

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
PEOPLE'S BANK OF COMMERCE		91-1840442	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Lindsey Trautman, Controller	541-774-7665	lindsey.trautman@peoplesbank.bank	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
1528 BIDDLE ROAD		MEDFORD, OR 97504	
<b>8</b> Date of action		<b>9</b> Classification and description	
MAY 28, 2019		STOCK DIVIDEND	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
710311101	N/A	PBCO	N/A

**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 May 28, 2019 to shareholders of record on April 26, 2019.**

**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 May 28, 2019, People's Bank of Commerce shareholders received an additional 5 share of stock for each 100 share 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). 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.**

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The share distribution (stock dividend) is a non-taxable event to shareholders pursuant to Internal Revenue Code Section 305(a), which states that distributions of a corporation's own stock made with respect to its stock are not taxable to the shareholder. However, pursuant to the Internal Revenue Code Section 307(a), the shareholder must compute basis for the dividend shares received by allocating the basis for the old stock between the old and new stock based on the fair market value of the old and new stock on the day of the distribution. Cash in lieu of fractional shares issued is a taxable event and the bank will issue a 1099-DIV when appropriate.

18 Can any resulting loss be recognized? ▶ This is a non-taxable event per Number 17 above.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *Lindsey Trautman* Date ▶ 5/28/2019  
Print your name ▶ Lindsey Trautman Title ▶ Controller

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	