



Dear Willamette Community Bank Shareholders:

You are invited to attend a special meeting of shareholders of Willamette Community Bank (“**WMCB**”) to be held at 10:00 a.m. Pacific Time, on February 11, 2021. The special meeting will be held as a virtual meeting due to the COVID-19 pandemic. To access and participate in the virtual meeting, please see “INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING” on page 12 of the accompanying Joint Proxy Statement.

The attached Notice of Special Meeting of Shareholders and Joint Proxy Statement describe the formal business to be transacted at the special meeting. Shareholders will be asked to consider and vote upon a proposal to approve the Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of November 5, 2020, between People’s Bank of Commerce (“**PBCO**”) and WMCB. The Merger Agreement provides that WMCB will be merged with and into PBCO, with PBCO surviving the merger. WMCB shareholders also may be asked to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the proposals being voted upon.

The merger is structured as a mixed cash and stock transaction. Upon consummation of the merger, each outstanding share of WMCB (excluding any dissenting shares) will be converted into the right to receive cash, stock, or a combination of both (at the option of the WMCB shareholder), subject to adjustment in certain circumstances as explained in detail in the accompanying Joint Proxy Statement. Under the Merger Agreement, the Total Cash Amount is \$1,458,495 and the Total Stock Amount is 1,238,345 shares of PBCO common stock (in each case subject to certain exceptions or adjustments). The Total Cash Amount available to WMCB shareholders wishing to receive cash in the merger will be reduced by the amount, if any, to be paid in respect of shares held by WMCB shareholders who exercise and perfect dissenters’ rights. A detailed discussion of the merger, including the process for exchanging WMCB shares for the merger consideration (and how that merger consideration will be calculated), is set forth in the Joint Proxy Statement.

Your vote is important. The Merger Agreement must be approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares of WMCB common stock. **Failing to vote or abstaining from voting either in person (virtually) or by proxy, or if your shares are held in street name failing to instruct your bank or broker on how to vote with respect to the Merger Agreement and the merger, will have the same effect as a vote against approval of the Merger Agreement.** Whether or not you plan to participate in the special meeting in person or via the virtual meeting facility, please take the time to vote by signing, dating, and returning the proxy card or voting instruction form as soon as possible in the envelope provided. **WMCB’s board of directors has unanimously approved the Merger Agreement and has determined that the proposed merger and the transactions contemplated thereby are fair to, and in the best interests of, WMCB and its shareholders.**

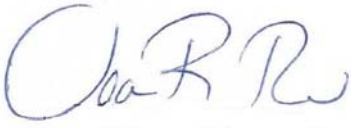
The WMCB board of directors unanimously recommends that you vote “FOR” the approval of the Merger Agreement and the merger, and “FOR” the proposal to adjourn the meeting to a later date or dates to permit further solicitation of proxies in the event that there are not sufficient votes at the time of the meeting to approve the Merger Agreement and the merger.

The accompanying Joint Proxy Statement contains a more complete description of the matters to be considered at the special meeting, including the terms of the merger and other material matters relating

to your decision. We urge you to carefully review the entire Joint Proxy Statement and the documents included with it.

On behalf of our Board of Directors, we appreciate your cooperation and continued support.

Sincerely,

Handwritten signature of Joan Reukauf in blue ink, consisting of stylized initials 'JR'.

Joan Reukauf, President and CEO

Handwritten signature of Kerry Johnson in blue ink, written in a cursive style.

Kerry Johnson, Board Chair



WILLAMETTE COMMUNITY BANK
333 Lyon Street SE
Albany, Oregon 97321

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD FEBRUARY 11, 2021

TO THE SHAREHOLDERS OF WILLAMETTE COMMUNITY BANK:

A special meeting of shareholders of Willamette Community Bank (“**WMCB**”) will be held at 10:00 a.m. Pacific Time, on February 11, 2021. At the special meeting, WMCB shareholders will consider and vote upon the following proposals:

- 1.** To consider and vote on a proposal to approve the Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of November 5, 2020, between People’s Bank of Commerce (“**PBCO**”) and WMCB, under which WMCB will merge with and into PBCO, as more fully described in the accompanying Joint Proxy Statement. Approval of the Merger Agreement also constitutes approval of the merger as contemplated by ORS 711.140(1).
- 2.** To approve one or more adjournments of the WMCB special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the proposals being voted upon.

Holders of record of WMCB common stock at the close of business on December 15, 2020, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of it.

In light of the ongoing COVID-19 pandemic, WMCB’s board of directors has authorized participation by remote communication, or a “virtual meeting.” See “**INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING**” in the accompanying Joint Proxy Statement.

The affirmative vote of the holders of at least two-thirds of the shares of WMCB’s outstanding common stock is required for approval of the Merger Agreement. As of December 15, 2020, there were 1,857,955 shares of WMCB common stock outstanding. In connection with the vote on the Merger Agreement, WMCB’s directors and certain executive officers have signed agreements to vote their shares in favor of the Merger Agreement. Such persons are entitled to vote 115,704 shares representing 6.2% of all outstanding shares of WMCB common stock. WMCB shareholders have the right to dissent from the merger and obtain payment of the fair value of their shares of WMCB common stock under the Oregon Bank Act. A copy of the provisions regarding dissenters’ rights is attached as **Appendix B** to the accompanying Joint Proxy Statement. For a summary of your dissenters’ rights and how to exercise them, please see the discussion under “**Dissenters’ Rights**.” **Please note** that the summary set forth in the accompanying proxy statement is not complete, and shareholders wishing to dissent must adhere strictly to the requirements set forth in the statute. A failure to do so will result in the loss of dissenters’ rights.

Your vote is important. Whether or not you plan to participate in the special meeting, please complete, sign, date, and promptly return the accompanying proxy using the enclosed envelope or submit our proxy online in accordance with the instructions enclosed with this notice. If for any reason you should

desire to revoke or amend your proxy, you may do so at any time before it is voted at the meeting. **If you do not vote your shares, it will have the same effect as voting against the merger.**

The board of directors of WMCB has unanimously determined that the Merger Agreement and the merger are fair to, advisable, and in the best interests of WMCB and its shareholders and unanimously recommends that you vote “FOR” approval of the Merger Agreement, the merger, and “FOR” the adjournment proposal.

By Order of the Board of Directors

A handwritten signature in cursive script, appearing to read "Shelly Ortiz", written in black ink.

Shelly Ortiz, Secretary

Albany, Oregon
December 30, 2020

**JOINT PROXY STATEMENT
OF
PEOPLE'S BANK OF COMMERCE
AND
WILLAMETTE COMMUNITY BANK
Dated DECEMBER 30, 2020**

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QUESTIONS AND ANSWERS

Why am I receiving these materials?

This Joint Proxy Statement is being sent to shareholders of both PBCO and WMCB in connection with the respective special meetings of shareholders for each bank.

PBCO and WMCB have entered into an Agreement and Plan of Merger, which is referred to as the “Merger Agreement,” pursuant to which WMCB will merge with and into PBCO, with PBCO continuing as the resulting bank, and shareholders of WMCB will receive merger consideration (as described below) in exchange for their WMCB shares. A copy of the Merger Agreement is attached as **Appendix A** to this Joint Proxy Statement. Note that certain terms used in this Joint Proxy Statement are purposefully capitalized, and if those capitalized terms are not otherwise defined in this Joint Proxy Statement, they are used with the meanings given to those terms under the Merger Agreement.

Under Oregon law, each of PBCO and WMCB must obtain the approval of its respective shareholders in order to consummate the merger. PBCO and WMCB are each sending these materials to their shareholders to help them decide how to vote their shares of PBCO or WMCB with respect to the proposed merger and other matters to be considered at the special meetings, described below. Please read these materials carefully.

Who is a registered shareholder and how does a registered shareholder vote?

If your shares are held directly and you are identified on the stock ledger maintained by the transfer agent of PBCO or WMCB, as the case may be, you are considered a registered shareholder, and the Joint Proxy Statement and related materials are being sent to you directly by PBCO or WMCB or their respective transfer agents. As a registered shareholder, you have the right to grant your voting proxy directly to PBCO or WMCB, as the case may be, or to vote in person at the respective special meetings. We have enclosed a proxy card for you to use.

Who is a beneficial owner and how does a beneficial owner vote?

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in “street name,” and the Joint Proxy Statement and related materials are being forwarded to you by your broker or nominee, which is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote. Your broker or nominee has enclosed a voting instruction form for you to use in directing your broker or nominee as to how to vote your shares, and that form has the same effect for beneficial owners as does the proxy card for a registered shareholder.

However, brokers or nominees cannot vote on behalf of beneficial owners on “non-routine” proposals, such as the proposals to approve the Merger Agreement and the merger and to permit one or more adjournments of the special meetings, unless they are instructed how to vote by the beneficial owners. When asked to vote on a non-routine proposal, but not instructed by the beneficial owner, a “broker non-vote” occurs. Thus, if your shares are held in street name and you do not submit voting instructions to your broker or nominee, your broker or nominee may not vote your shares at the special meetings on the approval of the Merger Agreement and the merger, or on the proposal to permit one or more adjournments of the special meetings.

A broker non-vote with respect to the Merger Agreement and the merger has the same effect as a vote against the Merger Agreement and the merger, so we encourage you to complete your voting instruction form and return it to your broker as soon as possible.

A broker non-vote with respect to the adjournment proposal will have no effect on the proposal.

What will WMCB shareholders receive in the merger?

The merger is structured as a mixed cash and stock transaction. Upon consummation of the merger, each outstanding share of WMCB (excluding any dissenting shares) will be converted into the right to receive (at the option of the WMCB shareholder) cash, partial shares of PBCO common stock, or a combination of both, subject to adjustment as provided in the Merger Agreement. Under the Merger Agreement, the Total Cash Amount (the maximum amount of cash that PBCO will pay to electing shareholders) is \$1,458,495 and the Total Stock Amount (the total number of shares that PBCO will issue, which is subject to certain adjustments) is 1,238,345 shares of PBCO common stock. The Total Stock Amount will represent approximately 26% of the outstanding common stock of PBCO measured immediately after the merger.

The method of allocating merger consideration among WMCB shareholders, whether cash, shares of PBCO common stock, or a unit consisting of both cash and shares of PBCO common stock, is set forth under “SUMMARY—The Merger – Merger Consideration.”

The Merger Agreement also features an “equalization” mechanism that is designed to equalize the value of the different forms of merger consideration based on the average daily closing price of PBCO common stock over a 10-day period ending on the tenth day prior to the closing of the merger, without changing the Total Cash Amount or the Total Stock Amount to be issued in as merger consideration. As a result, the value of cash and stock issued to holders of WMCB Stock should be relatively equal, subject to variations in PBCO’s stock price during and after the measurement period.

Assuming for purposes of illustration only that the PBCO average closing price as described above was \$12.50, which was the closing price for PBCO common stock on December 11, 2020, each share of WMCB common stock would be exchanged for (1) cash in the amount of \$9.12; (2) 0.7293 shares of PBCO common stock, with a value of \$9.12 based on the closing price above; or (iii) a unit with a total value of \$9.12, consisting of \$0.785 in cash and 0.6665 shares of PBCO common stock, with a value of \$8.33 based on the closing price above.

How and when does a WMCB shareholder elect the form of consideration he/she prefers to receive?

If you are a registered shareholder of WMCB, a form with instructions for making the election as to the form of consideration you prefer, referred to as an “election statement”, will be mailed separately and contemporaneously with this Joint Proxy Statement. To make an election you must submit an election statement to PBCO’s exchange agent, Broadridge Corporate Issuer Solutions, Inc., before 5:00 p.m., Pacific Standard Time on the date that is five (5) business days prior to the completion of the merger (or such other time as mutually agreed to between PBCO and WMCB). This date is referred to as the “Election Deadline”, Election choices and election procedures are described under “SUMMARY – The Merger – WMCB Shareholder Election Alternatives.”

NOTE: If you are a beneficial owner of WMCB shares, your broker, bank or nominee may provide an earlier deadline than the Election Deadline for making your election, by which you must abide.

NOTE: The actual Election Deadline is not currently known. PBCO and WMCB will issue a press release announcing the date of the Election Deadline at least five (5) business days prior to the Election Deadline. Additionally, PBCO and WMCB will post the date of the Election Deadline on their respective websites, also at least five (5) business days prior to that deadline.

If you are a beneficial owner of WMCB common stock or some or all of your shares of WMCB common stock are held in “street name” by a broker, bank or other nominee please contact your broker, bank or other nominee for instructions on how to make an election for those shares, and follow those instructions. Beneficial owners, who are not record holders, are not entitled to submit election statements.

Will a WMCB shareholder necessarily receive the form of merger consideration that he/she has elected to receive?

No, except that if a WMCB shareholder elects to receive the unit of cash and shares of PBCO common stock as consideration, they will be assured of receiving that combination as merger consideration. Otherwise, if a WMCB shareholder elects all cash or all shares of PBCO common stock as consideration, the election will be subject to pro rata adjustment, because the aggregate amounts of cash and shares of PBCO common stock are fixed, if either the aggregate of all cash or all stock elections exceed the maximum amounts available, shareholders electing exclusively to receive the oversubscribed form of consideration will receive a portion of that consideration in a form that they did not choose. See “SUMMARY – The Merger – Allocation Procedures.”

May a WMCB shareholder change his/her election once it has been submitted?

Yes. An election may be changed as long as the new election is received by the exchange agent prior to the Election Deadline. To change an election, you must send the exchange agent a written notice revoking any election previously submitted.

What happens if an election is not made prior to the Election Deadline?

If you fail to submit an election statement to the exchange agent prior to the Election Deadline, then you will be deemed to have made no election and will receive for each share of WMCB common stock you hold a unit consisting of cash and shares of PBCO common stock in the amount of the mixed consideration under the Merger Agreement.

When will the merger occur?

PBCO and WMCB presently expect to complete the merger during the first quarter of 2021. The actual completion and timing of the transaction are subject to a number of conditions (primarily regulatory and shareholder approvals), many of which are beyond the control of PBCO and WMCB. The merger is conditioned upon and will occur after the approval of the Merger Agreement by the affirmative vote of holders of at least two-thirds of the shares of each of PBCO and WMCB common stock, after the merger has received regulatory approvals, and following the satisfaction or waiver of the other conditions to the merger described in the Merger Agreement and summarized under “Summary - The Merger and Merger Agreement” below.

How soon after the merger is completed can WMCB shareholders expect to receive their merger consideration?

PBCO intends to distribute the merger consideration as promptly as practicable following the completion of the merger. Following consummation of the merger, PBCO will send a letter of transmittal to each WMCB shareholder of record with instructions on surrendering share certificates or shares registered electronically (so-called “Book-Entry WMCB Stock”) in exchange for the merger consideration that each WMCB shareholder has been allocated.

When will the PBCO and WMCB special meetings take place?

The PBCO special meeting will be held at 2:00 p.m. Pacific Time, on February 11, 2021

The WMCB special meeting will be held at 10:00 a.m. Pacific Time, on February 11, 2021.

Please note that each of the PBCO and WMCB special meetings will be conducted as virtual meetings, with no physical location. For instructions on participating in the virtual meetings, see INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING on page 10 or INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING on page 12, as applicable.

Who may vote at the special meetings?

PBCO Special Meeting. Holders of record of PBCO common stock at the close of business on December 17, 2020, which is the date that the PBCO board of directors has set as the record date for the special meeting, are entitled to vote at the PBCO special meeting.

WMCB Special Meeting. Holders of record of WMCB common stock at the close of business on December 15, 2020, which is the date that the WMCB board of directors has set as the record date for the special meeting, are entitled to vote at the WMCB special meeting.

What am I being asked to vote on?

PBCO Special Meeting. PBCO shareholders are being asked to vote on the following proposals:

- To approve the Merger Agreement and the merger.
- To approve one or more adjournments of the PBCO special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the proposals being voted upon.

WMCB Special Meeting. WMCB shareholders are being asked to vote on the following proposals:

- To approve the Merger Agreement and the merger.
- To approve one or more adjournments of the WMCB special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the proposals being voted upon.

What vote is required to approve each proposal to be considered at the PBCO special meeting?

The proposal to approve the Merger Agreement and the merger requires the affirmative vote of at least two-thirds of the issued and outstanding shares of PBCO common stock entitled to vote thereon.

A majority of the votes represented at the PBCO special meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the PBCO special meeting.

An abstention or failure to vote your shares at the PBCO special meeting with respect to the proposed Merger Agreement and merger will have the effect of a vote against the proposed Merger Agreement and merger.

What vote is required to approve each proposal to be considered at the WMCB special meeting?

The proposal to approve the Merger Agreement and the merger requires the affirmative vote of at least two-thirds of the issued and outstanding shares of WMCB common stock entitled to vote thereon.

A majority of the votes represented at the WMCB special meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the WMCB special meeting.

An abstention or failure to vote your shares at the WMCB special meeting with respect to the proposed Merger Agreement and merger will have the effect of a vote against the proposed merger.

How do I vote?

For instructions on how to vote and how to participate in the PBCO special meeting, PBCO shareholders should refer to INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING on page 10.

For instructions on how to vote and how to participate in the WMCB special meeting, WMCB shareholders should refer to INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING on page 12.

What happens if I return or submit my proxy or voting instruction form, but do not indicate how to vote my shares?

If you are a registered holder and you sign and return or submit your proxy card, but do not provide instructions on how to vote your shares of PBCO or WMCB common stock, as the case may be, at the applicable special meeting of shareholders, your shares of PBCO common stock will be voted “FOR” approval of the Merger Agreement and “FOR” approval of one or more adjournments of the PBCO special meeting, and in the case of WMCB, “FOR” approval of the Merger Agreement and “FOR” approval of one or more adjournments of the WMCB special meeting. **If you are a beneficial holder and you return a signed, but incomplete voting instruction form, your broker cannot vote your shares, and the resulting broker non-vote will have the same effect as a vote against the Merger Agreement and the merger.**

How does the PBCO board of directors recommend that I vote?

The PBCO board of directors unanimously recommends that PBCO shareholders vote “FOR” the proposals described in this Joint Proxy Statement, including in favor of approval of the Merger Agreement and the merger.

How does the WMCB board of directors recommend that I vote?

The WMCB board of directors unanimously recommends that WMCB shareholders vote “FOR” the proposals described in this Joint Proxy Statement, including in favor of approval of the Merger Agreement and the merger.

What do I need to do now?

You should read this Joint Proxy Statement and related information in its entirety. Important information is presented in greater detail elsewhere in this document, and documents governing the merger are attached as Appendices to this Joint Proxy Statement. **Parts of this document that summarize the Merger Agreement or other matters (such as dissenters' rights) are not complete, and for a full understanding of these matters, you should read the attached Appendices and the documents delivered together with this Joint Proxy Statement.**

After you review this Joint Proxy Statement, **please complete, sign, and date the enclosed PBCO or WMCB proxy card or voting instruction form, as applicable, and return it in the enclosed envelope as soon as possible** so that your shares of PBCO or WMCB common stock, as the case may be, can be voted at the applicable special meeting of shareholders.

Each of PBCO and WMCB shareholders should refer to “INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING” or “INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING” for information on other options for voting.

If I am a WMCB shareholder and hold certificated shares, should I send in my WMCB common stock certificates now?

No. Please do not send your WMCB common stock certificates with your proxy card or voting instruction form. If you are a registered shareholder, you will receive written instructions from PBCO's exchange agent after the closing of the merger on how to exchange your WMCB common stock certificates for the merger consideration. However, if you are a beneficial owner, you will receive written instructions from your broker, bank or other nominee instead. Stock certificates that are lost or are not properly delivered will not receive merger consideration unless and until the holder completes and returns the appropriate affidavit and posts an open penalty bond to assure against the possible resulting loss. If you are a registered shareholder and your WMCB shares are held in book entry you only need to complete and submit your election statement by the Election Deadline.

What risks should I consider?

You should review carefully the discussion under “Risk Factors.” You should also review the factors considered by the PBCO board of directors or the WMCB board of directors, as applicable, in approving the Merger Agreement. See “Background of and Reasons for the Merger.”

What are the tax consequences of the merger to WMCB shareholders?

The merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and it is a condition to the respective obligations of PBCO and WMCB to complete the merger that each of PBCO and WMCB receives an opinion of counsel to that effect.

Based on the merger qualifying as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code:

(A) A holder of WMCB common stock who exchanges WMCB common stock solely for shares of PBCO common stock generally will not be required to recognize gain or loss on the merger (except with respect to cash received in lieu of fractional shares of PBCO common stock);

(B) A holder of WMCB common stock who exchanges WMCB common stock for a combination of PBCO common stock and cash (whether by election to receive cash compensation or by virtue of a pro rata adjustment) will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the PBCO common stock and cash received by such holder exceeds the tax basis in such holder's WMCB common stock and (ii) the amount of cash received by such holder in exchange for such holder's WMCB common stock (except with respect to any cash received instead of fractional share interests in PBCO common stock); and

(C) A holder of WMCB common stock who exchanges WMCB common stock solely for cash generally will recognize gain or loss on the exchange in an amount equal to the difference between (i) the amount of cash received by the holder and (ii) the holder's adjusted tax basis in the WMCB common stock exchanged therefor.

For a detailed discussion of the material United States federal income tax consequences of the merger, see "Summary – Material U.S. Federal Income Tax Consequences of the Merger."

Tax matters are very complicated and in many cases the tax consequences of the merger will depend upon your particular facts and circumstances. **Accordingly, we urge you to consult your tax advisor to fully understand the tax consequences to you of the merger.**

Why did WMCB's board approve the merger?

A more complete discussion of this topic is included in "Background of and WMCB's Reasons for the Merger". While WMCB's board of directors recognized that, at the time it approved the Merger Agreement, the value of the merger consideration was less than both WMCB's recent trading prices and its book value per common share, the WMCB board also considered a variety of related factors that, collectively, led to the WMCB board's unanimous conclusion that the merger is in the best interests of WMCB, its shareholders, and its customers, employees and communities. In reaching this conclusion, the WMCB board considered, among other things:

- WMCB's strong reliance on net interest income and the related impact of low interest rates on current and future earnings.
- The increasing importance of scale in the banking industry, and challenges of achieving scale in a low-growth economic environment.
- The input of certain relatively large and vocal shareholders who have expressed the opinion that WMCB should pursue a strategic transaction.
- The expectation that PBCO's stock represents an attractive investment for WMCB's shareholders.
- The efficiencies to be gained by spreading costs over a single, larger organization.
- The belief that the strategic, financial and cultural attributes of a merger with PBCO will reduce execution risks and will balance the interests of WMCB's customers, employees and communities.
- The belief that the larger lending limits available to the combined company will provide for better service to existing customers and will increase the bank's ability to service larger prospective customers.

What will happen to WMCB if the merger is not approved?

WMCB will continue to operate as it has in the past. The WMCB board is concerned, however, that the disapproval of the merger by our shareholders, or the failure to complete the merger for any other reason, will create substantial disruption among WMCB's customers and employees, which may cause our revenues to decline and which may give rise to a loss of key customer and employee relationships. Further, if the merger is not approved by WMCB's shareholders and, within 18 months, WMCB seeks to consummate another merger or strategic transaction, then WMCB would be required to pay PBCO a breakup fee in the amount of \$700,000. WMCB's board believes this obligation would make it more difficult for another party to consider acquiring or merging with WMCB during this 18 month time period.

I've seen news articles saying that some shareholders believe WMCB could obtain a higher price. Is this true?

Before approving the Merger Agreement, the WMCB board evaluated a number of other possible acquisition partners and sought to encourage other banks to explore a possible acquisition of WMCB. The WMCB board, working with its financial advisor, Piper Sandler & Co. ("PSC"), contacted a total of 10 prospective buyers, in addition to PBCO. None of those banks was in a position to acquire WMCB or to offer a higher price. While news articles have quoted sources saying that at least one bank was willing to offer a more attractive price, the WMCB board, after exploring that possibility, and consulting with legal counsel, grew concerned that the deal was not likely to receive the required approvals of federal and state banking regulators. Nevertheless, the Merger Agreement permits WMCB to terminate the Merger Agreement and abandon the merger in certain circumstances if it receives a proposal that it determines to be superior to the terms provided in the Merger Agreement. See "Summary – The Merger and the Merger Agreement – Termination of the Merger Agreement – Superior Proposal." In any such event, and subject to certain additional conditions, WMCB would be required to pay PBCO a termination fee of \$700,000. See "Summary – The Merger and the Merger Agreement – Break-Up Fee." As a result, if WMCB were to receive an alternative acquisition proposal prior to the WMCB Special Meeting, the WMCB Board would be permitted to terminate the Merger Agreement and enter into a superior proposal.

Do PBCO and WMCB shareholders have appraisal or dissenters' rights?

Yes. Shareholders of both PBCO and WMCB who take certain actions required under the Oregon Bank Act will have dissenters' rights as provided by such Act. Exercise of these rights will result in the purchase of such shareholders' shares of PBCO or WMCB common stock, as the case may be, at "fair value" as determined in accordance with the Oregon Bank Act. PBCO or WMCB shareholders who elect to exercise these rights are encouraged to consult with their own financial and legal advisors. Please see "Summary – Dissenters' Rights."

Who can help answer my questions?

Any questions you may have about the merger, the special shareholders' meeting, or your proxy, or if you need additional copies of this document or a proxy card, you should contact:

For PBCO Shareholders:

People's Bank of Commerce
1528 Biddle Road
Medford, Oregon 97504
Attn: Lindsey Trautman, Chief Financial Officer
Telephone: 541-774-7665

For WMCB Shareholders:

Willamette Community Bank
333 Lyon Street SE
Albany, Oregon 97321
Attn: Robert Moore, Chief Financial Officer
Telephone: 541-926-9000

If you are a beneficial owner, any questions you may have about the election statement, legal proxy or voting instruction form, you should contact your broker, bank or other nominee.

CAUTIONARY NOTE REGARDING FORWARD - LOOKING STATEMENTS

Certain statements made in this Joint Proxy Statement by PBCO and/or WMCB may be deemed “forward-looking statements.” Statements that are not historical fact, including statements about the beliefs and expectations of PBCO and/or WMCB, are forward-looking statements. These statements are based on current beliefs, plans, expectations, estimates, and projections of PBCO and/or WMCB, and are inherently subject to significant business, economic, and competitive uncertainties, many of which are beyond PBCO’s and WMCB’s control. In addition, these forward-looking statements are subject to assumptions regarding future business plans and strategies that are subject to change. Such factors could cause actual results to differ materially from the anticipated results expressed or implied in any forward-looking statements. Neither PBCO nor WMCB undertakes any obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING

Participating in the Special Meeting

The PBCO special meeting will be a virtual meeting due to the ongoing COVID-19 pandemic. **There will be no physical meeting location.** The PBCO special meeting will only be conducted via an audio webcast.

Access. The audio webcast of the special meeting will begin promptly at 2:00 p.m. Pacific Time on February 11, 2021. Online access to the audio webcast will open approximately 30 minutes prior to the start of the special meeting to allow time for you to log in and test your computer audio system. We encourage you to access the meeting prior to the start time.

Log-in Instructions. The special meeting is being conducted only as an audio webcast. To attend the special meeting, log in at www.virtualshareholdermeeting.com/PBCO2021SM. You will need your unique Control Number included on your proxy card or voting instruction form (printed in the box and marked by the arrow). We recommend that you log in a few minutes before the meeting to ensure that you are logged in when the meeting starts.

Submitting Questions at the Special Meeting. Once access to the special meeting is open, shareholders may submit questions, if any, during the special meeting. To do so, you will need your unique Control Number included on your proxy card or voting instruction form. Questions pertinent to meeting matters will be answered during the meeting, subject to time constraints.

Voting at the Special Meeting

Please vote promptly via Internet, by telephone, or by completing and mailing the enclosed proxy card or voting instruction form. Even if you plan to participate in the special meeting, it is recommended that you vote your shares in advance so that your vote will be counted if you later decide not to participate in the special meeting.

The method you use to vote will not limit your right to vote if you decide to participate in the special meeting.

The following instructions for voting at the special meeting are also set forth on your proxy card.

Via Internet (do not return your proxy card):

- Go to www.proxyvote.com. Internet voting is available 24 hours a day, 7 days a week until 11:59 p.m. Eastern Time on February 10, 2021.
- Have your proxy card or voting instruction form available when you log on.
- Follow the simple instructions. **You will be prompted to enter your Control Number located on your proxy card or voting instruction form in the box marked by the arrow.**
- You may participate in the special meeting on the Internet and vote during the meeting. During the meeting go to www.virtualshareholdermeeting.com/PBCO2021SM. Have the Control Number that is located on your proxy card or voting instruction form in the box marked by the arrow and follow the instructions.

By Telephone (do not return your proxy card):

- Use any touch-tone telephone to vote by calling 800-690-6903. Telephone voting is available 24 hours a day, 7 days a week until 11:59 P.M. Eastern Time on February 10, 2021.
- Have your proxy card or voting instruction form available when you call.
- Follow the simple instructions. **You will be prompted to enter your Control Number located on your proxy card or voting instruction form.**

By Mail:

- Mark your choice on your proxy card or voting instruction form. If you properly execute your proxy card, but do not specify your choice, your shares will be voted “FOR” the proposals presented at the meeting, as recommended by PBCO’s board of directors. If you properly execute your voting instruction form, but do not specify your choice, your shares will not be voted “FOR” the merger proposal presented at the meeting, as recommended by PBCO’s board of directors, and will therefore have the same effect as a vote against the merger.
- Date and sign your proxy card or voting instruction form.
- Mail your proxy card in the enclosed postage-paid envelope or return the proxy card to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING

Participating in the Special Meeting

The WMCB special meeting will be a virtual meeting due to the ongoing COVID-19 pandemic. **There will be no physical meeting location.** The WMCB special meeting will only be conducted via an audio webcast.

Access. The audio webcast of the special meeting will begin promptly at 10:00 a.m. Pacific Time on February 11, 2021. Online access to the audio webcast will open approximately 30 minutes prior to the start of the special meeting to allow time for you to log in and test your computer audio system. We encourage you to access the meeting prior to the start time.

Log-in Instructions. The special meeting is being conducted only as an audio webcast. To attend the special meeting, log in at www.virtualshareholdermeeting.com/WMCB2021SM. You will need your unique Control Number included on your proxy card or voting instruction form (printed in the box and marked by the arrow). We recommend that you log in a few minutes before the meeting to ensure that you are logged in when the meeting starts.

Submitting Questions at the Special Meeting. Once access to the special meeting is open, shareholders may submit questions, if any, on the virtual meeting platform. To do so, you will need your unique Control Number included on your proxy card or voting instruction form. Questions pertinent to meeting matters will be answered during the meeting, subject to time constraints.

Voting at the Special Meeting

Please vote promptly via Internet, by telephone, or by completing and mailing the enclosed proxy card or voting instruction form. Even if you plan to participate in the special meeting, it is recommended that you vote your shares in advance so that your vote will be counted if you later decide not to participate in the special meeting.

The method you use to vote will not limit your right to vote if you decide to participate in the special meeting.

The following instructions for voting at the special meeting are also set forth on your proxy card.

Via Internet (do not return your proxy card):

- Go to www.proxyvote.com. Internet voting is available 24 hours a day, 7 days a week until 11:59 p.m. Eastern time on February 10, 2021.
- Have your proxy card or voting instruction form available when you log on.
- Follow the simple instructions. **You will be prompted to enter your Control Number located on your proxy card or voting instruction form in the box marked by the arrow.**
- You may participate in the special meeting on the Internet and vote during the meeting. During the meeting go to www.virtualshareholdermeeting.com/WMCB2021SM. Have the Control Number that is located on your proxy card or voting instruction form in the box marked by the arrow and follow the instructions.

By Telephone (do not return your proxy card):

- Use any touch-tone telephone to vote by calling 800-690-6903. Telephone voting is available 24 hours a day, 7 days a week until 11:59 p.m. Eastern time on February 10, 2021.
- Have your proxy card or voting instruction form available when you call.
- Follow the simple instructions. **You will be prompted to enter your Control Number located on your proxy card or voting instruction form.**

By Mail:

- Mark your choice on your proxy card or voting instruction form. If you properly execute your proxy card, but do not specify your choice, your shares will be voted “FOR” the proposals presented at the meeting, as recommended by WMCB’s board of directors. If you properly execute your voting instruction form, but do not specify your choice, your shares will not be voted “FOR” the merger proposal presented at the meeting, as recommended by WMCB’s board of directors, which will have the same effect as a vote against the merger.
- Date and sign your proxy card or voting instruction form.
- Mail your proxy card in the enclosed postage-paid envelope or return the proxy card to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

SUMMARY

*This Summary, together with the preceding section entitled “Questions and Answers,” highlights selected information from this Joint Proxy Statement and may not contain all of the information that is important to you. PBCO and WMCB urge you to read carefully the entire Joint Proxy Statement and the attached documents, including the Merger Agreement attached as **Appendix A**.*

The Merger and the Merger Agreement

Basic Terms of the Merger

The Merger Agreement provides for the merger of WMCB with and into PBCO, with PBCO continuing as the surviving bank. As described below, WMCB shareholders will receive merger consideration in exchange for their WMCB shares, and PBCO shareholders will retain their shares. The shareholders of both banks, other than for dissenting shares and fractional shares of PBCO that would otherwise be issued as merger consideration, will continue to have an interest in the combined bank.

Merger Consideration

The merger is structured as a mixed cash and stock transaction. Under this structure, each outstanding share of WMCB Stock will be exchanged, at the holder’s election (subject to the allocation procedures discussed below), for one of the following three forms of consideration:

- a fractional share of PBCO common stock determined by dividing the Per Share Value of Merger Consideration by the PBCO Average Closing Price, rounded to the nearest ten-thousandth of a share;
- cash in the amount of the Per Share Value of Merger Consideration; or
- a unit consisting of a mix of 0.6665 shares of PBCO Common Stock and cash in the amount of \$0.785.

The “**Per Share Value of Merger Consideration**” is the sum of (x) 0.6665 times the PBCO Average Closing Price (defined below) and (y) \$0.785, subject to certain adjustments described in the Merger Agreement.

The “**PBCO Average Closing Price**” is the average closing stock price of PBCO over a 10-day period (ending on the 10th day prior to the closing of the merger).

Because these formulas above use the PBCO Average Closing to determine the amount of stock or cash consideration to be received for shares of WMCB stock exchanged in the merger, the value of cash and stock issued to holders of WMCB Stock should be relatively equal, subject to variations in PBCO’s stock price during the measurement period (and after it has ended).

Assuming for purposes of illustration only that the PBCO average closing price as described above was \$12.50, which was the closing price for PBCO common stock on December 11, 2020, each share of WMCB common stock would be exchanged for (1) cash in the amount of \$9.12; (2) 0.7293 shares of PBCO common stock, with a value of \$9.12 based on the closing price above; or (3) a unit with a total value of \$9.12, consisting of \$0.785 in cash and 0.6665 shares of PBCO common stock, with a value of \$8.33 based on the closing price above.

WMCB Shareholder Election Alternatives

Holders of WMCB common stock will be permitted to elect one of three forms of consideration: cash, shares of PBCO common stock, or a mix of the two. However, all-cash and all-stock elections may be subject to pro rata adjustments, as outlined below, based on PBCO's agreement to pay only the Total Stock Amount (1,238,345 shares of PBCO common stock) and the Total Cash Amount (\$1,458,495 in cash) for WMCB common stock to be converted in the merger.

Registered shareholders of WMCB common stock WMCB shareholders will be provided with an election statement, which will be mailed separately, and beneficial owners will be provided with instructions by the appropriate bank, broker or other nominee. The election statement will contain instructions for making the election to receive one of the forms of consideration described below. If you do not receive your election statement, you should contact PBCO's exchange agent, Broadridge Corporate Issuer Solutions, Inc. at (855) 793-5068 or shareholder@broadridge.com, or your broker, bank or nominee if you are a beneficial owner.

All election statements must be submitted to PBCO's exchange agent, Broadridge Corporate Issuer Solutions, Inc., before 5:00 p.m., Pacific Standard Time on the date that is five (5) business days prior to the completion of the merger (or such other time as mutually agreed to between PBCO and WMCB). This date is referred to as the "Election Deadline".

NOTE: If you are a beneficial owner, your broker, bank or nominee may provide an earlier deadline than the Election Deadline for making your election, by which you must abide.

NOTE: The actual Election Deadline is not currently known. PBCO and WMCB will issue a press release announcing the date of the Election Deadline at least five (5) business days prior to the Election Deadline. Additionally, PBCO and WMCB will post the date of the Election Deadline on their respective websites, also at least five (5) business days prior to that deadline.

Stock Election

Subject to certain adjustments described below, a WMCB shareholder who makes a valid election to receive 100% PBCO common stock as consideration in the merger will have the right to receive, in exchange for each share of WMCB common stock, a fractional share of PBCO common stock, calculated as described above (the "Per Share Stock Consideration").

WMCB shares as to which an all stock election has been made are referred to as "Stock Election Shares."

Cash Election

Subject to certain adjustments described below, a WMCB shareholder who makes a valid election to receive cash in the amount of the Per Share Value of Merger Consideration, calculated as described above (the "Per Share Cash Consideration").

WMCB shares as to which an all cash election has been made are referred to as "Cash Election Shares."

Mixed Election

A WMCB shareholder who makes a valid election to receive a unit consisting of PBCO common stock and cash as consideration in the merger will have the right to receive, in exchange for each share of WMCB common stock, 0.6665 shares of PBCO common stock (the “Per Share Mixed Stock Consideration”) and \$0.785 in cash (the “Per Share Mixed Cash Consideration”).

WMCB shares as to which a mixed election has been made are referred to as “Mixed Election Shares.”

No Election

WMCB shareholders who make no election to receive cash, shares of PBCO common stock, or a mix of cash and shares of PBCO common stock, or whose elections are not received by the exchange agent by the Election Deadline, or whose forms of election are improperly completed and/or not signed will be deemed not to have made an election. Such shares are referred to as “No Election Shares.”

Allocation Procedures

After the merger, PBCO will cause the exchange agent to allocate the Total Stock Amount and Total Cash Amount as follows:

- (1) All Mixed Election Shares and No Election Shares will be converted into the right to receive a unit comprised of the Per Share Mixed Stock Consideration and the Per Share Mixed Cash Consideration, on a per-share basis.
- (2) WMCB shares as to which a proper notice has been received as to the holder’s intent to assert appraisal rights (“Proposed Dissenting Shares”), if any, will be deemed for the purposes of the allocation procedures to be converted into the right to receive the Per Share Cash Consideration.
- (3) Stock Election Shares and Cash Election Shares will be subject to the following possible adjustments:
 - *Cash Consideration is Oversubscribed.* If, after setting aside the number of shares of PBCO common stock needed to satisfy the conversion of Mixed Election Shares and No Election Shares, and the remaining shares of PBCO common stock from the Total Stock Amount are more than sufficient to exchange all Stock Election Shares for shares of PBCO common stock, this would mean that cash has been oversubscribed and the Stock Election Shares and Cash Election Shares will be treated as follows:
 - Each Stock Election Share will be converted into the right to receive the Per Share Stock Consideration, as elected by the WMCB shareholder.
 - The exchange agent will then determine on an equitable basis how many Cash Election Shares need to be reclassified as Stock Election Shares to ensure a full subscription of the available shares of PBCO common stock from the Total Stock Amount. Those reclassified shares, allocated on a pro rata basis among the holders of Cash Election Shares, will then be converted into the right to receive the Per Share Stock Consideration.

- Each remaining Cash Election Share will be converted into the right to receive the Per Share Cash Consideration.
 - *Stock Consideration is Oversubscribed.* If, after setting aside the number of shares of PBCO common stock needed to satisfy the conversion of Mixed Election Shares and No Election Shares, the remaining shares of PBCO common stock from the Total Stock Amount are not sufficient to exchange all Stock Election Shares for shares of PBCO common stock, this would mean that the stock consideration has been oversubscribed, and the Cash Election Shares and Stock Election Shares will be treated as follows:
 - Each Cash Election Share will be converted into the right to receive the Per Share Cash Consideration.
 - The exchange agent will then determine on an equitable basis how many Stock Election Shares need to be reclassified as Cash Election Shares to avoid oversubscribing the available shares of PBCO common stock from the Total Stock Amount. Those reclassified shares, allocated on a pro rata basis among the holders of Stock Election Shares, will then be converted into the right to receive the Per Share Cash Consideration.
 - Each remaining Stock Election Share will be converted into the right to receive the Per Share Stock Consideration.
- (4) Holders of Proposed Dissenting Shares shall be entitled to such rights and payments as are provided by the Appraisal Laws, subject to such holders' strict compliance with such laws.

The Merger Agreement provides that the pro rata selection process used by the exchange agent as described above will consist of such equitable procedures as are determined in good faith by PBCO and reasonably satisfactory to WMCB.

Post-Closing WMCB Shareholder Ownership of PBCO

Assuming the exchange of all outstanding WMCB common stock in accordance with the Merger Agreement (*e.g.*, the Total Stock Amount), WMCB shareholders will own approximately 26% of PBCO's outstanding common stock following the merger. After the merger, WMCB shareholders will no longer own shares of WMCB common stock.

As noted above, the Merger Agreement is attached as **Appendix A** to this Joint Proxy Statement. PBCO shareholders and WMCB shareholders are encouraged to read the Merger Agreement in its entirety.

Directors and Officers

PBCO's directors and officers immediately prior to the merger will continue as the directors and officers of the surviving bank, and WMCB will propose three individuals to join PBCO's staggered board of directors (*i.e.*, one new board member per class), each of whom will be subject to any regulatory approvals. The PBCO board of directors currently has eight (8) directors, and the number of directors will be increased to eleven (11) to accommodate the WMCB appointees. All three board members proposed by WMCB were identified after the WMCB board or directors approved the Merger Agreement.

Effective upon the completion of the merger, the officers of PBCO, together with additional persons that may be elected, as applicable, will serve as the officers of the surviving company. In connection with

the execution of the Merger Agreement, Joan Reukauf entered into an employment agreement with PBCO, effective upon completion of the merger, under which she will serve as PBCO's Area President and as PBCO's Executive Vice President, Chief Operating Officer.

Exchanging Shares of WMCB Common Stock

Following the effective date of the merger, PBCO (or its exchange agent) will send a Letter of Transmittal to each holder of record of WMCB common stock. This mailing will contain instructions on how to surrender WMCB Certificates or Book-Entry WMCB Stock in exchange for the merger consideration that the holder is entitled to receive under the Merger Agreement.

With the exception of any proposed dissenting shares, each WMCB Certificate and the Book-Entry WMCB Stock will, from and after the effective date of the merger, be deemed to represent and evidence only the right to receive the portion of the merger consideration payable with respect to such Certificate or Book-Entry WMCB Stock. WMCB shareholders must provide properly completed and executed Letters of Transmittal in order to effect the exchange of their shares of WMCB common stock for (a) certificates representing PBCO common stock (or, at PBCO's option, book entry holdings if PBCO has implemented book entry form at such time); (b) a check in payment of the cash portion, if any, of the merger consideration; and/or (c) a check representing the amount of cash in lieu of fractional shares, if any.

Lost, Stolen or Destroyed Certificates

If a Certificate for WMCB common stock has been lost, stolen, or destroyed, the exchange agent will be authorized to issue or pay the holder's portion of the merger consideration, if the holder provides the exchange agent with: (a) satisfactory evidence that the holder owns the WMCB common stock and that the Certificate representing such ownership is lost, stolen, or destroyed; (b) any appropriate affidavit or security the exchange agent may require; and (c) an open penalty bond or other reasonable assurances the exchange agent or PBCO may require.

Regulatory Requirements

Closing of the merger is subject to approval by the appropriate banking regulatory authorities, including the Federal Deposit Insurance Corporation and the Director of the Oregon Department of Consumer and Business Services, Division of Financial Regulation. The merger has been submitted for regulatory approval.

Conditions to the Merger

Certain conditions must be satisfied or events must occur before the parties will be obligated to complete the merger. Each party's obligations under the Merger Agreement are conditioned on satisfaction by the other party of conditions applicable to them.

No assurance can be provided as to whether these conditions will be satisfied or waived by the appropriate party. Accordingly, there can be no assurance that the merger will be completed.

Additionally, either PBCO or WMCB may terminate the Merger Agreement if certain conditions applicable to the other party are not satisfied or waived. Those conditions are discussed below under "Termination of the Merger Agreement."

Either PBCO or WMCB may waive any conditions applicable to the other party's obligations, except those that are required by law (such as receipt of regulatory approvals and shareholder approval). Either PBCO or WMCB may also grant extended time to the other party to complete an obligation or condition.

Termination of the Merger Agreement

The Merger Agreement contains several provisions allowing either PBCO or WMCB to terminate the Merger Agreement under certain circumstances. The following briefly describes these provisions:

- *Lapse of Time.* If the merger has not been consummated on or before June 30, 2021, then either PBCO or WMCB may terminate the Merger Agreement and the merger if: (a) the terminating party's board of directors decides to terminate by a majority vote of all of its members; and (b) the terminating party delivers to the other party written notice that its board of directors has voted in favor of termination. However, if as of June 30, 2021, all required shareholder and regulatory approvals have not been obtained, then the deadline for consummation of the merger will be extended to on or before September 30, 2021, if PBCO notifies WMCB in writing on or prior to June 30, 2021 of its election to extend such date.
- *Mutual Consent.* The parties may terminate the Merger Agreement at any time before closing (whether before or after applicable approval by the shareholders of PBCO or WMCB, unless otherwise provided) by mutual consent if the board of directors of each party agrees to terminate by a majority vote of all of its members.
- *No Regulatory Approvals.* Either party may terminate the Merger Agreement if the regulatory approvals required to be obtained are denied, or if any such approval is conditioned on a substantial deviation from the transactions contemplated by the Merger Agreement, subject to certain rights granted in the Merger Agreement to appeal the denial of such regulatory approval.
- *Breach of Representation or Covenant.* Either party may terminate the Merger Agreement (so long as the terminating party is not then in material breach of any of its representations, warranties, covenants, or agreements in the Merger Agreement) if there has been a material breach of any covenants or agreements set forth in the Merger Agreement by the other party, which is not cured within 30 days following written notice to the party committing such breach, or which breach, by its nature, cannot be cured prior to the closing of the merger.
- *Failure to Recommend or Obtain Shareholder Approval.* PBCO may terminate the Merger Agreement if the board of directors of WMCB (a) fails to recommend to its shareholders the approval of the merger or (b) modifies, withdraws, or changes in a manner adverse to PBCO its recommendation to shareholders to approve the merger. In addition, regardless of whether the WMCB board of directors recommends approval of the merger to its shareholders, PBCO may terminate the Merger Agreement if WMCB shareholders do not approve the merger at the special meeting of WMCB's shareholders. WMCB may also terminate the Merger Agreement if PBCO's shareholders do not approve the Merger at the special meeting or any adjournments thereof of PBCO's shareholders.
- *Proposed Dissenting Shares.* PBCO may terminate the Merger Agreement if holders of twelve percent (12%) or more of the outstanding WMCB shares are Proposed Dissenting Shares or shares as to which the shareholder's right to assert appraisal rights pursuant to the Appraisal Laws has not expired.

- *Superior Proposal – Termination by WMCB.* WMCB may terminate the Merger Agreement if its board of directors determines in good faith that WMCB has received a Superior Proposal. A “Superior Proposal” is an unsolicited bona fide acquisition proposal that the WMCB board determines in good faith, prior to approval of the merger by WMCB’s shareholders, is on terms that would, if consummated, result in a transaction that is more favorable to WMCB’s shareholders (in their capacities as shareholders), from a financial point of view, than the transactions contemplated by the Merger Agreement, and has a reasonable possibility of being completed. This termination right is subject to certain conditions, including (a) that WMCB has not otherwise breached its covenants regarding the initiation or solicitation of acquisition proposals from third parties; (b) within five (5) business days after delivering the notice of termination to PBCO, WMCB enters into a definitive acquisition agreement or similar agreement relating to such Superior Proposal; (c) WMCB has provided PBCO at least five (5) days’ prior written notice that WMCB is prepared to accept a Superior Proposal and has given PBCO, if it so elects, an opportunity to amend the terms of the Merger Agreement (and negotiated with PBCO in good faith with respect to such terms) in such a manner as would enable WMCB to proceed with the merger; and (d) simultaneously upon entering into such acquisition agreement or similar agreement relating to the Superior Proposal, it delivers to PBCO the Break-up Fee (as described below).
- *Superior Proposal – Termination by PBCO.* PBCO may terminate the Merger Agreement if either: (a) an Acquisition Event has occurred; or (b) a third party has made an a proposal with respect to an Acquisition Event and the Merger Agreement and the merger is not approved at the special meeting of WMCB’s shareholders. An “**Acquisition Event**” means any of the following: (a) a merger, consolidation, reorganization, share exchange, recapitalization, or similar transaction involving WMCB or any successor, (b) a purchase, lease, exchange, or other acquisition in one or a series of related transactions of assets of WMCB representing 25 percent or more of the consolidated assets of WMCB, in a single transaction or a series of related transactions, or (c) a purchase or other acquisition (including by way of merger, consolidation, share exchange, tender or exchange offer, or any similar transaction) in one transaction or a series of related transactions of beneficial ownership of securities representing 30 percent or more of the voting power of WMCB, in each case with or by a Person or entity other than PBCO.

Break-Up Fee

In general, WMCB will be required to pay PBCO a Break-up Fee of \$700,000 if the Merger Agreement is terminated due to WMCB’s board of directors’ failure to recommend the merger or in connection with WMCB’s acceptance of a Superior Proposal. Further, the Break-up Fee would also be due if WMCB’s shareholders fail to approve the merger or fail to approve the merger following a third party proposal with respect to an Acquisition Event and, within 18 months after termination, WMCB enters into an agreement, or publicly announces an intention, to engage in an Acquisition Event, or within 18 months an Acquisition Event has occurred. In any event, if the Break-up fee becomes payable under the Merger Agreement, it must be paid to PBCO within three (3) Business Days following PBCO’s demand.

Allocation of Costs upon Termination

If the Merger Agreement is terminated, neither party will have liability to the other party (except under circumstances that would require payment of the Break-up Fee), and each party will pay its own costs incurred in connection with the transaction (*e.g.*, legal, accounting, and other fees, etc.).

Conduct Pending the Merger

The Merger Agreement provides that, until the merger is effective, each of PBCO and WMCB will conduct its business in the usual, regular, and ordinary course, use reasonable best efforts to maintain and preserve intact its business organization, and take no action that is intended to or would reasonably be expected to delay regulatory approvals or the merger.

The Merger Agreement also provides that, unless PBCO otherwise consents in writing, WMCB will refrain from engaging in various activities, including, by way of example, amending its corporate documents; engaging in issuances of stock or new option or restricted stock grants; declarations of dividends; amendments to or waivers under certain contracts; acquisitions or dispositions of assets; changes in employees; changes in compensation or benefits of its directors, officers, employees, agents, or consultants employee compensation or benefits; changes in new employment, severance, change in control or similar agreements; lending outside the ordinary course or in excess of certain limits, including \$250,000 for unsecured loans or credit, \$1,000,000 for new non-first trust deed secured loans or credit, \$2,000,000 for new first trust deed secured loans or credit, or any loans involving policy or procedure exceptions; capital expenditures in excess of certain amounts; etc. The Merger Agreement also prohibits PBCO from engaging in a handful of other non-ordinary activities (*e.g.*, activities taken outside of the ordinary course or inconsistent with PBCO's past practices), unless WMCB otherwise consents in writing.

Employee Benefit Plans

The Merger Agreement confirms the parties' intention to allow WMCB employees who continue as PBCO employees after the merger to participate in PBCO's employee benefit plans (with credit for their prior service with WMCB). Such employees will be eligible to participate in all employee benefit plans of PBCO that are generally available to similarly situated employees of PBCO, including but not limited to PBCO's 401(k) Plan, Employee Stock Ownership Plan, 2017 stock Incentive Plan, and 2015 Phantom Stock Plan. WMCB employees who are not entitled to severance under WMCB's Compensation Plans and who stay with WMCB through the closing of the merger, but are not offered employment with PBCO following such closing will receive severance payments on the basis of the number of years of prior service with WMCB.

Recommendation of PBCO Board of Directors

The PBCO board of directors unanimously recommends that holders of PBCO common stock vote "FOR" the proposal to approve the Merger Agreement.

For further discussion of PBCO's reasons for the merger and the recommendations of the PBCO board of directors, see "Reasons for the Merger – PBCO."

Recommendation of WMCB Board of Directors

The WMCB board of directors unanimously recommends that holders of WMCB common stock vote "FOR" the proposal to approve the Merger Agreement.

For further discussion of WMCB's reasons for the merger and the recommendations of the WMCB board of directors, see "Reasons for the Merger – WMCB."

Opinion of PBCO's Financial Advisor

In connection with the merger, PBCO's financial advisor, D.A. Davidson & Co. ("**Davidson**") delivered a written opinion, dated November 5, 2020, to the PBCO board of directors as to the fairness of the merger consideration from a financial point of view to PBCO as of the date of the opinion. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Davidson in preparing the opinion, is attached as **Appendix C** to this Joint Proxy Statement. **The opinion was for the information of, and was directed to, the PBCO board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of PBCO to engage in the merger or enter into the Merger Agreement or constitute a recommendation to the PBCO board of directors in connection with the merger, and it does not constitute a recommendation to any holder of PBCO common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.**

For further information, see "Background of and Reasons for the Merger – Davidson's Opinion to PBCO's Board of Directors."

Opinion of WMCB's Financial Advisor

In connection with the merger, WMCB's financial advisor, Piper Sandler & Co ("**PSC**") delivered a written opinion, dated as of November 5, 2020, to the WMCB board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of WMCB common stock of the merger consideration in the proposed merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by PSC in preparing the opinion, is attached as **Appendix D** to this Joint Proxy Statement. **The opinion was for the information of, and was directed to, the WMCB board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of WMCB to engage in the merger or enter into the Merger Agreement or constitute a recommendation to the WMCB board of directors in connection with the merger, and it does not constitute a recommendation to any holder of WMCB common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.**

For further information, see "Background of and Reasons for the Merger – PSC's Opinion to WMCB's Board of Directors."

Interests of PBCO Directors and Executive Officers in the Merger

In considering the recommendation of the PBCO board of directors with respect to its adoption of the Merger Agreement, PBCO shareholders should be aware that PBCO's directors and executive officers have interests in the merger that are different from, or in addition to, those of PBCO shareholders generally. The PBCO board of directors was aware of these interests and considered them, among other matters, in approving the Merger Agreement.

Continuing Service as Directors on the PBCO Board. The PBCO board of directors after the merger will include each of the current directors from the PBCO board of directors as of immediately prior to the closing of the merger, in addition to three directors from the current WMCB board of directors. The PBCO board of directors presently consists of eight (8) directors.

Continuing Employment with PBCO. It is currently expected that the executive officers of PBCO will continue their employment with PBCO following the closing of the merger on substantially similar terms and conditions as in existence immediately prior to the closing of the merger.

None of PBCO's directors or executive officers is a party to, or participates in, a PBCO plan, program, or arrangement that provides such director or executive officer with compensation that is based on or otherwise relates to the completion of the merger.

Voting Agreement. PBCO's directors and certain executive officers have agreed to vote all shares of PBCO common stock they are entitled to vote that are held or controlled by them in favor of approval of the Merger Agreement. As of the date hereof, a total of 1,792,325 shares representing approximately 50.3% of all outstanding shares of PBCO common stock, are covered by the voting agreement. The voting agreement also provides that the PBCO shares covered by such agreement will be voted in favor of any proposal to adjourn the special meeting if there are not sufficient votes to approve the Merger Agreement. Any such vote to adjourn, if necessary, would occur at the special meeting.

Interests of WMCB Directors and Executive Officers in the Merger

Various members of WMCB's management and the WMCB board have other interests in the merger, as described below, that are in addition to their interests as WMCB shareholders. The WMCB board of directors was aware of these interests and took them into account in its decision to approve the Merger Agreement.

Stock Ownership. The directors and executive officers of WMCB, together with their affiliates, beneficially owned, as of the record date for the special meeting, a total of 115,704 shares of WMCB. The directors and executive officers of WMCB will receive the same consideration in the merger for their shares as the other shareholders of WMCB.

WMCB Change in Control Obligations. WMCB previously entered into change in control agreements with certain executive officers of WMCB that provide for benefits payable in the event of termination of employment following a change in control of WMCB. The change in control agreements with Joan Reukauf, President and CEO, David Takata, Senior Vice President and Relationship Manager-Team Lead, Jeff Morris, Vice President and Compliance Manager, Robert Moore, Senior Vice President and Chief Financial Officer, and Shelly Ortiz, Vice President and Senior Operations Officer, each provide that if the executive's employment is terminated without Cause or by the executive with Good Reason (as such terms are defined in the respective agreements) within nine (9) months following a change in control, the executive would be entitled to a lump sum severance payment. The lump sum severance payment for Ms. Reukauf and Mr. Moore would be equal to two times their base salary. The lump sum severance payment for each other executive would be equal to the amount of such executive's respective base salary.

Closing Payment Agreement. PBCO and WMCB have entered into an agreement (the "**Closing Payment Agreement**") with Joan Reukauf, which supersedes her above-described prior change in control agreement and the benefits provided therein. The Closing Payment Agreement is effective on (and conditioned upon) the closing of the merger. The Closing Payment Agreement provides that if Ms. Reukauf remains employed with WMCB through the closing date of the merger, she will receive a lump-sum cash payment of up to \$300,000, less applicable tax withholdings, in full satisfaction of all rights to payments under her prior change in control agreement. The Closing Payment Agreement provides, however, that if such amount, together with any other payments or rights to which Ms. Reukauf may be entitled to receive, would constitute an "excess parachute payment" under applicable provisions of the Internal Revenue Code, payments pursuant to the Closing Payment Agreement will be reduced to the extent necessary to ensure that no portion of such payments will be subject to posed on excess parachute payments.

Employment Agreement. As a condition to entering into the Merger Agreement, PBCO required Ms. Reukauf to enter into an employment agreement with PBCO effective as of the completion of the merger. Ms. Reukauf will serve as Area President and Executive Vice President, Chief Operating Officer of PBCO. Ms. Reukauf will receive an annual salary of \$190,000. In addition to benefits available to employees generally, the employment agreement provides certain severance and change-in-control benefits consistent with those provided to certain other PBCO executives. If PBCO terminates Ms. Reukauf's employment without Cause, or she resigns for Good Reason (each as defined in the employment agreement), Ms. Reukauf will be entitled to receive a payment in an amount equal to twelve months' salary. In addition, the employment agreement provides that Ms. Reukauf will be prohibited from soliciting the customers or employees of PBCO for one year from the end of her employment, and she will be prohibited from improperly using or disclosing any of PBCO's Confidential Information (as defined in the employment agreement). PBCO has also agreed to provide Ms. Reukauf a Supplemental Executive Benefit Arrangement as described in an Exhibit attached to her employment agreement.

Voting Agreement. WMCB's directors and executive officers have agreed to vote all shares of WMCB common stock they are entitled to vote that are held or controlled by them in favor of approval of the Merger Agreement. As of the date hereof, a total of 115,704 shares of WMCB common stock, representing approximately 6.2% of all outstanding shares of WMCB common stock, are covered by the voting agreement. The voting agreement also provides that the WMCB shares covered by such agreement will be voted in favor of any proposal to adjourn the special meeting if there are not sufficient votes to approve the Merger Agreement. Any such vote to adjourn, if necessary, would occur at the special meeting

Non-Competition Agreements. WMCB's directors have entered into a non-competition, non-solicitation, and confidentiality agreement that requires, for a period of two (2) years after the closing of the merger, that each director: (a) not be affiliated in any substantial way with a competing business in Linn County, Oregon or Marion County, Oregon; (b) not directly or indirectly solicit or attempt to solicit employees or customers of PBCO; and (c) not divulge any confidential information of the parties.

Insurance. PBCO has agreed to cause the persons serving as officers and directors of WMCB immediately prior to the effective date of the merger to be covered by the current policies of the directors and officers liability insurance maintained by WMCB for a period of six (6) years after the effective date of the merger with respect to acts or omissions of officers and directors, in their capacity as such, occurring on or prior to the effective date.

Material U.S. Federal Income Tax Consequences of the Merger

General. This section describes the material U.S. federal income tax consequences of the merger, to U.S. holders (as defined below) of WMCB common stock. The following discussion does not address any tax consequences of transactions effected prior or subsequent to, or concurrently with, the merger, whether or not such transactions are undertaken in connection with the merger.

The summary is based upon the Internal Revenue Code, applicable final and temporary United States Federal Income Tax Regulations (the "Treasury Regulations"), judicial decisions and administrative rulings and practice, all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not address any tax consequences of the merger under state,

local or foreign laws, or any federal laws other than those pertaining to income tax, including any U.S. federal gift and estate tax considerations.

For purposes of this discussion, a “U.S. holder” is a beneficial owner of WMCB common stock who for U.S. federal income tax purposes is:

- an individual citizen or resident of the U.S.;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S. or any state or political subdivision thereof;
- a trust that (1) is subject to (A) the primary supervision of a court within the U.S. and (B) the control of one or more U.S. persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; or
- an estate that is subject to U.S. federal income tax on its income regardless of its source.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds WMCB common stock, the tax treatment of a partner of that partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding WMCB common stock, you should consult your tax advisor.

This discussion addresses only those WMCB shareholders that hold their WMCB common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, and does not address all the U.S. federal income tax consequences that may be relevant to particular WMCB shareholders in light of their individual circumstances or to WMCB shareholders that are subject to special rules, such as:

- banks and other financial institutions;
- partnerships and pass-through entities, and investors in these entities;
- persons who are subject to alternative minimum tax;
- insurance companies;
- tax-exempt organizations;
- dealers or brokers in securities, commodities, or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons who hold WMCB common stock as part of a straddle, hedge, constructive sale, conversion transaction or other integrated transaction for U.S. federal income tax purposes;
- certain former citizens and long-term residents of the U.S.;
- persons that have a functional currency other than the U.S. dollar;
- retirement plans, individual retirement accounts, or other tax deferred accounts;
- mutual funds;
- regulated investment companies;
- real estate investment trusts;
- foreign persons and other persons who are not U.S. holders; and
- shareholders who acquired their shares of WMCB common stock through the exercise of an employee stock option or otherwise as compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax consequences of the merger.

WMCB SHAREHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.

Qualification of the Merger as a “Reorganization”

The merger has been structured to qualify as a “reorganization” within the meaning of Section 368(a) of the Code. It is a condition to the obligation of PBCO to complete the merger that PBCO receives an opinion from its outside counsel, Miller Nash Graham & Dunn LLP, dated as of the closing date of the merger, to the effect that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition of the obligation of WMCB to complete the merger that WMCB receives an opinion from its outside counsel, Buchalter, A Professional Corporation, dated as of the closing date of the merger, to the effect that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code.

The opinions will be based on the assumptions that: (1) the merger will be completed according to the terms of the Merger Agreement (without waiver or modification of any provision thereof), (2) the parties will report the transaction in a manner consistent with the opinions and (3) the facts and statements concerning the merger set forth in the Merger Agreement, this Joint Proxy Statement, the documents described therein and certain other documents are true, correct and complete as of the date of the opinion. In rendering these opinions, counsel will rely on the facts and representations contained in representation letters provided by PBCO and WMCB and on customary factual assumptions (and will assume that any such representation that is qualified by belief, knowledge or materiality is true, correct and complete without such qualification). If any such assumption or representation is or becomes inaccurate, the U.S. federal income tax consequences of the merger could be adversely affected. The opinions will be based on statutory, regulatory and judicial authority existing as of the date of the opinions, any of which may be changed at any time with retroactive effect.

An opinion of counsel represents counsel’s best legal judgment, but is not binding on the United States Internal Revenue Service (the “IRS”) or on any court. PBCO and WMCB have not sought and will not seek any ruling from the IRS regarding any matters relating to the merger. As a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below. **Accordingly, WMCB shareholders should consult their tax advisors with respect to the particular tax consequences of the merger to them.**

The remainder of this discussion is based on the assumption that the merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code.

Tax Consequences of the Merger - Generally

If the merger is a reorganization within the meaning of Section 368(a) of the Code, each of WMCB and PBCO will be a party to such reorganization. Based upon the foregoing, the material U.S. federal income tax consequences of the merger will be as described below:

- No gain or loss will be recognized by WMCB or PBCO as a result of the merger.
- U.S. holders who exchange their WMCB common stock solely for PBCO common stock in the merger will not recognize gain or loss in the merger (except with respect to any cash received instead of fractional share interests in PBCO common stock, as discussed under the heading “– Cash Received Instead of a Fractional Share of PBCO Common Stock” below).

- U.S. holders who exchange their WMCB common stock for a combination of PBCO common stock and cash in the merger (whether by election to receive cash compensation or by virtue of a pro rata adjustment) will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the PBCO common stock and cash received by such holder exceeds the tax basis in such holder's WMCB common stock and (2) the amount of cash received by such holder in exchange for such holder's WMCB common stock (except with respect to any cash received instead of fractional share interests in PBCO common stock, as discussed under the heading “–Cash Received Instead of a Fractional Share of PBCO Common Stock” below).
- U.S. holders who exchange their WMCB common stock solely for cash in the merger will recognize gain or loss in an amount equal to the difference between (i) the amount of cash received by the holder and (ii) the holder's adjusted tax basis in the WMCB common stock exchanged therefor.
- The aggregate tax basis in the PBCO common stock received in the merger by a U.S. holder will be equal to the shareholder's aggregate tax basis in such shareholder's WMCB common stock surrendered, decreased by the amount of any cash received in the merger and increased by the amount of any gain recognized as a result of the merger.
- The holding period of PBCO common stock received in exchange for shares of WMCB common stock will include the holding period of the WMCB common stock for which it is exchanged.

If a U.S. holder acquired different blocks of WMCB common stock at different times or at different prices, then (1) any gain or loss resulting from the merger will be determined separately with respect to each block of WMCB common stock and (2) such holder's basis and holding period in their shares of PBCO common stock may be determined with reference to each block of WMCB common stock. Any such U.S. holders should consult their tax advisors regarding the manner in which cash and shares of PBCO common stock received in the exchange should be allocated among different blocks of WMCB common stock and with respect to identifying the bases or holding periods of the particular shares of PBCO common stock received in the merger.

Subject to the paragraph below, gain that a U.S. holder recognizes in connection with the merger generally will constitute capital gain and, if such the holder held (or is treated as having held) the exchanged WMCB common stock for more than one year as of the date of the merger, long-term capital gain. Long-term capital gain of non-corporate U.S. holders is generally taxed at preferential rates. In addition, capital gain recognized by certain non-corporate U.S. holders may also be subject to the 3.8% Unearned Income Medicare Contribution Tax on their “net investment income,” as described under the heading “—Additional Medicare Tax” below.

In some cases, if a holder actually or constructively owns PBCO stock other than PBCO stock received pursuant to the merger, the recognized gain could be treated as having the effect of a distribution of a dividend under the tests set forth in Internal Revenue Code Section 302, in which case such gain would be treated as dividend income. A dividend from PBCO to a non-corporate U.S. holder generally should be treated as a “qualified dividend” for U.S. federal income tax treatment and, as such, should be taxed at the same preferential rates applicable to long-term capital gains, provided that certain requirements are satisfied. Because the possibility of dividend treatment depends primarily upon each holder's particular circumstances, including the application of the constructive ownership rules, holders of WMCB common stock should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

Cash Received Instead of a Fractional Share of PBCO Common Stock

A U.S. holder of WMCB common stock who receives cash instead of a fractional share of PBCO common stock will generally be treated (1) as having received the fractional share of PBCO common stock pursuant to the merger and (2) then as having that fractional share of PBCO common stock redeemed for cash by PBCO. As a result, a U.S. holder will generally recognize gain or loss equal to the difference between (i) the amount of cash received in lieu of the fractional share and (ii) the portion of the basis in the holder's WMCB common stock that is allocable to the fractional share of PBCO common stock referred to in clauses (1) and (2) above. Subject to the discussion in the prior paragraph regarding possible dividend income treatment, this gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

Additional Medicare Tax

Certain non-corporate U.S. holders of WMCB common stock whose income exceeds certain threshold amounts may also be subject to an additional 3.8% federal unearned income Medicare contribution tax on the lesser of (i) their "net investment income" and (ii) their income in excess of a threshold amount. Gain recognized in the merger will be includible in the U.S. holder's net investment income for purposes of this tax. Non-corporate U.S. holders should consult with their own tax advisors concerning this additional unearned income Medicare contribution tax.

Dissenting Shareholders

A dissenting U.S. holder who exchanges all of the holder's shares of WMCB common stock for cash generally will recognize capital gain or loss equal to the difference between (i) the amount of cash received by the holder and (ii) the holder's adjusted tax basis in the WMCB common stock exchanged therefor. Such gain or loss generally will constitute capital gain or loss and, if the holder has held (or is treated as having held) the exchanged shares of WMCB common stock for more than one year as of the effective time of the exchange, long-term capital gain or loss. Long-term capital gain of non-corporate U.S. holders is generally taxed at preferential rates. The deductibility of capital losses is subject to limitations. Capital gains recognized by certain non-corporate U.S. holders may also be subject to an additional 3.8% U.S. federal Medicare contribution tax on their "net investment income," as described under the heading "Additional Medicare Tax" above.

Backup Withholding and Information Reporting

Payments of cash to a U.S. holder of WMCB common stock may, under certain circumstances, be subject to information reporting and backup withholding, unless the holder provides proof of an applicable exemption satisfactory to PBCO and the exchange agent or furnishes its taxpayer identification number (in the case of an individual, his or her U.S. social security number), and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished in a timely manner to the IRS.

Tax Reporting Requirements

All WMCB shareholders will be required to retain permanent tax records of the amount and basis of WMCB common stock exchanged and the PBCO common stock and cash received in the merger.

In addition, WMCB shareholders who are “significant holders,” within the meaning of the applicable section of the Treasury Regulations, will be required to file a statement with their U.S. federal income tax return for the taxable year that includes that merger setting forth certain information, including, but not limited to, their tax basis (determined immediately before the merger) in the WMCB common stock exchanged in the merger and the fair market value (determined immediately before the merger) of the WMCB common stock exchanged in the merger. For this purpose, a “significant holder” is a holder of WMCB common stock who immediately before the merger (i) owned at least 5% of the total outstanding stock of WMCB by vote or value or (ii) owned stock of WMCB with a tax basis of at least \$1 million.

The preceding discussion is intended only to be a summary of material U.S. federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, you are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed changes in the tax laws.

Dissenters’ Rights

Under Oregon law, PBCO shareholders and WMCB shareholders who dissent from a proposed bank merger are entitled to the fair value of their shares under ORS 711.175 to ORS 711.185 of the Oregon Bank Act, subject to strict compliance with these statutes. A copy of these statutes is attached as **Appendix B** to this Joint Proxy Statement. *This section briefly summarizes the applicable provisions of Oregon law but it is not complete. Shareholders wishing to assert dissenters’ rights must explicitly follow the procedures set forth in the above cited statutes in order to perfect dissenters’ rights, and any failure to comply with each requirement will result in a loss of dissenters’ rights, as a result of which the shares owned by the dissenting shareholder will be converted into a right to receive merger consideration.*

To perfect his, her, or its dissenters’ rights, a shareholder must notify PBCO or WMCB at or before the special shareholder meeting that he, she, or it is dissenting as to all shares he, she, or it beneficially owns in PBCO or WMCB, as the case may be, or vote against the merger. Shareholders beneficially owning stock held by a fiduciary or a nominee (such as a securities dealer, broker, or trustee or administrator of a retirement savings plan) and wishing to dissent must consult with that fiduciary or nominee and PBCO or WMCB, as applicable, in advance of the special meeting regarding procedures for exercising dissenters’ rights with respect to such shares. Shareholders holding shares through fiduciaries or nominees may not be entitled to exercise dissenters’ rights directly.

If the merger is approved, then within 30 days after the special meeting any dissenting shareholder who desires to receive the value in cash for his, her, or its shares must make written demand on PBCO and surrender his, her, or its stock certificates, properly endorsed for transfer. Any dissenting shareholder who fails to make such written demand within the 30 day period, will be bound by the terms of the Merger Agreement and will be treated as a non-electing shareholder.

Within 30 days after the effective date of the merger, dissenting shareholders will receive from PBCO, as the surviving company, an acknowledgement of their dissent with a written offer to pay cash for the fair value of those shares as determined by PBCO. If a shareholder notifies PBCO in writing that he, she, or it accepts the offer, PBCO will pay the fair value to the shareholder within thirty (30) days after receiving the acceptance. If a shareholder declines PBCO’s offer, the Oregon Department of Consumer and Business Services will appoint an appraiser, who will make a final determination of fair value. Within thirty (30) days after receiving notice of the appraiser’s valuation, PBCO must pay the dissenting shareholder in accordance with the valuation. The costs of appraisal would be shared by PBCO and the dissenting shareholder unless the appraised value differs by more than 15 percent (15%) from PBCO’s initial offer to

dissenters. If PBCO's offer was less than the appraiser's valuation by more than 15 percent (15%), PBCO would be required to pay the entire cost of valuation. If PBCO's offer was more than the appraiser's valuation by more than 15 percent (15%), the dissenting shareholder who did not accept PBCO's initial offer would bear the entire cost of the valuation.

In view of the complexity of Chapter 711 of the Oregon Bank Act and the requirement that shareholders must strictly comply with the provisions of Chapter 711 of the Oregon Bank Act, shareholders who may wish to dissent from the merger and pursue appraisal rights should consult their legal counsel.

RISK FACTORS

In addition to the other information contained in or accompanying this document, PBCO and WMCB shareholders should consider the matters described below carefully in determining whether or not to approve the Merger Agreement and the transactions contemplated by the Merger Agreement, as applicable.

Because the market price of PBCO common stock may fluctuate, WMCB shareholders cannot be sure of the value of the merger consideration that they will receive.

At the time of the WMCB special shareholders meeting, and prior to the closing of the merger, WMCB shareholders who will receive PBCO common stock as all or a portion of their merger consideration will not be able to determine the value of the PBCO common stock that they will receive upon completion of the merger. Any change in the market price of PBCO common stock prior to completion of the merger will affect the value of the consideration that WMCB shareholders will receive in the merger. Common stock price changes may result from a variety of factors, including but not limited to general market and economic conditions, changes in PBCO's business operations and prospects, and regulatory considerations. Many of these factors are beyond the control of PBCO or WMCB.

WMCB shareholders may receive a form of merger consideration different from what they elect.

Although each WMCB shareholder may elect to receive all cash or all PBCO shares as merger consideration, the aggregate amounts of cash and shares of PBCO common stock are fixed. As a result, if either the aggregate cash or stock elections exceed the maximum amounts available (for example, the all-cash elections plus the cash portion of all mixed elections exceeds \$1,458,495, or alternatively the all-stock elections plus the stock portion of all mixed elections exceeds 1,238,345 shares of PBCO common stock), shareholders electing exclusively to receive the oversubscribed form of consideration will receive a portion of that consideration in a form that they did not choose.

The Merger Agreement limits WMCB's ability to pursue other transactions and provides for the payment of a Break-up Fee if WMCB does so.

While the Merger Agreement is in effect, subject to very narrow exceptions, WMCB and its directors, officers, employees, agents, and representatives are prohibited from initiating or encouraging inquiries with respect to alternative Acquisition Proposals. The prohibition limits WMCB's ability to seek offers from other potential acquirers that may be superior from a financial point of view to the proposed transaction. If WMCB receives an unsolicited proposal from a third party that is superior from a financial point of view to that made by PBCO and the Merger Agreement is terminated, WMCB will be required to pay a \$700,000 Break-up Fee. This fee makes it less likely that a third party will make an alternative Acquisition Proposal.

Combining the two banks may be more challenging, costly or time-consuming than expected.

The proposed merger involves two financial institutions, which currently operate and, until the completion of the merger, will continue to operate, independently in distinct market areas. Neither PBCO nor WMCB has previous experience in merger and acquisition transactions, even involving merger partners of a smaller relative size. It is possible that the integration of WMCB into PBCO could result in the loss of key employees, the disruption of the ongoing business of PBCO or inconsistencies in standards, controls, procedures, and policies that adversely affect PBCO's ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger. As with any merger of banking institutions,

there also may be disruptions that causes PBCO to lose customers or cause customers to take their deposits out of PBCO.

The effects of the COVID-19 pandemic could adversely affect the business operations of PBCO as the surviving entity following the merger.

The COVID-19 pandemic continues to evolve, as do federal, state and local efforts to address it. No one can predict the extent or duration of the pandemic or its effects on the markets that PBCO will serve following the merger. In evaluating the merger both PBCO and WMCB took into account potential effects of the pandemic on each bank and on PBCO as the surviving entity following the merger, including its impact on customers and on PBCO's loan portfolio going forward. However, the full impact of the pandemic on PBCO's future results of operations and/or the market price of PBCO's common stock following the merger cannot currently be predicted.

Unanticipated costs relating to the merger could reduce PBCO's future earnings per share.

PBCO believes that it has reasonably and conservatively estimated the likely costs of integrating the operations of WMCB into PBCO, and the incremental costs of operating as a combined financial institution. However, it is possible that unexpected transaction costs or future operating expenses, as well as other types of unanticipated adverse developments, could have a material adverse effect on the results of operations and financial condition of PBCO after the merger. If the merger is completed and unexpected costs are incurred, the merger could have a dilutive effect on PBCO's earnings per share, meaning earnings per share could be less than they would be if the merger had not been completed.

PBCO has provisions in its Articles of Incorporation that could impede a takeover of PBCO.

Similar to the Articles of Incorporation of WMCB, PBCO's Articles of Incorporation provide for a classified board, with directors serving staggered, three-year terms. In addition, similar to WMCB's Articles of Incorporation, PBCO's Articles of Incorporation provide that directors may only be removed for "cause," as defined. These provisions have the effect of discouraging an outside party from seeking to acquire control through a replacement of the incumbent directors.

After the merger is completed, WMCB shareholders who receive PBCO shares will have different rights that may be less advantageous than their current rights.

Upon completion of the merger, most WMCB shareholders will receive shares of PBCO common stock and thus will become PBCO shareholders. The bylaws and Articles of Incorporation of the two banks are similar, but there are some differences. You are encouraged to review the information provided in "Comparison of Certain Rights of Holders of PBCO and WMCB Common Stock."

PBCO and WMCB shareholders will generally have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Each of PBCO and WMCB currently have the right to elect the board of directors of their respective banks and on other matters affecting their respective banks. Upon the completion of the merger, each party's shareholders will be a PBCO shareholder with a percentage ownership of PBCO that is smaller than such shareholder's current percentage ownership of PBCO or WMCB, as applicable. It is currently expected that the former shareholders of WMCB will receive shares in the merger constituting approximately 26% of the outstanding shares of PBCO. As a result, current shareholders of PBCO as a group will own approximately 74% of the outstanding PBCO shares after the merger. Because of this, PBCO and WMCB shareholders

will generally have less influence on the management and policies of the combined bank than they now have on the management and policies of PBCO or WMCB, as applicable.

PBCO and WMCB will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees, customers, and vendors may have an adverse influence on the business, financial condition, and results of operations of PBCO and WMCB. These uncertainties may impair PBCO's or WMCB's ability to attract, retain, and motivate key personnel, depositors, and borrowers pending the consummation of the mergers, as such personnel, depositors, and borrowers may experience uncertainty about their future roles following the consummation of the merger. Additionally, these uncertainties could cause customers (including depositors and borrowers), suppliers, vendors, and others who deal with PBCO or WMCB to seek to change existing business relationships with, PBCO, WMCB, or the combined bank.

In addition, the Merger Agreement restricts WMCB from taking certain actions without PBCO's consent while the merger is pending. These restrictions could have a material adverse effect on WMCB's business, financial condition, and results of operations.

The unaudited condensed pro forma combined financial information included in this document is illustrative only and the actual financial condition and results of operations after the merger may differ materially.

The unaudited condensed pro forma combined financial information in this document is presented for illustrative purposes only and is not necessarily indicative of what PBCO's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited condensed pro forma combined financial information reflects adjustments, which are based upon preliminary estimates, to record the WMCB identifiable tangible and intangible assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of WMCB as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document.

WMCB may suffer reputational risk, challenges with employee and customer relations, and significant costs if the merger is abandoned, terminated or otherwise not completed.

WMCB's announcement of the Merger Agreement represents a substantial shift in strategic direction for WMCB, and WMCB's board considered, among other things, the risk that the announcement and consummation of the merger will be disruptive to WMCB's employees and customer relationships. The WMCB board nevertheless approved the Merger Agreement and recommends that the merger be approved by WMCB's shareholders because it determined that the benefits to WMCB and its shareholders, employees, customers and communities substantially outweighed those risks. However, the merger requires the approval of the holders of two-thirds of WMCB's outstanding common stock. If the merger is not approved, the merger cannot be completed, and any announcement that the merger has been abandoned or terminated would likely create further disruption among the employees, customers and communities on which WMCB's business depends. Any such disruption may have a material adverse effect upon WMCB's assets, financial condition, operations, and prospects.

SELECTED HISTORICAL FINANCIAL INFORMATION OF PBCO

The following table presents selected consolidated financial information of PBCO for the nine months ended September 30, 2020 and 2019, and for the fiscal years ended December 31, 2019, 2018 and 2017.

<i>(In thousands, except per share data)</i>	Nine months ended September 30, (unaudited)			Twelve months ended December 31,		
	2020	2019	2019	2018	2017	
INCOME STATEMENT						
Interest Income	\$ 12,177	\$ 11,475	\$ 15,434	\$ 13,136	\$ 11,244	
Interest Expense	775	1,067	1,395	884	436	
Net Interest Income	11,402	10,408	14,039	12,252	10,808	
Provision for loan losses	1,151	211	295	406	52	
Noninterest Income	7,105	4,925	6,653	6,659	3,396	
Noninterest Expense	11,605	11,447	14,894	14,182	10,441	
Income before income taxes	5,751	3,675	5,503	4,323	3,711	
Income Tax Expense	1,318	956	1,435	925	1,650	
Net Income	\$ 4,433	\$ 2,719	\$ 4,068	\$ 3,398	\$ 2,061	
Earnings per share – Basic (1)	\$ 1.28	\$ 0.89	\$ 1.37	\$ 1.11	\$ 0.74	
Earnings per share – Diluted (1)	\$ 1.28	\$ 0.89	\$ 1.36	\$ 1.10	\$ 0.73	
	At September 30, (unaudited)		At December 31,			
	2020	2019	2019	2018	2017	
BALANCE SHEET						
Cash and balances due from banks	\$ 52,996	\$ 18,802	\$ 15,647	\$ 26,509	\$ 20,892	
Federal Funds Sold	-	-	-	-	-	
Investment Securities	22,910	23,212	27,734	25,878	28,538	
Total Loans, net of Allowance	368,970	272,511	277,632	249,221	208,449	
Other Assets	55,087	49,347	38,063	48,294	42,811	
Total Assets	499,963	363,872	359,076	349,902	300,690	
Total Deposits	431,894	314,460	306,793	308,017	263,561	
Other Liabilities	17,217	10,611	21,723	6,432	5,713	
Total Liabilities	449,111	325,071	328,516	314,449	269,274	
Shareholders' Equity	50,852	38,801	41,659	35,453	31,416	
Total Liabilities and Shareholders' Equity	\$ 499,963	\$ 363,872	\$ 370,175	\$ 349,902	\$ 300,690	
Book Value per share (1)	\$ 14.43	\$ 12.43	\$ 12.85	\$ 11.43	\$ 10.38	
(1) Shares - adjusted for 5% stock dividend in 2017, 2018 & 2019	3,523,078	3,122,591	3,241,075	3,101,137	3,027,198	
Average Assets	448,792	359,173	361,884	328,565	284,807	
Average Equity	47,202	37,124	37,792	33,282	28,679	
Net Income	4,433	2,719	4,069	3,398	2,061	
ROAA	1.32%	1.01%	1.13%	1.00%	0.73%	
ROAE	12.52%	9.77%	10.76%	10.43%	7.18%	
Average Equity to Average Assets	10.5%	10.3%	10.4%	10.1%	10.1%	
Net Interest Margin	3.90%	4.47%	4.55%	4.18%	4.22%	
Dividend Payout Ratio	0%	0%	0%	0%	0%	

SELECTED HISTORICAL FINANCIAL INFORMATION OF WMCB

The following table presents selected consolidated financial information of WMCB for the nine months ended September 30, 2020 and 2019, and for the fiscal years ended December 31, 2019, 2018 and 2017.

<i>(In thousands, except per share data)</i>	Nine months ended September 30, (unaudited)			Twelve months ended December 31,		
	2020	2019	2019	2018	2017	
INCOME STATEMENT						
Interest Income	\$ 5,491	\$ 5,064	\$ 6,822	\$ 6,102	\$ 4,890	
Interest Expense	624	531	753	404	285	
Net Interest Income	4,867	4,533	6,069	5,698	4,605	
Provision for loan losses	175	184	219	182	36	
Noninterest Income	344	372	492	363	245	
Noninterest Expense	4,388	4,063	5,478	5,151	4,146	
Income before income taxes	648	658	864	728	668	
Income Tax Expense	140	132	164	94	228	
Net Income	\$ 508	\$ 526	\$ 700	\$ 634	\$ 440	
Earnings per share – Basic (1)	\$ 0.27	\$ 0.28	\$ 0.38	\$ 0.36	\$ 0.42	
Earnings per share – Diluted (1)	\$ 0.27	\$ 0.28	\$ 0.38	\$ 0.36	\$ 0.42	
	At September 30, (unaudited)			At December 31,		
	2020	2019	2019	2018	2017	
BALANCE SHEET						
Cash and balances due from banks	\$ 29,078	\$ 4,006	\$ 6,039	\$ 11,388	\$ 2,791	
Federal Funds Sold	-	-	-	-	-	
Investment Securities	24,771	20,006	13,864	23,597	19,505	
Total Loans, net of Allowance	145,311	120,289	120,114	103,466	91,000	
Other Assets	10,727	10,679	10,562	9,692	5,590	
Total Assets	209,887	154,980	150,579	148,143	118,886	
Total Deposits	181,316	133,594	129,327	129,068	107,216	
Other Liabilities	8,068	1,656	1,342	326	261	
Total Liabilities	189,384	135,250	130,669	129,394	107,477	
Shareholders' Equity	20,503	19,730	19,910	18,749	11,409	
Total Liabilities and Shareholders' Equity	\$ 209,887	\$ 154,980	\$ 150,579	\$ 148,143	\$ 118,886	
Book Value per share	\$ 11.04	\$ 10.62	\$ 10.72	\$ 10.22	\$ 10.97	
Shares Outstanding	1,857,955	1,857,955	1,857,955	1,835,045	1,039,663	
ROAA	0.38%	0.47%	0.46%	0.47%	0.39%	
ROAE	3.34%	3.66%	3.61%	3.69%	3.89%	
Average Equity to Average Assets	9.77%	12.73%	13.22%	12.66%	9.60%	
Net Interest Margin	3.88%	4.40%	4.40%	4.51%	4.33%	
Dividend Payout Ratio	0%	0%	0%	0%	0%	

UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL INFORMATION

The following Unaudited Condensed Pro Forma Combined Balance Sheet as of September 30, 2020 assuming the completion of the merger at such date. The Unaudited Condensed Pro Forma Combined Income Statement for the nine-month period ended September 30, 2020 combines the historical statements of income of PBCO and WMCB for such year giving effect to the merger as if the merger had become effective at the beginning of such year. The unaudited condensed pro forma combined financial information has applied the acquisition method of accounting and given effect to the pro forma adjustments described in the accompanying notes.

Although pro forma financial information is not a measurement of performance calculated in accordance with generally accepted accounting principles, PBCO and WMCB believe that pro forma financial information is important because it gives effect to the merger and the transaction referenced above. The manner in which PBCO and WMCB calculate pro forma financial information may differ from similarly titled measures reported by other companies.

The unaudited condensed pro forma combined financial information included in this Joint Proxy Statement is presented for informational purposes only. This information includes various estimates and may not necessarily be indicative of the financial condition or results of operations that would have occurred if the merger had been completed on the date or at the beginning of the period indicated or which may be obtained in the future. The unaudited pro forma combined financial information has been derived from and should be read in conjunction with the respective period's historical financial statements and the related notes of PBCO and WMCB.

The pro forma information, while we believe to be helpful in illustrating the financial characteristics of the combined company under one set of assumption, does not reflect the opportunities to earn additional revenue and does not include certain assumption as to cost savings and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company may have been had the companies been combined during the period presented.

The unaudited condensed pro forma combined shareholders' equity and net income are qualified by the statements set forth herein and should not be considered indicative of the market value of PBCO's or WMCB's common stock or the actual or future results of operation of PBCO, WMCB or the combined company for any period. Actual results may be materially different than the pro forma information presented.

Unaudited Condensed Pro Forma Combined Balance Sheet

<i>(In thousands, except per share data)</i>	At September 30, 2020			Estimated Purchase		Pro Forma
	PBCO	WMCB	Combined	Accounting Adjustments		Combined
				DR	CR	
BALANCE SHEET						
Cash and balances due from banks	\$ 52,996	\$ 29,078	\$ 82,074		\$ 6,265	\$ 75,809
Federal Funds Sold		-	-			-
Investment Securities	22,910	24,771	47,681	364		48,045 (A)
Gross Loans	373,241	147,028	520,269		2,161	518,108 (B)
Loan Loss Reserve	(4,271)	(1,717)	(5,988)	1,717		(4,271) (C)
Total Loans, net of Allowance	368,970	145,311	514,281	1,717	2,161	513,837
Premises & Fixed Assets	20,664	3,444	24,108			24,108 (D)
Core Deposit Intangible	-	-	-	221		221 (E)
Other Intangibles	150			-		-
Goodwill	3,335	-	3,335			3,335
OREO	1,028	-	1,028			1,028
Other Assets	29,910	7,283	37,193		159	37,034
Total Assets	499,963	209,887	709,700	2,302	8,585	703,417
Total Deposits	431,894	181,316	613,210		-	613,210
Deposit Premium	-	-	-		66	66 (G)
Other Liabilities	17,217	8,068	25,285		256	25,541 (H)
Total Liabilities	449,111	189,384	638,495	-	322	638,817
Common Stock and Surplus	40,085	15,958	56,043	7,005	3,220	52,258 (F)
Undivided Profits	10,077	4,358	14,435	3,183	-	11,252 (I)(J)
AOCI	690	187	877	-	364	1,241 (I)
Total Equity	50,852	20,503	71,355	10,188	3,584	64,751
Total Liabilities and Shareholders' Equity	\$ 499,963	\$ 209,887	\$ 709,850	\$ 10,188	\$ 3,906	\$ 703,568

The accompanying notes are an integral part of the unaudited condensed pro forma combined financial information.

Unaudited Condensed Pro Forma Combined Statement of Income
(Dollars in Thousands except share amounts)

<i>(In thousands, except per share data)</i>				Estimated Purchase		
	Nine months ended September 30, 2020 (unaudited)			Accounting Adjustments		Pro Forma
	PBCO	WMCB	Combined	DR	CR	Combined
INCOME STATEMENT						
Interest Income	\$ 12,177	\$ 5,491	\$ 17,668		\$ 324	\$ 17,992 (B)
Interest Expense	775	624	1,399	-	11	1,388 (G)
Net Interest Income	11,402	4,867	16,269	-	313	16,604
Provision for loan losses	1,151	175	1,326			1,326
Noninterest Income	7,105	344	7,449			7,449
Noninterest Expense	11,605	4,388	15,993	8		16,001 (E)
Income before income taxes	5,751	648	6,399	8	313	6,726
Income Tax Expense	1,318	140	1,458	80		1,538 (H)
Net Income	\$ 4,433	\$ 508	\$ 4,941	\$ 88	\$ 313	\$ 5,188
Earnings per share – Basic (1)	\$ 1.28	\$ 0.27				\$ 0.98
Earnings per share – Diluted (1)	\$ 1.28	\$ 0.27				\$ 0.98

The accompanying notes are an integral part of the unaudited condensed pro forma combined financial information.

Note 1 – Basis of Presentation

Under the acquisition method of accounting, the assets and liabilities of WMCB will be recorded at their respective fair values on the merger date. The fair value on the merger date represents management's best estimates based on available information and facts and circumstances in existence on the merger date. Although the purchase price is indicative of the actual purchase price, the pro forma adjustments reflected in the unaudited condensed pro forma combined financial information is subject to change and may vary from the actual purchase price allocation that will be recorded when the accounting for the merger is completed. Adjustments may include, but not be limited to, changes in (i) PBCO's stock price, (ii) WMCB's balance sheet through the effective time of the merger, (iii) total merger related expenses if consummation and/or implementation costs vary from currently estimated amounts; and (iv) the underlying values of assets and liabilities if market conditions differ from current assumptions.

Note 2 – Pro Forma Adjustments

The following pro forma adjustments have been reflected in the unaudited condensed pro forma combined financial information. All adjustments are based on current assumptions and estimated valuations and are subject to change.

- (a) WMCB's investment securities portfolio consist of securities carried as available for sale which will be acquired at their fair market value. In addition, WMCB has investments carried as held to maturity which will be marked to their fair market value on the merger date.
- (b) The fair value purchase discount for WMCB's loan portfolio is estimated to be 1.8%.
- (c) WMCB's allowance for loan losses is eliminated in accordance with acquisition accounting principles.
- (d) The core deposit intangible adjustment represents estimated fair value of acquired identifiable core deposit assets, calculated using 0.15% of WMCB's core deposits. The acquired core deposit intangible is expected to be amortized over 10 years based on sum of years digits method.
- (e) Bargain purchase gain is recorded as the difference between the fair value of assets acquired and liabilities assumed less purchase price consideration as follows (Dollars in Thousands):

Book value of assets acquired	\$209,887
Fair value adjustments to assets and other accounting adjustments	<u>(1,897)</u>
Fair value of assets acquired	<u>207,990</u>
Book value of liabilities assumed	(189,384)
Fair value adjustments of liabilities assumed	<u>(66)</u>
Fair value of liabilities assumed	<u>(189,450)</u>
Fair value of net assets assumed	18,541
Value of cash and shares issued to WMCB shareholders	<u>(14,956)</u>
Bargain purchase recognized in business combination	<u>\$ 3,584</u>

- (f) The acquisition adjustment for WMCB's time deposits is based on a fair value estimate of 0.59% of the accounts acquired. This fair value adjustment is expected to be accreted over 7 years based on sum of digits method.

(g) Other liabilities include deferred taxes which are adjusted based upon 24.5% (\$256) of the net fair value of assets acquired and liabilities assumed.

(h) In acquisition accounting, the shareholders' equity accounts of WMCB are removed and the cash paid and value of shares issued to WMCB shareholders are recorded as follows (Dollars in Thousands):

Cash paid for shares	\$ 1,458
Fair value of 1,238,345 shares issued	<u>13,498</u>
Value of cash and shares issued to WMCB shareholders	<u>\$14,956</u>

(i) Acquisition costs for WMCB's legal and investment advisor expenses are recorded at \$774.

(j) Includes cash paid in transaction and estimated transaction expenses.

COMPARATIVE STOCK PRICE AND DIVIDEND INFORMATION

PBCO Common Stock

Trades in PBCO’s shares are quoted on the OTC Bulletin Board (“OTCBB”) under the symbol “PBCO.” The OTCBB does not list securities, but rather is an interdealer quotation system used by subscribing market makers. The OTCBB is not a national stock exchange or a quotation system such as the Nasdaq Stock Market, Inc., with which it is not affiliated. As of the record date, PBCO had approximately 415 registered shareholders.

Trading in PBCO’s shares has not been extensive, and such trades cannot be characterized as amounting to an active market. Due to the limited information available to PBCO, the following price information may not accurately reflect the actual market value of PBCO shares.

Period	High	Low	Number of Shares Traded
2018			
First quarter.....	\$13.50	\$12.21	141,400
Second quarter	\$13.85	\$12.92	257,558
Third quarter	\$14.35	\$13.46	78,305
Fourth quarter	\$15.00	\$13.00	67,927
2019			
First quarter.....	\$15.65	\$13.92	17,600
Second quarter	\$16.75	\$14.60	58,103
Third quarter	\$15.55	\$14.85	57,601
Fourth quarter	\$15.05	\$14.12	39,800
2020			
First quarter.....	\$14.60	\$10.00	87,900
Second quarter	\$13.20	\$ 9.15	221,986
Third quarter	\$11.25	\$10.36	46,649
Fourth quarter (through 12/14/20).....	\$12.65	\$10.55	36,647

Information presented is derived from the most reliable source of transaction information known to management regarding prices paid for the stock and may not reflect all private transactions in the stock during the periods stated. On November 4, 2020, the trading day immediately preceding the parties’ entry into the Merger Agreement, the high and low prices for PBCO common stock as quoted on the OTCBB were \$11.00 and \$10.85.

Cash Dividends

PBCO does not currently pay a cash dividend on its shares of common stock and does not currently intend to pay cash dividends in the foreseeable future. PBCO’s ability to pay dividends in the future, if it determines to do so, will depend primarily upon its earnings. PBCO’s ability to pay dividends is also governed by various statutes and regulations.

WMCB Common Stock

Trades in WMCB's shares are quoted on the OTC Bulletin Board ("OTCBB"), an interdealer quotation system operated by the Financial Industry Regulatory Authority, or FINRA, under the symbol "WMCB." The OTCBB does not list securities, but rather is an interdealer quotation system used by subscribing market makers. The OTCBB is not a national securities exchange. As of the record date, WMCB had approximately 199 registered shareholders.

Trading in WMCB's shares has been, and is expected to remain, infrequent and limited in volume, and such trades cannot be characterized as amounting to an active market. Due to the limited information available to WMCB, the following price information may not accurately reflect the actual market value of WMCB shares.

Period	High	Low	Number of Shares Traded
2018			
First quarter.....	\$11.01	\$ 9.61	100,900
Second quarter	\$10.20	\$ 8.75	423,500
Third quarter	\$10.25	\$ 9.55	141,900
Fourth quarter	\$10.14	\$ 9.15	249,400
2019			
First quarter.....	\$10.05	\$ 9.47	78,000
Second quarter	\$10.75	\$ 9.62	102,500
Third quarter	\$11.25	\$10.50	102,500
Fourth quarter	\$13.05	\$10.62	24,300
2020			
First quarter.....	\$13.69	\$ 8.75	115,400
Second quarter	\$ 9.25	\$ 8.05	96,800
Third quarter	\$ 8.20	\$ 7.60	35,600
Fourth quarter (through 12/14/20).....	\$13.69	\$ 7.36	349,000

Information presented is derived from the most reliable source of transaction information known to management regarding prices paid for the stock, and may not reflect all private transactions in the stock during the periods stated. On November 4, 2020, the trading day immediately preceding the parties' entry into the Merger Agreement, there was one trade in WMCB common stock as quoted on the OTCBB at \$8.50.

Cash Dividends

WMCB does not currently pay a cash dividend on its shares of common stock and does not currently intend to pay cash dividends in the foreseeable future. The Merger Agreement generally prohibits the payment of dividends on WMCB's common stock.

PBCO SPECIAL SHAREHOLDERS' MEETING

Date, Time, Place

The PBCO special meeting of shareholders will be held at 2:00 p.m. Pacific Time, on February 11, 2021. The special meeting will be conducted by remote communication, a “virtual meeting.” See “INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING.”

Purpose

At the special meeting, PBCO shareholders will:

1. Consider and vote on a proposal to approve the Merger Agreement between PBCO and WMCB, under which WMCB will merge with and into PBCO.
2. Approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the proposals to be voted upon.

Record Date; Shares Outstanding and Entitled to Vote

The PBCO board of directors has fixed 5:00 p.m. Pacific Time on December 15, 2020 as the record date for determining the holders of shares of PBCO common stock entitled to notice of and to vote at the special meeting. At the close of business on the record date, there were approximately 415 holders of record and 3,560,880 shares of PBCO common stock issued and outstanding. Holders of record of PBCO common stock on the record date are entitled to one vote per share and are also entitled to exercise dissenters' rights if certain procedures are followed. See “Summary - Dissenters' Rights” and **Appendix B** attached to the Joint Proxy Statement.

PBCO's directors and certain executive officers have agreed to vote all shares of PBCO common stock they are entitled to vote that are held or controlled by them in favor of approval of the Merger Agreement. As of the date hereof, a total of 1,792,325 shares of PBCO common stock, representing approximately 50.3% of all outstanding shares of PBCO common stock, are covered by the voting agreements.

Votes Required and Quorum

The proposal to approve the Merger Agreement requires the affirmative vote of at least two-thirds of the issued and outstanding shares of PBCO common stock entitled to vote thereon.

A majority of the votes represented at the PBCO special meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the special meeting if necessary or appropriate.

Voting, Solicitation, and Revocation of Proxies

If the enclosed PBCO proxy card is duly executed and received in time for the special meeting, it will be voted in accordance with the instructions given. If the proxy card is duly executed and received but no instructions are given, it is the intention of the persons named in the proxy to vote the shares represented by the proxy “FOR” the approval of the Merger Agreement and “FOR” the proposal to approve one or more adjournments to solicit additional proxies, and in the proxy holder's discretion on any other matter properly

coming before the meeting. Any proxy given by a PBCO shareholder may be revoked before its exercise by:

- Sending written notice to the Corporate Secretary of PBCO;
- Completing and submitting a later-dated proxy; or
- Attending and voting at the special meeting in person.

You may also vote by telephone or via the Internet. For information about voting prior to or at the special meeting, and about participating in the virtual meeting itself, see “INSTRUCTIONS REGARDING THE PBCO VIRTUAL MEETING.”

If your shares of PBCO common stock are held in “street name,” you will receive instructions and a voting instruction form from your broker, bank, trust or other nominee that you must follow in order to have your shares voted. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank, trust or other nominee. Brokers or nominees cannot vote on behalf of beneficial owners on “non-routine” proposals, such as the proposals to approve the Merger Agreement and the merger and to permit one or more adjournments of the special meeting, unless they are instructed how to vote by the beneficial owners. When asked to vote on a non-routine proposal, but not instructed by the beneficial owner, a “broker non-vote” occurs. Thus, if your shares are held in street name and you do not submit voting instructions to your broker, your broker may not vote your shares at the PBCO special meeting on the approval of the Merger Agreement and the merger, or on the proposal to permit one or more adjournments of the PBCO special meeting.

A broker non-vote with respect to the Merger Agreement and the merger has the same effect as a vote against the Merger Agreement and the merger, so we encourage you to complete your Voting Instruction Form and return it to your broker as soon as possible.

PBCO is soliciting the proxy for the special meeting on behalf of the PBCO board of directors. PBCO will bear the cost of solicitation of proxies from its shareholders. PBCO may elect to engage an outside proxy solicitation firm to assist in the solicitation of proxies, and in such event PBCO will bear the associated costs and expenses.

WMCB SPECIAL SHAREHOLDERS' MEETING

Date, Time, Place

The WMCB special meeting of shareholders will be held 10:00 a.m. Pacific Time, on February 11, 2021. The special meeting will be conducted by remote communication, a “virtual meeting.” See “INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING.”

Approval of the Merger Agreement requires the affirmative vote of at least two-thirds of the shares of WMCB’s outstanding common stock. The proposal to adjourn the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies, will be approved if a majority of votes represented at the special meeting, whether or not a quorum is present, votes in favor of the proposal.

Purpose

At the special meeting, WMCB shareholders will be asked to:

1. Consider and vote on a proposal to approve the Merger Agreement between PBCO and WMCB, under which WMCB will merge with and into PBCO.
2. Approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of approval of the proposals being voted upon.

Record Date; Shares Outstanding and Entitled to Vote

The WMCB board of directors has fixed 5:00 p.m. Pacific Time on December 15, 2020 as the record date for determining the holders of shares of WMCB common stock entitled to notice of and to vote at the special meeting. At the close of business on the record date, there were approximately 199 holders of record and 1,857,955 shares of WMCB common stock issued and outstanding. Holders of record of WMCB common stock on the record date are entitled to one vote per share and are also entitled to exercise dissenters’ rights if certain procedures are followed. See “Summary - Dissenters’ Rights” and **Appendix B** attached to the Joint Proxy Statement.

WMCB’s directors and certain executive officers have agreed to vote all shares of WMCB common stock they are entitled to vote that are held or controlled by them in favor of approval of the Merger Agreement. As of the date hereof, a total of 115,704 shares of WMCB common stock, representing approximately 6.2% of all outstanding shares of WMCB common stock, are covered by the voting agreement.

Quorum and Votes Required

At least a majority of the total outstanding shares of WMCB common stock must be present, either in person or by proxy, in order to constitute a quorum for the special meeting. For purposes of determining a quorum, abstentions are counted in determining the shares present at a meeting.

The affirmative vote of the holders of at least two-thirds of the outstanding shares of WMCB common stock is required to approve the Merger Agreement.

The proposal to adjourn the special meeting, if necessary or appropriate, including adjournments to solicit additional proxies, will be approved if a majority of the shares represented at the meeting are voted in favor of the proposal, whether or not a quorum is present.

Voting, Solicitation, and Revocation of Proxies

If the enclosed proxy card is duly executed and received in time for the special meeting, it will be voted in accordance with the instructions given. If the proxy card is duly executed and received but no instructions are given, it is the intention of the persons named in the proxy to vote the shares represented by the proxy “FOR” the approval of the Merger Agreement and “FOR” the proposal to approve one or more adjournments to solicit additional proxies, and in the proxy holder’s discretion on any other matter properly coming before the meeting. Any proxy given by a shareholder may be revoked before its exercise by:

- Sending written notice to the Corporate Secretary of WMCB;
- Completing and submitting a later-dated proxy; or
- Attending and voting at the special meeting in person.

You may also vote by telephone or via the Internet. For information about voting prior to or at the special meeting, and about participating in the virtual meeting itself, see “INSTRUCTIONS REGARDING THE WMCB VIRTUAL MEETING.”

If your shares of WMCB common stock are held in “street name,” you will receive instructions and a Voting Instruction Form from your broker, bank, trust or other nominee that you must follow in order to have your shares voted. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank, trust or other nominee. Brokers or nominees cannot vote on behalf of beneficial owners on “non-routine” proposals, such as the proposals to approve the Merger Agreement and the Merger and to permit one or more adjournments of the special meeting, unless they are instructed how to vote by the beneficial owners. When asked to vote on a non-routine proposal, but not instructed by the beneficial owner, a “broker non-vote” occurs. Thus, if your shares are held in street name and you do not submit voting instructions to your broker, your broker may not vote your shares at the WMCB special meeting on the approval of the Merger Agreement and the merger, or on the proposal to permit one or more adjournments of the WMCB special meeting.

A broker non-vote with respect to the Merger Agreement and the merger has the same effect as a vote against the Merger Agreement and the merger, so we encourage you to complete your voting instruction form and return it to your broker as soon as possible.

WMCB is soliciting the proxy for the special meeting on behalf of the WMCB board of directors. WMCB will bear the cost of solicitation of proxies from its shareholders. WMCB may elect to engage an outside proxy solicitation firm to assist in the solicitation of proxies, and in such event WMCB will bear the associated costs and expenses.

BACKGROUND OF AND REASONS FOR THE MERGER

Background of the Merger

As part of WMCB's ongoing desire to maximize shareholder value, the WMCB Board of Directors ("WMCB Board") regularly reviews its operating performance and strategic plan, and considers, from time to time, how capital markets and merger and acquisition opportunities might be used to enhance shareholder value.

With the goal of enhancing shareholder value, in February 2018 WMCB raised approximately \$7.2 million in a private placement of common equity to support a strategic plan that included an emphasis on increased loan and deposit growth. Investors in the offering were primarily institutional investors. In total, the capital raise resulted in the investors owning approximately 43% of WMCB's common stock.

In April 2018, the then CEO of WMCB announced his resignation and Joan Reukauf was named CEO. The unexpected change in CEO prompted several of the investors in the February 2018 capital raise to contact WMCB expressing their concern for the future of WMCB. Following the announcement of the leadership change, WMCB began receiving contact from other banks asking if WMCB was "for sale".

At approximately this same time, WMCB retained as its counsel a partner of Davis Wright Tremaine LLP ("DWT") to assist in corporate matters generally and to aid in responding to investor feedback relating to the stock offering.

During the spring of 2018, prior to and in connection with WMCB's annual shareholder meeting, the WMCB Board and CEO was contacted by a large investor who encouraged WMCB to immediately commence a sale process.

In June 2018, WMCB engaged PSC (then Sandler O'Neill & Partners, L.P.), to perform general advisory services and provide advice regarding potential paths for maximizing WMCB shareholder value and strategies for managing relations with WMCB's institutional investors.

On October 10, 2018, WMCB's Chairman, Vice Chairman, and CEO, together with WMCB's primary investment banker from PSC, met with a large shareholder. In the meeting, the investor expressed concerns regarding WMCB's ability to create shareholder value by remaining independent and encouraged WMCB to seek a sale.

As friendly competitors, senior executives of PBCO and WMCB would hold discussions from time-to-time about strategy, regulation and the banking landscape in general. During the latter part of 2018 PBCO expressed interest in discussing the potential merger of PBCO and WMCB.

Prior to and in connection with WMCB's annual shareholder meeting in April 2019, a large investor made numerous gestures that seemed intended to promote a sale of WMCB. These efforts included requests for corporate records and the WMCB stockholder list. These requests were denied by WMCB because they were inconsistent with Oregon law.

At the June 2019 WMCB Board meeting, the WMCB Board determined that, in order to maximize value for WMCB shareholders, it was prudent to engage in more detailed conversations with PBCO about a potential merger. In addition, the WMCB Board determined that it was prudent to explore other potential acquisition partners, including potential partners who had contacted WMCB following the announced CEO transition in 2018.

On July 1, 2019, WMCB entered into a confidentiality agreement with PBCO with the intent of having more detailed conversations about a potential merger of WMCB and PBCO.

At the July 16, 2019, WMCB Board meeting, representatives of PSC led a discussion with members of the WMCB Board. The discussion included an overview of WMCB's stand-alone valuation, an overview of WMCB's potential buyers and the values WMCB might receive in a merger scenario and the process and potential timeline of such a merger. At the meeting, the WMCB Board confirmed its desire to continue conversations with PBCO and directed PSC to reach out to ten other potential buyers.

Beginning on July 18, 2019, PSC began contacting ten potential buyers. For those that were interested in exploring the acquisition of WMCB, a confidentiality agreement was provided, which, once executed, allowed the prospective buyers to receive additional information. Of those ten contacts, all requested confidentiality agreements of which, eight were signed and returned.

During the rest of July 2019, the eight parties that signed the confidentiality agreement and PBCO received the same information relating to the possible acquisition of WMCB and each was invited to hold a meeting with WMCB management.

At the end of July 2019, PSC contacted the parties that had signed the confidentiality agreement and requested that, if interested, the parties submit a written nonbinding proposal describing the principal terms on which the party would proceed with an acquisition of WMCB. Five parties (including PBCO) expressed interest in submitting a proposal for the acquisition of WMCB.

On July 30, 2019, WMCB entered into an updated engagement letter with PSC, whereby PSC would serve as financial advisor to WMCB in the context of a sale of WMCB.

Four of the five parties (including PBCO) submitted nonbinding written proposals. One party did not submit a proposal, citing internal focus as a greater priority than the acquisition of WMCB.

On August 21, 2019, the WMCB Board held a meeting to review the four (including PBCO) proposals received. Representatives of PSC provided an overview of the proposals, including implied valuations and key terms. At the meeting, the WMCB Board confirmed its desire to proceed with two parties: Party A and Party B, primarily because their proposals offered the greatest value for WMCB shareholders. Following the meeting and at the direction of the WMCB Board, representatives of PSC contacted Party C and PBCO to notify them that WMCB would be proceeding with other proposals that offered higher value for WMCB shareholders.

During the rest of August and most of September 2019, WMCB proceeded forward into further due diligence with Party A and Party B. The diligence included multiple in person meetings with each party and access for each party to an online data room.

Towards the end of September 2019, WMCB requested that Party A and Party B submit updated proposals and each obliged.

On September 25, 2019, the WMCB Board held a meeting to review the updated proposals from Party A and Party B. PSC provided an overview of the proposals and their respective valuations and key terms. The WMCB Board discussed the merits of the two proposals, remaining independent and the associated risks of the alternatives. One of the risks discussed was the likelihood of success of the merger strategy including receipt of regulatory approval. The WMCB Board determined it would be appropriate to meet with Party A and Party B in person to discuss their proposals. The WMCB Board also instructed

Ms. Reukauf and DWT to review the risks associated with securing regulatory approval for the mergers proposed by Party A and Party B, respectively.

In October 2019, the WMCB Board held in person meetings with Party A and Party B, respectively. In the meetings each of Party A and Party B presented the merits of their proposals. In addition the WMCB Board asked questions, including the likelihood of receiving regulatory approval for the proposed transactions.

On October 6, 2019, the WMCB Board met to consider the proposals from Party A and Party B. DWT provided the WMCB Board with an overview of the risks of realizing a merger with Party A and Party B and the WMCB Board determined that there was unacceptable risk of securing regulatory approval with Party B. The WMCB Board elected to proceed forward with Party A to complete due diligence and negotiate a definitive merger agreement.

In the following days, Party A and WMCB engaged in negotiations and, on October 9, 2019, WMCB entered into a nonbinding letter of intent with Party A.

On or around October 14, 2019 Party A informed WMCB of concerns surrounding Article 8 in WMCB's articles of incorporation which Party A believed would preclude WMCB from entering into a definitive merger agreement without first securing WMCB shareholder approval. Despite considerable efforts to rectify including several proposals presented over the next several weeks, Party A was not satisfied with WMCB's proposed strategies to resolve the issues regarding Article 8, and on October 29, 2019, Party A informed WMCB they were not comfortable proceeding into a definitive agreement until Article 8 was removed from WMCB's articles of incorporation which would require the affirmative vote of WMCB's shareholders.

On November 4, 2019, the WMCB Board held a meeting and determined that it was appropriate to remove Article 8 and began the process of holding a special shareholder meeting for that purpose.

On November 7, 2019, the letter of intent with Party A was terminated.

On January 6, 2020, WMCB received a series of shareholder proposals from a large investor, including one which that would have required the WMCB board to form a special committee to explore a sale of WMCB. The proposals were not consistent with Oregon law or with WMCB's bylaws, and were rejected by WMCB.

Also in early January 2020, WMCB provided updates to Party A regarding progress with removing Article 8. As the removal of Article 8 drew closer, Party A confirmed its willingness, subject to invitation by the WMCB Board, to provide a new proposal to WMCB in substantially the same form as the prior proposal, immediately following the removal of Article 8.

On January 31, 2020, the WMCB shareholders convened in a special meeting for the purpose of approving the proposal contemplating the removal of Article 8. This meeting was adjourned for lack of a quorum and was reconvened on February 21, 2020, at which time the proposal was approved.

On February 1, 2020, the WMCB Board held a meeting to discuss strategies for moving forward. In the meeting, the WMCB Board reviewed Party A's proposal from November 2019 and discussed its relationship with certain of its large investors and strategies for managing these investors going forward.

On February 20, 2020, the WMCB Board held a meeting to discuss reengaging in conversations with Party A, and confirmed their desire to proceed forward in a merger with Party A.

On February 24, 2020 WMCB entered into a nonbinding letter of intent with Party A, and resumed efforts to complete due diligence and negotiate a merger agreement. Also at approximately this time, WMCB's relationship partner at DWT transitioned to Buchalter, APC.

Beginning in late-February 2020, bank stocks across the United States experienced a precipitous decline due to investor concerns surrounding the impacts of COVID-19. Many bank stocks declined by 35% or more in a matter of weeks. Concerns for the industry were numerous and highlighted by the potential loan losses resulting from a prolonged contraction in the United States economy set-off by COVID-19.

On March 11, 2020, Party A informed WMCB that, given the economic uncertainty, they could not proceed with the merger. Shortly thereafter, the WMCB Board met and resolved to cease merger discussions in light of the current uncertainty, and those discussions were abandoned.

During the spring of 2020, WMCB maintained contact with Party A and PBCO – primarily sharing best practices and discussing strategies for managing the challenging operating environment.

PBCO maintained its interest in WMCB, since PBCO's strategic plan included acquiring other community banks with similar cultures that would expand its footprint and create larger operating scale.

On or about June 6, 2020, one of WMCB's large investors place an advertisement in the Albany Democrat-Herald identifying their ownership in WMCB and requesting that interested investors contact them to discuss their holdings in WMCB.

In June 2020, conversations with PBCO became more serious, and PBCO again indicated their desire for a merger between PBCO and WMCB. Party A was contacted by WMCB to assess their interest in resuming merger discussions, and Party A responded that, due to ongoing economic uncertainty, they were not prepared to engage in a business combination at that time.

On July 15, 2020, the WMCB Board held a meeting to discuss strategic alternatives in light of PBCO's desire to submit a nonbinding proposal to WMCB. The WMCB Board considered the economic uncertainty, the dramatic negative impact of low interest rates on WMCB's profitability, the ongoing challenges dealing with certain institutional investors and the merits of a merger with PBCO and determined that they would be willing to reengage in conversations with PBCO which might lead to a nonbinding proposal from PBCO.

On July 22, 2020, WMCB entered into a new confidentiality agreement with PBCO.

Even though discussions with Party A had diminished, regular check in calls between Party A and WMCB were still happening. In mid-September 2020, WMCB informed Party A that WMCB might pursue conversations with another institution and wanted to know if they would be interested in reengaging in merger discussions. Party A confirmed that, due to continued economic uncertainty, Party A was still not prepared to pursue a business combination.

On September 14, 2020, PBCO provided WMCB with a nonbinding proposal for the acquisition of WMCB by PBCO.

On September 16, 2020, the WMCB Board held a meeting to review the PBCO proposal. The PBCO proposal consisted of 1,117,402 shares of PBCO and \$2.09 million in cash. Based on PBCO's then current stock price of \$10.60, the value of the proposal was \$13.9 million in aggregate or \$7.50 per WMCB share, consisting of 85% PBCO stock and 15% cash. The proposal also included a \$1.0 million superior proposal break-up fee. The WMCB Board considered the PBCO proposal and WMCB's stand-alone

prospects. WMCB's stand-alone forecast had diminished considerably due to the combined effects of lower net interest margin and lower growth prospects. The WMCB Board considered PBCO's prospects and their recent strong financial performance. The WMCB Board discussed the merits of larger operating scale in this challenging environment. The WMCB Board found the PBCO proposal to be inadequate, but supported the merits of the combination and determined a revised proposal may be acceptable if PBCO were to (i) increase the value to WMCB shareholders, (ii) increase the proportion of stock consideration and (iii) reduce the superior proposal break-up fee.

WMCB and PBCO and their respective representatives immediately began negotiations and on September 17, 2020, PBCO provided WMCB with a revised nonbinding proposal that included: 1,238,345 shares of PBCO stock and \$1,458,495 million in cash. Based on the \$10.60 PBCO stock price, the aggregate value was \$14.6 million or \$7.85 per WMCB share, consisting of 90% PBCO stock and 10% cash. The proposal also included a superior proposal break-up fee of \$700,000.

The WMCB considered the revised proposal and on September 17, 2020 the WMCB Board authorized WMCB management to execute the revised nonbinding letter of intent from PBCO.

Throughout the rest of September and October, PBCO and WMCB engaged in comprehensive due diligence and negotiation of a definitive agreement and related agreements. The due diligence included independent on-site loan review of WMCB by PBCO and PBCO by WMCB.

On November 5, 2020, the WMCB Board held a special meeting. Representatives of PSC and Buchalter participated in the meeting. At the meeting, the WMCB Board reviewed the definitive merger agreement, ancillary agreements and related summaries and supplemental materials in detail. Representatives of PSC then orally delivered its opinion to the WMCB Board to the effect that, as of November 5, 2020, and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by PSC in preparing its opinion, the merger consideration set forth in the merger agreement was fair, from a financial point of view, to the holders of WMCB common stock. At the conclusion of the meeting, after consulting with its advisors regarding matters within the advisors' areas of expertise, the WMCB Board unanimously approved entering into the definitive merger agreement and ancillary agreements with PBCO.

On November 5, 2020, the PBCO Board held a special meeting. Davidson and Miller Nash Graham & Dunn participated in the meeting. At the meeting, the PBCO Board reviewed the definitive merger agreement, ancillary agreements and related summaries and supplemental materials in detail. Davidson orally delivered its fairness opinion to the PBCO Board. The PBCO Board unanimously approved entering into the definitive merger agreement and ancillary agreements with WMCB.

Reasons for the Merger – PBCO

At a board meeting held on November 5, 2020, the PBCO board of directors determined that the terms of the Merger Agreement were in the best interests of PBCO and its shareholders. In the course of reaching this determination and related decision to approve the Merger Agreement, the PBCO board of directors evaluated the merger and the Merger Agreement in consultation with the management of PBCO and PBCO's financial advisor and legal counsel. In reaching its determination, the PBCO board of directors considered a number of factors. Such reasons included the following:

- The terms of the Merger Agreement and the value and form of consideration to be paid or issued to WMCB shareholders in the merger;

- The knowledge of PBCO’s business, operations, financial condition, asset quality, earnings and prospects, and of WMCB’s business, operations, financial condition, asset quality, earnings and prospects, taking into account presentations made by WMCB officers, the results of PBCO’s due diligence review of WMCB, and information provided by WMCB’s financial advisor;
- The belief that combining the two banks would create a larger and more diversified financial institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its market share in Oregon;
- The belief that WMCB’s core deposit funding and balance sheet liquidity could be used to support PBCO’s ongoing loan demand;
- The complimentary aspects of PBCO’s and WMCB’s businesses, including customer focus, geographic coverage, business orientation, and compatibility of the banks’ management and operating styles;
- The understanding of WMCB’s commitment to enhancing the strategic position of the combined banks in Oregon;
- The geographic locations of PBCO and WMCB;
- The potential expense-saving and revenue-enhancing opportunities in connection with the merger and the related potential impact on the combined bank’s earnings;
- The opinion, dated November 5, 2020, of Davidson to the PBCO board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to PBCO of the merger consideration to be paid or issued by PBCO, as more fully described below under “Davidson’s Opinion to PBCO’s Board of Directors;” and
- The likelihood of the merger being approved by applicable regulatory authorities without undue conditions or delay.

PBCO’s board of directors also considered certain uncertainties and risks in its deliberations concerning the transactions contemplated by the Merger Agreement, including the following:

- That the merger could cause some PBCO and/or WMCB customers to move their business to other financial institutions;
- That costs and expenses relating to the integration of the respective businesses and operations of PBCO and WMCB might exceed those projected; and
- The potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger.

The foregoing discussion of the reasons that led the PBCO board of directors to approve the Merger Agreement and recommend that PBCO shareholders vote in favor of the Merger Agreement is not intended to be exhaustive, but is believed to include all of the material reasons for the decision of PBCO’s board of directors. In reaching its determination to approve and recommend the transaction, PBCO’s board of directors based its recommendation on the totality of the information presented to it and did not assign any relative or specific weights to the reasons considered in reaching that determination. Individual directors

may have given differing weights to different reasons. After deliberating with respect to the merger with WMCB, considering, among other things, the matters discussed above, the PBCO board of directors unanimously approved the Merger Agreement and the merger with WMCB as being in the best interests of PBCO and its shareholders.

Reasons for the Merger – WMCB

At its special board meeting held on November 5, 2020, the WMCB Board determined that the terms of the Merger Agreement, including the merger, the merger consideration, and the process whereby the WMCB Board determined to enter into the Merger Agreement, were fair to and in the best interests of WMCB and its shareholders. In the course of reaching this determination and related decision to approve the Merger Agreement, the WMCB Board evaluated the merger and the Merger Agreement in consultation with WMCB's management and its legal and financial advisors. In reaching its determination, the WMCB Board considered a number of factors, including:

- The value of the merger consideration, including the current and expected future value of the PBCO common stock and the likelihood of increased trading volume in PBCO common stock following the merger;
- The increase in market size, prospective customer base, and lending capabilities available with the combined institution;
- The increase in operating efficiency that the WMCB Board believes can be achieved by combining the two organizations;
- The expected approval of applicable federal and state regulatory authorities;
- The complementary nature of PBCO's operating culture, market focus, competitive position, management personnel, growth strategy, and customer service philosophy, as articulated by the PBCO Board and management personnel;
- The actual and potential conflicts of interest associated with the WMCB Board's compensatory relationships with WMCB and the fact that the Merger Agreement provides for a continuation of three (3) directors nominated by WMCB with the consent of PBCO;
- The challenges confronting WMCB in executing its organic growth strategy, including the impact of low interest rates on WMCB's net interest margin, WMCB's past difficulties expanding into new markets, the competition for those markets, the costs of such expansion in light of WMCB's existing capital resources, and the difficulty in attracting experienced personnel;
- WMCB's perceived inability to acquire or merge with another institution that would complement WMCB's existing markets, owing among other things to WMCB's available capital resources and the liquidity of the WMCB common stock;
- The past and expected future costs of responding to activist shareholders who had been seeking to promote a sale of WMCB;
- Approximately 90% of the merger consideration consisted of PBCO stock and that stock was valued a discount to tangible book value per share as of the date the Merger Agreement was signed;

- The auction process that had been conducted by WMCB during 2019, including the number of parties interested, the indicative pricing offered by those institutions, the execution risk and valuation uncertainties associated with certain of the prospective acquirors, and the fact that the most attractive acquisition proposal received during that process (Party A) was undermined by an anti-takeover provision in WMCB’s articles of incorporation;
- The mutual decision by WMCB and Party A to abandon merger discussions that had resumed in early 2020 in light of the economic risk and uncertainty arising as a result of the COVID-19 pandemic and the related government restrictions on businesses and individuals;
- The results of an informal “market check” conducted in August 2020, including the stated unwillingness of Party A to resume further merger discussions;
- The known and expected social, legal and economic effects of the merger upon WMCB’s customers, employees and communities, as well as the economy of the state and nation, the long term as well as short term interests of WMCB and its shareholders, including the possibility that these interests may be best served by the continued independence of the institution, and such other factors as the WMCB Board deemed relevant; and
- The financial analyses and opinion of PSC, which was directed to the WMCB Board (solely in its capacity as such), to the effect that, as of November 5, 2020 and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by PSC in preparing its opinion, the merger consideration as set forth in the merger agreement was fair, from a financial point of view, to the holders of WMCB common stock.

The WMCB Board also considered and discussed the various known risks and uncertainties associated with the Merger Agreement and the proposed merger, including those described in the section above entitled “Risk Factors,” as well as the challenges associated with integrating the management and operational personnel of the two organizations, the legal and professional fees and other costs of entering into the Merger Agreement and consummating the merger (including the fees and costs expected to be incurred in obtaining shareholder and regulatory approval and completing the transactions), the costs of change-in-control and other severance benefits described in this Joint Proxy Statement, and the risk that the integration of the two organizations might cause disruption in WMCB’s customer base or in that of the combined organization.

Opinion of PBCO’s Financial Advisor

On May 23, 2019, PBCO entered into an engagement agreement with D.A. Davidson to render financial advisory and investment banking services to PBCO. As part of its engagement, D.A. Davidson agreed to assist PBCO in analyzing, structuring, negotiating and, if appropriate, effecting a transaction between PBCO and WMCB. D.A. Davidson also agreed to provide PBCO’s board of directors with an opinion as to the fairness, from a financial point of view, of the Merger Consideration to be paid to the holders of WMCB’s common stock in the proposed merger. PBCO engaged D.A. Davidson because D.A. Davidson is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with PBCO and its business. As part of its investment banking business, D.A. Davidson is continually engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

On November 5, 2020, PBCO’s board of directors held a meeting to evaluate the proposed merger. At this meeting, D.A. Davidson reviewed the financial aspects of the proposed merger and rendered an

opinion to PBCO's board that, as of such date and based upon and subject to assumptions made, procedures followed, matters considered and limitations on the review undertaken, the Merger Consideration to be paid to the holders of the WMCB's common stock was fair, from a financial point of view, to PBCO in the proposed merger.

The full text of D.A. Davidson's written opinion, dated November 5, 2020, is attached as Appendix C to this joint proxy statement and is incorporated herein by reference. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion. PBCO's shareholders are urged to read the opinion in its entirety.

D.A. Davidson's opinion speaks only as of the date of the opinion and D.A. Davidson undertakes no obligation to revise or update its opinion. The opinion is directed to PBCO's board of directors and addresses only the fairness, from a financial point of view, of the Merger Consideration to be paid to the holders of WMCB's common stock in the proposed merger. The opinion does not address, and D.A. Davidson does not express a view or opinion with respect to, (i) the underlying business decision of PBCO to engage in the merger, (ii) the relative merits or effect of the merger as compared to any alternative business transactions or strategies that may be or may have been available to or contemplated by PBCO or PBCO's board of directors, or (iii) any legal, regulatory, accounting, tax or similar matters relating to PBCO, its shareholders or relating to or arising out of the merger. The opinion does not express a view or opinion as to any terms or other aspects of the merger, except for the Merger Consideration. PBCO and WMCB determined the Merger Consideration through the negotiation process. The opinion does not express any view as to the amount or nature of the compensation to any of PBCO's or WMCB's officers, directors or employees, or any class of such persons, relative to the Merger Consideration, or with respect to the fairness of any such compensation. The opinion has been reviewed and approved by D.A. Davidson's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

D.A. Davidson has reviewed the joint proxy statement and consented to the inclusion of its opinion to PBCO's board of directors as Appendix C to this joint proxy statement and to the references to D.A. Davidson and its opinion contained herein.

In connection with rendering its opinion, D.A. Davidson reviewed, among other things, the following:

- a draft of the Agreement, dated November 4, 2020;
- financial statements and other historical financial and business information about PBCO and WMCB made available to us from published sources and/or from the internal records of PBCO and WMCB that we deemed relevant;
- internal projections prepared by senior management of PBCO for the years ending December 31, 2020, December 31, 2021, and December 31, 2022 and an estimated long term growth rate for the years thereafter, in each case as discussed with, and confirmed by senior management of PBCO;
- internal projections prepared by senior management of WMCB for the years ending December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, and December 31, 2024, and an estimated long term growth rate for the years thereafter, in each case as discussed with, and confirmed by senior management of WMCB and PBCO;
- the current market environment generally and the banking environment in particular;

- the market and trading characteristics of selected public companies and selected public bank holding companies in particular;
- the financial terms of certain other transactions in the financial institutions industry, to the extent publicly available;
- the net present value of PBCO and WMCB with consideration of projected financial results;
- the relative contributions of PBCO and WMCB to the combined company;
- the pro forma financial impact of the Transaction, taking into consideration the amounts and timing of transaction costs and cost savings; and
- other such financial studies, analyses, investigations, economic and market information that we considered relevant including discussions with management and other representatives and advisors of PBCO and WMCB concerning the business, financial condition, results of operations and prospects of PBCO and WMCB.

In arriving at its opinion, D.A. Davidson assumed and relied upon the accuracy and completeness of all information that was publicly available, supplied or otherwise made available to, discussed with or reviewed by or for D.A. Davidson. D.A. Davidson did not independently verify, and did not assume responsibility for independently verifying, such information. D.A. Davidson relied on the assurances of management of PBCO that they are not aware of any facts or circumstances that would make any of such information, projections or estimates inaccurate or misleading. D.A. Davidson did not undertake an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of PBCO or WMCB. In addition, D.A. Davidson did not assume any obligation to conduct, nor did D.A. Davidson conduct any physical inspection of the properties or facilities of PBCO or WMCB and has not been provided with any reports of such physical inspections. D.A. Davidson assumed that there has been no material change in PBCO's or WMCB's business, assets, financial condition, results of operations, cash flows, or prospects since the date of the most recent financial statements provided to D.A. Davidson.

With respect to the financial projections and estimates (including information relating to the amounts and timing of merger costs, cost savings, and revenue enhancements) provided to or otherwise reviewed by or for or discussed with us, we have been advised by management of PBCO and WMCB that such projections and other analyses were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments as to the future financial performance of the respective companies and the other matters covered thereby, and that the financial results reflected in such projections and estimates will be realized in the amounts and at the times projected. We do not assume responsibility for and do not express an opinion as to these projections and estimates or the assumptions on which they were based.

D.A. Davidson did not make an independent evaluation or appraisal of the loan and lease portfolios, classified loans, other real estate owned or any other specific assets, nor has D.A. Davidson assessed the adequacy of the allowance for loan losses of PBCO or WMCB. D.A. Davidson has not reviewed any individual credit files relating to PBCO or WMCB. D.A. Davidson assumed that the respective allowances for loan losses for both PBCO and WMCB are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. D.A. Davidson did not make an independent evaluation of the quality of PBCO's or WMCB's deposit base, nor have we independently evaluated potential deposit concentrations or the deposit composition of PBCO or WMCB. D.A. Davidson did not make an independent evaluation of the quality of PBCO's or WMCB's investment securities portfolio, nor have we independently evaluated potential concentrations in the investment securities portfolio of PBCO or WMCB.

D.A. Davidson assumed that all representations and warranties contained in the merger agreement and all related agreements are true and correct in all respects material to D.A. Davidson's analysis, and that the merger will be consummated in accordance with the terms of the Agreement, without waiver, modification, or amendment of any term, condition or covenant thereof the effect of which would be in any respect material to D.A. Davidson's analysis. D.A. Davidson has assumed that all material governmental, regulatory or other consents, approvals, and waivers necessary for the consummation of the merger will be obtained without any material adverse effect on the Company or the contemplated benefits of the merger.

D.A. Davidson assumed in all respects material to its analysis that PBCO and WMCB will remain as going concerns for all periods relevant to its analysis. D.A. Davidson's opinion was necessarily based upon information available to D.A. Davidson and economic, market, financial and other conditions as they exist and can be evaluated on the date the fairness opinion letter was delivered to PBCO's board of directors.

Our opinion does not take into account individual circumstances of specific holders with respect to control, voting or other rights which may distinguish such holders.

We also do not express an opinion as to the actual value of PBCO's common stock when issued in the Transaction or the prices at which PBCO's common stock or WMCB's common stock will trade following announcement of the Transaction or at any future time.

We have not evaluated the solvency or fair value of PBCO or WMCB under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. This opinion is not a solvency opinion and does not in any way address the solvency or financial condition of PBCO or WMCB. We are not expressing any opinion as to the impact of the Transaction on the solvency or viability of PBCO or WMCB or the ability of PBCO or WMCB to pay their respective obligations when they come due.

Set forth below is a summary of the material financial analyses performed by D.A. Davidson in connection with rendering its opinion. The summary of the analyses of D.A. Davidson set forth below is not a complete description of the analysis underlying its opinion, and the order in which these analyses are described below is not indicative of any relative weight or importance given to those analyses by D.A. Davidson. The following summaries of financial analyses include information presented in tabular format. You should read these tables together with the full text of the summary financial analyses, as the tables alone are not a complete description of the analyses.

Unless otherwise indicated, the following quantitative information, to the extent it is based on market data, is based on market data as of October 30, 2020, the last trading day prior to the date on which D.A. Davidson delivered the fairness opinion letter to PBCO's board of directors, and is not necessarily indicative of market conditions after such date.

Implied Valuation Multiples for PBCO based on the Merger Consideration

D.A. Davidson reviewed the financial terms of the proposed transaction. As described in the merger agreement, each share of WMCB common stock will be converted into the right to receive, either: (a) a unit consisting of (i) 0.6665 shares of PBCO Common Stock and (ii) cash in an amount of \$0.785 per share, (b) shares of PBCO Common Stock, or (c) cash. The terms and conditions of the merger are more fully described in the merger agreement. For purposes of the financial analyses described below, based on the closing price of PBCO common stock on October 30, 2020, of \$10.90, the Merger Consideration represented an implied value of \$8.05 per share of WMCB common stock, or \$15.0 million in aggregate. Based upon financial information as of or for the twelve-month or three-month period ended September 30, 2020 and other financial and market information described below, D.A. Davidson calculated the following transaction ratios:

Transaction Ratios		
	Per Share	Aggregate
Transaction Price / LTM Net Income	21.9x	21.9x
Transaction Price / MRQ Net Income	17.7x	17.7x
Transaction Price / 2020E Net Income (1)	17.4x	17.4x
Transaction Price / 2021E Net Income (1)	15.8x	15.8x
Transaction Price / Book Value	72.9%	72.9%
Transaction Price / Tangible Book Value	72.9%	72.9%
Tangible Book Premium / Core Deposits (2)	-	-3.2%
Transaction Price / WMCB's Closing Price as of 10/30/2020 (3)	3.9%	
Transaction Price / WMCB's 20-Day Average Price as of 10/30/2020 (4)	5.1%	

(1) Financial projections in 2020 and 2021 based on WMCB management budget, as discussed with and confirmed by management of WMCB and PBCO

(2) Tangible book premium / core deposits calculated by dividing the excess or deficit of the merger consideration compared to tangible book value by core deposits

(3) Based on WMCB's Closing Price as of October 30, 2020 of \$7.75

(4) Based on WMCB's 20-Day Average Price as of October 30, 2020 of \$7.66

Stock Price Performance of PBCO and WMCB

D.A. Davidson reviewed the history of the reported trading prices and volume of PBCO and WMCB common stock and certain stock indices, including the Russell 3000 and the KBW Nasdaq Regional Bank Index. D.A. Davidson compared the stock price performance of PBCO or WMCB with the performance of the Russell 3000 and the KBW Nasdaq Regional Banking Index as follows:

One Year Stock Performance		
	Beginning Index Value on 10/30/2019	Ending Index Value on 10/30/2020
Russell 3000	100.0%	107.8%
KBW Nasdaq Regional Banking Index	100.0%	72.3%
PBCO	100.0%	75.7%
WMCB	100.0%	62.0%

Three Year Stock Performance		
	Beginning Index Value on 10/30/2017	Ending Index Value on 10/30/2020
Russell 3000	100.0%	126.3%
KBW Nasdaq Regional Banking Index	100.0%	67.8%
PBCO	100.0%	95.4%
WMCB	100.0%	74.5%

Contribution Analysis

D.A. Davidson analyzed the relative contribution of PBCO and WMCB to certain financial and operating metrics for the pro forma combined company. Such financial and operating metrics included: (i) market capitalization; (ii) pre-tax, pre-provision income for the preceding twelve months ended September 30, 2020; (iii) net income for the preceding twelve months ended September 30, 2020; (iv) annualized net income for the preceding three months ended September 30, 2020; (v) estimates net income for 2020 and 2021; (vi) total assets; (vii) gross loans; (viii) gross loans, excluding PPP loans; (ix) loan loss reserve; (x) total deposits; (xi) non-interest bearing demand deposits; (xii) non-CDs; and (xiii) tangible common equity. The relative contribution analysis did not give effect to the impact of any synergies as a result of the proposed merger. The results of this analysis are summarized in the table below, which also compares the

results of this analysis with the implied pro forma ownership percentages of PBCO or WMCB shareholders in the combined company based on the Merger Consideration.

Contribution Analysis						
	PBCO Stand-alone	PBCO % of Total	WMCB Stand-alone	WMCB % of Total	Total	
<u>Market Capitalization</u>						
Market Capitalization (10/30/2020) (in thousands)	\$ 38,813	73%	\$ 14,399	27%	\$ 53,212	
<u>Income Statement - Historical</u>						
LTM Pre-Tax Pre-Provision Income (in thousands) (1)	\$ 8,811	89%	\$ 1,064	11%	\$ 9,875	
LTM Net Income (in thousands) (2)	\$ 5,783	89%	\$ 682	11%	\$ 6,465	
MRQ, Annualized Net Income (in thousands) (3)	\$ 7,749	90%	\$ 844	10%	\$ 8,593	
<u>Income Statement - Projections</u>						
2020E Net Income (in thousands) (4)(5)	\$ 5,943	87%	\$ 862	13%	\$ 6,804	
2021E Net Income (in thousands) (4)(5)	\$ 4,520	83%	\$ 945	17%	\$ 5,465	
<u>Balance Sheet</u>						
Total Assets (in thousands)	\$ 499,208	70%	\$ 209,887	30%	\$ 709,095	
Gross Loans (in thousands)	\$ 373,241	72%	\$ 147,028	28%	\$ 520,269	
Gross Loans, Excluding PPP Loans (in thousands)	\$ 277,989	70%	\$ 121,216	30%	\$ 399,205	
Loan Loss Reserve (in thousands)	\$ 4,271	71%	\$ 1,717	29%	\$ 5,988	
Total Deposits (in thousands)	\$ 431,894	70%	\$ 181,316	30%	\$ 613,210	
Non-Interest Bearing Demand Deposits (in thousands)	\$ 219,836	81%	\$ 51,503	19%	\$ 271,339	
Non-CD Deposits (in thousands)	\$ 408,600	71%	\$ 170,186	29%	\$ 578,786	
Tangible Common Equity, Adjusted (in thousands) (6)	\$ 46,612	69%	\$ 20,503	31%	\$ 67,115	
Tangible Common Equity, Actual (in thousands)	\$ 47,367	70%	\$ 20,503	30%	\$ 67,870	
Pro Forma Ownership		74%		26%		

Note: Pro forma contribution does not include any purchase accounting or merger adjustments

(1) Pre-tax pre-provision income for the preceding twelve months ending September 30, 2020

(2) Net income for the preceding twelve months ending September 30, 2020

(3) Annualized net income for the preceding three months ending September 30, 2020

(4) Financial projections for PBCO in 2020 and 2021 based on PBCO management budget, as discussed with and confirmed by management of PBCO

(5) Financial projections for WMCB in 2020 and 2021 based on WMCB management budget, as discussed with and confirmed by management of PBCO and WMCB

(6) PBCO's tangible common equity adjusted for \$1 million pre-tax accrued expense for Southern Oregon Fire Relief

PBCO Comparable Companies Analysis

D.A. Davidson used publicly available information to compare selected financial and market trading information for PBCO and a group of 11 financial institutions selected by D.A. Davidson which: (i) had their common stock listed on an over-the-counter exchange; (ii) were headquartered in Oregon or Washington; (iii) had assets between \$350 million and \$1.0 billion; and (iv) were not pending merger targets. The 11 financial institutions were as follows:

Baker Boyer Bancorp	Oregon Bancorp, Inc.
BEO Bancorp	Oregon Pacific Bancorp
Citizens Bancorp	Savi Financial Corporation, Inc.
Commencement Bancorp, Inc.	Summit Bank
Community Financial Group, Inc.	U & I Financial Corp.
Mountain Pacific Bancorp, Inc.	

The analysis compared the financial condition and market performance of PBCO and the 11 financial institutions identified above based on publicly available financial and market trading information for PBCO and the 11 financial institutions as of and for the twelve-month or three-month period ended

September 30, 2020. The table below shows the results of this analysis (excluding the impact of earnings per share multiples considered not meaningful by D.A. Davidson).

Financial Condition and Performance					
	PBCO	Comparable Companies			
		Median	Average	Minimum	Maximum
Total Assets (in millions)	\$ 500	\$ 534	\$ 576	\$ 384	\$ 943
Loan / Deposit Ratio	90.2%	90.1%	88.8%	54.8%	110.0%
Non-Performing Assets / Total Assets	0.21%	0.28%	0.44%	0.04%	1.63%
Tangible Common Equity Ratio	9.54%	8.96%	9.54%	5.92%	14.39%
Net Interest Margin (Most Recent Quarter)	3.68%	3.64%	3.72%	3.14%	4.94%
Cost of Deposits (Most Recent Quarter)	0.17%	0.19%	0.40%	0.05%	1.10%
Efficiency Ratio (Most Recent Quarter)	61.5%	58.9%	60.8%	47.2%	82.6%
Pre-Tax Pre-Provision Return on Average Assets (Most Recent Quarter) (1)	2.19%	1.57%	2.85%	0.87%	15.33%
Return on Average Assets (Most Recent Quarter)	1.58%	0.82%	1.87%	0.22%	11.69%
Return on Average Tangible Common Equity (Most Recent Quarter)	16.70%	11.32%	16.77%	1.99%	83.65%

(1) Income before provision expense, non-recurring items, OREO expense, amortization/impairment, and taxes

Market Performance Multiples					
	PBCO	Comparable Companies			
		Median	Average	Minimum	Maximum
Market Capitalization (in millions)	\$ 38.8	\$ 43.6	\$ 52.5	\$ 26.1	\$ 88.7
Price Change (LTM)	-24.3%	-24.0%	-15.2%	-30.1%	17.6%
Price Change (YTD)	-24.8%	-25.4%	-18.0%	-34.8%	13.7%
Price / MRQ Earnings Per Share	5.0x	8.6x	10.2x	6.0x	18.5x
Price / LTM Earnings Per Share	6.4x	10.6x	12.4x	6.4x	29.2x
Price / Tangible Book Value Per Share	81.9%	102.9%	101.0%	69.2%	146.5%
Dividend Yield (Most Recent Quarter)	0.00%	3.56%	3.28%	1.29%	4.70%

Note: Does not reflect impact from pending acquisitions or acquisitions closed after October 30, 2020

WMCB Comparable Companies Analysis

D.A. Davidson used publicly available information to compare selected financial and market trading information for WMCB and a group of 15 financial institutions selected by D.A. Davidson which: (i) had their common stock listed on an over-the-counter exchange; (ii) were headquartered in Oregon, Washington, or California; (iii) had assets between \$100 million and \$350 million; and (iv) were not pending merger targets. These 15 financial institutions were as follows:

Chino Commercial Bancorp	Liberty Bancorp
CMUV Bancorp	MNB Holdings Corporation
Community Bancorp of Santa Maria	Northern California Bancorp, Inc.
First Sound Bank	Northern California National Bank
Friendly Hills Bank	Pacific West Bank
Golden Pacific Bancorp, Inc.	Summit Bancshares, Inc.
Infinity Bank	Washington Business Bank
Lewis & Clark Bancorp	

The analysis compared the financial condition and market performance of WMCB and the 15 financial institutions identified above based on publicly available financial and market trading information for WMCB and the 15 financial institutions as of and for the twelve-month or three-month period ended September 30, 2020. The table below shows the results of this analysis (excluding the impact of earnings per share multiples considered not meaningful by D.A. Davidson).

Financial Condition and Performance						
	WMCB	Comparable Companies				
		Median	Average	Minimum	Maximum	
Total Assets (in millions)	\$ 210	\$ 252	\$ 239	\$ 105	\$ 328	
Loan / Deposit Ratio	81.1%	84.7%	86.9%	51.8%	115.5%	
Non-Performing Assets / Total Assets	0.34%	0.04%	1.03%	0.00%	9.79%	
Tangible Common Equity Ratio	9.77%	9.57%	10.43%	7.27%	17.84%	
Net Interest Margin (Most Recent Quarter)	3.52%	3.49%	3.65%	2.47%	5.91%	
Cost of Deposits (Most Recent Quarter)	0.46%	0.48%	0.39%	0.10%	0.67%	
Efficiency Ratio (Most Recent Quarter)	80.4%	67.5%	77.5%	44.6%	120.4%	
Pre-Tax Pre-Provision Return on Average Assets (Most Recent Quarter) (1)	0.69%	1.18%	0.90%	-0.69%	2.16%	
Return on Average Assets (Most Recent Quarter)	0.42%	0.69%	0.56%	-0.48%	1.71%	
Return on Average Tangible Common Equity (Most Recent Quarter)	4.26%	8.26%	6.09%	-3.25%	15.87%	

(1) Income before provision expense, non-recurring items, OREO expense, amortization/impairment, and taxes

Market Performance Multiples						
	WMCB	Comparable Companies				
		Median	Average	Minimum	Maximum	
Market Capitalization (in millions)	\$ 14.4	\$ 18.0	\$ 19.2	\$ 6.2	\$ 31.0	
Price Change (LTM)	-38.0%	-21.3%	-17.4%	-40.6%	19.5%	
Price Change (YTD)	-40.4%	-25.4%	-22.5%	-35.9%	1.3%	
Price / MRQ Earnings Per Share	17.1x	8.3x	8.7x	5.7x	16.6x	
Price / LTM Earnings Per Share	21.1x	8.4x	11.0x	6.8x	19.8x	
Price / Tangible Book Value Per Share	70.2%	78.8%	79.5%	42.6%	119.1%	
Dividend Yield (Most Recent Quarter)	0.00%	1.64%	2.16%	1.31%	4.05%	

Note: Does not reflect impact from pending acquisitions or acquisitions closed after October 30, 2020

Precedent Transactions Analysis

D.A. Davidson reviewed three sets of comparable merger and acquisition transactions. The sets of mergers and acquisitions included: (1) “Nationwide Transactions Since 2019,” (2) “Nationwide Transactions Since March 2020,” and (3) “Western United States Transactions”.

“Nationwide Transactions Since 2019” included 24 transactions where:

- the selling company was a bank or thrift headquartered in the United States;
- the transaction was announced between January 1, 2019 and October 30, 2020;
- the selling company’s total assets were between \$100 million and \$300 million;
- the cash portion of the consideration was less than 85% of the total consideration in the transaction
- the transaction’s pricing information was publicly available; and
- the transaction was not a merger of equals.

“Nationwide Transactions Since March 2020” included 8 transactions where:

- the selling company was a bank or thrift headquartered in the United States;
- the selling company’s total assets were between \$100 million and \$850 million;
- the transaction was announced between March 1, 2020 and October 30, 2020; and
- the transaction’s pricing information was publicly available.

“Western United States Transactions” included 12 transactions where:

- the selling company was a bank or thrift headquartered in Western United States;
- the selling company’s total assets were between \$100 million and \$250 million;
- the transaction was announced between January 1, 2018 and October 30, 2020;
- the transaction’s pricing information was publicly available; and
- the transaction was not a merger of equals.

The following tables set forth the transactions included in “Nationwide Transactions Since 2019,” “Nationwide Transactions Since March 2020,” and “Western United States Transactions,” and are sorted by announcement date:

Nationwide Transactions Since 2019

<u>Announcement Date</u>	<u>Acquirer</u>	<u>Target</u>
1/21/2020*	Pinnacle Bankshares Corporation	Virginia Bank Bankshares
1/6/2020	ChoiceOne Financial Services, Inc.	Community Shores Bank Corp.
12/18/2019	Pinnacle Financial Corporation	SBT Bancorp, Inc.
11/20/2019	Bank First Corporation	Tomah Bancshares, Inc.
11/19/2019	Seacoast Banking Corporation of FL	First Bank of the Palm Beaches
10/29/2019	SmartFinancial, Inc.	Progressive Financial Group, Inc.
9/18/2019	Citizens Financial Services, Inc.	MidCoast Community Bancorp, Inc.
9/17/2019	FB Financial Corporation	FNB Financial Corp.
9/17/2019	Summit Financial Group, Inc.	Cornerstone Financial Services, Inc.
9/16/2019	Reliant Bancorp, Inc.	Tennessee Community Bank Holdings
8/30/2019	Farmers National Banc Corp.	Maple Leaf Financial, Inc.
8/29/2019	FCN Banc Corp.	DSA Financial Corporation
8/13/2019	C&F Financial Corporation	Peoples Bankshares, Incorporated
8/9/2019	Eagle Bancorp Montana, Inc.	Western Holding Company of Wolf Point
7/1/2019	BayCom Corp	TIG Bancorp
6/24/2019	1st Constitution Bancorp	Shore Community Bank
6/5/2019	Wintrust Financial Corporation	STC Bancshares Corp.
6/5/2019	Waterford Bancorp, Inc.	Clarkston Financial Corporation
6/5/2019	River Financial Corporation	Trinity Bancorp, Inc.
5/30/2019	West Florida Banking Corp.	Flagship Community Bank
5/21/2019	Citizens Holding Company	Charter Bank
5/14/2019	Blue Ridge Bankshares, Inc.	Virginia Community Bankshares, Inc.
4/5/2019	RMB Bancshares, Inc.	Cairo/Moberly Bancshares, Inc.
3/19/2019	First Bank	Grand Bank, National Association

*Indicates the transaction was pending as of October 30, 2020

Nationwide Transactions Since March 2020

<u>Announcement Date</u>	<u>Acquirer</u>	<u>Target</u>
10/1/2020*	Virginia National Bankshares Corp.	Fauquier Bankshares, Inc.
9/28/2020*	Summit Financial Group, Inc.	WinFirst Financial Corporation
8/27/2020*	Hanover Bancorp Inc.	Savoy Bank
8/26/2020*	Broadway Financial Corporation	CFBanc Corporation
6/18/2020*	BV Financial, Inc. (MHC)	Delmarva Bancshares, Inc.
3/25/2020	Community Bancorp, Inc.	Lincoln Bancshares, Inc.
3/6/2020	Farmers and Merchants Bancshares	Carroll Bancorp, Inc.
3/3/2020	PBT Bancshares, Inc.	Community Bank of the Midwest

**Indicates the transaction was pending as of October 30, 2020*

Western United States Transactions

<u>Announcement Date</u>	<u>Acquirer</u>	<u>Target</u>
11/4/2019	BayCom Corp	Grand Mountain Bancshares, Inc.
10/21/2019	Southern California Bancorp	CalWest Bancorp
8/9/2019	Eagle Bancorp Montana, Inc.	Western Holding Company of Wolf Point
7/1/2019	BayCom Corp	TIG Bancorp
6/3/2019	Arizona Federal Credit Union	Pinnacle Bank
10/11/2018	First Interstate BancSystem, Inc.	Community 1st Bank
10/4/2018	Bank of Commerce Holdings	Merchants Holding Company
8/21/2018	Eagle Bancorp Montana, Inc.	Big Muddy Bancorp, Inc.
8/13/2018	BayCom Corp	Bethlehem Financial Corporation
5/23/2018	Timberland Bancorp, Inc.	South Sound Bank
3/26/2018	Farmers & Merchants Bancorp	Bank of Rio Vista
2/22/2018	Bank of Southern California	Americas United Bank

**Indicates the transaction was pending as of October 30, 2020*

For each transaction referred to above, D.A. Davidson compared, among other things, the following implied ratios:

- transaction price compared to tangible book value on a per share and aggregate basis, based on the latest publicly available financial statements of the target company prior to the announcement of the transaction;
- transaction price compared to earnings per share for the last twelve months, based on the latest publicly available financial statements of the target company prior to the announcement of the transaction;
- transaction price per share compared to the closing stock price of the target company for the day prior to the announcement of the transaction; and
- tangible book premium to core deposits based on the latest publicly available financial statements of the target company prior to the announcement of the transaction.

D.A. Davidson compared the multiples of the comparable transaction groups and other operating financial data where relevant to the proposed merger multiples and other operating financial data of WMCB

as of or for the twelve month or three-month period ended September 30, 2020. The table below sets forth the results of this analysis.

	Financial Condition and Performance												
	WMCB	Nationwide Since 2019				Nationwide Since March 2020				Western U.S.			
		Median	Average	Minimum	Maximum	Median	Average	Minimum	Maximum	Median	Average	Minimum	Maximum
Total Assets (in millions)	\$ 210	\$ 207	\$ 206	\$ 100	\$ 292	\$ 276	\$ 351	\$ 126	\$ 826	\$ 203	\$ 182	\$ 100	\$ 236
Return on Average Assets (Last Twelve Months)	0.40%	0.96%	0.90%	-0.45%	1.61%	0.98%	0.84%	0.18%	1.15%	0.77%	0.80%	0.37%	1.47%
Return on Average Equity (Last Twelve Months)	3.39%	8.52%	8.14%	-5.85%	16.66%	8.73%	7.77%	1.96%	11.93%	7.04%	7.21%	3.10%	13.63%
Tangible Common Equity Ratio	9.77%	11.07%	10.93%	7.50%	19.57%	10.12%	10.09%	7.08%	12.82%	11.19%	11.00%	8.45%	12.74%
Efficiency Ratio (Last Twelve Months)	83.5%	71.7%	70.5%	52.8%	88.3%	63.9%	67.8%	54.0%	93.1%	67.8%	70.2%	62.6%	85.2%
Non-Performing Assets / Total Assets	0.34%	0.73%	1.25%	0.00%	4.86%	1.15%	1.13%	0.34%	1.89%	0.32%	0.64%	0.00%	2.15%

	Transaction Multiples												
	WMCB	Nationwide Since 2019				Nationwide Since March 2020				Western U.S.			
		Median	Average	Minimum	Maximum	Median	Average	Minimum	Maximum	Median	Average	Minimum	Maximum
Transaction Price / Tangible Book Value (Per Share)	72.9%	141.5%	143.9%	85.6%	200.2%	113.5%	120.6%	86.8%	163.2%	147.2%	148.2%	112.3%	186.2%
Transaction Price / Tangible Book Value (Aggregate)	72.9%	141.5%	144.0%	85.6%	200.2%	126.4%	126.6%	87.9%	163.2%	151.6%	149.8%	112.3%	186.2%
Transaction Price / Last Twelve Months EPS	21.9x	16.5x	18.6x	10.7x	30.3x	15.2x	17.4x	11.3x	32.8x	23.3x	22.3x	16.1x	27.3x
One-Day Market Premium (1)	3.9%	36.3%	41.3%	2.6%	94.3%	45.7%	33.2%	8.1%	45.9%	21.2%	27.4%	-2.8%	70.0%
Tangible Book Premium / Core Deposits (2)	-3.2%	6.9%	6.6%	-3.6%	14.1%	4.7%	5.2%	-1.3%	13.4%	7.6%	7.4%	1.5%	12.2%

(1) Based on WMCB's Closing Price as of 10/30/2020 of \$7.75

(2) Core deposits exclude time deposits with account balances greater than \$100,000. Tangible book premium / core deposits calculated by dividing the excess or deficit of the merger consideration over tangible book value by core deposits

Net Present Value Analysis for WMCB

D.A. Davidson performed an analysis that estimated the net present value per share of WMCB common stock under various circumstances. The analysis assumed: (i) WMCB performed in accordance with WMCB's management budget for the years ending December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, and December 31, 2024, and (ii) an estimated long-term growth rate for the years thereafter, as discussed with and confirmed by management of WMCB and PBCO. To approximate the terminal value of WMCB common stock at December 31, 2025, D.A. Davidson applied price to earnings multiples of 12.0x to 20.0x and multiples of tangible book value ranging from 80.0% to 150.0%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 12.00% to 18.00% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of WMCB's common stock. In evaluating the discount rate, D.A. Davidson used industry standard methods of adding the current risk-free rate, which is based on the published Duff & Phelps normalized risk-free rate, plus the published Duff & Phelps Industry Equity Risk Premium and plus the published Duff & Phelps Size Premium.

At the November 5, 2020 PBCO board of directors meeting, D.A. Davidson noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

As illustrated in the following tables, the analysis indicates a range of \$4.53 to \$9.93 per share of WMCB common stock when applying the price to earnings multiples to the financial projections and \$4.84 to \$11.95 per share of WMCB common stock when applying the multiples of tangible book value to the financial projections.

Earnings Per Share Multiples

Discount Rate	Earnings Per Share Multiple									
	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x	20.0x	
12.00%	\$ 5.96	\$ 6.46	\$ 6.95	\$ 7.45	\$ 7.95	\$ 8.44	\$ 8.94	\$ 9.44	\$ 9.93	
13.00%	\$ 5.69	\$ 6.16	\$ 6.64	\$ 7.11	\$ 7.58	\$ 8.06	\$ 8.53	\$ 9.01	\$ 9.48	
14.00%	\$ 5.43	\$ 5.88	\$ 6.34	\$ 6.79	\$ 7.24	\$ 7.69	\$ 8.15	\$ 8.60	\$ 9.05	
15.00%	\$ 5.19	\$ 5.62	\$ 6.05	\$ 6.48	\$ 6.92	\$ 7.35	\$ 7.78	\$ 8.21	\$ 8.65	
16.00%	\$ 4.96	\$ 5.37	\$ 5.78	\$ 6.20	\$ 6.61	\$ 7.02	\$ 7.44	\$ 7.85	\$ 8.26	
17.00%	\$ 4.74	\$ 5.13	\$ 5.53	\$ 5.92	\$ 6.32	\$ 6.71	\$ 7.11	\$ 7.50	\$ 7.90	
18.00%	\$ 4.53	\$ 4.91	\$ 5.29	\$ 5.66	\$ 6.04	\$ 6.42	\$ 6.80	\$ 7.17	\$ 7.55	

Tangible Book Value Multiples

Discount Rate	Tangible Book Value Per Share Multiple								
	80.0%	90.0%	100.0%	110.0%	120.0%	130.0%	140.0%	150.0%	
12.00%	\$ 6.37	\$ 7.17	\$ 7.96	\$ 8.76	\$ 9.56	\$ 10.35	\$ 11.15	\$ 11.95	
13.00%	\$ 6.08	\$ 6.84	\$ 7.60	\$ 8.36	\$ 9.12	\$ 9.88	\$ 10.64	\$ 11.40	
14.00%	\$ 5.81	\$ 6.53	\$ 7.26	\$ 7.98	\$ 8.71	\$ 9.43	\$ 10.16	\$ 10.89	
15.00%	\$ 5.55	\$ 6.24	\$ 6.93	\$ 7.62	\$ 8.32	\$ 9.01	\$ 9.70	\$ 10.40	
16.00%	\$ 5.30	\$ 5.96	\$ 6.62	\$ 7.29	\$ 7.95	\$ 8.61	\$ 9.27	\$ 9.93	
17.00%	\$ 5.06	\$ 5.70	\$ 6.33	\$ 6.96	\$ 7.60	\$ 8.23	\$ 8.86	\$ 9.50	
18.00%	\$ 4.84	\$ 5.45	\$ 6.05	\$ 6.66	\$ 7.27	\$ 7.87	\$ 8.48	\$ 9.08	

D.A. Davidson also considered and discussed with PBCO's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, D.A. Davidson performed a similar analysis assuming WMCB estimated earnings per share in 2025 varied from 20.00% above projections to 20.00% below projections. As illustrated in the following table, the analysis resulted in the following range of \$4.15 to \$10.38 per share of WMCB common stock, using the price to earnings multiples of 12.0x to 20.0x and a discount rate of 15.00%.

Variance to 2025 EPS	Earnings Per Share Multiple								
	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x	20.0x
20.00%	\$ 6.23	\$ 6.74	\$ 7.26	\$ 7.78	\$ 8.30	\$ 8.82	\$ 9.34	\$ 9.86	\$ 10.38
15.00%	\$ 5.97	\$ 6.46	\$ 6.96	\$ 7.46	\$ 7.95	\$ 8.45	\$ 8.95	\$ 9.45	\$ 9.94
10.00%	\$ 5.71	\$ 6.18	\$ 6.66	\$ 7.13	\$ 7.61	\$ 8.08	\$ 8.56	\$ 9.04	\$ 9.51
5.00%	\$ 5.45	\$ 5.90	\$ 6.35	\$ 6.81	\$ 7.26	\$ 7.72	\$ 8.17	\$ 8.62	\$ 9.08
0.00%	\$ 5.19	\$ 5.62	\$ 6.05	\$ 6.48	\$ 6.92	\$ 7.35	\$ 7.78	\$ 8.21	\$ 8.65
-5.00%	\$ 4.93	\$ 5.34	\$ 5.75	\$ 6.16	\$ 6.57	\$ 6.98	\$ 7.39	\$ 7.80	\$ 8.21
-10.00%	\$ 4.67	\$ 5.06	\$ 5.45	\$ 5.84	\$ 6.23	\$ 6.61	\$ 7.00	\$ 7.39	\$ 7.78
-15.00%	\$ 4.41	\$ 4.78	\$ 5.14	\$ 5.51	\$ 5.88	\$ 6.25	\$ 6.61	\$ 6.98	\$ 7.35
-20.00%	\$ 4.15	\$ 4.50	\$ 4.84	\$ 5.19	\$ 5.53	\$ 5.88	\$ 6.23	\$ 6.57	\$ 6.92

Net Present Value Analysis for PBCO

D.A. Davidson performed an analysis that estimated the net present value per share of PBCO common stock under various circumstances. The analysis assumed: (i) PBCO performed in accordance with PBCO management's financial projections for the years ending December 31, 2020, December 31, 2021, and December 31, 2022; and (ii) an estimated long-term growth rate for the years thereafter, as discussed with and confirmed by management of PBCO. To approximate the terminal value of PBCO common stock at December 31, 2025, D.A. Davidson applied price to earnings multiples of 6.0x to 20.0x and multiples of tangible book value ranging from 60.0% to 200.0%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 12.00% to 18.00% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of PBCO's common stock. In evaluating the discount rate, D.A. Davidson used industry standard methods of adding the current risk-free rate, which is based on the published Duff & Phelps normalized risk-free rate, plus the published Duff & Phelps Industry Equity Risk Premium and plus the published Duff & Phelps Size Premium.

At the November 5, 2020 PBCO board of directors meeting, D.A. Davidson noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

As illustrated in the following tables, the analysis indicates a range of \$4.42 to \$19.40 per share of PBCO common stock when applying the price to earnings multiples to the financial projections and \$5.26 to \$23.06 per share of WMCB common stock when applying the multiples of tangible book value to the financial projections.

Earnings Per Share Multiples

Discount Rate	Earnings Per Share Multiple							
	6.0x	8.0x	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
12.00%	\$ 5.82	\$ 7.76	\$ 9.70	\$ 11.64	\$ 13.58	\$ 15.52	\$ 17.46	\$ 19.40
13.00%	\$ 5.55	\$ 7.40	\$ 9.26	\$ 11.11	\$ 12.96	\$ 14.81	\$ 16.66	\$ 18.51
14.00%	\$ 5.30	\$ 7.07	\$ 8.84	\$ 10.60	\$ 12.37	\$ 14.14	\$ 15.91	\$ 17.67
15.00%	\$ 5.06	\$ 6.75	\$ 8.44	\$ 10.13	\$ 11.82	\$ 13.51	\$ 15.19	\$ 16.88
16.00%	\$ 4.84	\$ 6.45	\$ 8.07	\$ 9.68	\$ 11.29	\$ 12.90	\$ 14.52	\$ 16.13
17.00%	\$ 4.63	\$ 6.17	\$ 7.71	\$ 9.25	\$ 10.79	\$ 12.34	\$ 13.88	\$ 15.42
18.00%	\$ 4.42	\$ 5.90	\$ 7.37	\$ 8.85	\$ 10.32	\$ 11.80	\$ 13.27	\$ 14.74

Tangible Book Value Multiples

Discount Rate	Tangible Book Value Per Share Multiple							
	60.0%	80.0%	100.0%	120.0%	140.0%	160.0%	180.0%	200.0%
12.00%	\$ 6.92	\$ 9.23	\$ 11.53	\$ 13.84	\$ 16.14	\$ 18.45	\$ 20.76	\$ 23.06
13.00%	\$ 6.60	\$ 8.80	\$ 11.01	\$ 13.21	\$ 15.41	\$ 17.61	\$ 19.81	\$ 22.01
14.00%	\$ 6.30	\$ 8.41	\$ 10.51	\$ 12.61	\$ 14.71	\$ 16.81	\$ 18.91	\$ 21.01
15.00%	\$ 6.02	\$ 8.03	\$ 10.04	\$ 12.04	\$ 14.05	\$ 16.06	\$ 18.06	\$ 20.07
16.00%	\$ 5.75	\$ 7.67	\$ 9.59	\$ 11.51	\$ 13.43	\$ 15.34	\$ 17.26	\$ 19.18
17.00%	\$ 5.50	\$ 7.33	\$ 9.17	\$ 11.00	\$ 12.83	\$ 14.67	\$ 16.50	\$ 18.33
18.00%	\$ 5.26	\$ 7.01	\$ 8.77	\$ 10.52	\$ 12.27	\$ 14.03	\$ 15.78	\$ 17.53

D.A. Davidson also considered and discussed with PBCO's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, D.A. Davidson performed a similar analysis assuming PBCO estimated earnings per share in 2025 varied from 20.00% above projections to 20.00% below projections. As illustrated in the following table, the analysis resulted in the following range of \$4.05 to \$20.26 per share for PBCO common stock, using the price to earnings multiples of 6.0x to 20.0x and a discount rate of 15.00%.

Variance to 2025 EPS	Earnings Per Share Multiple							
	6.0x	8.0x	10.0x	12.0x	14.0x	16.0x	18.0x	20.0x
20.00%	\$ 6.08	\$ 8.10	\$ 10.13	\$ 12.15	\$ 14.18	\$ 16.21	\$ 18.23	\$ 20.26
15.00%	\$ 5.82	\$ 7.77	\$ 9.71	\$ 11.65	\$ 13.59	\$ 15.53	\$ 17.47	\$ 19.41
10.00%	\$ 5.57	\$ 7.43	\$ 9.28	\$ 11.14	\$ 13.00	\$ 14.86	\$ 16.71	\$ 18.57
5.00%	\$ 5.32	\$ 7.09	\$ 8.86	\$ 10.64	\$ 12.41	\$ 14.18	\$ 15.95	\$ 17.73
0.00%	\$ 5.06	\$ 6.75	\$ 8.44	\$ 10.13	\$ 11.82	\$ 13.51	\$ 15.19	\$ 16.88
-5.00%	\$ 4.81	\$ 6.41	\$ 8.02	\$ 9.62	\$ 11.23	\$ 12.83	\$ 14.43	\$ 16.04
-10.00%	\$ 4.56	\$ 6.08	\$ 7.60	\$ 9.12	\$ 10.64	\$ 12.15	\$ 13.67	\$ 15.19
-15.00%	\$ 4.30	\$ 5.74	\$ 7.17	\$ 8.61	\$ 10.04	\$ 11.48	\$ 12.91	\$ 14.35
-20.00%	\$ 4.05	\$ 5.40	\$ 6.75	\$ 8.10	\$ 9.45	\$ 10.80	\$ 12.15	\$ 13.51

Financial Impact Analysis

D.A. Davidson performed pro forma merger analyses that combined projected income statement and balance sheet information of PBCO and WMCB. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of WMCB. In the course of this analysis, D.A. Davidson used the PBCO management's financial projections for the years ending December 31, 2020, December 31,

2021, and December 31, 2022, and an estimated long-term growth rate for the years thereafter, as discussed with and confirmed by management of PBCO. D.A. Davidson also used WMCB's management budget for the years ending December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, and December 31, 2024, and an estimated long-term growth rate for the years thereafter, as discussed with and confirmed by management of WMCB and PBCO. This analysis indicated that the merger is expected to be accretive to PBCO's estimated earnings per share beginning in 2021, after excluding non-recurring transaction-related expenses. The analysis also indicated that the merger is expected to be dilutive to tangible book value per share for PBCO and that PBCO would maintain capital ratios in excess of those required for PBCO to be considered well-capitalized under existing regulations. For all of the above analyses, the actual results achieved by PBCO and WMCB prior to and following the merger will vary from the projected results, and the variations may be material.

D.A. Davidson prepared its analyses for purposes of providing its opinion to PBCO's board of directors as to the fairness, from a financial point of view, of the Merger Consideration to be paid to the holders of WMCB's common stock in the proposed merger and to assist PBCO's board of directors in analyzing the proposed merger. The analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon projections of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than those suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties and their respective advisors, none of PBCO, WMCB or D.A. Davidson or any other person assumes responsibility if future results are materially different from those projected.

D.A. Davidson's opinion was one of many factors considered by the PBCO's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the board of directors or management of PBCO with respect to the merger or the Merger Consideration.

D.A. Davidson and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions. D.A. Davidson acted as financial advisor to PBCO in connection with, and participated in certain of the negotiations leading to the merger. D.A. Davidson is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, D.A. Davidson and its affiliates may provide such services to PBCO, WMCB and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of PBCO and WMCB for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities. PBCO selected D.A. Davidson as its financial advisor because it is a recognized investment banking firm that has substantial experience in transactions similar to the merger. Pursuant to a letter agreement executed on May 23, 2019, PBCO engaged D.A. Davidson as its financial advisor in connection with the contemplated transaction. Pursuant to the terms of the engagement letter, PBCO agreed to pay D.A. Davidson a cash fee of \$75,000 concurrently with the rendering of its opinion. PBCO agreed to pay D.A. Davidson at the time of closing of the merger a contingent cash fee of \$220,000. PBCO has also agreed to reimburse D.A. Davidson for all reasonable out-of-pocket expenses, including fees of counsel, and to indemnify D.A. Davidson and certain related persons against specified liabilities, including liabilities under the federal securities laws, relating to or arising out of its engagement.

D.A. Davidson has, during the two years preceding the date of the fairness opinion letter, provided investment banking services to PBCO for which we have received compensation and reimbursement of

out-of-pocket expenses for such services. Additionally, D.A. Davidson may provide investment banking services to the combined company in the future and may receive future compensation.

D.A. Davidson has not, during the two years preceding the date of the fairness opinion letter, provided any material financial advisory or other material commercial or investment banking services to WMCB.

Opinion of WMCB's Financial Advisor

WMCB retained PSC to act as financial advisor to WMCB's board of directors in connection with WMCB's consideration of a possible business combination. WMCB selected PSC to act as its financial advisor because PSC is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, PSC is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

PSC acted as financial advisor to WMCB's board of directors in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the Merger Agreement. At the November 5, 2020 meeting at which WMCB's board of directors considered the merger and the Merger Agreement, PSC delivered to the board of directors its oral opinion, which was subsequently confirmed in writing on November 5, 2020, to the effect that, as of such date, the merger consideration was fair to the holders of WMCB's common stock from a financial point of view. **The full text of PSC's opinion is attached as Appendix D to this joint proxy statement. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by PSC in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of WMCB common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

PSC's opinion was directed to the board of directors of WMCB in connection with its consideration of the merger and the Merger Agreement and does not constitute a recommendation to any shareholder of WMCB as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger and the Merger Agreement. PSC's opinion was directed only to the fairness, from a financial point of view, of the merger consideration to the holders of WMCB common stock and did not address the underlying business decision of WMCB to engage in the merger, the form or structure of the merger or any other transactions contemplated in the Merger Agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for WMCB or the effect of any other transaction in which WMCB might engage. PSC also did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by any officer, director or employee of WMCB or PBCO, or any class of such persons, if any, relative to the compensation to be received in the merger by any other shareholder. PSC's opinion was approved by PSC's fairness opinion committee.

In connection with its opinion, PSC reviewed and considered, among other things:

- an execution copy of the Merger Agreement;
- certain publicly available financial statements and other historical financial information of WMCB that PSC deemed relevant;
- certain publicly available financial statements and other historical financial information of PBCO that PSC deemed relevant;

- certain internal financial projections for WMCB for the years ending December 31, 2020 through December 31, 2024, as provided by the senior management of WMCB;
- certain internal financial projections for PBCO for the years ending December 31, 2020 through December 31, 2022 as well as a long-term annual net income and asset growth rate for the years ending December 31, 2023 and December 31, 2024, as provided by the senior management of PBCO;
- the pro forma financial impact of the merger on PBCO based on certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by the senior management of PBCO;
- the publicly reported historical price and trading activity for WMCB common stock and PBCO common stock, including a comparison of certain stock trading information for WMCB common stock and PBCO common stock and certain stock indices as well as similar publicly available information for certain other companies, the securities of which are publicly traded;
- a comparison of certain financial and market information for WMCB and PBCO with similar financial institutions for which information is publicly available;
- the financial terms of certain recent business combinations in the bank and thrift industry (on a nationwide basis), to the extent publicly available;
- the current market environment generally and the banking environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as PSC considered relevant.

PSC also discussed with certain members of the senior management of WMCB and its representatives the business, financial condition, results of operations and prospects of WMCB and held similar discussions with certain members of the senior management of PBCO and its representatives regarding the business, financial condition, results of operations and prospects of PBCO.

In performing its review, PSC relied upon the accuracy and completeness of all of the financial and other information that was available to and reviewed by PSC from public sources, that was provided to PSC by WMCB or PBCO or their respective representatives, or that was otherwise reviewed by PSC, and PSC assumed such accuracy and completeness for purposes of rendering its opinion without any independent verification or investigation. PSC relied on the assurances of the respective managements of WMCB and PBCO that they were not aware of any facts or circumstances that would have made any of such information inaccurate or misleading. PSC was not asked to and did not undertake an independent verification of any of such information and PSC did not assume any responsibility or liability for the accuracy or completeness thereof. PSC did not make an independent evaluation or perform an appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of WMCB or PBCO, nor was PSC furnished with any such evaluations or appraisals. PSC rendered no opinion or evaluation on the collectability of any assets or the future performance of any loans of WMCB or PBCO. PSC did not make an independent evaluation of the adequacy of the allowance for loan losses of WMCB or PBCO, or of the combined entity after the merger, and PSC did not review any individual credit files relating to WMCB or PBCO. PSC assumed, with WMCB's consent, that the respective allowances for loan losses for both WMCB and PBCO were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity.

In preparing its analyses, PSC used certain internal financial projections for WMCB for the years ending December 31, 2020 through December 31, 2024, as provided by the senior management of WMCB. In addition, PSC used certain internal financial projections for PBCO for the years ending December 31,

2020 through December 31, 2022 as well as a long-term annual net income and asset growth rate for the years ending December 31, 2023 and December 31, 2024, as provided by the senior management of PBCO. PSC also received and used in its pro forma analyses certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by the senior management of PBCO. With respect to the foregoing information, the respective senior managements of WMCB and PBCO confirmed to PSC that such information reflected the best currently available projections, estimates and judgments of those respective managements as to the future financial performance of WMCB and PBCO, respectively, and the other matters covered thereby, and PSC assumed that the future financial performance reflected in such information would be achieved. PSC expressed no opinion as to such information, or the assumptions on which such information was based. PSC also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of WMCB or PBCO since the date of the most recent financial statements made available to PSC. PSC assumed in all respects material to its analyses that WMCB and PBCO would remain as going concerns for all periods relevant to its analyses.

PSC also assumed, with WMCB's consent, that (i) each of the parties to the Merger Agreement would comply in all material respects with all material terms and conditions of the Merger Agreement and all related agreements, that all of the representations and warranties contained in such agreements were true and correct in all material respects, that each of the parties to such agreements would perform in all material respects all of the covenants and other obligations required to be performed by such party under such agreements and that the conditions precedent in such agreements were not and would not be waived, (ii) in the course of obtaining the necessary regulatory or third party approvals, consents and releases with respect to the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on WMCB, PBCO, the merger or any related transactions, and (iii) the merger and any related transactions would be consummated in accordance with the terms of the Merger Agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with WMCB's consent, PSC relied upon the advice that WMCB received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the Merger Agreement. PSC expressed no opinion as to any such matters.

PSC's opinion was necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to PSC as of, the date thereof. Events occurring after the date thereof could materially affect PSC's opinion. PSC has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. PSC expressed no opinion as to the trading value of WMCB common stock or PBCO common stock at any time or what the value of PBCO common stock would be once it is actually received by the holders of WMCB common stock.

In rendering its opinion, PSC performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying PSC's opinion or the presentation made by PSC to WMCB's board of directors, but is a summary of the material analyses performed and presented by PSC. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. PSC believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its

opinion. Also, no company included in PSC's comparative analyses described below is identical to WMCB or PBCO and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or transaction values, as the case may be, of WMCB and PBCO and the companies to which they were compared. In arriving at its opinion, PSC did not attribute any particular weight to any analysis or factor that it considered. Rather, PSC made qualitative judgments as to the significance and relevance of each analysis and factor. PSC did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion, rather, PSC made its determination as to the fairness of the merger consideration to the holders of WMCB common stock on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, PSC also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of WMCB, PBCO, and PSC. The analyses performed by PSC are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. PSC prepared its analyses solely for purposes of rendering its opinion and provided such analyses to WMCB's board of directors at its November 5, 2020 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, PSC's analyses do not necessarily reflect the value of WMCB common stock or PBCO common stock or the prices at which WMCB or PBCO common stock may be sold at any time. The analyses of PSC and its opinion were among a number of factors taken into consideration by WMCB's board of directors in making its determination to approve the Merger Agreement and the analyses described below should not be viewed as determinative of the decision of WMCB's board of directors with respect to the fairness of the merger consideration.

Summary of Proposed Merger Consideration and Implied Transaction Metrics.

PSC reviewed the financial terms of the proposed merger. Pursuant to the terms of the Merger Agreement, at the effective time of the merger each share of WMCB common stock issued and outstanding immediately prior to the effective time of the transaction, except for certain shares as set forth in the Merger Agreement, shall be converted into the right to receive, at the election of the holder thereof, subject to proration and the provisions of the Merger Agreement, without interest, either: (a) a fractional share of PBCO common stock determined by dividing (i) the Per Share Value of Merger Consideration, by (ii) the PBCO Average Closing Price, rounded to the nearest ten-thousandth of a share; (b) cash in the amount of the Per Share Value of Merger Consideration; or (c) a unit consisting of (i) 0.6665 shares of PBCO common stock, *plus* (ii) cash in the amount of \$0.785 per share. PSC assumed for purposes of its analysis that 10% of the issued and outstanding shares of WMCB common stock would receive cash consideration with the remaining 90% of holders receiving stock consideration. PSC calculated an aggregate implied transaction value of approximately \$14.9 million and an implied purchase price per share of \$8.02 consisting of the implied value of 0.6665 shares of PBCO common stock based on the closing price of PBCO common stock on November 4, 2020 plus cash in the amount of \$0.785. Based upon financial information for WMCB as of or for the last twelve months ("LTM") ended September 30, 2020 and the closing price of WMCB's common stock on November 4, 2020, PSC calculated the following implied transaction metrics:

Transaction Price Per Share / Tangible Book Value Per Share	73%
Transaction Price Per Share / LTM Earnings Per Share.....	21.7x
Tangible Book Premium / Core Deposits (CDs > \$100K) ¹	-3.3%
Tangible Book Premium / Core Deposits (CDs > \$250K) ²	-3.1%
Market Premium as of November 4, 2020	-5.7%

1 Core deposits equal to total deposits less time deposits greater than \$100,000

2 Core deposits equal to total deposits less time deposits greater than \$250,000

Stock Trading History.

PSC reviewed the publicly available historical reported trading prices of WMCB common stock and PBCO common stock for the one-year and three-year period ended November 4, 2020. PSC then compared the relationship between the movements in the price of WMCB common stock and PBCO common stock, respectively, to movements in their respective peer groups (as described below) as well as certain stock indices.

WMCB's One-Year Stock Performance

	Beginning Value November 4, 2019	Ending Value November 4, 2020
WMCB	100%	68.1%
WMCB Peer Group Median	100%	74.4%
S&P 500 Index	100%	111.9%
KBW NASDAQ Regional Bank Index.....	100%	69.2%

WMCB's Three-Year Stock Performance

	Beginning Value November 4, 2017	Ending Value November 4, 2020
WMCB	100%	81.7%
WMCB Peer Group Median	100%	84.8%
S&P 500 Index	100%	133.1%
KBW NASDAQ Regional Bank Index.....	100%	65.8%

PBCO's One-Year Stock Performance

	<u>Beginning Value November 4, 2019</u>	<u>Ending Value November 4, 2020</u>
PBCO	100%	75.3%
PBCO Peer Group Median.....	100%	74.4%
S&P 500 Index	100%	111.9%
KBW NASDAQ Regional Bank Index.....	100%	69.2%

PBCO's Three-Year Stock Performance

	<u>Beginning Value November 4, 2017</u>	<u>Ending Value November 4, 2020</u>
PBCO	100%	94.9%
PBCO Peer Group Median.....	100%	89.4%
S&P 500 Index	100%	133.1%
KBW NASDAQ Regional Bank Index.....	100%	65.8%

Comparable Company Analyses.

PSC used publicly available information to compare selected financial information for WMCB with a group of financial institutions selected by PSC. The WMCB peer group included publicly-traded western region banks with total assets \$100 million to \$350 million, LTM return on average assets between 0.00% and 1.00%, and non-performing assets/total assets less than 2.00%, but excluded targets of announced merger transactions (the “WMCB Peer Group”). The WMCB Peer Group consisted of the following companies:

CBOA Financial, Inc.	Friendly Hills Bank
Chino Commercial Bancorp	Lewis & Clark Bancorp
Coeur d'Alene Bancorp	Liberty Bancorp
Community Bancorp of Santa Maria	Ohana Pacific Bank
Crazy Woman Creek Bancorp Inc.	Republic Bank of Arizona
First Sound Bank	

The analysis compared publicly available financial information for WMCB with corresponding data for the WMCB Peer Group as of or for the year ended June 30, 2020 (unless otherwise noted) with pricing data as of November 4, 2020. The table below sets forth the data for WMCB and the median, mean, low and high data for the WMCB Peer Group.

WMCB Comparable Company Analysis

	WMCB	WMCB Peer Group Median	WMCB Peer Group Mean	WMCB Peer Group Low	WMCB Peer Group High
Total assets (\$mm)	210	236	240	138	328
Market value (\$mm)	16	16	16	6	23
Price/Tangible book value (%)	77	76	78	66	97
Price/LTM Earnings per share (x)	23.1	11.7	14.7	7.5	31.4
Dividend yield (%)	0.0	0.0	0.5	0.0	2.0
One-year stock price performance (%)	-31.9	-25.6	-20.7	-40.5	-3.2
LTM Net interest margin (%)	3.96	3.84	3.73	2.89	4.41
LTM Return on average assets (%)	0.40	0.69	0.59	0.03	0.93
LTM Return on average equity (%)	3.4	5.9	5.6	0.3	9.6
Tangible common equity/Tangible assets (%)	9.8	8.9	9.3	7.3	11.5
Non-performing assets/total assets (%)	0.41	0.40	0.47	0.00	1.45

Note: Financial data for WMCB, Community Bancorp of Santa Maria, Chino Commercial Bancorp, Republic Bank of Arizona, and Coeur d'Alene Bancorp as of or for the period ending September 30, 2020

PSC used publicly available information to perform a similar analysis for PBCO by comparing selected financial information for PBCO with a group of financial institutions selected by PSC. The PBCO peer group included publicly-traded western region banks with total assets \$300 million to \$600 million and LTM return on average assets between 0.75% and 2.00%, but excluded targets of announced merger transactions (the "PBCO Peer Group"). The PBCO Peer Group consisted of the following companies:

Bank of Santa Clarita	Metro Phoenix Bank
Chino Commercial Bancorp	Mountain Pacific Bancorp, Inc.
Commencement Bancorp, Inc.	Northern California National Bank
Community Bancorp of Santa Maria	Oregon Pacific Bancorp
Community Financial Group, Inc.	Pacific Valley Bank
Cornerstone Community Bancorp	Redwood Capital Bancorp
Denali Bancorporation, Inc.	River Valley Community Bancorp
Golden Valley Bank	Summit Bancshares, Inc.
Horizon Bancorp, Inc.	U & I Financial Corp.

The analysis compared publicly available financial information for PBCO with corresponding data for the PBCO Peer Group as of or for the year ended June 30, 2020 (unless otherwise noted) with pricing data as of November 4, 2020. The table below sets forth the data for PBCO and the median, mean, low and high data for the PBCO Peer Group.

PBCO Comparable Company Analysis

	PBCO	PBCO Peer Group Median	PBCO Peer Group Mean	PBCO Peer Group Low	PBCO Peer Group High
Total assets (\$mm)	500	417	421	300	536
Market value (\$mm)	37	28	31	18	50
Price/Tangible book value (%)	82	81	83	63	111
Price/LTM Earnings per share (x)	6.4	8.4	8.9	6.0	14.6
Dividend yield (%)	0.0	0.0	0.7	0.0	7.3
One-year stock price performance (%)	-24.7	-25.6	-23.3	-40.5	9.2
LTM Net interest margin (%)	3.88	3.91	3.88	2.96	4.91
LTM Return on average assets (%)	1.34	0.96	1.03	0.76	1.64
LTM Return on average equity (%)	12.7	10.0	10.4	7.9	13.1
Tangible common equity/Tangible assets (%)	9.5	8.8	9.1	6.0	14.3
Non-performing assets/total assets (%)	0.22	0.34	0.34	0.00	0.81

Note: Financial data for PBCO, Oregon Pacific Bancorp, River Valley Community Bancorp, Commencement Bancorp, Inc. Cornerstone Community Bancorp, Horizon Bancorp, Inc. Pacific Valley Bank, Golden Valley Bank, U&I Financial Corp., Bank of Santa Clarita, Community Bancorp of Santa Maria, Northern California National Bank and Chino Commercial Bancorp as of or for the period ending September 30, 2020

Analysis of Precedent Transactions.

PSC reviewed a group of merger and acquisition transactions. The group consisted of nationwide bank transactions announced between January 1, 2019 and November 4, 2020 with target assets \$100 million to \$350 million, LTM return on average assets between 0.00% and 1.00%, and non-performing assets/total assets less than 2.00%, but excluded transactions with greater than 50% cash consideration or where deal value was not reported (the “Precedent Transactions”).

The Precedent Transactions group was composed of the following transactions:

<u>Acquiror</u>	<u>Target</u>
Pinnacle Bankshares Corporation	Virginia Bank Bankshares, Incorporated
Evans Bancorp, Inc.	FSB Bancorp, Inc.
Seacoast Banking Corporation of Florida	First Bank of the Palm Beaches
Citizens Financial Services, Inc.	MidCoast Community Bancorp, Inc.
Summit Financial Group, Inc.	Cornerstone Financial Services, Inc.
FCN Banc Corp.	DSA Financial Corporation
Wintrust Financial Corporation	STC Bancshares Corp.
Blue Ridge Bankshares, Inc.	Virginia Community Bankshares, Inc. (VA)

Using the latest publicly available information prior to the announcement of the relevant transaction, PSC reviewed the following transaction metrics: transaction price to last-twelve-months earnings per share, transaction price to tangible book value per share, pay-to-trade, core deposit premium, and 1-day market premium. PSC compared the indicated transaction metrics for the merger to the median, mean, low and high metrics of the Precedent Transactions group.

	PBCO/ WMCB	Precedent Transactions			
		Median	Mean	Low	High
Transaction Price / LTM Earnings Per Share (x)	21.7	22.6	21.5	11.6	30.3
Transaction Price / Tangible Book Value Per Share (%)	73	133	140	96	200
Pay-to-Trade ¹	89	95	94	69	119
Tangible Book Value Premium to Core Deposits (%)	-3.3	5.8	5.6	-0.5	11.4
1-Day Market Premium (%)	-5.7	12.0	18.7	2.6	59.4

1 Pay-to-trade calculated as announced transaction P/TBV multiple divided by buyer's P/TBV multiple prior to announcement

Net Present Value Analyses.

PSC performed an analysis that estimated the net present value of WMCB common stock assuming WMCB performed in accordance with certain internal financial projections for WMCB for the years ending December 31, 2020 through December 31, 2024, as provided by the senior management of WMCB. To approximate the terminal value of a share of WMCB common stock at December 31, 2024, PSC applied price to 2024 earnings multiples ranging from 7.5x to 20.0x and multiples of 2024 tangible book value ranging from 65% to 95%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of WMCB common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of WMCB common stock of \$3.39 to \$10.93 when applying multiples of earnings and \$4.87 to \$8.59 when applying multiples of tangible book value.

Earnings Per Share Multiples

Discount	<u>7.5x</u>	<u>10.0x</u>	<u>12.5x</u>	<u>15.0x</u>	<u>17.5x</u>	<u>20.0x</u>
<u>Rate</u>						
10.0%	\$4.10	\$5.46	\$6.83	\$8.19	\$9.56	\$10.93
11.0%	\$3.94	\$5.26	\$6.57	\$7.89	\$9.20	\$10.51
12.0%	\$3.80	\$5.06	\$6.33	\$7.59	\$8.86	\$10.12
13.0%	\$3.65	\$4.87	\$6.09	\$7.31	\$8.53	\$9.75
14.0%	\$3.52	\$4.69	\$5.87	\$7.04	\$8.21	\$9.39
15.0%	\$3.39	\$4.52	\$5.65	\$6.78	\$7.91	\$9.05

Tangible Book Value Per Share Multiples

Discount						
<u>Rate</u>	<u>65%</u>	<u>71%</u>	<u>77%</u>	<u>83%</u>	<u>89%</u>	<u>95%</u>
10.0%	\$5.88	\$6.42	\$6.96	\$7.51	\$8.05	\$8.59
11.0%	\$5.66	\$6.18	\$6.70	\$7.22	\$7.74	\$8.27
12.0%	\$5.44	\$5.95	\$6.45	\$6.95	\$7.45	\$7.96
13.0%	\$5.24	\$5.73	\$6.21	\$6.69	\$7.18	\$7.66
14.0%	\$5.05	\$5.52	\$5.98	\$6.45	\$6.91	\$7.38
15.0%	\$4.87	\$5.32	\$5.76	\$6.21	\$6.66	\$7.11

PSC also considered and discussed with the WMCB's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, PSC performed a similar analysis, assuming WMCB's earnings varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for WMCB's common stock, applying the price to 2024 earnings multiples range of 7.5x to 20.0x referred to above and a discount rate of 12.38%.

Earnings Per Share Multiples

<u>Annual Estimate</u>						
<u>Variance</u>	<u>7.5x</u>	<u>10.0x</u>	<u>12.5x</u>	<u>15.0x</u>	<u>17.5x</u>	<u>20.0x</u>
(15.0%)	\$3.18	\$4.24	\$5.30	\$6.36	\$7.42	\$8.48
(10.0%)	\$3.37	\$4.49	\$5.61	\$6.73	\$7.86	\$8.98
(5.0%)	\$3.55	\$4.74	\$5.92	\$7.11	\$8.29	\$9.48
0.0%	\$3.74	\$4.99	\$6.24	\$7.48	\$8.73	\$9.98
5.0%	\$3.93	\$5.24	\$6.55	\$7.86	\$9.17	\$10.47
10.0%	\$4.12	\$5.49	\$6.86	\$8.23	\$9.60	\$10.97
15.0%	\$4.30	\$5.74	\$7.17	\$8.60	\$10.04	\$11.47

PSC also performed an analysis that estimated the net present value per share of PBCO common stock, assuming PBCO performed in accordance with certain internal financial projections for PBCO for the years ending December 31, 2020 through December 31, 2022 as well as a long-term annual net income and asset growth rate for the years ending December 31, 2023 and December 31, 2024, as provided by the senior management of PBCO. The forecast also assumed a \$3.10 per share special dividend at year-end 2024 in order to represent the amount of capital in excess of 10.0% tangible common equity/tangible assets. To approximate the terminal value of a share of PBCO common stock at December 31, 2024, PSC applied price to 2024 earnings multiples ranging from 6.0x to 13.5x and multiples of 2024 tangible book value ranging from 60% to 110%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 15.0%, which were chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of PBCO common stock. As illustrated in the following tables, the analysis indicated an imputed range of values per share of PBCO common stock of \$6.96 to \$16.33 when applying multiples of earnings and \$7.02 to \$13.83 when applying multiples of tangible book value.

Earnings Per Share Multiples

Discount						
<u>Rate</u>	<u>6.0x</u>	<u>7.5x</u>	<u>9.0x</u>	<u>10.5x</u>	<u>12.0x</u>	<u>13.5x</u>
10.0%	\$8.40	\$9.99	\$11.58	\$13.16	\$14.75	\$16.33
11.0%	\$8.09	\$9.61	\$11.14	\$12.67	\$14.19	\$15.72
12.0%	\$7.78	\$9.25	\$10.72	\$12.19	\$13.66	\$15.13
13.0%	\$7.50	\$8.91	\$10.33	\$11.74	\$13.15	\$14.57
14.0%	\$7.22	\$8.58	\$9.95	\$11.31	\$12.67	\$14.03
15.0%	\$6.96	\$8.27	\$9.58	\$10.90	\$12.21	\$13.52

Tangible Book Value Per Share Multiples

Discount						
<u>Rate</u>	<u>60%</u>	<u>70%</u>	<u>80%</u>	<u>90%</u>	<u>100%</u>	<u>110%</u>
10.0%	\$8.49	\$9.55	\$10.62	\$11.69	\$12.76	\$13.83
11.0%	\$8.17	\$9.19	\$10.22	\$11.25	\$12.28	\$13.31
12.0%	\$7.86	\$8.85	\$9.84	\$10.83	\$11.82	\$12.81
13.0%	\$7.57	\$8.52	\$9.48	\$10.43	\$11.38	\$12.34
14.0%	\$7.29	\$8.21	\$9.13	\$10.05	\$10.97	\$11.88
15.0%	\$7.02	\$7.91	\$8.80	\$9.68	\$10.57	\$11.45

PSC also considered and discussed with the WMCB's board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to earnings. To illustrate this impact, PSC performed a similar analysis assuming PBCO's earnings varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for PBCO common stock, applying the price to 2024 earnings multiples range of 6.0x to 13.5x referred to above and a discount rate of 12.38%.

Earnings Per Share Multiples

<u>Annual Estimate</u>						
<u>Variance</u>	<u>6.0x</u>	<u>7.5x</u>	<u>9.0x</u>	<u>10.5x</u>	<u>12.0x</u>	<u>13.5x</u>
(15.0%)	\$6.80	\$8.04	\$9.27	\$10.50	\$11.73	\$12.96
(10.0%)	\$7.09	\$8.40	\$9.70	\$11.00	\$12.31	\$13.61
(5.0%)	\$7.38	\$8.76	\$10.14	\$11.51	\$12.89	\$14.26
0.0%	\$7.67	\$9.12	\$10.57	\$12.02	\$13.47	\$14.91
5.0%	\$7.96	\$9.48	\$11.00	\$12.52	\$14.05	\$15.57
10.0%	\$8.25	\$9.85	\$11.44	\$13.03	\$14.62	\$16.22
15.0%	\$8.54	\$10.21	\$11.87	\$13.54	\$15.20	\$16.87

PSC noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Transaction Analysis.

PSC analyzed certain potential pro forma effects of the merger on PBCO assuming the transaction closes March 31, 2021. PSC utilized the following information and assumptions: (a) certain internal financial projections for WMCB for the years ending December 31, 2020 through December 31, 2024, as

provided by the senior management of WMCB, (b) certain internal financial projections for PBCO for the years ending December 31, 2020 through December 31, 2022 as well as a long-term annual net income and asset growth rate for the years ending December 31, 2023 and December 31, 2024, as provided by the senior management of PBCO, and (c) the pro forma financial impact of the merger on PBCO based on certain assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, as provided by the senior management of PBCO. The analysis indicated that the transaction could be accretive to PBCO's estimated earnings per share (excluding one-time transaction costs and expenses) in the years ending December 31, 2021 through December 31, 2024 and dilutive to PBCO's estimated tangible book value per share at close and accretive to PBCO's estimated tangible book value per share at December 31, 2023.

In connection with this analysis, PSC considered and discussed with the WMCB's board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

PSC's Relationship.

PSC is acting as WMCB's financial advisor in connection with the transaction and will receive a fee for such services in an amount equal to 2.00% of the aggregate transaction value, which fee is contingent upon the closing of the merger. At the time of announcement of the transaction PSC's fee was approximately \$300,000. PSC also received a \$150,000 fee from WMCB upon rendering its opinion, which opinion fee will be credited in full towards the transaction fee which will become payable to PSC upon closing of the transaction. WMCB has also agreed to indemnify PSC against certain claims and liabilities arising out of PSC's engagement and to reimburse PSC for certain of its out-of-pocket expenses incurred in connection with PSC's engagement.

PSC did not provide any other investment banking services to WMCB in the two years preceding the date of PSC's opinion. PSC did not provide any investment banking services to PBCO in the two years preceding the date of its opinion. In the ordinary course of PSC's business as a broker-dealer, PSC may purchase securities from and sell securities to WMCB and PBCO. PSC may also actively trade the equity and debt securities of WMCB and PBCO for PSC's account and for the accounts of PSC's customers.

INFORMATION CONCERNING PEOPLE'S BANK OF COMMERCE

General

PBCO is an Oregon state-chartered full-service commercial bank. PBCO's deposits are insured by the Bank Insurance Fund of the FDIC. PBCO was formed under the laws of Oregon in 1998 and is regulated by the Oregon Department of Consumer and Business Services and by the FDIC, its primary regulator and the insurer of its deposits.

PBCO is the only locally-owned bank in Southern Oregon and Klamath County, headquartered in Medford, Oregon with six branches in Medford, Ashland, Central Point, Grants Pass and Klamath Falls.

As of September 30, 2020, PBCO had total assets of approximately \$499,963,000, total gross loans of approximately \$373,241,000, total deposits of approximately \$431,894,000 and approximately \$50,852,000 of shareholders' equity.

Possible Actions to Occur Following the Merger

The PBCO board of directors has previously considered the formation of a bank holding company to own the outstanding stock of PBCO. PBCO believes that a holding company arrangement would provide additional flexibility in the business and operations of a growing financial institution such as PBCO. PBCO anticipates that following the merger, the PBCO board of directors will further consider the formation of a holding company, and if it decides to proceed, will propose the formation of a holding company to its joint shareholder base.

The proposal to form a holding company will be submitted to PBCO's shareholders for consideration and approval, and full disclosure regarding the proposal will be provided to shareholders prior to a special shareholders meeting to vote upon the proposal.

Deposit and Banking Services

Customers of PBCO are provided with a full complement of traditional banking and deposit products. PBCO is engaged in substantially all of the business operations customarily conducted by independent financial institutions in Oregon, including the acceptance of checking accounts, savings accounts, money market accounts, and a variety of certificates of deposit accounts. PBCO makes Commercial and Consumer loans, including residential loans. In addition, PBCO provides factoring services for businesses throughout the United States.

PBCO does a substantial amount of business with individuals, as well as with customers in small-to medium-sized businesses. The primary sources of core deposits are residents of PBCO's primary market area and businesses and their employees located in that area. PBCO also obtains deposits through personal solicitation by PBCO's officers and directors and through local advertising.

Competition

PBCO experiences strong competition in both lending and attracting funds from other commercial banks, savings banks, savings and loan associations, credit unions, finance companies, pension trusts, mutual funds, insurance companies, mortgage bankers and brokers, brokerage and investment banking firms, asset-based non-bank lenders, government agencies, and certain other non-financial institutions, including retail stores, which may offer more favorable financing alternatives than PBCO.

PBCO also competes with companies located outside of its primary market that provide financial services to persons within its primary market. Some of PBCO's current and potential competitors have larger customer bases, greater brand recognition, and significantly greater financial, marketing, and other resources than PBCO and some of them are not subject to the same degree of regulation as PBCO.

Legal Proceedings

From time to time, litigation arises in the normal conduct of PBCO's business. PBCO, however, is not currently involved in any litigation that management of PBCO believes, either individually or in the aggregate, could reasonably be expected to have a material adverse effect on its business, financial condition, or results of operations.

Employees

As of September 30, 2020, PBCO had 91 full-time and 7 part-time employees.

Directors

The board of directors of PBCO currently consists of eight persons, about whom information is provided below. Following the closing of the merger, three additional persons will join the PBCO board of directors. Information regarding these persons is also provided below.

Current PBCO Board of Directors

Roy Vinyard, Board Chairman – Director since 2014

Mr. Vinyard is the Chairman of the Board of Directors. He serves on PBCO's Audit, Asset/liability, Governance and Compensation Committees. Mr. Vinyard served for over 20 years as President and Chief Executive Officer of Asante Health System, a Top 15 integrated health system headquartered in Medford, Oregon, serving southern Oregon and northern California. He currently serves as a board director for Pacific Retirement Services and Regence Oregon Community Board. He has served on numerous boards including the Asante Health System Board, the Oregon Shakespeare Board, Oregon Association of Hospitals and Health Systems Board (Chair), the American Hospital Association Health Care Systems Governing Council, the AHA Regional Policy Board, and Boy Scouts of America-Crater Lake Council Executive Board.

William C. St. Laurent, Board Vice Chairman – Director since 2017

Mr. St. Laurent is currently vice-chair of the board of directors, chair of PBCO's Audit committee and serves on PBCO's Governance and Compensation Committee. Mr. St. Laurent is founder of True Bearing Diagnostics in Washington, D.C., a biotech research company and SeqLL, Inc., a manufacturer of genetic sequencers based in Woburn, Massachusetts. He is also the founder of St. Laurent Land & Cattle Co., Inc., based in Eagle Point, Oregon, which raises beef with no hormones or antibiotics and has 125 acres of vineyards in development. Mr. St. Laurent is chief executive officer of St. Laurent Properties, LLC in Orlando, Florida, and Vancouver, Washington; president of Consolidated Forest Products, Inc., in Perry, Florida, and American Mulch & Groundcover, LLC in Central Florida. He is president and board member for St. Laurent Institute in Vancouver, Washington. Mr. St. Laurent served as vice chairman of Western Bank from 1989 until the bank sold in 1996. Heavily involved in community and charitable work, St. Laurent is a founder, director and is currently Treasurer for the Florida Lacrosse Association and Braveheart Lacrosse Club, where he occasionally coaches youth lacrosse, as well as a board member for the St. Laurent Family Foundation. Mr. St. Laurent earned his Bachelor of Science degree from Cornell University in 1986.

Jim Wright, Board Director – Director since 2003

Mr. Wright chairs PBCO's Governance and Compensation Committee, serves on the Asset/Liability and Audit Committee. Mr. Wright is a partner in C.A.M. Real Estate services, which includes Commercial Property Management, C & R Maintenance and ReMax Platinum. His civic involvement has included chairing the following boards of directors: Asante Health Systems, SOU Foundation, Medford Rogue Rotary Club, Oregon Economic Development Commissions, Oregon State Finance Committee and the Southern Oregon Chapter of the American Red Cross. His honors include the 'First Citizen Award' in 1998 from the Medford/Jackson County Chamber of Commerce, the 'SIR Award' in 1991 from Associated General Contractors of Oregon, the 'President's Medal' from SOU in 1986, and 'Alumni of the Year' in 1985 from SOU; all considered among the most prestigious awards in their respective industries.

Bob Mayers, Board Director – Director since 2005

Mr. Mayers serves on PBCO's Governance and Compensation Committee. Mr. Mayers is a Managing Partner of Mayers5 LLC, a property development company. He recently retired from Adroit Construction in Ashland, which he was a Partner since 1981. He serves on the board of trustees for the Ashland YMCA, as well as boards of directors for Asante Foundation, and the Rogue Valley Manor.

Lindsay Berryman, Board Director – Director since 2014

Mrs. Berryman serves on PBCO's Audit Committee and on the Asset/Liability Committee. Mrs. Berryman was elected as the first and only woman mayor in Medford, Oregon in 2000. She was founder and former president of Cookie Connection, Inc., owner of Sacca di' Italiana, Business Development Officer for People's Bank, and Oregon realtor. She is a board member for the Medford Rogue Rotary and has served on the boards of the Craterian Theater, Southern Oregon Humane Society, Oregon Shakespeare Festival Foundation, and Southern Oregon University Foundation. Mrs. Berryman also served on the Oregon Progress Board and Land Conservation and Development Commission for the state of Oregon. She is a Class V Fellow of the American Leadership Forum.

Jim Teece, Board Director – Director since 2016

Mr. Teece serves on PBCO's Asset/Liability Committee. Mr. Teece is the president, CEO and co-founder of Project A, a technology business, which provides comprehensive business solutions. He is also the president and CEO of Ashland Home Net in Ashland, Oregon, a community-based internet service provider, chief technology officer and co-founder of Art Authority, LLC, as well as creator of Ashland TV 20, Rogue Broadband, and a multitude of other specialized technology projects. Mr. Teece currently serves on the board of directors for the Jackson County Fair and Expo, Southern Oregon University Foundation and Northwest Telecommunications Association. His former board appointments have included the Ashland Independent Film Festival, Ashland Chamber of Commerce, the Southern Oregon Telecommunications and Technology Council, and Software Association of Oregon, Southern Oregon Region. Additional board service included Asante Foundation, Jefferson Public Radio, and Software Association of Oregon.

Kurt Kaufman, Board Director – Director since 2018

Mr. Kaufman serves on PBCO's Audit Committee. He is part-owner of Croman Corporation based in White City, Oregon. Croman provides aerial services for fire suppression, logging, and heavy lift and construction. Mr. Kaufman is also part-owner of C&K Properties, T&K Enterprises, and a mining company, Big Spring Gold, LLC. Aside from his Croman responsibilities, he is a farmer of 33 acres of pears and 28

acres of row crops including corn, squash and pumpkin. He was also a board member for Southern Oregon Sales – an agricultural processing plant working with some of the largest agricultural producers in the region. In 1995, Mr. Kaufman was named by Oregon State University’s Extension Service as one of the top 10 producing orchardists in the Rogue Valley. He is also USDA certified as a Good Agricultural Practices Grower.

Ken Trautman, Board Director, -- Director since 2008

See “Executive Officers” below for information regarding Mr. Trautman.

Additional Persons to Serve as PBCO Directors Following the Merger

Kerry Johnson

Ms. Johnson, age 59, is a Founding Director of WMCB and has been its Chairman of the Board since 2008. Ms. Johnson is the Business Manager for Douglas M. Johnson, DMD, a general dentist with offices in Albany and Scio, and has more than 30 years of experience in the healthcare industry. Ms. Johnson was appointed by Executive Order of the Governor of the State of Oregon to the Oregon Racing Commission, where she served as Chairman. Ms. Johnson is a Past Chair of the Commission Budget/Hub fund and ADW Sub Committees, serving two terms. Additionally, Ms. Johnson is a member of the Linn County Fair Board, for which she served as Chairman, and currently serves on the Bio-Security subcommittee. She is also past Chair of the Linn County Expo Advisory Committee, having been appointed by the Linn County Commissioners. She is currently serving her second term with the Linn County Budget Committee. She is a lifelong resident of Scio. Ms. Johnson has served on every standing committee of WMCB during her tenure.

R. Bryan Webber

Mr. Webber is a Founding Director of WMCB. He is also President of Bryan Webber Farms Inc. a thirty five year old company based in Albany, Oregon where they specialize in producing grass seed, specialty seed, flower seed, native seeds, green beans, and hazel nuts in three counties in the Willamette Valley. Webber Farms also feature a grass seed processing and storage facility which ships seed worldwide. Mr. Webber is also the President of RB Webber Development LLC. He is also President of the Webber Exporting LLC. This is a company that ships Oregon agriculture throughout the world. Mr. Webber & Mrs. Webber partner in Webber Rentals as well. Mr. Webber serves at the Loan Committee Chair, Executive Committee and the Budget and Planning Committee of WMCB.

Benjamin Mackovak

Mr. Mackovak, age 39, is the Co-Founder and Managing Member of Strategic Value Bank Partners, an investment partnership specializing in community banks. Prior to Strategic Value Bank Partners, Ben was the Founder and Portfolio Manager of Cavalier Capital, an investment fund based in Cleveland, Ohio. Prior to founding Cavalier Capital, he was the Senior Analyst at Rivanna Capital, an investment fund based in Charlottesville, Virginia. Prior to working at Rivanna Capital, Mr. Mackovak worked at First American Trust, an investment firm based in Newport Beach, California. He began his career at Merrill Lynch. Mr. Mackovak holds an MBA from the University of Virginia’s Darden Graduate School of Business and a Bachelor of Arts from Kent State University, where he graduated magna cum laude.

Mr. Mackovak’s specific experience in the financial institutions industry includes over 16 years of experience as an institutional investor, serving as a director for eight community banks during this time, and serving as a board observer for three other community banks. In his experience as a bank director, Mr.

Mackovak has served on the Compensation Committee, Loan Committee, Corporate Governance and Nominating Committee, ALCO Committee, M&A Committee, and Audit Committee of various community banks. Mr. Mackovak's relevant experience as an institutional investor and bank director, combined with his knowledge of corporate governance, executive compensation, ALCO strategies, and capital markets qualifies him for service as a director.

Committees

The PBCO board of directors has established the following committees:

Audit Committee: Chairman – Will St. Laurent, Roy Vinyard, Kurt Kaufman, Lindsay Berryman and Jim Wright.

Asset/Liability Committee: Chairman – Lindsey Trautman, Jeri Reno, Steve Erb, Ken Trautman, John Boyd, Julia Beattie, Bill Stewart, Jim Teece, Jim Wright, and Lindsay Berryman.

Governance & Compensation Committee: Chairman – Jim Wright, Roy Vinyard, William St. Laurent, and Bob Mayers.

Compensation of Directors

During 2019, the chairman of the PBCO board of directors received a retainer of \$1,500 per month. The chairs of the governance committee and the audit committee received a retainer of \$800 per month. All other non-employee directors received a retainer of \$600 per month. Additionally, all non-employee directors received \$350 for each board meeting and \$150 for each committee meeting attended.

Non-employee directors were eligible for grants of stock options or restricted stock under the 2017 Stock Incentive Plan. Option grants generally vest in installments, have a ten-year term and permit the holder to purchase shares at their fair market value established on the date of the grant. Restricted stock grants vest over 5 years. Directors are entitled to vote restricted shares that have not vested. In 2015 the Bank adopted a phantom stock plan that acts similarly to the restricted stock plan, but with no shareholder dilution. There were no grants of Phantom Stock to directors in 2019.

Executive Officers

Ken Trautman, Chief Executive Officer

Mr. Trautman is co-founder of PBCO and has served as its President and Chief Executive Officer from 2008 until 2020. Recently, Mr. Trautman has transitioned to CEO and has named Julia Beattie as his successor. He serves on the bank's Asset/Liability and Loan Committees. Formerly, Mr. Trautman worked with Western Bank as Senior Vice President and Regional Administrator for Southern Oregon, before it was purchased by Washington Mutual in 1996. He has served as chairman of the board of directors for the Britt Festivals, Greater Medford Rotary, D-9 Foundation and the Oregon Bankers Association. He is also actively involved with 4-H, FFA and other youth organizations.

Julia Beattie, President/Chief Lending Officer

Ms. Beattie has oversight of the commercial loan production for PBCO, including the development, management and support of commercial lending officers. Ms. Beattie collaborates with all bank departments and works with the Chief Credit Officer to ensure regulatory and policy compliance and management of criticized assets. She earned her Bachelors of Business Administration Degree from the

University of Texas in 1986 and her Masters of Business Administration degree from the University of Texas in 1986. She completed the Pacific Coast Banking School held at the University of Washington in 2018. Ms. Beattie serves on the bank's ALCO and Loan Committees. Ms. Beattie will assume the Chief Credit Officer role in April 2021 following the retirement of John Boyd.

Jeri A. Reno, Chief Operating Officer

Mrs. Reno is responsible for the profitability and growth of the retail branches and other staff functions such as technology, compliance, audit and human resources. She is involved in strategic planning, risk management and implements policies, processes and systems for operational and administrative functions. She graduated from the University of Colorado's Graduate School of Banking in 2006. Ms. Reno will transition to the position of Chief Administrative Officer after the merger, until her retirement in March 2023. Ms. Reno serves on the bank's ALCO Committee.

Lindsey Trautman, Chief Financial Officer

Ms. Trautman joined PBCO in 2005 working as a commercial loan assistant, while attending Southern Oregon University where she graduated in 2009, Summa Cum Laude, with a Bachelor of Science degree in Management Accounting. In 2014 she graduated, with honors, from the University of Colorado's Graduate School of Banking. Ms. Trautman earned a Financial Managers School certificate from the University of Wisconsin, Graduate School of Banking, in 2017. Ms. Trautman was promoted to CFO in May 2020 after mentoring for five years with the bank's former CFO, Russ Milburn. Ms. Trautman is the daughter in law of PBCO's CEO Ken Trautman. Ms. Trautman serves on the bank's Loan Committee and chairs the bank's ALCO Committee.

John Boyd, Chief Credit Officer

Mr. Boyd is the Chief Credit Officer (CCO) and is responsible for credit quality, proper underwriting and compliance with bank policy and regulations for the bank in commercial, consumer and real estate lending activities. He coordinates the activities of the branches with regard to regulatory compliance in pursuit of both lending and corporate goals. In addition, Mr. Boyd works with Branch Managers to coordinate loan training needs, policy changes and implementation. He is a member of the executive team and serves on the bank's Asset/Liability Committee and is the Chairperson of the bank's Loan Committee

Steven R. Erb, Chief Strategy Officer

Mr. Erb, in collaboration with the CEO, articulates the strategic vision for PBCO. He is responsible for building partnerships to grow and sustain the organization into the future, as well as oversees the bank's mortgage division, marketing department, and other special projects. Mr. Erb has been in the banking industry since 1986, serving in senior and executive management roles since 1991. He earned a Bachelor of Science in 1985, in Economics, from the University of Oregon. In 1996, Mr. Erb graduated from Pacific Coast Banking School, held at the University of Washington. Mr. Erb serves on the bank's ALCO and Loan Committees.

Bill Stewart, President, Steelhead Finance Division

As president of the Steelhead Finance Division of PBCO, Mr. Stewart has served PBCO since 2017 when it acquired his company. His responsibilities are the oversight and growth of the bank's factoring division which provides cash flow solutions to the transportation industry. Mr. Stewart serves on the bank's ALCO committee.

Executive and Employee Compensation

PBCO has designed its compensation to attract and retain the best officers and employees available. PBCO uses surveys specific to banking in the Northwest and other means to ascertain competitive compensation levels. In addition to salary, PBCO offers performance bonuses, a 401(k) plan, group health, life, vision and dental insurance to all employees. Additionally, stock options and restricted stock are available to executives and other key officers in order to align their interests with those of the shareholders. Stock options and restricted stock are granted at the discretion of the PBCO board of directors and vest over a 5-year period.

In 2017, PBCO instituted an Employee Stock Ownership Plan (“ESOP”). The ESOP is a qualified plan open to all employees. A contribution equal to 3% of the employees’ income is made by PBCO to the ESOP. Previously, the 3% contribution was made to the 401(k) plan. The ESOP contribution replaces the 401(k) contribution. The trustees of the ESOP purchased 75,000 shares of PBCO common stock in 2017. The ESOP borrowed \$784,000 to make the purchase; paying 5.5% interest and making 60 monthly payments of principal plus interest. PBCO’s 3% contribution is used to pay principal and an additional contribution is used to pay interest. As of January 2, 2020, the loan balance was paid in full.

Certain Relationships and Related Transactions

PBCO has had, and expects to have in the future, banking transactions in the ordinary course of its business with directors, executive officers and principal shareholders of PBCO and the companies with which they are associated.

It is the policy of PBCO to encourage these persons to bring their personal banking business as well as the banking business of their related companies to PBCO to generate deposits and appropriate loans. At December 31, 2019, the aggregate balance of loans and loan commitments outstanding to or guaranteed by all principal shareholders, directors, their related interests, and executive officers, as a group, was \$541,251.

All loans and commitments to loan, included in such transactions, were made in the ordinary course of business. These loans are in compliance with applicable laws, at substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at PBCO at the time for comparable transactions with other persons. In the opinion of management, these loans did not involve more than the normal risk of collectability nor did they present any unfavorable features.

Share Ownership of Principal Shareholders, Management, and Directors of PBCO

The following table shows, as of November 1, 2020, the beneficial ownership of PBCO common stock by (a) each person known by PBCO to be the beneficial owner of more than 5% of PBCO’s outstanding common stock; (b) each of PBCO’s directors and executive officers; and (c) all of PBCO’s directors and officers as a group. Except as otherwise noted in the footnotes to the table, each individual has sole investment and voting power with respect to the shares of common stock set forth.

Name and Position	Number of Shares Owned	Percent of Total Outstanding
Kurt Kaufman	571,666	16.05%
William C. St. Laurent	883,382	24.81%
Ken Trautman	120,235	3.38%
Jim Wright	26,844	0.75%

Jeri Reno	29,173	0.82%
Roy Vinyard	23,735	0.67%
Bob Mayers	25,260	0.71%
John Boyd	19,127	0.54%
Steve Erb	17,927	0.50%
Lindsay Berryman	13,536	0.38%
Lindsey Trautman	10,409	0.29%
Jim Teece	7,070	0.20%
Julia Beattie	23,784	0.67%
Bill Stewart	20,177	0.57%
Officers and Directors (14 persons)	1,792,325	50.33%
Alliance Bernstein	243,187	6.83%
Craig D. Horton	264,445	7.43%

INFORMATION CONCERNING WMCB

Willamette Community Bank was founded in 2003 in Albany, Oregon, by citizens and businesspeople to preserve local decision-making and support the community. We have remained true to our founding principles in all the communities we serve. We work hard to stay informed about social and economic developments in the markets and business sectors we serve: agriculture, manufacturing, the service professions, and other business sectors in our local communities. As a result, we're fully prepared to partner with our customers in making smart financial decisions.

Customers who choose Willamette Community Bank can feel confident that their deposits will be reinvested to cultivate the prosperity of its local communities. WMCB practices responsible reinvestment to promote regional economic vitality. WMCB believes in supporting its communities by promoting nonprofits that serve local needs.

WMCB has branches in Albany, Lebanon, and Salem. As of September 30, 2020, WMCB had total assets of approximately \$210 million, gross loans receivable of approximately \$147 million, total deposits of approximately \$181 million, and approximately \$20.5 million in shareholders' equity.

Management and Directors

WMCB's management comprises a strong team of skilled management with strong local connections to the central Willamette Valley. WMCB's board of directors blends a cohesive group of individuals with connections to each of our localities as well as expertise in the business segments that make up our region. The following are WMCB's executive officers and directors, along with their ages and a description of their professional and educational experience over the past five years.

Joan Reukauf, age 46, President and Chief Executive Officer. Ms. Reukauf joined Willamette Community Bank in 2010 and served as Senior Vice President and Chief Operations Officer until 2018, when she was appointed President and CEO. After graduating with a marketing degree from Boise State University, Ms. Reukauf has built a 25-year banking career including retail sales, branch and regional management, operations, human resources, and information security management. Ms. Reukauf is also a graduate of Pacific Coast Banking School and earned her Master's in Business Administration from Willamette University in 2015. She is a part of the Linn-Benton Community College budget committee and is currently a member of several boards including the Oregon Bankers Association, Benton Community Foundation, Linn-Benton Community College Foundation, and Good Samaritan Hospital Foundation. Ms. Reukauf resides in Corvallis.

Robert Moore, age 64, Chief Financial Officer. Senior Vice President and Chief Financial Officer. Mr. Moore joined Willamette Community Bank in April of 2016, replacing the retiring longtime Chief Financial Officer. In his more than 40 years in banking, Mr. Moore has worked primarily with community banks in California, Arizona, and now Oregon in the areas of operations, facilities management, investments, and finance. Mr. Moore currently serves on the board of the Albany Downtown Association. Mr. Moore resides in Albany.

D. Thomas Ordeman, age 63, serves as a Founding Director of WMCB. Mr. Ordeman began his business career in high school working at Citizens Valley Bank, which was headquartered in Albany, where he remained until 1980 when he joined his family's business, Fisher Funeral Home, Inc. He is part of the fifth generation of the family to operate Fisher's. Mr. Ordeman has served on many local boards of directors, including YMCA and Rotary. He is also past Chair of the Linn County Fair and Expo Center and Albany General Hospital Foundation. He has also served on the board for the Oregon Funeral Directors Association and is a past President of the national organization, Selected Independent Funeral Homes.

James E. Green, age 66, joined the Board in 2017. He holds an undergraduate degree from University of California, Santa Barbara and an MBA from University of California, Los Angeles. Mr. Green previously served as a certified public accountant with PricewaterhouseCoopers in both Seattle and Los Angeles. From 1995 to 2016 he was SVP and CFO for Epic Aviation. Epic Aviation had \$1.5 billion in annual revenue during his tenure from aviation fuel sales throughout North America. His responsibilities at Epic included managing a \$50 million credit facility with major lending institutions, as well as overseeing fuel price hedging. He was a key contributor to the executive team and the strategic direction of that company. Mr. Green resides in Salem, Oregon and now serves as Director of Finance for Marion-Polk Food Share, a non-profit organization.

John Jenks, age 62, serves as a Director of WMCB. He earned a Bachelor of Science degree in Business Management from the University of Oregon in 1981. In 1984, Mr. Jenks joined his father at Jenks Hatchery, Inc., a family agribusiness since 1910. Mr. Jenks has served on local boards of directors including the YMCA, Linn County Fair Board, Rotary, Oregon Poultry Industries Association and Oregon Seed Growers League. He is a past president of his Rotary Club and the Oregon Poultry Industries Association. He also served on the Oregon Fryer Commission. Currently, Mr. Jenks is chairman of the Albany Boys and Girls Club foundation and past chairman of the Samaritan Albany General Hospital foundation. Mr. Jenks resides in Albany.

Kerry Johnson, age 59, serves as a Founding Director of WMCB and has been Chairman of the Board since 2008. Ms. Johnson is the Business Manager for Douglas M. Johnson, DMD, a general dentist with offices in Albany and Scio, and has more than 30 years of experience in the healthcare industry. Ms. Johnson was appointed by Executive Order of the Governor of the State of Oregon to the Oregon Racing Commission, where she served as Chairman. Ms. Johnson is a Past Chair of the Commission Budget/Hub fund and ADW Sub Committees, serving two terms. Additionally, Ms. Johnson is a member of the Linn County Fair Board, for which she served as Chairman, and currently serves on the Bio-Security subcommittee. She is also past Chair of the Linn County Expo Advisory Committee, having been appointed by the Linn County Commissioners. She is currently serving a second term with the Linn County Budget Committee. She is a lifelong resident of Scio. Ms. Johnson has served on every standing committee of the Bank during her tenure.

R. Bryan Webber, age 53, Mr. Webber is a Founding Director of Willamette Community Bank. He is also President of Bryan Webber Farms Inc. a thirty five year old company based in Albany, Oregon where they specialize in producing grass seed, specialty seed, flower seed, native seeds, green beans, and hazel nuts in three counties in the Willamette Valley. Webber Farms also feature a grass seed processing and storage facility which ships seed worldwide. Mr. Webber is also the President of RB Webber Development LLC. He is also President of the Webber Exporting LLC. This is a company that ships Oregon agriculture throughout the world. Mr. Webber & Mrs. Webber partner in Webber Rentals as well. Mr. Webber serves at the Loan Committee Chair, Executive Committee and the Budget and Planning Committee of Willamette Community Bank.

Timothy R. McQueary, age 76, serves as a Director of WMCB and Vice Chairman of the Board. He is a native Oregonian and has lived in Linn County since 1952. He retired as a Department Manager from ATI Wah Chang after 37 years. Mr. McQueary has served on many local boards and commissions including Governor's Commission on Senior Services, Cascade West Council of Governments, Community Health Clinics of Benton and Linn Counties, Public Transit Advisory Committee, Linn County Fair Board and Rural Development Initiatives. He also served on the Sweet Home City Council as councilor and two terms as Mayor. Mr. McQueary resides in Sweet Home.

Kent Hickam, age 70, serves as a Founding Director of WMCB. Mr. Hickam has had a law office in downtown Albany for 34 years. Born and raised in Albany, he graduated from Albany Union High School

in 1968. After receiving a BA from Stanford University, he then earned a law degree and an MBA from Willamette University. Mr. Hickam is a former Albany City Councilor.

William Joseph LeBlanc, age 63, joined WMCB in June of 2016. Mr. LeBlanc worked for the Les Schwab Tire Company as an Area Manager in the State of Oregon. In 2018, Mr. LeBlanc retired with the Les Schwab Company after 38 years. He started in Lakeview, Oregon as a sales and service employee in 1980. He worked his way up from sales and service to assistant manager. This move brought him to Salem in 1985. He then moved into the manager position where he managed 4 stores and in 2000 he became an Area Manager where he oversaw the operations of 27 stores. He has been residing in the Lebanon area since 2000.

Share Ownership of Principal Shareholders, Management and Directors of WMCB

The following table shows, as of November 1 2020, the beneficial ownership of WMCB common stock by (a) each person known by WMCB to be the beneficial owner of more than 5% of WMCB's outstanding common stock; (b) each of WMCB's directors and executive officers; and (c) all of WMCB's directors and officers as a group. Except as otherwise noted in the footnotes to the table, each individual has sole investment and voting power with respect to the shares of common stock set forth.

Name and Position	Number of Shares Owned	Percent of Total Outstanding
Joan Reukauf, President, CEO and Director	2,101	0.11%
Robert Moore, Chief Financial Officer	--	0.00%
Kerry Johnson, Director, Chairman of the Board	57,063	3.07%
Kent Hickam, Director	15,939	0.86%
Tom Ordeman, Director	2,624	0.14%
Tim McQueary, Director, Vice Chairman	10,844	0.58%
Bryan Webber, Director	18,972	1.02%
John Jenks, Director	5,937	0.32%
William J. LeBlanc, Director	1,112	0.06%
James E. Green, Director	1,112	0.06%
All Directors and Officers as a Group (9 persons)	115,704	6.23%
Aetos Capital	122,223	6.58%
Commerce Street Capital	173,889	9.36%
Alliance Bernstein Financial Services Opportunities Fund	194,928	10.49%
Strategic Value Partners	179,926	9.68%
Total Shares	1,857,955	

DESCRIPTION OF PBCO'S CAPITAL STOCK

PBCO's authorized capital stock consists of 6,000,000 shares of common stock, \$5.00 par value per share.

Trades in PBCO common stock are quoted on the OTC Bulletin Board (OTCBB) under the symbol "PBCO."

PBCO's shareholders do not have preemptive rights to subscribe to any additional securities that may be issued. Each share of PBCO common stock has the same relative rights and is identical in all respects to every other share of PBCO common stock. If PBCO is liquidated, the holders of PBCO common stock are entitled to receive the net assets of the corporation in accordance with the applicable provisions of ORS 707.110.

For additional information concerning PBCO's capital stock, see "Comparison of Certain Rights of Holders of PBCO and WMCB Common Stock" below.

COMPARISON OF CERTAIN RIGHTS OF HOLDERS OF PBCO AND WMCB COMMON STOCK

Oregon law, PBCO's articles and bylaws govern the rights of PBCO's shareholders and will govern the rights of WMCB's shareholders, who will become shareholders of PBCO as a result of the merger. The rights of WMCB's shareholders are currently also governed by Oregon law, and by WMCB's articles and bylaws. The following is a brief summary of certain differences between the rights of PBCO and WMCB shareholders. This summary is not intended to provide a comprehensive discussion of each bank's governing documents, which are available upon request.

General

Under PBCO's Articles of Incorporation, PBCO's authorized capital stock consists of 6,000,000 shares of common stock, \$5.00 par value per share.

Under WMCB's Articles of Incorporation, WMCB's authorized capital stock consists of 10,000,000 shares of common stock, no par value per share.

The following is a more detailed description of PBCO's and WMCB's capital stock.

Common Stock

As of November 30, 2020, there were 3,560,880 shares of PBCO common stock issued and outstanding, in addition to 109,664 shares of unvested restricted stock awards under PBCO's equity compensation plans.

As of November 30, 2020, there were 1,857,955 shares of WMCB common stock issued and outstanding.

Dividend Rights

Dividends may be paid on PBCO common stock as and when declared by the PBCO board of directors out of funds legally available for the payment of dividends. Under the Oregon Bank Act and the Federal Deposit Insurance Corporation Act of 1991, PBCO is subject to restrictions on the payment of cash

dividends. A bank may not pay cash dividends if that payment would reduce the amount of its capital below that necessary to meet minimum regulatory capital requirements. In addition, under the Oregon Bank Act and rules promulgated thereunder, without the prior written approval of the director of the Department of Consumer and Business Services, the amount of dividend paid by PBCO may not be greater than its new unreserved retained earnings, after first deducting to the extent not already charged against earnings, or reflected in a reserve, all bad debts, which are debts on which interest is unpaid and past due at least six months unless the debt is fully secured and in the process of collection; all other assets charged off as required by Oregon bank regulators or a state or federal examiner; and all accrued expenses, interest and taxes of PBCO. In addition, state and federal regulatory authorities are authorized to prohibit banks from paying dividends that would constitute an unsafe or unsound banking practice.

The declaration and payment of dividends on WMCB common stock are subject to the same considerations and limitations as those applicable to PBCO.

Voting Rights

All voting rights are currently vested in the holders of PBCO common stock and WMCB common stock, with each share being entitled to one vote.

The Articles of Incorporation of each of PBCO and WMCB provide that shareholders do not have cumulative voting rights in the election of directors or otherwise.

Preemptive Rights

Neither PBCO's nor WMCB's shareholders have preemptive rights to subscribe to any additional securities that may be issued.

Liquidation Rights

If either PBCO or WMCB is liquidated, the holders of PBCO or WMCB common stock, as applicable, are entitled to share, on a pro rata basis, the liquidated entity's remaining assets after provision for liabilities.

Assessments

All outstanding shares of PBCO common stock are, and the shares to be issued in the merger will be, fully paid and nonassessable. All outstanding shares of WMCB common stock are fully paid and nonassessable.

Amendment of Articles of Incorporation and Bylaws

PBCO's Articles of Incorporation do not address the manner in which they may be amended, changed, or repealed. Under the Oregon Bank Act, amendment of a bank's Articles of Incorporation requires the affirmative vote of a majority of shares entitled to vote thereon. PBCO's bylaws may be amended or repealed by the PBCO board of directors, subject to amendment or repeal by action of PBCO shareholders.

WMCB's Articles of Incorporation do not address the manner in which they may be amended, changed, or repealed. Under the Oregon Bank Act, amendment of a bank's Articles of Incorporation requires the affirmative vote of a majority of shares entitled to vote thereon. WMCB's bylaws may be

amended or repealed by the WMCB board of directors, subject to amendment or repeal by action of WMCB shareholders.

Board of Directors - Number of Directors – Classified Board

PBCO's Articles of Incorporation provide that the number of directors may not be less than 7 nor more than 15. PBCO's Articles of Incorporation provide for a classified board, with directors divided into three groups, with one group standing for election at each annual meeting of shareholders with each group standing for election every third year.

WMCB's Articles of Incorporation provide that the number of directors may not be less than 5 nor more than 15. WMCB's Articles of Incorporation provide for a classified board, with directors divided into three groups, with one group standing for election at each annual meeting of shareholders with each group standing for election every third year.

Indemnification and Limitation of Liability

PBCO's Articles of Incorporation provide that no director shall be personally liable to PBCO or its shareholders for monetary damages for conduct as a director except the provision does not eliminate or limit the liability of a director for (a) any breach of the director's duty of loyalty to PBCO or its shareholders; (b) acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law; (c) any unlawful distribution under specified provisions of the Oregon Bank Act; or (d) any transaction from which the person derived an improper personal benefit.

PBCO's Articles of Incorporation also provide that subject to specified exceptions, PBCO shall indemnify any person who is, or is threatened to be made, a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that such person is or was a director, officer-director, or outside director of any subsidiary, against judgments, penalties or penalty taxes, fines, settlements and reasonable expenses actually incurred in connection with such action, suit or proceeding if the person acted in good faith, did not engage in intentional misconduct, and, with respect to any criminal action or proceeding, did not know the conduct was unlawful. This is the same standard as for permissible indemnification under the Oregon Bank Act.

WMCB's Articles of Incorporation provide that no director shall be personally liable to WMCB or its shareholders for monetary damages for conduct as a director except the provision does not eliminate or limit the liability of a director for (a) any breach of the director's duty of loyalty to WMCB or its shareholders; (b) acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law; (c) any unlawful distribution under specified provisions of the Oregon Bank Act; or (d) any transaction from which the person derived an improper personal benefit.

WMCB's Articles of Incorporation also provide that subject to specified exceptions, WMCB shall indemnify any person who is, or is threatened to be made, a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that such person is or was a director, officer-director, or outside director of any subsidiary, against judgments, penalties or penalty taxes, fines, settlements and reasonable expenses actually incurred in connection with such action, suit or proceeding if the person acted in good faith, did not engage in intentional misconduct, and, with respect to any criminal action or proceeding, did not know the conduct was unlawful. This is the same standard as for permissible indemnification under the Oregon Bank Act.

Potential “Anti-Takeover” Provisions

As described above, PBCO’s Articles of Incorporation provide for a classified board, with directors serving staggered, three-year terms. In addition, directors may only be removed for “cause”, as defined in the Articles of Incorporation. These provisions have the effect of discouraging an outside party from seeking to acquire control of PBCO through a replacement of the incumbent directors.

WMCB’s Articles of Incorporation provide for a classified board, with directors serving staggered, three-year terms. In addition, directors may only be removed for “cause,” as defined. These provisions have the effect of discouraging an outside party from seeking to acquire control of WMCB through a replacement of the incumbent directors. Additionally, WMCB’s Articles of Incorporation provide that in evaluating any potential takeover, WMCB’s board may consider non-economic factors such as the legal and economic effects of the proposal on employees, customers, and suppliers of WMCB and the communities in which WMCB operates.

PROPOSALS FOR CONSIDERATION BY PBCO SHAREHOLDERS

PROPOSAL 1 – APPROVAL OF THE MERGER AGREEMENT

PBCO is asking the PBCO shareholders to approve the Merger Agreement. For detailed information regarding this proposal, see the information about the Merger Agreement throughout this Joint Proxy Statement, including the information set forth under the sections of this Joint Proxy Statement captioned “Summary,” “Risk Factors,” and “Background of and Reasons for the Merger.” In addition, a copy of the Merger Agreement is attached as **Appendix A** to this Joint Proxy Statement. You are urged to read the Merger Agreement carefully and in its entirety.

Board Recommendation

The board of directors of PBCO unanimously recommends that PBCO shareholders vote “FOR” the proposal to approve the Merger Agreement.

PROPOSAL 2– ADJOURNMENT PROPOSAL

Although it is not currently anticipated, the special meeting may be adjourned for the purpose of soliciting additional proxies. Because a majority of the votes represented at the PBCO special meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the special meeting, abstentions or failure to vote will have no effect on the outcome of the proposal. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow shareholders of PBCO who have already sent in their proxies to revoke them prior to their use at the PBCO special meeting adjourned or postponed.

Board Recommendation

The board of directors of PBCO unanimously recommends that PBCO shareholders vote “FOR” the proposal to adjourn the PBCO special meeting, if necessary or appropriate, to solicit additional proxies.

PROPOSALS FOR CONSIDERATION BY WMCB SHAREHOLDERS

PROPOSAL 1 – APPROVAL OF THE MERGER AGREEMENT

WMCB is asking the WMCB shareholders to approve the Merger Agreement. For detailed information regarding this proposal, see the information about the Merger Agreement throughout this Joint Proxy Statement, including the information set forth under the sections of this Joint Proxy Statement captioned “Summary,” “Risk Factors,” and “Background of and Reasons for the Merger.” In addition, a copy of the Merger Agreement is attached as **Appendix A** to this Joint Proxy Statement. You are urged to read the Merger Agreement carefully and in its entirety.

Board Recommendation

The board of directors of WMCB unanimously recommends that WMCB shareholders vote “FOR” the proposal to approve the Merger Agreement.

PROPOSAL 2 – ADJOURNMENT PROPOSAL

Although it is not currently anticipated, the special meeting may be adjourned for the purpose of soliciting additional proxies. Because a majority of the votes represented at the WMCB special meeting, whether or not a quorum exists, is required to approve the proposal to adjourn the special meeting, abstentions or failure to vote will have no effect on the outcome of the proposal. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow shareholders of WMCB who have already sent in their proxies to revoke them prior to their use at the WMCB special meeting adjourned or postponed.

Board Recommendation

The board of directors of WMCB unanimously recommends that WMCB shareholders vote “FOR” the proposal to adjourn the WMCB special meeting, if necessary or appropriate, to solicit additional proxies.

UNAUDITED BALANCE SHEETS AND INCOME STATEMENTS

The following pages set forth unaudited Balance Sheet and Income Statement information for each of PBCO and WMCB.

**People's Bank of Commerce
Balance Sheet**

	September 30, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash and Due from Banks	50,760	14,651	26,509
Fed Funds	-	-	-
Certificates of deposit	2,236	996	-
Securities ⁽¹⁾	22,910	27,734	25,878
Gross Loans	376,525	281,348	252,496
Allowance for Loan Loss	(4,271)	(3,119)	(2,812)
Unearned income on Loans	(3,284)	(597)	(463)
Net Loans	368,970	277,632	249,221
Premises & Fixed Assets	20,664	20,305	16,807
Other Assets	34,423	28,856	31,487
Total Assets	499,963	370,174	349,902
Deposits	431,894	306,793	308,017
Fed Funds & Repos	-	-	-
Borrowings	6,000	11,750	-
Other Liabilities	11,217	9,972	6,432
Total Liabilities	449,111	328,515	314,449
Equity	50,852	41,659	35,453
Total Liabilities and Shareholder Equity	499,963	370,174	349,902

**People's Bank of Commerce
Income Statement**

	September 30, 2020	September 30, 2019	Year Ended December 31, 2019	Year Ended December 31, 2018
Interest Income	12,177	11,475	15,434	13,136
Interest Expense	775	1,067	1,395	884
Net Interest Income	11,402	10,408	14,039	12,252
Loan Loss Provision	1,151	211	295	406
Non-interest Income	7,105	4,925	6,653	6,659
Non-interest Expense	11,605	11,447	14,894	14,182
Pre-Tax Income	5,751	3,675	5,503	4,323
Taxes	1,318	956	1,435	925
Net Income	4,433	2,719	4,068	3,398

**Willamette Community Bank
Balance Sheet**

	September 30, 2020	Year Ended December 31, 2019		2018
Cash and Due from Banks	29,079	6,039	11,388	
Fed Funds	-	-	-	
Certificates of deposit	-	-	-	
Securities ⁽¹⁾	24,771	13,864	23,597	
Gross Loans	148,224	122,121	105,145	
Allowance for Loan Loss	(1,717)	(1,542)	(1,324)	
Unearned income on Loans	(1,196)	(465)	(356)	
Net Loans	145,311	120,114	103,465	
Premises & Fixed Assets	3,444	3,561	3,733	
Other Assets	7,282	7,001	5,960	
Total Assets	209,887	150,579	148,143	
Deposits	181,316	129,327	129,068	
Fed Funds & Repos	-	-	-	
Borrowings	6,660	-	-	
Other Liabilities	1,480	1,342	326	
Total Liabilities	189,384	130,669	129,394	
Equity	20,503	19,910	18,749	
Total Liabilities and Shareholder Equity	209,887	150,579	148,143	

**Willamette Community Bank
Income Statement**

	September 30,		Year Ended December 31,	
	2020	2019	2019	2018
Interest Income	5,491	5,064	6,822	6,102
Interest Expense	624	531	753	404
Net Interest Income	4,867	4,533	6,069	5,698
Loan Loss Provision	175	184	219	182
Non-interest Income	344	372	492	363
Non-interest Expense	4,388	4,063	5,478	5,151
Pre-Tax Income	648	658	864	728
Taxes	140	132	164	94
Net Income	508	526	700	634