



CONSOLIDATED
STATEMENT OF CONDITION

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FOR IMMEDIATE RELEASE

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Oregon Pacific Bank Announces Fourth Quarter Earnings Results

Florence, Ore., January 20, 2022—Oregon Pacific Bancorp (ORPB), the holding company of Oregon Pacific Bank, today reported financial results for the fourth quarter ended December 31, 2021.

Highlights:

- Fourth quarter net income of \$1.9 million; \$0.27 per diluted share.
- Annual Non-PPP loan growth of \$76.3 million or 24.47%
- Annual Deposit growth of \$132.3 million or 27.21%
- Annual Trust assets under management growth of \$40.2 million or 24.97%
- Annual Oregon Pacific Wealth Management assets under management growth of \$47.3 million or 57.04%.

Net income for the fourth quarter was \$1.9 million, or \$0.27 per diluted share compared to \$2.0 million, or \$0.30 per diluted share for the quarter ended December 31, 2020. On an annual basis, the Bank recorded net income totaling \$7.8 million, or \$1.11 per diluted share compared to \$4.4 million, or \$0.62 per diluted share for the same period in 2020. The Bank continued to see Paycheck Protection Program (PPP) forgiveness payments processed during the fourth quarter, with the PPP fee income totaling \$697 thousand for the fourth quarter 2021, compared to \$1.1 million for the third quarter 2021. During the quarter the Bank saw outstanding PPP loans reduce to \$10.0 million. As of December 31, 2021, the Bank had remaining unamortized PPP fee income of \$347 thousand.

Period-end non-PPP loans, net of deferred loan origination fees, totaled \$388.2 million, representing quarterly net growth of \$26.6 million and year-to-date net growth of \$76.3 million or an annualized growth rate of 24.47%. The Bank continued to experience non-PPP loan demand, but pricing pressures remain strong. The fourth quarter effective yield on the non-PPP loan portfolio lowered to 4.47%, down from 4.49% in third quarter, primarily related to new production occurring at rates below the current effective yield of the portfolio.

“We are very proud of the many significant achievements that occurred during the year,” said Ron Green, President and CEO. “We have a talented team that has remained focused on strategic growth and building future shareholder value.”

During the quarter the Bank saw a small increase in classified assets totaling \$600 thousand. This increase was attributable to downgrades of three loans totaling \$1.9 million, which was partially offset by upgrades of five loans during the quarter and one charge off totaling \$128 thousand on a commercial line of credit. The downgrades represent one lending relationship in the commercial construction industry. The Bank believes the relationship is adequately collateralized, and all loans are current as of December 31, 2021. The Bank’s credit administration team continues to proactively work with lending staff to identify any possible credit stress.

Fourth quarter 2021 deposit growth slowed but totaled \$5.7 million. The Bank also continues to maintain \$102.9 million of additional off-balance sheet deposits in the InterFi Network's Insured Cash Sweep (ICS) and CDARS products. The off-balance sheet deposits remain a source of liquidity, with the ICS deposits available on-demand and the CDARS deposits had a maximum maturity of four weeks.

Prior to the end of the quarter, the Bank closed on the purchase of a 15,000 sq ft building in Eugene, with the primary objective of housing the Eugene-based administrative staff. The Bank continues to see additional staffing growth in Eugene and during second quarter 2021 the Bank leased additional temporary office space located at 1600 Valley River Drive. The new building will require improvements and has a targeted occupancy date of Q2 2023. Once the building is occupied, all administrative staff will relocate from the branch building at 59 E. 11th and the Bank will also vacate the temporary office space.

Fourth quarter 2021 noninterest income totaled \$1.8 million, which represented an increase of \$133 thousand from third quarter 2021 and an increase of \$399 thousand over fourth quarter 2020. The increase in revenue is attributable to ancillary revenue through trust fee income, fee income from Oregon Pacific Wealth Management and mortgage loan sales income, which grew by \$116 thousand, \$35 thousand, and \$25 thousand, respectively, over third quarter 2021. "The Bank's ancillary noninterest income sources exemplify our mission of creating value for all we serve," said Ron Green, President and CEO. "Our clients come to Oregon Pacific Bank for traditional banking needs, and that relationship can be leveraged into investment advisory, trust and mortgage services."

Noninterest expense in the fourth quarter totaled \$4.3 million, up \$146 thousand over the third quarter. The largest change occurred in the salaries and employee benefits category, which was primarily due to increased officer bonus accrual, tied to the Bank performance. The Bank also experienced an increase in the other operating expense category of \$71 thousand, which was partially attributable to an increase in losses experienced due to check and debit card fraud.

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, strategic focus, capital position, liquidity, credit quality, special asset liquidation, 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)

	December 31, 2021	September 30, 2021	December 31, 2020
ASSETS			
Cash and due from banks	\$ 8,643	\$ 10,496	\$ 7,785
Interest bearing deposits	143,192	186,565	86,570
Securities	123,076	82,398	37,805
Non PPP Loans, net of deferred fees and costs	388,187	361,573	311,883
PPP Loans, net of deferred fees and costs	9,968	30,073	79,081
Total Loans, net of deferred fees and costs	398,155	391,646	390,964
Allowance for loan losses	(5,905)	(6,026)	(5,791)
Premises and equipment, net	9,721	6,351	6,770
Bank owned life insurance	8,402	8,342	8,160
Deferred tax asset	1,270	1,111	943
Other assets	5,167	3,431	3,935
Total assets	\$ 691,721	\$ 684,314	\$ 537,141
LIABILITIES			
Deposits			
Demand - non-interest bearing	\$ 171,380	\$ 180,991	\$ 136,428
Demand - interest bearing	181,885	177,404	146,202
Money market	164,742	158,392	116,505
Savings	80,856	75,710	66,936
Certificates of deposit	19,816	20,453	20,272
Total deposits	618,679	612,950	486,343
Junior subordinated debenture	4,124	4,124	4,124
Subordinated debenture	14,528	14,492	-
Other liabilities	5,130	4,874	4,399
Total liabilities	642,461	636,440	494,866
STOCKHOLDERS' EQUITY			
Common stock	20,904	20,866	20,745
Retained earnings	28,318	26,448	20,517
Accumulated other comprehensive income, net of tax	38	560	1,013
Total stockholders' equity	49,260	47,874	42,275
Total liabilities & stockholders' equity	\$ 691,721	\$ 684,314	\$ 537,141

CONSOLIDATED STATEMENTS OF INCOME

Unaudited (dollars in thousands, except per share data)

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020
INTEREST INCOME					
Non-PPP loans	\$ 4,194	\$ 3,973	\$ 3,640	\$ 15,575	\$ 14,711
PPP loans	697	1,100	1,911	4,217	3,376
Securities	364	262	174	1,046	670
Other interest income	63	69	21	212	119
Total interest income	<u>5,318</u>	<u>5,404</u>	<u>5,746</u>	<u>21,050</u>	<u>18,876</u>
INTEREST EXPENSE					
Deposits	115	119	129	450	667
Borrowed funds	185	34	31	280	146
Total interest expense	<u>300</u>	<u>153</u>	<u>160</u>	<u>730</u>	<u>813</u>
NET INTEREST INCOME	5,018	5,251	5,586	20,320	18,063
Provision for loan losses	-	-	-	-	2,178
Net interest income after provision for loan losses	<u>5,018</u>	<u>5,251</u>	<u>5,586</u>	<u>20,320</u>	<u>15,885</u>
NONINTEREST INCOME					
Trust fee income	819	703	635	3,029	2,401
Service charges	303	300	248	1,122	896
Mortgage loan sales	163	138	132	688	477
Investment sales commissions	20	29	37	118	190
Merchant card services	120	151	94	471	325
Oregon Pacific Wealth Management income	259	224	144	870	545
Other income	78	84	73	320	312
Total noninterest income	<u>1,762</u>	<u>1,629</u>	<u>1,363</u>	<u>6,618</u>	<u>5,146</u>
NONINTEREST EXPENSE					
Salaries and employee benefits	2,383	2,305	2,342	9,362	8,608
Outside services	511	506	423	1,888	1,648
Occupancy & equipment	366	362	339	1,422	1,310
Trust expense	384	364	398	1,452	1,422
Loan and collection, OREO expense	40	30	91	135	413
Advertising	61	95	63	289	198
Supplies and postage	63	71	61	251	244
Other operating expenses	490	419	441	1,728	1,374
Total noninterest expense	<u>4,298</u>	<u>4,152</u>	<u>4,158</u>	<u>16,527</u>	<u>15,217</u>
Income before taxes	2,482	2,728	2,791	10,411	5,814
Provision for income taxes	612	686	713	2,610	1,461
NET INCOME	<u>\$ 1,870</u>	<u>\$ 2,042</u>	<u>\$ 2,078</u>	<u>\$ 7,801</u>	<u>\$ 4,353</u>

Quarterly Highlights

	4th Quarter 2021	3rd Quarter 2021	2nd Quarter 2021	1st Quarter 2021	4th Quarter 2020
Earnings					
Net interest income	\$ 5,018	\$ 5,251	\$ 4,865	\$ 5,184	\$ 5,586
Provision for loan loss	-	-	-	-	-
Noninterest income	1,762	1,629	1,812	1,414	1,363
Noninterest expense	4,298	4,152	4,105	3,969	4,158
Provision for income taxes	612	686	650	662	713
Net income	<u>\$ 1,870</u>	<u>\$ 2,042</u>	<u>\$ 1,922</u>	<u>\$ 1,967</u>	<u>\$ 2,078</u>
Average shares outstanding	7,042,478	7,042,478	7,041,041	7,022,759	7,008,125
Earnings per share	\$ 0.27	\$ 0.29	\$ 0.27	\$ 0.28	\$ 0.30
Performance Ratios					
Return on average assets	1.09%	1.22%	1.17%	1.38%	1.52%
Return on average equity	15.44%	17.24%	17.24%	18.59%	20.33%
Net interest margin - tax equivalent	3.04%	3.25%	3.09%	3.82%	4.29%
Yield on loans	4.99%	5.11%	4.78%	5.14%	5.37%
Yield on loans - excluding PPP loans	4.47%	4.49%	4.63%	4.63%	4.69%
Cost of deposits	0.07%	0.08%	0.08%	0.08%	0.10%
Efficiency ratio	63.39%	60.35%	61.48%	60.19%	59.84%
Full-time equivalent employees	118	116	114	116	116
Capital					
Leverage ratio	9.73%	9.70%	7.45%	8.18%	8.33%
Common equity tier 1 ratio	17.12%	18.50%	15.25%	NA ⁽¹⁾	NA ⁽¹⁾
Tier 1 risk based ratio	17.12%	18.50%	15.25%	NA ⁽¹⁾	NA ⁽¹⁾
Total risk based ratio	18.38%	19.75%	16.51%	NA ⁽¹⁾	NA ⁽¹⁾
Book value per share	\$ 6.99	\$ 6.80	\$ 6.57	\$ 6.23	\$ 6.03
Asset quality					
Allowance for loan losses (ALLL)	\$ 5,905	\$ 6,026	\$ 6,024	\$ 6,020	\$ 5,791
Nonperforming loans (NPLs)	\$ 928	\$ 1,388	\$ 1,517	\$ 1,558	\$ 2,521
Nonperforming assets (NPAs)	\$ 928	\$ 1,388	\$ 1,517	\$ 1,558	\$ 2,521
Classified Assets ⁽²⁾	\$ 8,756	\$ 8,156	\$ 12,627	\$ 12,141	\$ 14,366
Net loan charge offs (recoveries)	\$ 122	\$ (2)	\$ (3)	\$ (230)	\$ (9)
ALLL as a percentage of net loans	1.48%	1.54%	1.54%	1.50%	1.48%
ALLL as a percentage of net loans (excluding PPP)	1.52%	1.67%	1.79%	1.87%	1.86%
ALLL as a percentage of NPLs	636.31%	434.15%	397.10%	386.39%	229.75%
Net charge offs (recoveries) to average loans	0.03%	0.00%	0.00%	-0.06%	0.00%
Net NPLs as a percentage of total loans	0.24%	0.35%	0.39%	0.39%	0.64%
Nonperforming assets as a percentage of total assets	0.13%	0.20%	0.23%	0.24%	0.47%
Classified Asset Ratio ⁽³⁾	17.78%	17.04%	27.30%	27.67%	33.98%
Past due as a percentage of total loans	0.21%	0.03%	0.36%	0.14%	0.49%
Off-balance sheet figures					
Off-balance sheet demand deposits ⁽⁴⁾	\$ 55,477	\$ 57,105	\$ 54,299	\$ 56,226	\$ 50,281
Off-balance sheet time deposits ⁽⁵⁾	\$ 47,500	\$ 49,500	\$ 39,500	\$ -	\$ -
Unused credit commitments	\$ 83,778	\$ 86,816	\$ 83,807	\$ 82,458	\$ 83,982
End of period balances					
Total securities and short term deposits	\$ 266,268	\$ 268,963	\$ 247,475	\$ 211,989	\$ 124,375
Total loans net of allowance	\$ 392,250	\$ 385,620	\$ 384,076	\$ 395,176	\$ 385,173
Total earning assets	\$ 665,780	\$ 661,966	\$ 638,932	\$ 614,542	\$ 516,485
Total assets	\$ 691,721	\$ 684,314	\$ 663,683	\$ 637,009	\$ 537,141
Total noninterest bearing deposits	\$ 171,380	\$ 180,991	\$ 181,406	\$ 171,750	\$ 136,428
Total deposits	\$ 618,679	\$ 612,950	\$ 609,458	\$ 585,307	\$ 486,343
Average balances					
Total securities and short term deposits	\$ 268,332	\$ 250,185	\$ 239,921	\$ 150,214	\$ 109,006
Total loans net of allowance	\$ 383,161	\$ 388,212	\$ 389,766	\$ 397,195	\$ 405,796
Total earning assets	\$ 658,872	\$ 645,779	\$ 637,066	\$ 554,446	\$ 521,734
Total assets	\$ 682,779	\$ 666,455	\$ 659,644	\$ 576,991	\$ 543,422
Total noninterest bearing deposits	\$ 170,600	\$ 183,950	\$ 178,155	\$ 167,266	\$ 138,247
Total deposits	\$ 610,981	\$ 610,247	\$ 606,476	\$ 525,064	\$ 493,502

⁽¹⁾ Effective March 31, 2020 through March 31, 2021 Oregon Pacific Bank opted into the Community Bank Leverage Ratio and stopped 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.

⁽⁴⁾ Deposits sold through IntraFi Network Deposits Insured Cash Sweep (ICS) program

⁽⁵⁾ Deposits sold through IntraFi Network Deposits CDARs program

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.

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

ROBBIE WRIGHT | Owner, Siuslaw Broadband

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

Bank Executive Officers

RON GREEN | President, Chief Executive Officer

AMBER WHITE | Executive Vice President, Chief Financial Officer

JAMES ATWOOD | Executive Vice President, Chief Credit Officer

JOHN RALEIGH | Executive Vice President, Chief Lending Officer