Consolidated Statement of Condition

March 31, 2024

Oregon Pacific Bancorp

FOR IMMEDIATE RELEASE

Editorial Contact:
Ron Green, President & Chief Executive Officer
ron.green@opbc.com | (541) 902-9800

Oregon Pacific Bancorp Announces First Quarter 2024 Earnings Results

Florence, Ore., April 23, 2024 — Oregon Pacific Bancorp (ORPB), the holding company of Oregon Pacific Bank, today reported financial results for the first quarter ended, March 31, 2024.

HIGHLIGHTS:

- First quarter net income of $1.6 million; $0.22 per diluted share
- Quarterly deposit growth of $35 million or 21.31% annualized
- Quarterly cost of funds of 1.20%
- Quarterly loan growth of $14.3 million or 10.70% annualized
- Quarterly tax equivalent net interest margin of 3.59%

Net income for the quarter ended March 31, 2024, was $1.6 million, or $0.22 per diluted share compared to $2.2 million or $0.31 per diluted share for the quarter ended December 31, 2023.

“We are pleased with the operating results for the first quarter,” said Ron Green, President and Chief Executive Officer. “During the quarter the Bank made an investment in additional personnel, which we believe will help position the Bank for growth during 2024 and beyond. Oregon Pacific Bank will continue to be opportunistic with respect to new staffing that we believe can create long-term value for the Bank and our shareholders.”

Period-end deposits totaled $695.4 million and represented quarterly growth of $35 million. Interest-bearing demand deposits grew by $24.3 million, as the Bank has focused on commercial deposits with cash management needs.

“At a time where interest rates are driving some deposit migration, we are happy to reflect growth in our core business deposits without a significant increase to our cost of funds,” said John Raleigh, Executive Vice President and Chief Lending Officer. “While deposit rates are still top of mind, this expansion reflects business depositors’ desire for the enhanced level of customer service offered by our bankers.”

The Bank also experienced growth in certificates of deposit, with $10 million in growth coming from equal amounts of 3-year and 5-year callable brokered deposits. The remaining certificate of deposit growth occurred through the Bank’s core clientele. The use of callable brokered deposits helped support the Bank’s asset liability position and provides flexibility should the Bank wish to redeem the deposits prior to the maturity date. As a result of the additional brokered deposits, the Bank’s cost of funds moved to 1.20% during the first quarter 2024, compared to 1.00% during the fourth quarter 2023. The Bank is continuing to evaluate deposit pricing but experienced less rate-motivated migration than in prior quarters.

Period-end loans, net of deferred loan origination fees, totaled $550.9 million, representing quarterly growth of $14.3 million, or 10.70% annualized. The first quarter loan yield grew to 5.30%, representing an increase of 0.15% over the prior quarter as new loan production occurred at a rate higher than the existing portfolio yield. Quarterly loan production for new and renewed loans totaled $30.5 million, with a weighted average effective rate of 8.10% and a weighted-average repricing life of 3.30 years. During the quarter, the Bank experienced small growth in classified assets totaling $482 thousand, primarily attributable to downgrades of two commercial and industrial loan relationships. During the quarter the Bank booked no provision for credit losses, which was the result of the net of $40 thousand in provision for credit losses on loans and a $40 thousand reversal of provision for credit losses on unfunded commitments, as the Bank’s unfunded commitments decreased $6.4 million during the quarter. The Bank’s allowance for credit loss methodology continues to be impacted by improving economic factors partially offsetting the growth in loan balances.

Noninterest income totaled $1.8 million during the first quarter 2024 and represented a reduction of $68 thousand from fourth quarter 2023. The largest decrease occurred in the trust fee income category, which contracted $44 thousand from the prior quarter, despite an increase in Trust Assets Under Management. The Bank onboarded several new trust accounts toward the end of the quarter, which were not yet assessed fees during the month of March but are projected to increase trust revenue during the second quarter. Offsetting a contraction in trust revenue was an increase in revenue attributable to Oregon Pacific Wealth Management (OPWM), a wholly owned registered investment advisory subsidiary of the Bank, which grew $27 thousand. During the quarter OPWM hired a new wealth advisor in the Medford market, which contributed to growth in assets under management of $6.1 million during the quarter.

Noninterest expense for the first quarter 2024 totaled $6.2 million, representing an increase of $533 thousand over the quarter ended December 31, 2023. The largest expense fluctuation totaled $415 thousand and occurred in the salaries and benefits category as the Bank has made a substantial investment in staffing. During the quarter the Bank added eight FTEs, with five of those positions in business development for lending, deposits, and wealth management, increasing salary expenses by $145 thousand on a linked quarter basis. The Bank believes this additional staffing has been key to the quarterly loan and deposit growth. Additionally, payroll tax expense grew $72 thousand over the prior quarter due to the increase in staffing and many of the payroll tax counters resetting at the beginning of the year. Group medical insurance grew $40 thousand over the prior quarter due to increases in staff and the Bank's updated medial insurance contract. On a linked quarter basis outside services grew by $87 thousand with a portion of that growth attributable to the cost of the annual audit, which was $55 thousand higher in the first quarter 2024 than the fourth quarter 2023. The Bank also paid recruiting fees of $23 thousand during the first quarter, which was also reflected in the outside services line item. Quarterly trust expenses grew by $75 thousand as the trust department worked with a consultant to evaluate a trust core system conversion, incurring $40 thousand attributable to this engagement.

Forward-Looking Statement Safe Harbor

CONSOLIDATED BALANCE SHEETS

Unaudited (dollars in thousands)

	March 31, 2024	December 31, 2023	March 31, 2023
ASSETS			
Cash and due from banks	$ 10,464	$ 8,106	$ 8,783
Interest bearing deposits	25,851	6,246	41,931
Securities	170,740	177,599	195,647
Loans, net of deferred fees and costs	550,945	536,662	493,480
Allowance for credit losses	(7,018)	(6,975)	(6,884)
Premises and equipment, net	13,346	13,470	9,867
Bank owned life insurance	8,933	8,866	8,677
Deferred tax asset	5,742	5,758	5,319
Other assets	8,432	11,254	7,669
Total assets	$ 787,435	$ 760,986	$ 764,489
LIABILITIES			
Deposits			
Demand - non-interest bearing	$ 155,038	$ 155,693	$ 166,409
Demand - interest bearing	297,288	272,968	264,029
Money market	129,154	129,543	165,118
Savings	63,230	66,254	78,415
Certificates of deposit	50,735	35,991	16,075
Total deposits	695,445	660,449	690,046
FHLB borrowings	7,500	17,000	-
Junior subordinated debenture	4,124	4,124	4,124
Subordinated debenture	14,752	14,727	14,652
Other liabilities	7,611	8,304	6,300
Total liabilities	729,432	704,604	715,122
STOCKHOLDERS' EQUITY			
Common stock	21,280	21,291	21,103
Retained earnings	45,672	44,083	37,284
Accumulated other comprehensive income, net of tax	(8,949)	(8,992)	(9,020)
Total stockholders' equity	58,003	56,382	49,367
Total liabilities & stockholders' equity	$ 787,435	$ 760,986	$ 764,489

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

	THREE MONTHS ENDED		
	March 31, 2024	**December 31, 2023**	**March 31, 2023**
INTEREST INCOME			
Loans	$ 7,143	$ 6,871	$ 5,824
Securities	1,539	1,608	1,687
Other interest income	198	172	401
Total interest income	8,880	8,651	7,912
INTEREST EXPENSE			
Deposits	1,999	1,677	858
Borrowed funds	372	379	226
Total interest expense	2,371	2,056	1,084
NET INTEREST INCOME	6,509	6,595	6,828
(Credit) provision for credit losses on loans	40	80	(51)
(Credit) provision for unfunded commitments	(40)	(150)	-
Net interest income after (credit) provision for credit losses	6,509	6,665	6,879
NONINTEREST INCOME			
Trust fee income	900	944	884
Service charges	347	348	325
Mortgage loan sales	32	56	38
Merchant card services	112	129	103
Oregon Pacific Wealth Management income	301	274	252
Other income	97	106	99
Total noninterest income	1,789	1,857	1,701
NONINTEREST EXPENSE			
Salaries and employee benefits	3,633	3,218	3,129
Outside services	718	631	552
Occupancy & equipment	510	540	448
Trust expense	617	542	481
Loan and collection, OREO expense	14	16	24
Advertising	55	77	102
Supplies and postage	79	98	88
Other operating expenses	590	561	489
Total noninterest expense	6,216	5,683	5,313
Income before taxes	2,082	2,839	3,267
Provision for income taxes	492	614	834
NET INCOME	$ 1,590	$ 2,225	$ 2,433

Quarterly Highlights

	1st Quarter 2024	4th Quarter 2023	3rd Quarter 2023	2nd Quarter 2023	1st Quarter 2023
Earnings					
Interest income	$ 8,880	$ 8,651	$ 8,528	$ 8,206	$ 7,912
Interest expense	2,371	2,056	1,714	1,540	1,084
Net interest income	$ 6,509	$ 6,595	$ 6,814	$ 6,666	$ 6,828
Provision (credit) for credit losses on loans	40	80	-	121	(51)
Provision (credit) for unfunded commitments	(40)	(150)	(123)	(107)	-
Noninterest income	1,789	1,857	1,805	1,792	1,701
Noninterest expense	6,216	5,683	5,575	5,442	5,313
Provision for income taxes	492	614	820	771	834
Net income	$ 1,590	$ 2,225	$ 2,347	$ 2,231	$ 2,433
Average shares outstanding	7,115,125	7,094,180	7,094,180	7,097,866	7,085,840
Average diluted shares outstanding	7,128,148	7,100,680	7,100,680	7,104,366	7,089,090
Period end shares outstanding	7,135,615	7,094,180	7,094,180	7,094,562	7,102,271
Period end diluted shares outstanding	7,155,019	7,100,680	7,100,680	7,101,062	7,108,771
Earnings per share	$ 0.22	$ 0.31	$ 0.33	$ 0.31	$ 0.34
Diluted earnings per share	$ 0.22	$ 0.31	$ 0.33	$ 0.31	$ 0.34
Performance Ratios					
Return on average assets	0.83%	1.17%	1.22%	1.19%	1.13%
Return on average equity	11.43%	17.45%	18.65%	18.12%	21.01%
Net interest margin - tax equivalent	3.59%	3.64%	3.74%	3.72%	3.87%
Yield on loans	5.30%	5.15%	5.07%	4.96%	4.85%
Yield on securities	3.54%	3.53%	3.43%	3.37%	3.41%
Cost of deposits	1.20%	1.00%	0.86%	0.78%	0.51%
Cost of interest-bearing liabilities	1.74%	1.52%	1.26%	1.15%	0.84%
Efficiency ratio	74.91%	67.25%	64.73%	64.34%	62.29%
Full-time equivalent employees	142	134	131	128	127
Capital					
Tier 1 capital	$ 83,699	$ 82,278	$ 80,082	$ 77,917	$ 75,684
Leverage ratio	10.78%	10.70%	10.40%	10.24%	9.94%
Common equity tier 1 ratio	14.33%	14.28%	14.34%	14.18%	14.16%
Tier 1 risk based ratio	14.33%	14.28%	14.34%	14.18%	14.16%
Total risk based ratio	15.58%	15.53%	15.59%	15.43%	15.41%
Book value per share	$ 8.13	$ 7.95	$ 7.13	$ 7.03	$ 6.97

Quarterly Highlights

	1st Quarter 2024	4th Quarter 2023	3rd Quarter 2023	2nd Quarter 2023	1st Quarter 2023
Asset quality					
Allowance for credit losses (ACL)	$ 7,018	$ 6,975	$ 6,892	$ 6,887	$ 6,884
Nonperforming loans (NPLs)	$ 113	$ 443	$ 456	$ 178	$ 72
Nonperforming assets (NPAs)	$ 113	$ 443	$ 456	$ 178	$ 72
Classified Assets [1]	$ 9,668	$ 9,186	$ 4,252	$ 3,750	$ 3,842
Net loan charge offs (recoveries)	$ (3)	$ (3)	$ (6)	$ (3)	$ (88)
ACL as a percentage of net loans	1.27%	1.30%	1.31%	1.35%	1.39%
ACL as a percentage of NPLs	6210.62%	1574.49%	1511.40%	3869.10%	9561.11%
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%	0.00%	-0.02%
Net NPLs as a percentage of total loans	0.02%	0.08%	0.09%	0.03%	0.01%
Nonperforming assets as a percentage of total assets	0.01%	0.06%	0.06%	0.02%	0.10%
Classified Asset Ratio [2]	10.66%	10.29%	4.89%	4.42%	4.65%
Past due as a percentage of total loans	0.29%	0.15%	0.12%	0.12%	0.06%
Off-balance sheet figures					
Unused credit commitments	$ 99,498	$ 105,900	$ 103,163	$ 97,111	$ 85,390
Trust assets under management (AUM)	$ 242,222	$ 226,695	$ 219,268	$ 222,880	$ 219,731
Oregon Pacific Wealth Management AUM	$ 153,228	$ 147,159	$ 140,153	$ 141,990	$ 133,138
End of period balances					
Total securities	$ 170,740	$ 177,599	$ 176,593	$ 181,530	$ 195,647
Total short term deposits	$ 25,851	$ 6,246	$ 11,216	$ 22,967	$ 41,931
Total loans net of allowance	$ 543,927	$ 529,687	$ 518,339	$ 503,377	$ 486,596
Total earning assets	$ 749,463	$ 722,855	$ 715,273	$ 716,793	$ 733,090
Total assets	$ 787,435	$ 760,986	$ 752,488	$ 752,804	$ 764,489
Total noninterest bearing deposits	$ 155,038	$ 155,693	$ 160,272	$ 159,184	$ 166,409
Total deposits	$ 695,445	$ 660,449	$ 669,917	$ 677,672	$ 690,046
Average balances					
Total securities	$ 172,769	$ 176,066	$ 180,344	$ 190,818	$ 196,060
Total short term deposits	$ 14,663	$ 12,637	$ 27,510	$ 24,616	$ 35,240
Total loans net of allowance	$ 535,251	$ 522,432	$ 508,385	$ 498,069	$ 480,046
Total earning assets	$ 731,735	$ 720,383	$ 725,179	$ 722,420	$ 720,003
Total assets	$ 767,409	$ 756,740	$ 759,592	$ 751,845	$ 752,094
Total noninterest bearing deposits	$ 156,513	$ 156,729	$ 163,669	$ 154,949	$ 167,863
Total deposits	$ 672,409	$ 668,296	$ 681,749	$ 675,954	$ 678,528

[1] Classified assets is defined as the sum of all loan-related contingent liabilities and loans internally graded substandard or worse, impaired loans (net of government adversely classified securities, and other real estate owned.

[2] Classified asset ratio is defined as the sum of all loan-related contingent liabilities and loans internally graded substandard or worse, impaired loans (net of government adversely classified securities, and other real estate owned, divided by bank Tier 1 capital, plus the allowance for credit losses.

ABOUT OPB

Oregon Pacific Bancorp is the holding company for Oregon Pacific Bank, a community bank deeply rooted in fostering meaningful relationships. With a dedicated focus on businesses and nonprofits, we prioritize personalized service and swift, local decision-making. Our commitment lies in cultivating authentic connections and consistently surpassing expectations. At Oregon Pacific Bank, we pride ourselves on being adept problem solvers, keenly attuned to the aspirations and challenges of our clients. We firmly believe that by empowering businesses and nonprofits to flourish, we contribute to the overall prosperity of our communities.

Since our inception on December 17, 1979, we have steadily expanded our footprint, proudly offering banking services through our full-service branches strategically located in Coos Bay, Eugene, Florence, Medford, Portland, and Roseburg.

OUR MISSION

> To create value for all we serve through the delivery of meaningful and relevant financial services.

OUR VISION

> To be the premier business-minded community bank whose value to the community, shareholders, clients, and employees comes from supporting business and nonprofit agencies through banking services, volunteer work, and philanthropy.

BOARD OF DIRECTORS

JON THOMPSON
Chair, Board of Directors
Business Owner, Coast Broadcasting

DAN JONES
Vice Chair, Board of Directors
Business Owner, DJ Financial

JOE BENETTI
Business Owner,
Benetti's Italian Fine Foods

TIM CAMPBELL
Partner and Owner,
Campbell Commercial Real Estate

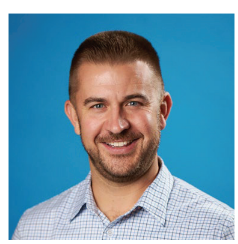
RON GREEN
President and Chief Executive Officer,
Oregon Pacific Bank

JASON HALL
CPA Partner at Hoffman,
Stewart & Schmidt, PC (HSS)

BOB MANS, OD
Co-Owner,
Florence Eye Clinic

ANGELIQUE WHITLOW
Chief Financial Officer,
Hunter-Davisson, Inc.

KERRIE JOHNSON
Owner/Loan Originator,
Blue-inc. Capital



ROBBIE WRIGHT
Founder/General Manager,
Hyak

RICK YECNY
Certified Public Accountant,
Holloway and Associates CPAs

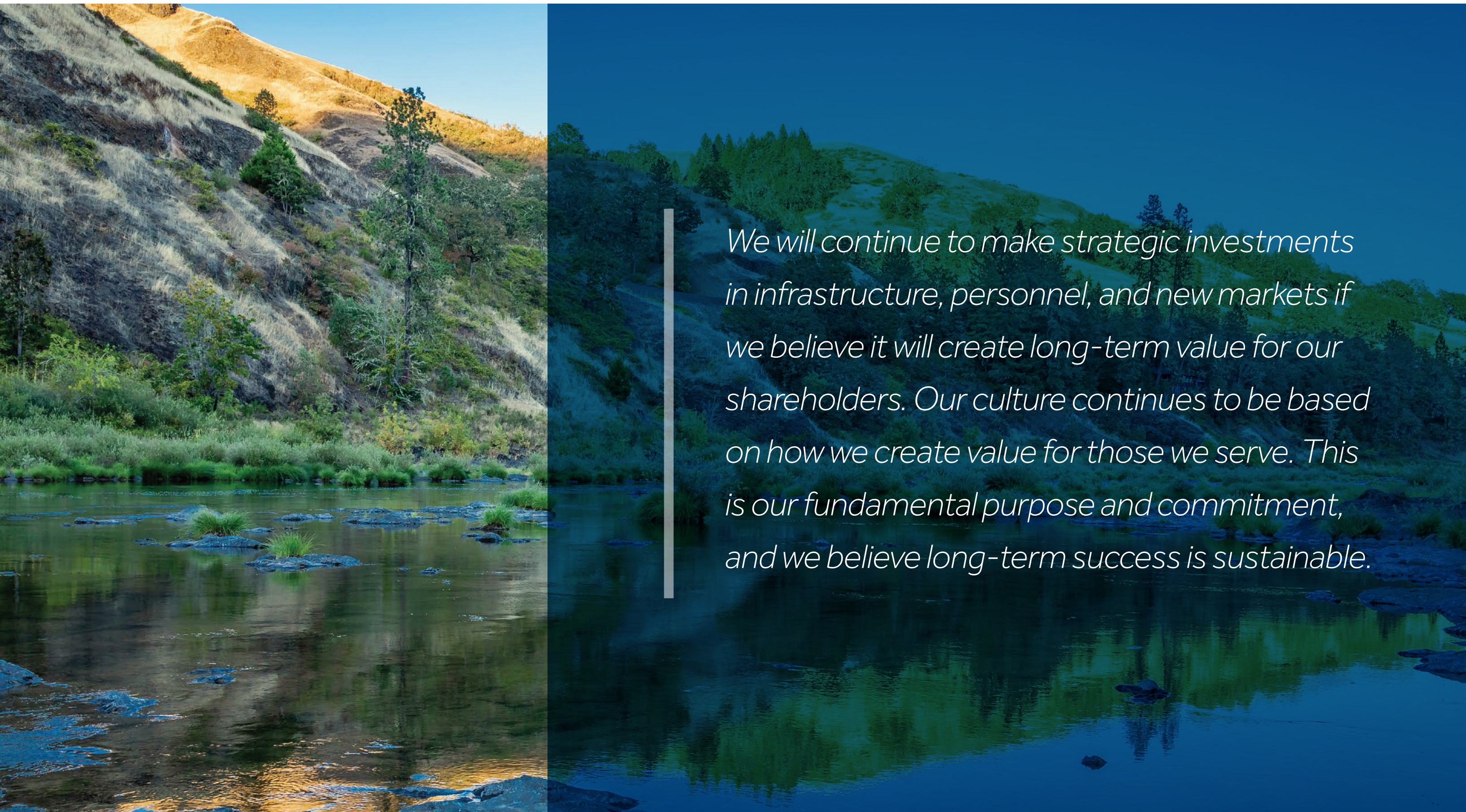
BANK EXECUTIVE OFFICERS

RON GREEN
President,
Chief Executive Officer

AMBER WHITE
Executive Vice President,
Chief Financial Officer

JAMES ATWOOD
Executive Vice President,
Chief Credit Officer

JOHN RALEIGH
Executive Vice President,
Chief Lending Officer



We will continue to make strategic investments in infrastructure, personnel, and new markets if we believe it will create long-term value for our shareholders. Our culture continues to be based on how we create value for those we serve. This is our fundamental purpose and commitment, and we believe long-term success is sustainable.