

People's Bank Reports 40% Increase in Earnings

Written by Australian Business

MEDFORD, Ore.--([BUSINESS WIRE](#))--People's Bank of Commerce (OTCBB:PBCO) today reported earnings of \$507,000 for the first six months of 2014, compared to \$362,000 for the same period last year. The Bank reported earnings of \$0.27 per share for the first six months of 2014, compared to \$0.28 per share for the prior year. Net interest income was up 14% year-to-date over the prior year. "The Bank continues to experience strong loan and deposit growth, with loans up 17% and deposits up 25%, compared to prior year," said Ken Trautman, President and CEO of People's Bank. "These significant increases are working their way down to the bottom line," said Trautman.

Earnings for the second quarter of 2014 were \$303,000, up 17% over the second quarter 2013. The Bank reported earnings of \$0.16 per share for the three months ending June 30, 2014, compared to \$0.19 per share in 2013. "The reduction in earnings per share between the two periods and year-over-year is the result of the bank increasing total shares by over 500,000 through a successful capital offering in the third and fourth quarters of 2013," commented Trautman.

"After a slight decrease in total loans in the first quarter, strong activity in the second quarter and a growing pipeline of pending loan positions the Bank for good growth the remainder of the year," continued Trautman. Non-interest expenses for the six month period ending June 30, 2014, were up 10% over the prior year. This increase supports the Bank's strategic plan to expand its geographic footprint into the Grants Pass market, which opened a full service branch the last quarter of 2013.

"During the first half of 2014, the bank successfully launched its Small Business Lending Center (SBLC) to support the lending needs of business clients with smaller dollar loan requests," said Steve Erb, the Bank's Chief Banking Officer. "With the SBLC up and running efficiently, the Bank is better equipped to address the needs of all size borrowers, while continuing to provide the highest customer satisfaction possible," continued Erb. "With People's Bank being the only remaining community bank headquartered in Southern Oregon, we understand that we must continue to make appropriate investments in our systems and our people to ensure that we can assist clients who have been impacted by the disruption of industry consolidation. We sincerely believe that we are poised to help customers have a better banking experience," said Erb.

While revenue from mortgage home lending has been muted nationally this year due to the peak of the refinance boom, People's Bank continues to invest in its Mortgage Loan

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Division to ensure that it is available to meet the needs of customers who are ready to buy a new home or refinance an existing loan. "During the quarter, the Bank kicked off an online mortgage loan approval platform, available at www.peoplesbankofcommerce.com, to assist mortgage loan customers in obtaining a pre-qualified loan approval 24 hours a day," continued Erb.

The Bank's loan quality remains high with non-current loans to total loans at June 30, 2014, of 0.02%, compared to 0.04% last year. Non-performing assets to total assets at the end of June 2014, were 0.55%, compared to 0.64% one year ago. At the end of the second quarter 2014 and 2013, reserves totaled 1.23% and 1.61%, respectively, of portfolio loans. The loan loss provision for the first six months of 2014 totaled (\$74,000), compared to \$88,000 for the first six months of last year, reflecting continued improvement in loan quality.

People's Bank reported total assets, at the end of June 2014, of \$203 million, up 26% in the last 12 months. The Bank has total shareholders' equity of \$21.6 million and a book value of \$11.17 per share. Tier one leverage capital remains strong at 10.58%. The Bank stock trades on the over-the-counter market under the symbol PBCO.

2014

2013

Quarter ended June 30:

Net interest income	\$	1,794,000	
Provision for Loan Losses	(9,300)	
Noninterest income	589,000		600,000

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Noninterest expense	1,953,000	1,779,000
Net income	303,000	259,000
EPS	\$	0.16

Year to Date

Net Interest income	\$	3,465,000
Provision for Loan Losses	(74,000)
Noninterest income	1,083,000	1,099,000
Noninterest expense	3,901,000	3,538,000
Net income	507,000	362,000
EPS	\$	0.27

At June 30:

Total Portfolio Loans	\$	137,864,000
Total Reserve for Loan Losses	1,690,000	1,904,000

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Total Deposits	179,706,000	143,512,
Total Assets	202,924,000	160,973,
Total Shareholders' Equity	21,639,000	15,408,0
No. of shares outstanding	1,936,729	1,384,16
Book Value, per share	\$	11.17

* Retroactively adjusted for 2014 stock dividend

"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.