

CONSOLIDATED STATEMENT OF CONDITION

March 31, 2025



**Oregon
Pacific Bancorp**

FOR IMMEDIATE RELEASE

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Oregon Pacific Bancorp Announces First Quarter 2025 Earnings Results

Highlights:

- First quarter net income of \$1.7 million; \$0.23 per diluted share.
- Quarterly tax equivalent net interest margin of 3.67%, expansion of 0.01% over prior quarter.
- Quarterly loan growth of \$11.4 million or annualized 8.09%.
- Quarterly deposit growth of \$18.7 million or annualized 11.24%.

Florence, Ore., April 22, 2025 - Oregon Pacific Bancorp (ORPB), the holding company of Oregon Pacific Bank, today reported net income of \$1.7 million, or \$0.23 per diluted share, during the quarter ended March 31, 2025, compared to \$2.2 million or \$0.31 per diluted share for the quarter ended December 31, 2024.

“We are pleased to report strong performance in the first quarter,” said Ron Green, CEO of Oregon Pacific Bank. “Our focus and commitment have resulted in notable growth in both loans and deposits, showcasing the trust our clients have with Oregon Pacific Bank. As we navigate these challenging times, we remain dedicated to providing exceptional service and supporting the financial well-being of our community. We are additionally mindful of the potential risks that exist in the current environment and shareholder value remains a preeminent focus for the board of directors and management.”

Period-end deposits totaled \$695.3 million, representing quarterly growth of \$18.7 million, with growth primarily centered in non-interest bearing demand deposits. During the quarter, the bank's total cost of funds remained flat at 1.36%. Period-end loans, net of loan origination fees and costs, grew to \$582.9 million, representing quarterly growth of \$11.4 million. Quarterly loan production for new and renewed loans totaled \$32.7 million, with a weighted average effective rate of 6.79% and a weighted-average repricing life of 3.04 years. In addition to the loan and deposit growth, the bank also experienced expansion in its linked quarter net interest margin, increasing to 3.67% in the first quarter of 2025, up from 3.66% reported in the fourth quarter of 2024. The small expansion was primarily attributable to a change in asset mix, as securities matured and transitioned into either loan growth or interest-bearing balances with the Federal Reserve.

During the first quarter of 2025, the bank reflected an increase in classified assets of \$2.4 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 cause of the increase was the downgrade of two relationships, totaling \$1.9 million and \$500 thousand, respectively. The first relationship is comprised of a \$1 million term loan and a \$900 thousand line of credit, secured by owner occupied real estate with a combined loan to value of 48%. The borrower experienced a decline in financial performance but is working on a plan to increase profitability. The second relationship is an asset-backed line of credit that is adequately margined and secured by inventory. The borrowers experienced a decrease in financial performance but are seasoned owners who have weathered previous economic downturns, with no current losses anticipated.

Noninterest income totaled \$2.1 million for the quarter ended March 31, 2025, and represented a small reduction of \$12 thousand compared to the quarter ended December 31, 2024. On a linked quarter basis, the largest reduction occurred in Mortgage loan sales category, representing a decrease of \$65 thousand from the prior quarter. During the quarter, the bank continued to process the remaining mortgage applications, before the planned mortgage discontinuation in mid-2025. The reduction in mortgage fee income was offset by an increase in the trust fee income category, which grew \$63 thousand from the prior quarter. This increase was partially attributable to extraordinary fee income, which is generally one-time fees associated with the sale of real estate, which totaled \$209

thousand during the first quarter of 2025 compared to \$16 thousand during the fourth quarter of 2024. The bank did experience a small reduction in traditional trust fee income as assets under management contracted slightly during the quarter from \$271 million at December 31, 2024, to \$267 million at March 31, 2025. As the majority of trust fee income is calculated as a percentage of assets under management, fluctuations in the market values of the trust investments have the potential to impact trust revenue in future periods.

For the quarter ended March 31, 2025, noninterest expense totaled \$6.7 million, representing an increase of \$573 thousand from the quarter ended December 31, 2024. The largest expense fluctuation occurred in the salaries and employee benefits category, which grew \$575 thousand from the prior quarter, accounting for all of the quarterly growth. Below is a summary of the quarterly salaries and benefits expense detail.

	THREE MONTHS ENDED		
	March 31,	December 31,	
	2025	2024	Change
Employee salaries	\$ 2,713	\$ 2,685	\$ 28
Employee bonuses	374	141	233
Payroll Taxes	304	214	90
FAS91 Contra	(127)	(200)	73
Employee Benefits	729	578	151
	<u>\$ 3,993</u>	<u>\$ 3,418</u>	<u>\$ 575</u>

The largest quarterly increase was attributable to bonus compensation expense, which is tied to projected year end performance and is adjusted quarterly based on forecasted achievement. The strong loan and deposit growth experienced during the first quarter 2025, coupled with a reduction in the bonus accrual prior to the end of 2024, combined to reflect an increase of \$233 thousand on a linked quarter basis. The bank also saw a large increase in employee benefits expenses, primarily attributable to an increase in the bank's medical insurance, which increased \$110 thousand over the prior quarter due to annual increases from the bank's medical insurance provider. Lastly, the bank experienced a quarterly increase of \$90 thousand in payroll tax expense. Payroll tax counters are generally reset on a calendar basis, so tax expense at the beginning of the year is typically higher, decreasing over the course of the year as employees reach wage caps.

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)

	March 31, 2025	December 31, 2024	March 31, 2024
ASSETS			
Cash and due from banks	\$ 12,042	\$ 9,521	\$ 10,464
Interest bearing deposits	27,625	10,921	25,851
Securities	145,610	155,258	170,740
Loans, net of deferred fees and costs	582,939	571,565	550,945
Allowance for credit losses	(7,400)	(7,400)	(7,018)
Premises and equipment, net	13,193	13,279	13,346
Bank owned life insurance	10,223	9,142	8,933
Deferred tax asset	4,911	5,398	5,742
Other assets	8,485	8,764	8,432
Total assets	\$ 797,628	\$ 776,448	\$ 787,435
LIABILITIES			
Deposits			
Demand - non-interest bearing	\$ 153,956	\$ 141,719	\$ 155,038
Demand - interest bearing	276,594	277,932	297,288
Money market	140,373	135,255	129,154
Savings	67,566	66,194	63,230
Certificates of deposit	46,825	45,516	32,774
Brokered deposits	10,001	10,001	17,961
Total deposits	695,315	676,617	695,445
FHLB borrowings	7,500	7,500	7,500
Junior subordinated debenture	4,124	4,124	4,124
Subordinated debenture	14,852	14,827	14,752
Other liabilities	7,544	8,090	7,611
Total liabilities	729,335	711,158	729,432
STOCKHOLDERS' EQUITY			
Common stock	21,612	21,612	21,280
Retained earnings	53,287	51,603	45,672
Accumulated other comprehensive income, net of tax	(6,606)	(7,925)	(8,949)
Total stockholders' equity	68,293	65,290	58,003
Total liabilities & stockholders' equity	\$ 797,628	\$ 776,448	\$ 787,435

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

THREE MONTHS ENDED

	March 31, 2025	December 31, 2024	March 31, 2024
INTEREST INCOME			
Loans	\$ 7,859	\$ 7,941	\$ 7,143
Securities	1,279	1,376	1,539
Other interest income	261	282	198
Total interest income	<u>9,399</u>	<u>9,599</u>	<u>8,880</u>
INTEREST EXPENSE			
Deposits	2,306	2,357	1,999
Borrowed funds	<u>304</u>	<u>318</u>	<u>372</u>
Total interest expense	<u>2,610</u>	<u>2,675</u>	<u>2,371</u>
NET INTEREST INCOME	6,789	6,924	6,509
Provision for credit losses on loans	-	-	40
Provision (credit) for unfunded commitments	<u>-</u>	<u>(30)</u>	<u>(40)</u>
Net interest income after provision (credit) for credit losses	<u>6,789</u>	<u>6,954</u>	<u>6,509</u>
NONINTEREST INCOME			
Trust fee income	1,198	1,135	900
Service charges	373	378	347
Mortgage loan sales	7	72	32
Merchant card services	117	125	112
Oregon Pacific Wealth Management income	339	349	301
Other income	<u>109</u>	<u>96</u>	<u>97</u>
Total noninterest income	<u>2,143</u>	<u>2,155</u>	<u>1,789</u>
NONINTEREST EXPENSE			
Salaries and employee benefits	3,993	3,418	3,633
Outside services	702	787	718
Occupancy & equipment	517	485	510
Trust expense	742	724	617
Loan and collection, OREO expense	14	16	14
Advertising	91	89	55
Supplies and postage	70	76	79
Other operating expenses	<u>591</u>	<u>552</u>	<u>590</u>
Total noninterest expense	<u>6,720</u>	<u>6,147</u>	<u>6,216</u>
Income before taxes	2,212	2,962	2,082
Provision for income taxes	<u>528</u>	<u>744</u>	<u>492</u>
NET INCOME	<u>\$ 1,684</u>	<u>\$ 2,218</u>	<u>\$ 1,590</u>

Quarterly Highlights

	1st Quarter 2025	4th Quarter 2024	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024
Earnings					
Interest income	\$ 9,399	\$ 9,599	\$ 9,537	\$ 9,287	\$ 8,880
Interest expense	2,610	2,675	2,771	2,549	2,371
Net interest income	\$ 6,789	\$ 6,924	\$ 6,766	\$ 6,738	\$ 6,509
Provision for credit losses on loans	-	-	150	141	40
Provision (credit) for unfunded commitments	-	(30)	35	10	(40)
Noninterest income	2,143	2,155	2,038	1,960	1,789
Noninterest expense	6,720	6,147	6,179	6,086	6,216
Provision for income taxes	528	744	593	595	492
Net income	<u>\$ 1,684</u>	<u>\$ 2,218</u>	<u>\$ 1,847</u>	<u>\$ 1,866</u>	<u>\$ 1,590</u>
Average shares outstanding	7,151,365	7,136,389	7,134,259	7,135,227	7,115,125
Average diluted shares outstanding	7,170,304	7,154,126	7,153,663	7,154,631	7,128,148
Period end shares outstanding	7,164,470	7,138,259	7,134,259	7,135,227	7,135,615
Period end diluted shares outstanding	7,190,212	7,155,996	7,153,663	7,154,631	7,155,019
Earnings per share	\$ 0.24	\$ 0.31	\$ 0.26	\$ 0.26	\$ 0.22
Diluted earnings per share	\$ 0.23	\$ 0.31	\$ 0.26	\$ 0.26	\$ 0.22
Performance Ratios					
Return on average assets	0.87%	1.12%	0.93%	0.96%	0.83%
Return on average equity	10.42%	14.01%	12.12%	13.01%	11.43%
Net interest margin - tax equivalent	3.67%	3.66%	3.59%	3.65%	3.59%
Yield on loans	5.53%	5.55%	5.47%	5.43%	5.30%
Yield on securities	3.41%	3.31%	3.48%	3.62%	3.54%
Cost of deposits	1.36%	1.36%	1.41%	1.30%	1.20%
Cost of interest-bearing liabilities	1.88%	1.89%	1.97%	1.83%	1.74%
Efficiency ratio	75.24%	67.71%	70.20%	70.00%	74.91%
Full-time equivalent employees	148	145	144	143	142
Capital					
Tier 1 capital	\$ 90,548	\$ 89,133	\$ 87,101	\$ 85,416	\$ 83,699
Leverage ratio	11.40%	11.19%	10.96%	10.82%	10.78%
Common equity tier 1 ratio	14.84%	14.86%	14.65%	14.36%	14.33%
Tier 1 risk based ratio	14.84%	14.86%	14.65%	14.36%	14.33%
Total risk based ratio	16.10%	16.11%	15.90%	15.61%	15.58%
Book value per share	\$ 9.53	\$ 9.12	\$ 9.05	\$ 8.39	\$ 8.13

Quarterly Highlights

	1st Quarter 2025	4th Quarter 2024	3rd Quarter 2024	2nd Quarter 2024	1st Quarter 2024
Asset quality					
Allowance for credit losses (ACL)	\$ 7,400	\$ 7,400	\$ 7,400	\$ 7,250	\$ 7,018
Nonperforming loans (NPLs)	\$ 801	\$ 798	\$ 278	\$ 275	\$ 113
Nonperforming assets (NPAs)	\$ 801	\$ 798	\$ 278	\$ 275	\$ 113
Classified Assets ⁽¹⁾	\$ 10,550	\$ 8,132	\$ 10,363	\$ 11,778	\$ 9,668
Net loan charge offs (recoveries)	\$ -	\$ -	\$ -	\$ (91)	\$ (3)
ACL as a percentage of net loans	1.27%	1.29%	1.31%	1.29%	1.27%
ACL as a percentage of NPLs	923.85%	927.32%	2661.87%	2636.36%	6210.62%
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%	-0.02%	0.00%
Net NPLs as a percentage of total loans	0.14%	0.14%	0.05%	0.05%	0.02%
Nonperforming assets as a percentage of total assets	0.10%	0.10%	0.03%	0.04%	0.01%
Classified Asset Ratio ⁽²⁾	10.77%	8.42%	10.97%	12.63%	10.66%
Past due as a percentage of total loans	0.11%	0.06%	0.24%	0.19%	0.29%
Off-balance sheet figures					
Unused credit commitments	\$ 94,843	\$ 98,616	\$ 99,229	\$ 97,763	\$ 99,498
Trust assets under management (AUM)	\$ 267,359	\$ 271,046	\$ 267,061	\$ 254,380	\$ 242,222
Oregon Pacific Wealth Management AUM	\$ 172,729	\$ 165,045	\$ 167,025	\$ 159,201	\$ 153,228
End of period balances					
Total securities	\$ 145,610	\$ 155,258	\$ 163,275	\$ 162,483	\$ 170,740
Total short term deposits	\$ 27,625	\$ 10,921	\$ 25,874	\$ 10,559	\$ 25,851
Total loans net of allowance	\$ 575,539	\$ 564,165	\$ 558,092	\$ 555,752	\$ 543,927
Total earning assets	\$ 758,119	\$ 739,677	\$ 756,571	\$ 737,936	\$ 749,463
Total assets	\$ 797,628	\$ 776,448	\$ 795,226	\$ 771,842	\$ 787,435
Total noninterest bearing deposits	\$ 153,956	\$ 141,719	\$ 156,296	\$ 154,226	\$ 155,038
Total brokered deposits	\$ 10,001	\$ 10,001	\$ 18,001	\$ 17,991	\$ 17,961
Total core deposits	\$ 685,314	\$ 666,616	\$ 677,587	\$ 659,484	\$ 677,484
Total deposits	\$ 695,315	\$ 676,617	\$ 695,588	\$ 677,475	\$ 695,445
Average balances					
Total securities	\$ 150,197	\$ 159,587	\$ 162,918	\$ 166,077	\$ 172,769
Total short term deposits	\$ 23,766	\$ 23,654	\$ 22,887	\$ 16,430	\$ 14,663
Total loans net of allowance	\$ 568,635	\$ 561,601	\$ 556,336	\$ 552,490	\$ 535,251
Total earning assets	\$ 751,933	\$ 754,173	\$ 751,371	\$ 744,050	\$ 731,735
Total assets	\$ 787,201	\$ 789,333	\$ 787,072	\$ 780,003	\$ 767,409
Total noninterest bearing deposits	\$ 149,802	\$ 152,844	\$ 158,888	\$ 156,858	\$ 156,513
Total brokered deposits	\$ 10,001	\$ 12,610	\$ 17,999	\$ 17,975	\$ 14,854
Total core deposits	\$ 675,953	\$ 676,900	\$ 671,949	\$ 668,008	\$ 657,555
Total deposits	\$ 685,954	\$ 689,510	\$ 689,948	\$ 685,983	\$ 672,409

⁽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.



LEADERSHIP

OUR EXECUTIVE TEAM



Ron Green

President, Chief
Executive Officer



Amber White

EVP, Chief Financial
Officer



John Raleigh

EVP, Chief Lending
Officer



James Atwood

EVP, Chief Credit
Officer



Lance Rudge

EVP, Chief Operating
Officer

Our culture continues to be based on how we create value for those we serve, with our promise to deliver in the best interest of our shareholders, our clients, our employees, and the communities we serve.

BOARD OF DIRECTORS



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Board Chair
Business Owner,
Coast Broadcasting



Kerrie Johnson
Vice Chair
Owner, Loan Originator
at Blue-inc. Capital



Dan Jones
Business Owner,
DJ Financial



Joe Benetti
Business Owner,
Benetti's Italian Fine
Foods



Tim Campbell
Partner and Owner of
Campbell Commercial
Real Estate



Ron Green
President, Chief
Executive Officer of
Oregon Pacific Bank



Jason Hall
CPA Partner at
Hoffman, Stewart &
Schmidt, PC (HSS)



Bob Mans, OD
Co-Owner of
Florence Eye Clinic



Angelique Whitlow
Chief Financial
Officer at
Hunter-Davisson, Inc



Robbie Wright
General Manager and
Founder, Hyak





Oregon
Pacific Bank