Consolidated Statement of Condition

December 31, 2020

Oregon Pacific Bancorp

Oregon Pacific Bank is a wholly owned subsidiary of Oregon Pacific Bancorp. Stock is traded over-the-counter on the OTCBB under symbol ORPB.

FOR IMMEDIATE RELEASE
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Oregon Pacific Bank Announces Fourth Quarter and Full Year Earnings Results

Florence, Ore., January 26, 2020—Oregon Pacific Bancorp (ORPB) today reported financial results for the fourth quarter and year ended December 31, 2020.

Highlights:

- Fourth quarter net income of $2.1 million; $0.30 per diluted share
- Quarterly non-PPP loan growth of $5.8 million
- Tax equivalent fourth quarter net interest margin of 4.29%
- Annual loan growth of $92.1 million or 30.32%
- Annual deposit growth of $168.3 million or 52.92%
- Annual net income of $4.4 million, representing growth of 23.74% over 2019

Oregon Pacific Bancorp, and its wholly-owned subsidiary Oregon Pacific Bank, reported quarterly net income of $2.1 million, or $0.30 per diluted share compared to $1.1 million, or $0.15 per diluted share for the quarter ended December 31, 2019. On an annual basis, the Bank recorded net income totaling $4.4 million, or $0.62 per diluted share compared to $3.5 million, or $0.51 per diluted share for the same period in 2019. Fourth quarter net income was elevated primarily due to the processing of Paycheck Protection Program (PPP) forgiveness payments, which resulted in increased interest income due to amortization of the remaining loan origination fees at payoff. In addition, the Bank made no provision for loan losses during the fourth quarter as the Bank's allowance for loan loss methodology indicated no provision was necessary based on current credit metrics. At year end, the Bank's coverage level of non-PPP loans was 1.86%, up from 1.20% as of December 31, 2019, representing growth of $2.2 million.

> "Oregon Pacific Bank has built its foundation and overall culture on creating value for our shareholders, clients, communities, and staff," said Ron Green, President and CEO. "Although there continues to be much uncertainty relating to the pandemic and its effect on our local economies, Oregon Pacific Bank is positioned well to continue creating value for all we serve. Our value proposition is our staff. I have never been so proud and honored to work side by side with such amazing and committed professionals."

At the beginning of April, the Small Business Administration (SBA) opened the Paycheck Protection Program (PPP), which enabled eligible businesses and non-profit agencies to receive loans with forgiveness provisions to support payroll and other eligible expenses during the COVID-19 crisis. The PPP loans also carry a 100% SBA guarantee. During the first round of PPP loan production, Oregon Pacific Bank made 752 PPP loans, totaling $125.2 million. Through December 31, 2020, the Bank received forgiveness and borrower payments totaling $44.4 million. As a result of the loan payoffs, the bank recognized quarterly PPP fee income of $1.6 million. Below is a summary of the third and fourth quarter PPP loan and income totals to illustrate how the PPP forgiveness payments affected PPP-related interest income during the periods.

	Quarter ended December 31, 2020		Quarter ended September 30, 2020	
PPP interest income	$	270	$	315
PPP fee income		1,641		516
Total PPP income	$	1,911	$	831

	Period ended December 31, 2020		Period ended September 30, 2020	
PPP outsanding loan balance	$	80,766	$	125,198
PPP deferred loan origination fees		(1,685)		(3,326)
PPP loans net of deferred loan origination fees	$	79,081	$	121,872

Subsequent to the end of the year, the Paycheck Protection Program (PPP) was expanded to allow certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP Loan. Oregon Pacific Bank is participating in the program, and through Monday, January 25, 2020, the Bank received borrower applications totaling $40.5 million, of which $23.0 have been approved by the SBA at the time of this release. Period-end non-PPP loans, net of deferred loan origination fees, totaled $311.8 million, representing quarterly net growth of $5.8. million. The effective yield on the non-PPP loan portfolio declined to 4.69%, down from 4.70% in the quarter ended September 30, 2020. During the fourth quarter, the Bank received loan prepayment penalties totaling $17 thousand. Without the prepayment penalties, the non-PPP loan yield would have been 4.67% representing a decrease of 0.03%. In total, the Bank recognized prepayment penalties of $241 thousand during 2020, compared to $132 thousand during 2019. The Bank continued to see loan opportunities during the fourth quarter. However, a competitive rate environment has led to a declining yield on the non-PPP portfolio and the potential for an increased risk of prepayments in future quarters.

On an annual basis, deposit growth totaled $168.3 million. A large portion of the deposit growth came through the PPP as proceeds of PPP loans were credited to internal deposit accounts. Client utilization of the PPP deposits was slower than originally anticipated and was partially offset by onboarding new client relationships. During the quarter, deposit growth totaled $754 thousand. Deposit growth experienced during the quarter was partially masked due to changes in the Bank's reciprocal brokered deposits. The Bank participates in the InterFi Network (formerly Promontory Interfinancial Network) Insured Cash Sweep (ICS) product. Historically the Bank utilized this product in a reciprocal manner, maintaining the ICS deposits on-balance sheet. Due to elevated levels of liquidity, the Bank migrated a portion of the reciprocal deposits into a one-way sell position, removing those deposits from the balance sheet. As of December 31, 2020, the sold deposits totaled $35.8 million, all of which were included in the Bank's deposit totals as of September 30, 2020. The off-balance sheet deposits continue to remain a source of liquidity and can be moved back into a reciprocal position at any point.

The Bank continued to work with borrowers experiencing financial difficulty related to COVID-19 during the fourth quarter. As of December 30, 2020, the Bank had remaining borrowers with full payment deferral modifications totaling $812 thousand to two individual borrowers. COVID modification on interest only status totaled $4.9 million to ten individual borrowers. During the quarter, the Bank did see an increase in classified assets as there was some migration of substandard credits, primarily due to COVID-19. The Bank downgraded two hospitality-related hotel loans, to separate borrowers, with exposures totaling $534 thousand and $301 thousand, respectively. Additionally, the Bank downgraded three residential real estate loans to separate borrowers, totaling $987 thousand. The Bank's Credit Administration team is proactively monitoring loan relationships to determine if future downgrades are necessary.

During the fourth quarter of 2020, noninterest income totaled $1.4 million, which was flat with the income recognized during the third quarter and representing an increase of $104 thousand over the fourth quarter of 2019. On an annual basis, the Bank experienced growth in noninterest income of $403 thousand over the prior year, which was primarily related to growth in both trust fee income and income from the Bank's wholly-owned registered investment advisory (RIA) firm Oregon Pacific Wealth Management LLC.

Noninterest expense in the fourth quarter totaled $4.2 million, up $326 thousand from the quarter. The largest change occurred in the salaries and employee benefits expense which increased $131 thousand over the third quarter. This increase was primarily attributable to an increase in the bonus accrual related to the level of Bank profitability experienced during the fourth quarter. There was also an increase in the other operating expense category of $122 thousand, which was partially tied to two different non-recurring expenses. During the fourth quarter, the Bank sold the servicing rights on a residential mortgage portfolio originated by the Bank over ten years ago. Due to changes in interest rates, the Bank saw the outstanding loan totals dwindle, with the overhead associated with servicing the portfolio more than offset any servicing income. During the fourth quarter, the mortgage servicing rights were sold, resulting in a loss of $45 thousand, which included both a write-down of the remaining MSRs and the fees paid to third parties to transfer the loans. The Bank also saw increased expense associated with the processing of PPP forgiveness applications. The Bank contracted with a third party to facilitate the initial PPP forgiveness application review. The Bank recognized an expense of $33 thousand during the fourth quarter associated with the third-party review, which alleviated a portion of the forgiveness burden from the market staff.

Lastly, the Bank saw an increase in the Trust expense category, which was partially due to succession planning for the Trust Department. Effective September 11, 2020, Beth Knorr was promoted to Director of Trust Services, succeeding Jay Boelter. Jay Boelter will remain with the Trust Department on a part-time basis before he retires in June of 2021. During this time, there is some duplication of salary expense, which is expected to be temporary, and the Bank believes it will help in the transition. "We are proud to announce the promotion of Beth Knorr to Director of Trust Services," said Ron Green, President and CEO. "Beth has been a trust officer with Oregon Pacific Bank since 2012 and has over nineteen years of trust experience. She has the knowledge to successfully lead this Department into the future. We are also thankful to Jay for his leadership and wish him well upon his upcoming retirement."

Forward-Looking Statement Safe Harbor

CONSOLIDATED BALANCE SHEETS

Unaudited (dollars in thousands)

	Dec 31, 2020	Sept 30, 2020	Dec 31, 2019
ASSETS			
Cash and due from banks	$ 7,785	$ 9,996	$ 4,982
Interest bearing deposits	86,570	49,693	17,511
Securities	37,805	32,406	27,601
Non PPP Loans, net of deferred fees and costs	311,883	306,054	298,847
PPP Loans, net of deferred fees and costs	79,081	121,872	-
Total Loans, net of deferred fees and costs	390,964	427,926	298,847
Allowance for loan losses	(5,791)	(5,782)	(3,592)
Premises and equipment, net	6,770	6,917	7,042
Bank owned life insurance	8,160	8,101	7,066
Deferred tax asset	943	300	535
Other assets	3,935	4,899	4,196
Total assets	$ 537,141	$ 534,456	$ 364,188
LIABILITIES			
Deposits			
Demand - non-interest bearing	$ 136,428	$ 134,574	$ 73,771
Demand - interest bearing	146,202	163,095	106,242
Money market	116,505	106,838	71,027
Savings	66,936	61,964	48,398
Certificates of deposit	20,272	19,118	18,601
Total deposits	486,343	485,589	318,039
Subordinated debenture	4,124	4,124	4,124
Other liabilities	4,399	4,423	4,674
Total liabilities	494,866	494,136	326,837
STOCKHOLDERS' EQUITY			
Common stock	20,745	20,721	20,663
Retained earnings	20,517	18,440	16,164
Accumulated other comprehensive income, net of tax	1,013	1,159	524
Total stockholders' equity	42,275	40,320	37,351
Total liabilities & stockholders' equity	$ 537,141	$ 534,456	$ 364,188

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	Dec 31, 2020	**Sept 30, 2020**	**Dec 31, 2019**	**Dec 31, 2020**	**Dec 31, 2019**
INTEREST INCOME					
Non-PPP loans	$ 3,640	$ 3,607	$ 3,823	$ 14,711	$ 13,898
PPP loans	1,911	831	-	3,376	-
Securities	174	162	170	670	666
Other interest income	21	17	128	119	529
Total interest income	5,746	4,617	4,121	18,876	15,093
INTEREST EXPENSE					
Deposits	129	158	291	667	1,120
Borrowed funds	31	34	51	146	217
Total interest expense	160	192	342	813	1,337
NET INTEREST INCOME	5,586	4,425	3,779	18,063	13,756
Provision for loan losses	-	900	30	2,178	235
Net interest income after provision for loan losses	5,586	3,525	3,749	15,885	13,521
NONINTEREST INCOME					
Trust fee income	635	628	576	2,401	2,141
Service charges	248	233	229	896	903
Mortgage loan sales and servicing	132	127	145	477	498
Investment sales commissions	37	63	51	190	197
Merchant card services	94	107	67	325	273
RIA income	144	140	119	545	414
Other income	73	76	72	312	317
Total noninterest income	1,363	1,374	1,259	5,146	4,743
NONINTEREST EXPENSE					
Salaries and employee benefits	2,342	2,211	1,942	8,608	7,276
Outside services	423	415	359	1,648	1,391
Occupancy & equipment	339	334	325	1,310	1,215
Trust expense	398	347	353	1,422	1,339
Loan and collection, OREO expense	91	95	211	413	712
Advertising	63	52	82	198	278
Supplies and postage	61	59	57	244	208
Other operating expenses	441	319	307	1,374	1,180
Total noninterest expense	4,158	3,832	3,636	15,217	13,599
Income before taxes	2,791	1,067	1,372	5,814	4,665
Provision for income taxes	713	264	318	1,461	1,147
NET INCOME	$ 2,078	$ 803	$ 1,054	$ 4,353	$ 3,518

Quarterly Highlights

	4th Quarter 2020	3rd Quarter 2020	2nd Quarter 2020	1st Quarter 2020	4th Quarter 2019
Earnings					
Net interest income	$ 5,586	$ 4,425	$ 4,249	$ 3,799	$ 3,779
Provision for loan loss	-	900	900	378	30
Noninterest income	1,363	1,374	1,161	1,250	1,259
Noninterest expense	4,158	3,832	3,407	3,817	3,636
Provision for income taxes	713	264	273	212	318
Net income	$ 2,078	$ 803	$ 830	$ 642	$ 1,054
Average shares outstanding	7,008,125	7,008,125	7,003,125	7,003,125	6,975,084
Earnings per share	$ 0.30	$ 0.11	$ 0.12	$ 0.09	$ 0.15
Performance Ratios					
Return on average assets	1.52%	0.60%	0.69%	0.69%	1.14%
Return on average equity	20.33%	8.05%	8.69%	6.87%	11.45%
Net interest margin - tax equivalent	4.29%	3.50%	3.73%	4.39%	4.35%
Yield on loans	5.37%	4.14%	4.33%	5.14%	5.25%
Yield on loans - excluding PPP loans	4.69%	4.70%	4.85%	5.14%	5.25%
Cost of interest bearing liabilities	0.10%	0.13%	0.22%	0.45%	0.54%
Efficiency ratio	59.84%	66.08%	62.98%	75.60%	72.19%
Full-time equivalent employees	116	113	111	112	110
Capital					
Leverage ratio	8.33%	8.14%	8.74%	11.15%	11.13%
Common equity tier 1 ratio	NA[1]	NA[1]	NA[1]	NA[1]	13.83%
Tier 1 risk based ratio	NA[1]	NA[1]	NA[1]	NA[1]	13.83%
Total risk based ratio	NA[1]	NA[1]	NA[1]	NA[1]	15.06%
Book value per share	$ 6.03	$ 5.75	$ 5.61	$ 5.39	$ 5.35
Asset quality					
Allowance for loan losses (ALLL)	$ 5,791	$ 5,782	$ 4,873	$ 3,966	$ 3,592
Nonperforming loans (NPLs)	$ 2,521	$ 1,596	$ 1,293	$ 1,230	$ 1,614
Nonperforming assets (NPAs)	$ 2,521	$ 1,596	$ 1,293	$ 1,281	$ 1,614
Classified Assets [2]	$ 14,366	$ 12,667	$ 11,945	$ 9,058	$ 7,834
Net loan charge offs (recoveries)	$ (9)	$ (9)	$ (7)	$ 5	$ (78)
ALLL as a percentage of net loans	1.48%	1.35%	1.16%	1.31%	1.20%
ALLL as a percentage of net loans (excluding PPP)	1.86%	1.89%	1.62%	1.31%	1.20%
ALLL as a percentage of NPLs	229.75%	362.26%	376.98%	322.44%	222.55%
Net charge offs (recoveries) to average loans	0.00%	0.00%	0.00%	0.00%	-0.03%
Net NPLs as a percentage of total loans	0.64%	0.53%	0.44%	0.41%	0.55%
Nonperforming assets as a percentage of total assets	0.47%	0.30%	0.25%	0.33%	0.44%
Classified Asset Ratio [3]	33.98%	31.42%	30.38%	23.99%	17.60%
Past due as a percentage of total loans	0.49%	0.54%	0.53%	0.61%	0.62%
End of period balances					
Total securities and short term deposits	$ 124,375	$ 82,099	$ 70,159	$ 64,148	$ 45,112
Total loans net of allowance	$ 306,092	$ 300,272	$ 296,725	$ 297,212	$ 295,255
Total earning assets	$ 437,404	$ 389,299	$ 372,903	$ 366,472	$ 345,038
Total assets	$ 537,141	$ 534,456	$ 513,291	$ 385,423	$ 364,188
Total noninterest bearing deposits	$ 136,428	$ 134,574	$ 125,714	$ 78,003	$ 73,771
Total deposits	$ 486,343	$ 485,589	$ 465,322	$ 339,202	$ 318,039
Average balances					
Total securities and short term deposits	$ 109,006	$ 80,235	$ 67,450	$ 48,764	$ 57,528
Total loans net of allowance	$ 405,796	$ 421,663	$ 389,275	$ 298,055	$ 285,491
Total earning assets	$ 521,734	$ 508,244	$ 462,157	$ 351,537	$ 347,646
Total assets	$ 543,422	$ 529,784	$ 484,315	$ 372,017	$ 366,647
Total noninterest bearing deposits	$ 138,247	$ 134,676	$ 132,311	$ 76,653	$ 74,489
Total deposits	$ 493,502	$ 480,742	$ 436,776	$ 325,128	$ 321,687

[1] Effective March 31, 2020 Oregon Pacific Bank opted into the Community Bank Leverage Ratio and is no longer calculating risk based capital ratios.

[2] 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.

[3] 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 loan losses.

Oregon Pacific Bank at a Glance

Established on December 17, 1979 and headquartered in Florence, Oregon, we are proud to serve the communities of Coos Bay, Eugene, Florence, Medford, and Roseburg. Staffed by local decision makers, we specialize in offering holistic financial services to our local families and business owners.

Together, we can make your future better, in a way that's anything but ordinary!

Board of Directors

JON THOMPSON | Chairman of the Board /Owner, KCST Radio Station

DAN JONES | Vice Chair of the Board /Owner, DJ Financial

JOE BENETTI | Owner, Benetti's Italian Fine Foods

TIM CAMPBELL | Partner/Owner, Campbell Commercial Real Estate

RON GREEN | President/CEO, Oregon Pacific Bank

KERRIE JOHNSON | Owner/Loan Originator, Gallic & Johnson Financial

BOB MANS, OD | Co-owner, Florence Eye Clinic

SABRINA PARSONS | CEO, Palo Alto Software

TIM SALISBURY | Retired CFO, Bay Area Hospital

ROBBIE WRIGHT | Owner, Siuslaw Broadband

RICK YECNY, CPA | Certified Public Accountant, Holloway and Associates CPAs

Bank Executive Officers

RON GREEN | President, Chief Executive Officer

BOB EDSTROM | Executive Vice President, Chief Credit Officer

JOHN RALEIGH | Executive Vice President, Chief Lending Officer

AMBER WHITE | Executive Vice President, Chief Financial Officer