

CONSOLIDATED STATEMENT OF CONDITION

June 30, 2018



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 \$1.4 million for the six months ending June 30, 2018, compared to \$546 thousand for the six months ending June 30, 2017. This equates to \$0.20 earnings per share (EPS) as compared to \$0.13 for the same period in 2017; a 53.85% increase in EPS, which includes 2.62 million of additional shares following the Bank's capital raise in fall 2017.

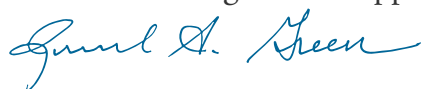
Quarter over quarter, interest income and interest expense have increased due to solid growth in loans and deposits. This resulted in an increase in net interest income after provision for credit losses of \$123 thousand over the first quarter of 2018. The Bank continues to experience strong loan and deposit growth, which increased 19.64% and 14.26%, respectfully, over June 30, 2017. Trust and wealth management departments continue their success, which contributed to a 20.23% increase in non-interest income.

Loan quality continues to be strong for the Bank. Nonperforming assets as a percentage of total assets was 0.86% for the period ending June 30, 2018, as compared to 1.49% for the same period in 2017.

Our plan to leverage the capital raised in 2017 took a large step forward during the second quarter. We were successful in recruiting a large team of commercial and relationship bankers in the Eugene market. Our strategic plan calls for us to expand our Eugene presence to attempt to capitalize on the most recent industry consolidation. This experienced team will assist the Bank in achieving its growth and shareholder value objectives. I am very excited about the opportunity in Eugene and very pleased we were able to successfully attract a group of such extraordinary bankers, which is led by the Bank's new Executive Vice President and Chief Lending Officer, John Raleigh. The current Eugene office will relocate to a new full-service location in Eugene by mid fall of this year. The new branch location is 59 E. 11th Street, Eugene, Oregon, and will offer ample parking, ATM and drive thru services.

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 Balance Sheets

Unaudited (Dollars in thousands)	June 30,	
	2018	2017
ASSETS		
Cash and due from banks	\$ 5,265	\$ 1,799
Interest bearing deposits	27,426	29,221
Securities	29,121	26,319
Loans, net of deferred loan origination fees and costs	207,247	173,228
Allowance for loan losses	(2,783)	(2,541)
Premises and equipment, net	6,400	6,288
Bank Owned Life Insurance	6,055	2,924
Other real estate owned	1,284	1,908
Deferred tax asset	1,254	1,111
Other assets	1,232	2,076
Total assets	\$ 282,501	\$ 242,333
LIABILITIES		
Deposits		
Demand - non-interest bearing	\$ 68,237	\$ 59,989
Demand - interest bearing	107,980	84,750
Savings	49,696	47,462
Certificates of deposit	18,149	21,395
Total deposits	244,062	213,596
FHLB borrowings	-	3,000
Subordinated Debenture	4,124	4,124
Other liabilities	2,890	3,364
Total liabilities	251,076	224,084
STOCKHOLDERS' EQUITY		
Common stock	20,605	9,308
Retained earnings	11,407	9,129
Accumulated other comprehensive gain/(loss), net of tax	(587)	(188)
Total stockholders' equity	31,425	18,249
Total liabilities & stockholders' equity	\$ 282,501	\$ 242,333

PERFORMANCE RATIOS		
Return on average assets	1.04%	0.47%
Return on average equity (book)	9.19%	6.19%
Efficiency ratio	72.66%	83.92%

ASSET QUALITY RATIOS		
ALLL as a percentage of loans outstanding	1.34%	1.47%
ALLL as a percentage of nonperforming loans	241.97%	149.61%
Nonperforming loans as a percentage of total loans	0.55%	0.98%
Nonperforming assets as a percentage of total assets	0.86%	1.49%

BANK CAPITAL RATIOS		
Tier 1 leverage ratio	11.26%	9.26%
Common Equity tier 1 ratio	18.01%	13.26%
Tier 1 risk based ratio	18.01%	13.26%
Total risk based ratio	19.26%	14.51%

Consolidated Statements of Income

Unaudited (Dollars in thousands, except per share data)	SIX MONTHS ENDED	
	2018	June 30, 2017
INTEREST INCOME		
Loans	\$ 4,869	\$ 4,050
Securities	364	265
Other interest income	243	127
Total interest income	5,476	4,442
INTEREST EXPENSE		
Deposits	235	158
Borrowed funds	109	116
Total interest expense	344	274
NET INTEREST INCOME	5,132	4,168
Provision for credit losses	173	176
Net interest income after provision for credit losses	4,959	3,992
NONINTEREST INCOME		
Trust fee income	1,219	1,067
Service charges	413	386
Other income	573	381
Total noninterest income	2,205	1,834
NONINTEREST EXPENSE		
Salaries and employee benefits	3,186	2,763
Outside services	605	747
Occupancy & equipment	428	367
Securities and trust expense	201	259
Loan and collection expense	123	28
Other operating expenses	789	873
Total noninterest expense	5,332	5,037
Income before taxes	1,832	789
Provision for income taxes	429	243
NET INCOME	\$ 1,403	\$ 546

STOCK INFORMATION			
	June 30,		
	2018	2017	
YTD Average shares	6,948,346	4,330,307	
Book Value per share	\$ 4.51	\$ 4.21	
Basic earnings per share	\$ 0.20	\$ 0.13	

NET INTEREST MARGIN RECONCILIATION			
Yield on average loans	4.97%	4.68%	
Yield on average securities	2.42%	2.11%	
Yield on average earnings assets	4.30%	3.95%	
Rate on average interest-bearing core deposits	0.28%	0.21%	
Rate on average borrowings	4.08%	2.68%	
Cost of interest bearing funds	0.40%	0.35%	
Net interest margin tax equivalent yield	4.22%	3.86%	

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 <i>Owner, R&R King Logging and Crown Alaska, Inc.</i>
JOE BENETTI.....	Retired <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>
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, CPA	Retired CAO/CMO <i>PeaceHealth Peace Harbor Medical Center</i>

BANK EXECUTIVE OFFICERS

RON GREEN.....	<i>President, Chief Executive Officer</i>
AMBER WHITE.....	<i>Executive Vice President, Chief Financial Officer</i>
BOB EDSTROM.....	<i>Executive Vice President, Chief Credit Officer</i>
JOHN RALEIGH.....	<i>Executive Vice President, Chief Lending Officer</i>

**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



**Oregon
Pacific Bank**