned community bank in southern Oregon.

Wow, thank you for being with us during our journey over the past 20 years!

The Bank’s board of directors is proud to announce People’s Bank’s outstanding results for 2017, marking the seventh consecutive year of increased income and growth. We look forward to the coming year of opportunities: Maximizing our recent acquisition of Steelhead Finance; capitalizing from our new Klamath Falls branch; and the opening of the Bank’s newest branch and administrative headquarters in Medford on Biddle Road.

Our shareholders, committed board of directors and the superior team at People’s Bank all play an integral role in the Bank’s success. We continue to focus on the effective strategies that have yielded profitable results and progress year-after-year.

We appreciate your continued ambassadorship of People’s Bank by encouraging friends and family to bank with us. As you know, deposits directly impact our region’s economic vitality through loans to local businesses and support of our community’s charitable organizations.

We proudly believe in our locally-owned community bank and are committed to the long-term value of its stock (PBCO). You may follow its price on our website at www.peoplesbankofcommerce.com. We thank you for your continued investment and confidence in People’s Bank.

Please don’t hesitate to contact me directly at 541-774-7654, if you have questions or comments.

Sincerely,



Ken Trautman - President & CEO

“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.

NEW ADDITIONS

Our newest full service branch officially opened the beginning of 2018. We are located at 810 Main Street, Suite 101, in the beautiful downtown heart of the Klamath Basin community.

We chose the Klamath Basin area because of the great growth opportunity and desire for a locally-owned community bank. Our expansion to this area is a testament to the community's support of a local bank and its commitment to strengthen and build business in the regional economy.



Our team leading the branch are well known bankers and devoted community supporters. They are dedicated to growing the bank, providing great customer service and committed to developing the culture of People's Bank in the area. They are actively letting local business owners know that we are open for business and ready to be Klamath Basin's bank of choice.

NEW PRODUCTS MADE EASY

This year, People's Bank enhanced its online offerings, at no additional cost, for added convenience and a friendlier customer experience.

With Business Mobile Banking and Mobile Banking Deposits, you may now bank from a smartphone or tablet anywhere, anytime. Plus, Mobile Banking Deposits are credited to your account within two business hours (Monday-Friday, 9 a.m.-5 p.m.).

Safeguarding your financial and personal information is a top priority at People's Bank. CardValet® is available to debit card holders to help protect against fraud. Its advanced security features allow you to define a geographic location of use, merchant type and dollar amounts, receive transaction alerts, and disable or activate your card at any time.

New automatic download and reconciliation upgrades to Quickbooks Direct Connect™ and Quicken Web Connect™ have improved online banking ease and flexibility – you no longer need to enter data manually. Quickbooks Direct Connect™ is a business solution which streamlines account reconciliation through automatic retrieval and download of online business banking transactions directly into Quickbooks™. Similarly, Quicken Web Connect™ enables personal online banking transactions to download into your Quicken software.

Another added enhancement this past year was online Wire Origination for business customers. Clients are now able to originate wires from home or the office with optimal security to prevent fraud by using multifactor authentication, dual control approvals and notifications throughout the process. There are no additional online usage fees, however, standard wire fees apply.

To learn more about our online services, view the demos on our website at www.peoplesbankofcommerce.com, or call a branch directly to customize your online banking experience.

BOARD OF DIRECTORS



Bill Jacobs, Jr.
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Craig Horton



Bud Kaufman



Bob Mayers



Doug Morse



Jim Wright
Vice Chairman



Ken Trautman



Lindsay Berryman



Roy Vinyard



Jim Teece



William C. St. Laurent

BRANCHES

MEDFORD BRANCHES

1528 Biddle Road
Medford, Oregon 97504
541-776-5350

1311 East Barnett Road
Medford, Oregon 97504
541-622-6222

STEELHEAD FINANCE

3518 Heathrow Way
Medford, Oregon 97504
541-773-3377

CENTRAL POINT BRANCH

1017 East Pine Street
Central Point, Oregon 97502
541-665-5262

ASHLAND BRANCH

1500 Siskiyou Boulevard
Ashland, Oregon 97520
541-482-3886

GRANTS PASS BRANCH

509 SE 7th Street
Grants Pass, Oregon 97526
541-955-8005

KLAMATH FALLS BRANCH

810 Main Street, Suite 101
Klamath Falls, Oregon 97601
541-273-2717

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