

# 2015 Year in Review



*“When I called People’s Bank, I knew they were interested in me and helping me grow my business”*

*– Michelle Steffens-Bills, Principal  
Interior Office Concepts*

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

Dear Shareholder,

The board of directors of People's Bank of Commerce is proud to report our profitable results for 2015, marking the fifth consecutive year of increased income and growth.

It's hard to believe that in two years we'll be celebrating our 20th anniversary. What started out as a simple vision of providing local, customer-driven banking to our community has now grown to five branches in two counties, and remains the only locally-owned community bank exclusively serving Southern Oregon. I believe we've stayed true to our mission of providing personalized and responsive banking and loan options for our customers, while supporting our area's charitable organizations.

We know our continued success is due to our loyal and committed people who keep the bank operating. People's Bank's judicious and strategic board of directors have been the pillars of our growth and have guided the bank to prosperity, even through the most tumultuous of times. Our dependable, hard-working team of employees are the reason clients return time and time again and refer their friends and family. They strive to provide exceptional service and solutions to our customers while balancing the fiscal needs of the bank.

During 2016, we are confident that our shareholders will benefit from the strategic decisions made over the years to achieve efficiency and realize financial gains. We will continue to focus on these successful strategies that have yielded profitable results and progress.

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](http://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



## New Additions

NOW OPEN! In March 2016, we opened the doors to our permanent branch facility located at 509 SE 7th Street in Grants Pass, Oregon. The two-story, 8,100 sq. ft. building, was designed to honor the historic river lodges that line the banks of the majestic Rogue River. The building's first floor houses the bank's operations that serve our customers in Grants Pass and Josephine County. It also features a large community room that can be used by non-profit organizations that occasionally need a meeting room to conduct their business.



The second story has 3,114 sq. ft. of Class-A office space that is available for lease. The space can be designed and configured to meet the needs of the tenant who is looking for a downtown location that is convenient, located in a high traffic area and has great visibility.

With the opening of our new building, we are now able to offer additional banking services for the convenience of our customers including: A walk up ATM, a drive up teller window, safe deposit boxes and a wireless internet café style waiting area complete with a fireplace to complement the river lodge theme of the building.

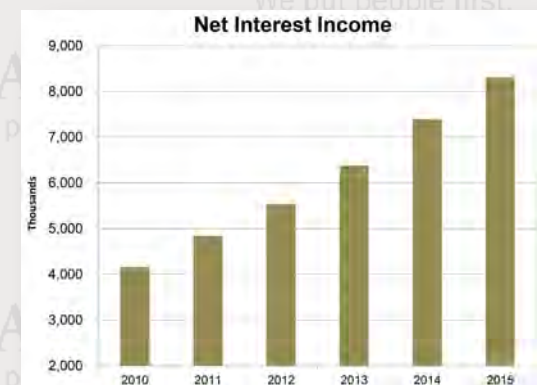
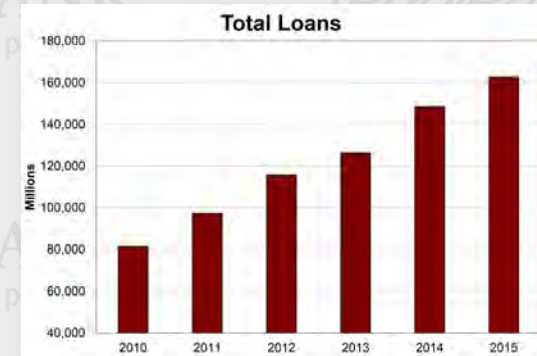
The exterior of the building combines plenty of rock and lumber building materials to create the river lodge look and feel. The high pitched metal roof ties the building features together to complement the architectural design elements. The branch sits on  $\frac{3}{4}$  of an acre and provides ample parking for our clients. The building also provides the bank with a secure backup data site to ensure our clients financial records are available when they are needed.

## End of Year Summary

For People's Bank, 2015 marked another year of growth in earnings, loans, and deposits. Goals for the year included growing loans by 10% and increasing deposits by 22%, which would assist the bank in achieving a 17% increase in net income. People's Bank is proud to report that the bank achieved its 17% net profit goal for the year. This was made possible by maximizing net interest income through loan and investment growth, at 10% and 64% respectively, while deposits grew 18% in 2015.

During 2015, more than 80% of the bank's total revenue was generated from net interest income. Net interest income is the income the bank earns from loans and investments less the interest paid on deposits. Net interest income was up 12% during 2015, directly attributable to growth in loans, investments, and deposits. While investing in our community through loans to local business is our first choice, deposits not loaned were invested in various government securities and overnight deposits at the Federal Reserve Bank to handle our day to day cash needs.

Efficiency, a ratio the bank uses to monitor non-interest expense versus interest and non-interest income, improved in 2015. While the bank made progress toward lowering the ratio of overhead expenses to income during the year, we recognize that the bank still has capacity to grow within its existing infrastructure.



"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.

*Board of Directors*



Mike Sickels  
Chairman



Bill Jacobs, Jr.  
Vice Chairman



Craig Horton



Bud Kaufman



Bob Mayers



Doug Morse



Ken Trautman



Lindsay Berryman



Jim Wright



Roy Vinyard

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Medford, Oregon 97504  
541-776-5350

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

**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

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