

CONSOLIDATED
STATEMENT OF CONDITION

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FOR IMMEDIATE RELEASE

Editorial Contact:

Ron Green, President & Chief Executive Officer

ron.green@opbc.com | (541) 902-9800

Oregon Pacific Bancorp Announces Third Quarter 2024 Earnings Results

Florence, Ore., October 24, 2024 - Oregon Pacific Bancorp (ORPB), the holding company of Oregon Pacific Bank, today reported net income of \$1.8 million, or \$0.26 per diluted share, during the quarter ended September 30, 2024, compared to \$1.9 million or \$0.26 per diluted share for the quarter ended June 30, 2024.

Highlights:

- Third quarter net income of \$1.8 million; \$0.26 per diluted share.
- Quarterly tax equivalent net interest margin of 3.59%.
- Quarterly cost of funds of 1.41%.
- Quarterly deposit growth of \$18.1 million or 10.75% annualized.
- Hired Lance Rudge as Chief Operating Officer, which expanded the company's leadership team.
- Launched Oregon Pacific Loan Solutions, an online tool for small business loan applications.

Period-end deposits grew to \$695.6 million and represented quarterly growth of \$18.1 million, and growth of \$35.1 million since December 31, 2023.

"The bank's quarterly deposit growth was strong, and we are pleased to see a return to the normal seasonal deposit growth occurring in the latter half of the year," said Ron Green, President and Chief Executive Officer. "Although we experienced modest margin compression during the quarter, we expect our strong core deposit base to support increased profitability as we transition into a more normalized rate environment."

During the quarter the bank's net interest margin contracted slightly to 3.59%, down from 3.65% in the second quarter. Margin compression was tied to a small increase in the cost of funds, which grew to 1.41%, up from 1.30% in the second quarter. The increase was primarily attributable to continued deposit pricing pressure, despite the Fed rate reduction on September 19, 2024. The bank continued to evaluate core-deposit pricing based on competitive rate pressures to retain deposits and placed low reliance on non-core funding. Callable brokered deposits totaled \$18 million and Federal Home Loan term advances totaled \$7.5 million at September 30, 2024, which was unchanged from June 30, 2024.

Period-end loans, net of deferred loan origination fees, totaled \$565.5 million, representing quarterly growth of \$2.5 million for the period ended September 30, 2024. Quarterly loan production for new and renewed loans totaled \$18.6 million, with a weighted average effective rate of 7.45% and a weighted-average repricing life of 4.41 years. The third quarter loan yield grew to 5.47%, representing an increase of 0.04% over the prior quarter as new loan production continued to occur at a rate higher than the existing portfolio yield.

During the third quarter of 2024, the bank experienced a reduction in classified assets of \$1.4 million, defined as loans and loan contingent liabilities internally graded substandard or worse, impaired loans, adversely classified securities and other real estate owned.

"We are pleased to see loan migration out of the classified asset category, back to performing loans," said James Atwood, Executive Vice President and Chief Credit Officer. "While some economic uncertainty continues, the bank remains in close contact with borrowers to proactively identify credit issues."

During the third quarter of 2024 the bank recorded \$150 thousand of provision for credit losses, and \$35 thousand of provision for unfunded commitments, which occurred due to quarterly loan growth.

Noninterest income totaled \$2.0 million for the quarter ended September 30, 2024, and represented growth of \$78 thousand compared to the quarter ended June 30, 2024. The largest increase occurred in the trust fee income category, which grew \$93 thousand from the prior quarter. This increase was tied to growth in Assets Under Management, which increased \$12.7 million from June 30, 2024, and \$40.4 million since December 31, 2023. The bank has five trust officers across four branch locations and believes future business opportunities will be significant, especially as national trust companies have continued to raise the minimum asset threshold to accept new trust clients. Offsetting the growth in trust income the bank also experienced a contraction of \$55 thousand in the other income category compared to the second quarter 2024. During the second quarter the bank recognized a \$34 thousand incentive payment through Visa associated with debit card processing. This payment was a one-time event and was not anticipated to be received in future periods.

During the third quarter 2024 noninterest expense totaled \$6.2 million, representing an increase of \$93 thousand from the quarter ended June 30, 2024. The largest expense fluctuation occurred in the occupancy category, as the bank renewed its general liability insurance effective August 1, 2024. While the bank has not had any claims activity, the bank saw annual premiums increase \$23 thousand.

Forward-Looking Statement Safe Harbor

This release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”). These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipates,” “targets,” “expects,” “estimates,” “intends,” “plans,” “goals,” “believes” and other similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could.” The forward-looking statements made represent Oregon Pacific Bank’s current estimates, projections, expectations, plans or forecasts of its future results and revenues, including but not limited to statements about performance, loan or deposit growth, loan prepayments, investment purchases, investment yields, strategic focus, capital position, liquidity, credit quality, special asset liquidation, noninterest income, noninterest expense and credit quality trends. These statements are not guarantees of future results or performance and involve certain risks, uncertainties and assumptions that are difficult to predict and are often beyond Oregon Pacific Bank’s control. Actual outcomes and results may differ materially from those expressed in, or implied by, any of these forward-looking statements. You should not place undue reliance on any forward-looking statement and should consider all of the following uncertainties and risks. Oregon Pacific Bancorp undertakes no obligation to publicly revise or update any forward-looking statement to reflect the impact of events or circumstances that arise after the date of this release. This statement is included for the express purpose of invoking the PSLRA’s safe harbor provisions.

CONSOLIDATED BALANCE SHEETS

Unaudited (dollars in thousands)

	<u>September 30, 2024</u>	<u>June 30, 2024</u>	<u>September 30, 2023</u>
ASSETS			
Cash and due from banks	\$ 12,437	\$ 6,505	\$ 8,925
Interest bearing deposits	25,874	10,559	11,216
Securities	163,275	162,483	176,593
Loans, net of deferred fees and costs	565,492	563,002	525,231
Allowance for credit losses	(7,400)	(7,250)	(6,892)
Premises and equipment, net	13,444	13,403	13,024
Bank owned life insurance	9,071	9,002	8,801
Deferred tax asset	4,754	5,784	6,604
Other assets	8,279	8,354	8,986
	<u>795,226</u>	<u>771,842</u>	<u>752,488</u>
Total assets	<u>\$ 795,226</u>	<u>\$ 771,842</u>	<u>\$ 752,488</u>
LIABILITIES			
Deposits			
Demand - non-interest bearing	\$ 156,296	\$ 154,226	\$ 160,272
Demand - interest bearing	278,563	285,802	270,677
Money market	136,984	119,863	139,033
Savings	65,456	64,458	69,018
Certificates of deposit	58,289	53,126	30,917
Total deposits	<u>695,588</u>	<u>677,475</u>	<u>669,917</u>
FHLB borrowings	7,500	7,500	5,000
Junior subordinated debenture	4,124	4,124	4,124
Subordinated debenture	14,802	14,777	14,702
Other liabilities	8,612	8,101	8,168
	<u>730,626</u>	<u>711,977</u>	<u>701,911</u>
Total liabilities	<u>730,626</u>	<u>711,977</u>	<u>701,911</u>
STOCKHOLDERS' EQUITY			
Common stock	21,491	21,388	21,212
Retained earnings	49,385	47,538	41,859
Accumulated other comprehensive income, net of tax	(6,276)	(9,061)	(12,494)
	<u>64,600</u>	<u>59,865</u>	<u>50,577</u>
Total stockholders' equity	<u>64,600</u>	<u>59,865</u>	<u>50,577</u>
Total liabilities & stockholders' equity	<u>\$ 795,226</u>	<u>\$ 771,842</u>	<u>\$ 752,488</u>

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
INTEREST INCOME					
Loans	\$ 7,746	\$ 7,548	\$ 6,587	\$ 22,437	\$ 18,660
Securities	1,477	1,515	1,568	4,531	4,896
Other interest income	314	224	373	736	1,090
Total interest income	<u>9,537</u>	<u>9,287</u>	<u>8,528</u>	<u>27,704</u>	<u>24,646</u>
INTEREST EXPENSE					
Deposits	2,452	2,214	1,483	6,665	3,653
Borrowed funds	319	335	231	1,027	686
Total interest expense	<u>2,771</u>	<u>2,549</u>	<u>1,714</u>	<u>7,692</u>	<u>4,339</u>
NET INTEREST INCOME	6,766	6,738	6,814	20,012	20,307
Provision for credit losses on loans	150	141	-	331	70
Provision (credit) for unfunded commitments	35	10	(123)	5	(230)
Net interest income after provision (credit) for credit losses	<u>6,581</u>	<u>6,587</u>	<u>6,937</u>	<u>19,676</u>	<u>20,467</u>
NONINTEREST INCOME					
Trust fee income	1,030	937	848	2,867	2,675
Service charges	371	361	359	1,079	1,026
Mortgage loan sales	39	61	25	132	91
Merchant card services	157	125	162	394	386
Oregon Pacific Wealth Management income	336	316	294	952	821
Other income	105	160	117	362	299
Total noninterest income	<u>2,038</u>	<u>1,960</u>	<u>1,805</u>	<u>5,786</u>	<u>5,298</u>
NONINTEREST EXPENSE					
Salaries and employee benefits	3,651	3,634	3,164	10,918	9,374
Outside services	669	639	678	2,026	1,818
Occupancy & equipment	511	478	456	1,499	1,355
Trust expense	615	635	545	1,867	1,560
Loan and collection, OREO expense	21	20	9	55	60
Advertising	88	96	93	239	339
Supplies and postage	75	68	98	222	264
Other operating expenses	549	516	532	1,653	1,558
Total noninterest expense	<u>6,179</u>	<u>6,086</u>	<u>5,575</u>	<u>18,479</u>	<u>16,328</u>
Income before taxes	2,440	2,461	3,167	6,983	9,437
Provision for income taxes	593	595	820	1,680	2,424
NET INCOME	<u>\$ 1,847</u>	<u>\$ 1,866</u>	<u>\$ 2,347</u>	<u>\$ 5,303</u>	<u>\$ 7,013</u>

Quarterly Highlights

	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024	4th Quarter 2023	3rd Quarter 2023
Earnings					
Interest income	\$ 9,537	\$ 9,287	\$ 8,880	\$ 8,651	\$ 8,528
Interest expense	2,771	2,549	2,371	2,056	1,714
Net interest income	<u>\$ 6,766</u>	<u>\$ 6,738</u>	<u>\$ 6,509</u>	<u>\$ 6,595</u>	<u>\$ 6,814</u>
Provision for credit losses on loans	150	141	40	80	-
Provision (credit) for unfunded commitments	35	10	(40)	(150)	(123)
Noninterest income	2,038	1,960	1,789	1,857	1,805
Noninterest expense	6,179	6,086	6,216	5,683	5,575
Provision for income taxes	593	595	492	614	820
Net income	<u>\$ 1,847</u>	<u>\$ 1,866</u>	<u>\$ 1,590</u>	<u>\$ 2,225</u>	<u>\$ 2,347</u>
Average shares outstanding	7,134,259	7,135,227	7,115,125	7,094,180	7,094,180
Average diluted shares outstanding	7,153,663	7,154,631	7,128,148	7,100,680	7,100,680
Period end shares outstanding	7,134,259	7,135,227	7,135,615	7,094,180	7,094,180
Period end diluted shares outstanding	7,153,663	7,154,631	7,155,019	7,100,680	7,100,680
Earnings per share	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.31	\$ 0.33
Diluted earnings per share	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.31	\$ 0.33
Performance Ratios					
Return on average assets	0.93%	0.96%	0.83%	1.17%	1.22%
Return on average equity	12.12%	13.01%	11.43%	17.45%	18.65%
Net interest margin - tax equivalent	3.59%	3.65%	3.59%	3.64%	3.74%
Yield on loans	5.47%	5.43%	5.30%	5.15%	5.07%
Yield on securities	3.48%	3.62%	3.54%	3.53%	3.43%
Cost of deposits	1.41%	1.30%	1.20%	1.00%	0.86%
Cost of interest-bearing liabilities	1.97%	1.83%	1.74%	1.52%	1.26%
Efficiency ratio	70.20%	70.00%	74.91%	67.25%	64.73%
Full-time equivalent employees	144	143	142	134	131
Capital					
Tier 1 capital	\$ 87,101	\$ 85,416	\$ 83,699	\$ 82,278	\$ 80,082
Leverage ratio	10.96%	10.82%	10.78%	10.70%	10.40%
Common equity tier 1 ratio	14.65%	14.36%	14.33%	14.28%	14.34%
Tier 1 risk based ratio	14.65%	14.36%	14.33%	14.28%	14.34%
Total risk based ratio	15.90%	15.61%	15.58%	15.53%	15.59%
Book value per share	\$ 9.05	\$ 8.39	\$ 8.13	\$ 7.95	\$ 7.13

Quarterly Highlights

	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024	4th Quarter 2023	3rd Quarter 2023
Asset quality					
Allowance for credit losses (ACL)	\$ 7,400	\$ 7,250	\$ 7,018	\$ 6,975	\$ 6,892
Nonperforming loans (NPLs)	\$ 278	\$ 275	\$ 113	\$ 443	\$ 456
Nonperforming assets (NPAs)	\$ 278	\$ 275	\$ 113	\$ 443	\$ 456
Classified Assets ⁽¹⁾	\$ 10,363	\$ 11,778	\$ 9,668	\$ 9,186	\$ 4,252
Net loan charge offs (recoveries)	\$ -	\$ (91)	\$ (3)	\$ (3)	\$ (6)
ACL as a percentage of net loans	1.31%	1.29%	1.27%	1.30%	1.31%
ACL as a percentage of NPLs	2661.87%	2636.36%	6210.62%	1574.49%	1511.40%
Net charge offs (recoveries) to average loans	0.00%	-0.02%	0.00%	0.00%	0.00%
Net NPLs as a percentage of total loans	0.05%	0.05%	0.02%	0.08%	0.09%
Nonperforming assets as a percentage of total assets	0.03%	0.04%	0.01%	0.06%	0.06%
Classified Asset Ratio ⁽²⁾	10.97%	12.63%	10.66%	10.29%	4.89%
Past due as a percentage of total loans	0.24%	0.19%	0.29%	0.15%	0.12%
Off-balance sheet figures					
Unused credit commitments	\$ 99,229	\$ 97,763	\$ 99,498	\$ 105,900	\$ 103,163
Trust assets under management (AUM)	\$ 267,061	\$ 254,380	\$ 242,222	\$ 226,695	\$ 219,268
Oregon Pacific Wealth Management AUM	\$ 167,025	\$ 159,201	\$ 153,228	\$ 147,159	\$ 140,153
End of period balances					
Total securities	\$ 163,275	\$ 162,483	\$ 170,740	\$ 177,599	\$ 176,593
Total short term deposits	\$ 25,874	\$ 10,559	\$ 25,851	\$ 6,246	\$ 11,216
Total loans net of allowance	\$ 558,092	\$ 555,752	\$ 543,927	\$ 529,687	\$ 518,339
Total earning assets	\$ 756,571	\$ 737,936	\$ 749,463	\$ 722,855	\$ 715,273
Total assets	\$ 795,226	\$ 771,842	\$ 787,435	\$ 760,986	\$ 752,488
Total noninterest bearing deposits	\$ 156,296	\$ 154,226	\$ 155,038	\$ 155,693	\$ 160,272
Total deposits	\$ 695,588	\$ 677,475	\$ 695,445	\$ 660,449	\$ 669,917
Average balances					
Total securities	\$ 162,918	\$ 166,077	\$ 172,769	\$ 176,066	\$ 180,344
Total short term deposits	\$ 22,887	\$ 16,430	\$ 14,663	\$ 12,637	\$ 27,510
Total loans net of allowance	\$ 556,336	\$ 552,490	\$ 535,251	\$ 522,432	\$ 508,385
Total earning assets	\$ 751,371	\$ 744,050	\$ 731,735	\$ 720,383	\$ 725,179
Total assets	\$ 787,072	\$ 780,003	\$ 767,409	\$ 756,740	\$ 759,592
Total noninterest bearing deposits	\$ 158,888	\$ 156,858	\$ 156,513	\$ 156,729	\$ 163,669
Total deposits	\$ 689,948	\$ 685,983	\$ 672,409	\$ 668,296	\$ 681,749

⁽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 guarantees), 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

The Bank for Your Business

Welcome to Oregon Pacific Bank, the longest-serving community bank in Lane County. Established in 1979, we have full-service branches in Coos Bay, Eugene, Florence, Medford, Portland, and Roseburg. At Oregon Pacific Bank, we believe that banking is more than just numbers – it's about building relationships. We're dedicated to serving our local communities and businesses by providing personalized banking solutions tailored to your unique needs. When you bank with us, you become a part of our family.

The Community Bank Difference

We are proud to be a community bank, committed to providing genuine and responsive local service that exceeds your expectations. We're invested in the success of local business and are committed to helping you thrive. We believe that when you bank with us, you're not just investing in your own financial future, but in the future of our communities as well.

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.

COMMUNITY IMPACT

In 2023, we contributed over \$174,000 across our communities in charitable donations and nonprofit sponsorships, and we now employ over 150 people across our service area.



\$174K

Charitable donations and sponsorships



150

Employees

BOARD OF DIRECTORS



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



KERRIE JOHNISO
Vice Chair, Board of Directors
Owner/Loan Originator,
Blue-inc. Capital



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.



DAN JONES
Business Owner,
DJ Financial



ROBBIE WRIGHT
Founder/General Manager,
Hyak



RICK YECNY
Certified Public Accountant,
Holloway and Associates CPAs



BANK EXECUTIVE OFFICERS



Ron Green

President, Chief Executive Officer



James Atwood

EVP, Chief Credit Officer



Amber White

EVP, Chief Financial Officer



John Raleigh

EVP, Chief Lending Officer



Lance Rudge

EVP, Chief Operating Officer



It is the promise from our directors, leadership team, and staff to build and sustain value for all we serve. We are committed to fostering meaningful relationships and driving growth in our communities. Our focus on long-term success ensures that we remain a trusted partner for generations to come.