

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name  <b>PEOPLE'S BANK OF COMMERCE</b>		2 Issuer's employer identification number (EIN)  <b>91-1840442</b>	
3 Name of contact for additional information  <b>RUSSELL MILBURN, CHIEF FINANCIAL OFC</b>	4 Telephone No. of contact  <b>541-608-8912</b>	5 Email address of contact  <b>RUSSM@PEOPLESBANKOFCOMMERCE.COM</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact  <b>1311 E BARNETT ROAD</b>		7 City, town, or post office, state, and Zip code of contact  <b>MEDFORD, OR 97504</b>	
8 Date of action  <b>June 6, 2016</b>		9 Classification and description  <b>STOCK DIVIDEND</b>	
10 CUSIP number  <b>710311101</b>	11 Serial number(s)  <b>N/A</b>	12 Ticker symbol  <b>PBCO</b>	13 Account number(s)  <b>N/A</b>

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ People's Bank of Commerce paid a distribution in the form of additional shares (also known as a stock dividend). The distribution was made on June 6, 2016 to shareholders of record on May 5, 2016 and was declared on April 20, 2016.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ On June 6, 2016, People's Bank of Commerce shareholders received an additional 5 shares of stock for each 100 shares they owned. Each shareholder's existing tax basis for their shares must now be spread over 105 shares (100 original shares plus 5 from the stock dividend); or put another way, each shareholder's existing tax basis per share prior to the stock dividend is reduced by 5% for each lot of People's Bank of Commerce shares owned. Only whole shares were issued. Cash was paid in lieu of fractional shares.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Number 15 above.

