

CONSOLIDATED STATEMENT OF CONDITION

September 30, 2017



Oregon
Pacific Bancorp

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

This report contains a number of forward-looking statements about our anticipated business operations and financial performance. Statements in this report that relate to future plans, events and circumstances are provided to describe management's intentions and expectations based on currently available information, and readers should not construe these statements as assurances or guarantees. As with any predictions, these statements are inherently difficult to make with any degree of assurance, and actual results may differ materially and adversely from management's expectations described herein. Likewise, management's plans described in this report may not come to pass because unforeseen events may force management to deviate from its expressed intentions. Forward-looking statements often can be identified by the use of predictive or prospective terms such as "expect", "anticipate", "believe", "plan", "intend", and words of similar construction or meaning.

To our Shareholders, Friends and the Communities we serve:

Oregon Pacific Bancorp and its wholly-owned subsidiary, Oregon Pacific Bank, reported a net operating income of \$1,189,000 for the nine months ending September 30, 2017, compared to \$834,000 for the same period in 2016. This represents a 42.6% increase and equates to \$0.27 earnings per share as compared to \$0.20 for the same period in 2016. Our continued improvement in net income has allowed us to reinvest back into the communities we serve and positively affect the lives of our clients, staff and shareholders.

The Bank's Net Interest Income after provision for credit losses continues to improve due to strong bank-wide loan growth. Outstanding loans have increased \$24 million compared to the same period in 2016, resulting in an increase in Net Interest Income of \$785,000.

Staffing expense is up nominally as a result of our continued growth in Eugene. As reported in the prior quarter earnings announcement, we expensed \$330,000 in the 2nd quarter for a database conversion. This is reflected in the "Outside Services" expense category. This expense is non-recurring, and coupled with the reduced cost of our new database system, this category of non-interest expense will show improvement in 2018.

Our departments that produce non-interest income for the Bank continue to have a very solid year. Revenue from the Trust Department is up approximately \$137,000 and our wholly-owned subsidiary, Oregon Pacific Wealth Management, LLC, is on target to meet its assets under management goal for year-end. If you would like to learn more about Oregon Pacific Wealth Management, please visit their website at www.oregonpacificwealth.com. They have implemented tremendous state of the art technology to help clients measure their wealth strategies from a PC or mobile device and provide top-notch personalized service and industry expertise.

Management and the Board of Directors are in the midst of budgeting and strategic planning for 2018. We expect our success and overall efficiency to continue. This should certainly translate into direct value for our shareholders in the Tangible Book Value of our stock and Earnings Per Share. As always, please feel free to reach out to me if you would like to discuss the Bank and our plans going forward. My direct telephone number is (541) 999-1908 and my email address is ron.green@opbc.com.

With warmest regards and appreciation,



RON GREEN

President & CEO of Oregon Pacific Bank

CONSOLIDATED STATEMENT OF CONDITION

September 30, 2017

CONSOLIDATED BALANCE SHEETS

UNAUDITED (Dollars in thousands)	September 30,	
	2017	2016
ASSETS		
Cash and due from banks	\$ 1,768	\$ 4,212
Interest bearing deposits	37,726	36,840
Securities	27,502	20,293
Loans, net	176,068	151,969
Premises and equipment, net	6,247	6,394
Other real estate owned	1,398	2,499
Other assets	6,054	7,097
Total assets	\$ 256,763	\$ 229,304
LIABILITIES		
Deposits		
Demand - non-interest bearing	\$ 67,510	\$ 60,386
Demand - interest bearing	87,589	65,821
Savings	50,917	46,387
Certificates of deposit	20,635	20,515
Total deposits	226,651	193,109
Repurchase agreements	-	5,809
Borrowings	7,124	8,624
Other liabilities	3,624	4,337
Total liabilities	237,399	211,879
STOCKHOLDERS' EQUITY		
Common stock	9,673	9,149
Retained earnings	9,786	8,281
Accumulated other comprehensive gain/(loss), net of tax	(95)	(5)
Total stockholders' equity	19,364	17,425
Total liabilities & stockholders' equity	\$ 256,763	\$ 229,304

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED

September 30,

UNAUDITED (Dollars in thousands, except for per share data)	2017	2016
INTEREST INCOME		
Loans	\$ 6,111	\$ 5,373
Securities	409	194
Other interest income	217	167
Total interest income	6,737	5,734
INTEREST EXPENSE		
Deposits	250	176
Borrowed funds	175	173
Total interest expense	425	349
NET INTEREST INCOME	6,312	5,385
Provision for credit losses	272	130
Net interest income after provision for credit losses	6,040	5,255
NON-INTEREST INCOME		
Trust fee income	1,693	1,556
Service charges	587	569
Other Income	792	910
Total non-interest income	3,072	3,035
NON-INTEREST EXPENSE		
Salaries and employee benefit	4,152	4,054
Occupancy & equipment	546	506
Outside services	1,049	813
Securities and trust expense	383	387
Other operating expenses	1,241	1,234
Total non-interest expense	7,371	6,994
Income before taxes	1,741	1,296
Provision for income taxes	552	462
NET INCOME (LOSS)	\$ 1,189	\$ 834

September 30,

2017 2016

STOCK INFORMATION		
Shares outstanding	4,428,834	4,327,307
Book value	\$ 4.37	\$ 4.03
Basic earnings per share	\$ 0.27	\$ 0.20

Oregon Pacific Bank at a Glance

Established on December 17, 1979 and headquartered in Florence, Oregon, we have grown to include full service branches in Coos Bay and Roseburg, as well as a Trust Office in Medford, and a Professional Banking and Trust office in Eugene. Staffed by local decision makers, we specialize in offering holistic financial services to our local families and business owners. *We are committed to aiding the growth and development of the communities we serve by investing local deposits directly into the lives, homes, and businesses of our friends and neighbors.*

BOARD OF DIRECTORS

ROBERT KING.....	Chairman of the Board Owner, R&R King Logging and Crown Alaska, Inc.
JOE BENETTI.....	Owner <i>Benetti's Italian Restaurant</i>
RON GREEN.....	President/CEO <i>Oregon Pacific Bank</i>
THOMAS GROVE.....	Retired <i>President/CEO, Oregon Pacific Bank</i>
DAN JONES.....	Owner <i>DJ Financial</i>
BOB MANS, OD.....	Co-owner <i>Florence Eye Clinic</i>
CRIS NOAH.....	Retired CEO <i>Oregon Medical Group</i>
TIM SALISBURY.....	Retired CFO <i>Bay Area Hospital</i>
JON THOMPSON.....	Owner <i>KCST Radio Station</i>
ROBBIE WRIGHT.....	Owner <i>Siuslaw Broadband</i>
RICK YECNY.....	CAO/CMO <i>PeaceHealth Peace Harbor Medical Center</i>

BANK EXECUTIVE OFFICERS

RON GREEN.....	President Chief Executive Officer
JOANNE FORSBERG.....	Executive Vice President Chief Financial Officer
BOB EDSTROM.....	Executive Vice President Chief Credit Officer

**CORPORATE
FINANCIAL CENTER**

1365 Highway 101
Florence, Oregon 97439
(541) 997-7121

COOS BAY BRANCH

915 S First St
Coos Bay, Oregon 97420
(541) 269-7929

**EUGENE PROFESSIONAL
BANKING AND TRUST OFFICE**

975 Oak St, Suite 625
Eugene, Oregon 97401
(541) 636-4804

FLORENCE BRANCH

1355 Highway 101
Florence, Oregon 97439
(541) 997-7121

MEDFORD TRUST OFFICE

3250 Hillcrest Park Drive, Suite 100
Medford, Oregon 97504
(541) 858-0191

ROSEBURG BRANCH

2555 NW Edenbower
Roseburg, Oregon 97471
(541) 677-9454