

CONSOLIDATED
STATEMENT OF CONDITION

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FOR IMMEDIATE RELEASE

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Oregon Pacific Bancorp Announces Fourth Quarter 2024 Earnings Results

Florence, Ore., January 23, 2025 - Oregon Pacific Bancorp (ORPB), the holding company of Oregon Pacific Bank, today reported net income of \$2.2 million, or \$0.31 per diluted share, during the quarter ended December 31, 2024, compared to \$1.8 million or \$0.26 per diluted share for the quarter ended September 30, 2024.

“We are happy to report the Bank’s 2024 financial performance,” said Ron Green, President and Chief Executive Officer. “During the year the banking industry faced increased pressures on our net interest margin as competition for deposits intensified. Oregon Pacific has remained disciplined with our deposit strategy, and we believe this approach has contributed to the bank’s overall 2024 success.”

Highlights:

- Fourth quarter net income of \$2.2 million; \$0.31 per diluted share.
- Quarterly tax equivalent net interest margin of 3.66%, expansion of 0.07% over previous quarter.
- Quarterly cost of funds of 1.36%, decrease of 0.05% from the previous quarter.
- Annual loan growth of \$34.9 million or 6.50%.
- Annual deposit growth of \$16.2 million or 2.45%.
- Named one of the 100 Best Companies to Work For in Oregon for 2025 by Oregon Business Magazine.

During the quarter the bank’s net interest margin expanded to 3.66%, up from 3.59% reported in the third quarter 2024. The expansion was primarily attributable to a reduction in the bank’s cost of funds, which decreased by 0.05% to 1.36% on a linked quarter basis. The bank also experienced an increase in the yield on loans, which grew to 5.55%, up from 5.47% in the third quarter 2024. Despite the fourth quarter fed funds rate reduction of 0.50%, the bank continued to see an increase in loan yields as the decrease in the yield on the fully floating portion of the bank’s loan portfolio was more than offset by the yield on new production. Period-end loans, net of deferred loan origination fees, totaled \$571.6 million, representing quarterly growth of \$6.1 million for the period ended December 31, 2024. Quarterly loan production for new and renewed loans totaled \$25.7 million, with a weighted average effective rate of 7.36% and a weighted-average repricing life of 3.05 years.

During the fourth quarter of 2024, the bank experienced a reduction in classified assets of \$2.2 million, defined as loans and loan contingent liabilities internally graded substandard or worse, impaired loans, adversely classified securities and other real estate owned. The primary driver of the reduction was the payoff of a substandard loan participation totaling \$2 million, which matured during the quarter. Despite a reduction in classified assets, the bank did see a small increase in nonperforming loans, which grew \$520 thousand due to the migration of one loan into nonaccrual status. The bank recorded no quarterly provision for credit losses and reversed \$30 thousand of provision for unfunded commitments partially attributable to a reduction in the unfunded commitment balances during the quarter.

Period-end deposits totaled \$676.6 million, representing a quarterly deposit contraction of \$19 million. During the quarter the bank redeemed \$8 million of callable brokered time deposits with an effective interest rate of 5.40%. The Bank elected to not reissue the time deposits, as first quarter cash flows from the securities portfolio are projected to more than offset the redeemed deposits. At December 31, 2024, core deposits contracted by \$11.0 million, since September 30, 2024, with the majority of that migration occurring during the last two weeks of the year, which aligns with the typical seasonal fluctuations historically experienced by the Bank. Average core deposits, a calculation that eliminates daily volatility of outstanding balances, for the fourth quarter 2024 were \$676.9 million,

up \$5.0 million over the third quarter 2024 average core deposits of \$671.9 million.

Noninterest income totaled \$2.2 million for the quarter ended December 31, 2024, and represented growth of \$117 thousand compared to the quarter ended September 30, 2024. The largest increase occurred in the trust fee income category, which grew \$105 thousand from the prior quarter. This increase was primarily tied to growth in Assets Under Management, which increased \$4.0 million from September 30, 2024, and \$44.4 million since December 31, 2023.

During the quarter the bank announced the planned discontinuation of residential mortgage lending. In recent periods, this source of noninterest income has decreased significantly due to a reduction in mortgage refinance activity. The bank historically originated brokered mortgages through third-party lenders, in addition to non-conforming portfolio mortgages, primarily for business clients. This decision occurred due to two factors: a reduction in mortgage origination revenue, coupled with difficulty finding and retaining mortgage lenders and processors. The bank does not anticipate this change to have significant impacts on overall profitability. There will be a reduction in mortgage revenue, which will be roughly offset by systems and personnel savings. The bank stopped acceptance of new mortgage applications in December, with the intention of full elimination of mortgage lending once the existing pipeline was complete, which is estimated in early second quarter 2025.

During the fourth quarter 2024 noninterest expense totaled \$6.1 million, representing a decrease of \$32 thousand from the quarter ended September 30, 2024. The largest expense fluctuation occurred in the salaries and employee benefits category. For the quarter ended December 31, 2024, the bank reduced bonus compensation expense by \$181 thousand compared to the quarter ended September 30, 2024, as the bank completed a true-up of year end bonus projections for 2024. Additionally, the bank also reduced group insurance expense by approximately \$43 thousand associated with the bank's self-funded dental insurance, and partially self-funded medical insurance. Throughout the plan year the bank accrued expense based on estimated utilization. The bank completed an expense reversal because actual claims activity claims occurred below projected levels. Partially offsetting the positive variance was an increase of \$118 thousand in outside services for the quarter ended December 31, 2024, compared to the quarter ended September 30, 2024. During the quarter the bank made a \$50 thousand one-time vendor payment and a \$45 thousand recruiter payment, both of which are not expected in future periods.

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>December 31, 2024</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>
ASSETS			
Cash and due from banks	\$ 9,521	\$ 12,437	\$ 8,106
Interest bearing deposits	10,921	25,874	6,246
Securities	155,258	163,275	177,599
Loans, net of deferred fees and costs	571,565	565,492	536,662
Allowance for credit losses	(7,400)	(7,400)	(6,975)
Premises and equipment, net	13,279	13,444	13,470
Bank owned life insurance	9,142	9,071	8,866
Deferred tax asset	5,398	4,754	5,758
Other assets	8,764	8,279	11,254
	<u>776,448</u>	<u>795,226</u>	<u>760,986</u>
Total assets	<u>\$ 776,448</u>	<u>\$ 795,226</u>	<u>\$ 760,986</u>
LIABILITIES			
Deposits			
Demand - non-interest bearing	\$ 141,719	\$ 156,296	\$ 155,693
Demand - interest bearing	277,932	278,563	272,968
Money market	135,255	136,984	129,543
Savings	66,194	65,456	66,254
Certificates of deposit	55,517	58,289	35,991
Total deposits	<u>676,617</u>	<u>695,588</u>	<u>660,449</u>
FHLB borrowings	7,500	7,500	17,000
Junior subordinated debenture	4,124	4,124	4,124
Subordinated debenture	14,827	14,802	14,727
Other liabilities	8,090	8,612	8,304
	<u>711,158</u>	<u>730,626</u>	<u>704,604</u>
Total liabilities	<u>711,158</u>	<u>730,626</u>	<u>704,604</u>
STOCKHOLDERS' EQUITY			
Common stock	21,612	21,491	21,291
Retained earnings	51,603	49,385	44,083
Accumulated other comprehensive income, net of tax	(7,925)	(6,276)	(8,992)
	<u>65,290</u>	<u>64,600</u>	<u>56,382</u>
Total stockholders' equity	<u>65,290</u>	<u>64,600</u>	<u>56,382</u>
Total liabilities & stockholders' equity	<u>\$ 776,448</u>	<u>\$ 795,226</u>	<u>\$ 760,986</u>

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	December 31, 2024	September 30, 2024	December 31, 2023	December 31, 2024	December 31, 2023
INTEREST INCOME					
Loans	\$ 7,941	\$ 7,746	\$ 6,871	\$ 30,378	\$ 25,531
Securities	1,376	1,477	1,608	5,906	6,504
Other interest income	282	314	172	1,018	1,263
Total interest income	<u>9,599</u>	<u>9,537</u>	<u>8,651</u>	<u>37,302</u>	<u>33,298</u>
INTEREST EXPENSE					
Deposits	2,357	2,452	1,677	9,023	5,331
Borrowed funds	318	319	379	1,344	1,066
Total interest expense	<u>2,675</u>	<u>2,771</u>	<u>2,056</u>	<u>10,367</u>	<u>6,397</u>
NET INTEREST INCOME					
	6,924	6,766	6,595	26,935	26,901
Provision for credit losses on loans	-	150	80	331	150
Provision (credit) for unfunded commitments	<u>(30)</u>	<u>35</u>	<u>(150)</u>	<u>(25)</u>	<u>(380)</u>
Net interest income after provision (credit) for credit losses	<u>6,954</u>	<u>6,581</u>	<u>6,665</u>	<u>26,629</u>	<u>27,131</u>
NONINTEREST INCOME					
Trust fee income	1,135	1,030	944	4,001	3,619
Service charges	378	371	348	1,457	1,374
Mortgage loan sales	72	39	56	204	147
Merchant card services	125	157	129	519	515
Oregon Pacific Wealth Management income	349	336	274	1,301	1,095
Other income	96	105	106	457	405
Total noninterest income	<u>2,155</u>	<u>2,038</u>	<u>1,857</u>	<u>7,939</u>	<u>7,155</u>
NONINTEREST EXPENSE					
Salaries and employee benefits	3,418	3,651	3,218	14,337	12,594
Outside services	787	669	631	2,814	2,449
Occupancy & equipment	485	511	540	1,985	1,895
Trust expense	724	615	542	2,589	2,102
Loan and collection, OREO expense	16	21	16	70	76
Advertising	89	88	77	328	417
Supplies and postage	76	75	98	299	363
Other operating expenses	552	549	561	2,201	2,119
Total noninterest expense	<u>6,147</u>	<u>6,179</u>	<u>5,683</u>	<u>24,623</u>	<u>22,015</u>
Income before taxes	2,962	2,440	2,839	9,945	12,271
Provision for income taxes	<u>744</u>	<u>593</u>	<u>614</u>	<u>2,424</u>	<u>3,039</u>
NET INCOME	<u>\$ 2,218</u>	<u>\$ 1,847</u>	<u>\$ 2,225</u>	<u>\$ 7,521</u>	<u>\$ 9,232</u>

Quarterly Highlights

	4th Quarter 2024	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024	4th Quarter 2023
Earnings					
Interest income	\$ 9,599	\$ 9,537	\$ 9,287	\$ 8,880	\$ 8,651
Interest expense	2,675	2,771	2,549	2,371	2,056
Net interest income	\$ 6,924	\$ 6,766	\$ 6,738	\$ 6,509	\$ 6,595
Provision for credit losses on loans	-	150	141	40	80
Provision (credit) for unfunded commitments	(30)	35	10	(40)	(150)
Noninterest income	2,155	2,038	1,960	1,789	1,857
Noninterest expense	6,147	6,179	6,086	6,216	5,683
Provision for income taxes	744	593	595	492	614
Net income	\$ 2,218	\$ 1,847	\$ 1,866	\$ 1,590	\$ 2,225
Average shares outstanding	7,136,389	7,134,259	7,135,227	7,115,125	7,094,180
Average diluted shares outstanding	7,154,126	7,153,663	7,154,631	7,128,148	7,100,680
Period end shares outstanding	7,138,259	7,134,259	7,135,227	7,135,615	7,094,180
Period end diluted shares outstanding	7,155,996	7,153,663	7,154,631	7,155,019	7,100,680
Earnings per share	\$ 0.31	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.31
Diluted earnings per share	\$ 0.31	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.31
Performance Ratios					
Return on average assets	1.12%	0.93%	0.96%	0.83%	1.17%
Return on average equity	14.01%	12.12%	13.01%	11.43%	17.45%
Net interest margin - tax equivalent	3.66%	3.59%	3.65%	3.59%	3.64%
Yield on loans	5.55%	5.47%	5.43%	5.30%	5.15%
Yield on securities	3.31%	3.48%	3.62%	3.54%	3.53%
Cost of deposits	1.36%	1.41%	1.30%	1.20%	1.00%
Cost of interest-bearing liabilities	1.89%	1.97%	1.83%	1.74%	1.52%
Efficiency ratio	67.71%	70.20%	70.00%	74.91%	67.25%
Full-time equivalent employees	145	144	143	142	134
Capital					
Tier 1 capital	\$ 89,133	\$ 87,101	\$ 85,416	\$ 83,699	\$ 82,278
Leverage ratio	11.19%	10.96%	10.82%	10.78%	10.70%
Common equity tier 1 ratio	14.86%	14.65%	14.36%	14.33%	14.28%
Tier 1 risk based ratio	14.86%	14.65%	14.36%	14.33%	14.28%
Total risk based ratio	16.11%	15.90%	15.61%	15.58%	15.53%
Book value per share	\$ 9.12	\$ 9.05	\$ 8.39	\$ 8.13	\$ 7.95

Quarterly Highlights

	4th Quarter 2024	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024	4th Quarter 2023
Asset quality					
Allowance for credit losses (ACL)	\$ 7,400	\$ 7,400	\$ 7,250	\$ 7,018	\$ 6,975
Nonperforming loans (NPLs)	\$ 798	\$ 278	\$ 275	\$ 113	\$ 443
Nonperforming assets (NPAs)	\$ 798	\$ 278	\$ 275	\$ 113	\$ 443
Classified Assets ⁽¹⁾	\$ 8,132	\$ 10,363	\$ 11,778	\$ 9,668	\$ 9,186
Net loan charge offs (recoveries)	\$ -	\$ -	\$ (91)	\$ (3)	\$ (3)
ACL as a percentage of net loans	1.29%	1.31%	1.29%	1.27%	1.30%
ACL as a percentage of NPLs	927.32%	2661.87%	2636.36%	6210.62%	1574.49%
Net charge offs (recoveries) to average loans	0.00%	0.00%	-0.02%	0.00%	0.00%
Net NPLs as a percentage of total loans	0.14%	0.05%	0.05%	0.02%	0.08%
Nonperforming assets as a percentage of total assets	0.10%	0.03%	0.04%	0.01%	0.06%
Classified Asset Ratio ⁽²⁾	8.42%	10.97%	12.63%	10.66%	10.29%
Past due as a percentage of total loans	0.06%	0.24%	0.19%	0.29%	0.15%
Off-balance sheet figures					
Unused credit commitments	\$ 98,616	\$ 99,229	\$ 97,763	\$ 99,498	\$ 105,900
Trust assets under management (AUM)	\$ 271,046	\$ 267,061	\$ 254,380	\$ 242,222	\$ 226,695
Oregon Pacific Wealth Management AUM	\$ 165,045	\$ 167,025	\$ 159,201	\$ 153,228	\$ 147,159
End of period balances					
Total securities	\$ 155,258	\$ 163,275	\$ 162,483	\$ 170,740	\$ 177,599
Total short term deposits	\$ 10,921	\$ 25,874	\$ 10,559	\$ 25,851	\$ 6,246
Total loans net of allowance	\$ 564,165	\$ 558,092	\$ 555,752	\$ 543,927	\$ 529,687
Total earning assets	\$ 739,677	\$ 756,571	\$ 737,936	\$ 749,463	\$ 722,855
Total assets	\$ 776,448	\$ 795,226	\$ 771,842	\$ 787,435	\$ 760,986
Total noninterest bearing deposits	\$ 141,719	\$ 156,296	\$ 154,226	\$ 155,038	\$ 155,693
Total brokered deposits	\$ 10,001	\$ 18,001	\$ 17,991	\$ 17,961	\$ 8,000
Total core deposits	\$ 666,616	\$ 677,587	\$ 659,484	\$ 677,484	\$ 652,449
Total deposits	\$ 676,617	\$ 695,588	\$ 677,475	\$ 695,445	\$ 660,449
Average balances					
Total securities	\$ 159,587	\$ 162,918	\$ 166,077	\$ 172,769	\$ 176,066
Total short term deposits	\$ 23,654	\$ 22,887	\$ 16,430	\$ 14,663	\$ 12,637
Total loans net of allowance	\$ 561,601	\$ 556,336	\$ 552,490	\$ 535,251	\$ 522,432
Total earning assets	\$ 754,173	\$ 751,371	\$ 744,050	\$ 731,735	\$ 720,383
Total assets	\$ 789,333	\$ 787,072	\$ 780,003	\$ 767,409	\$ 756,740
Total noninterest bearing deposits	\$ 152,844	\$ 158,888	\$ 156,858	\$ 156,513	\$ 156,729
Total brokered deposits	\$ 12,610	\$ 17,999	\$ 17,975	\$ 14,854	\$ 7,989
Total core deposits	\$ 676,900	\$ 671,949	\$ 668,008	\$ 657,555	\$ 660,307
Total deposits	\$ 689,510	\$ 689,948	\$ 685,983	\$ 672,409	\$ 668,296

⁽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 guarantees), 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 2024, we contributed over \$185,000 across our communities in charitable donations and nonprofit sponsorships, and we now employ over 150 people across our service area.



\$185K

Charitable donations and sponsorships



150+

Employees



BOARD OF DIRECTORS



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



KERRIE JOHNSON
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

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.