

To our Shareholders:

September 30, 2016

Our strong start this year continued to accelerate into the third quarter. Net income for the quarter was a record \$1,439,874 which translates to a year-to-date return on assets of 2.41% and a return on equity of 23.79%. Earnings per share for the quarter reached \$1.33 and for the year earnings per share reached \$2.91.

Deposit growth continued in the second quarter. Total deposits have increased to \$155.4 million which is an improvement of 20% year over year. Total assets reached \$179.2 million which is a new high. The highly competitive commercial loan marketplace and some unexpected early loan payoffs have caused a slight decline in the size of the portfolio but we expect a rebound in the upcoming quarter.

A continued bright spot for our company is the mortgage business line. The bank achieved \$138.1 million in new loan volume which is a record quarter. The bank generated 624 residential mortgage loans in the third quarter and 1,575 loans year-to-date which is also a record. In spite of the ending of the traditional home buying season, volume continues to be robust.

Our capital position increased during the quarter to a Tier 1 capital ratio of 11.03%. Thank you for your continued support.

Neil D. Grossnicklaus
President and
Chief Executive Officer

Salem Headquarters Office

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Salem, OR 97301
503-485-2222

Albany Branch

1970 SE 14th Avenue
Albany, OR 97322
541-926-6555

Keizer Branch

5140 River Road N
Keizer, OR 97303
503-393-0757

Silverton Branch

701A McClaine Street
Silverton, OR 97381
503-873-3449

Home Loan Centers

Bend, OR

Eugene, OR

Tualatin, OR

Grants Pass, OR

Medford, OR

Portland, OR

Wilsonville, OR

Vancouver, WA

Coeur d'Alene, ID

Meridian, ID

Priest River, ID



QUARTERLY REPORT

SEPTEMBER 30, 2016



OREGON BANCORP

BALANCE SHEET (Unaudited)

	September 30, 2016	September 30, 2015	Percent Change
ASSETS			
Cash & Due From Banks	\$ 18,010,718	\$ 4,532,121	
Investments	1,857,172	1,826,018	
Real Estate Loans	100,801,068	103,417,520	
Commercial Loans	6,134,336	6,435,311	
Installment Loans	126,366	127,896	
Agriculture Loans	2,794,749	2,703,506	
Unrealized Loan Fees	(192,117)	(165,815)	
Loan Loss Reserve	(1,437,391)	(1,427,161)	
Total Loans	108,227,011	111,091,257	-2.58%
Loans Available For Sale	43,856,928	24,818,178	
Premises & Equipment, Net	2,626,173	2,735,311	
Other Real Estate Owned	1,504,343	1,588,066	
Other Assets	3,106,396	2,932,104	
TOTAL ASSETS	\$ 179,188,741	\$ 149,523,055	19.84%
LIABILITIES			
Demand Deposits	\$ 30,131,269	\$ 20,961,927	
NOW Accounts	10,698,557	6,399,049	
Savings Accounts	4,867,936	3,344,339	
Money Market Accounts	41,945,555	34,910,501	
Time Deposits	67,695,936	64,326,587	
Total Deposits	155,339,253	129,942,403	19.54%
Borrowings	1,372,148	1,508,331	
Other Liabilities	3,296,527	2,068,306	
TOTAL LIABILITIES	160,007,928	133,519,040	19.84%
STOCKHOLDERS' EQUITY	19,180,813	16,004,015	19.85%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 179,188,741	\$ 149,523,055	19.84%

INCOME STATEMENT (Unaudited)

	Year-To-Date September 30, 2016	Three Months Ending September 30, 2016	Three Months Ending September 30, 2015	Percent Change
INTEREST INCOME				
Investment Income	\$ 2,239	\$ 565	\$ 1,837	
Commercial Loans	270,709	95,942	83,447	
Agriculture Loans	71,669	24,779	26,425	
Installment Loans	6,283	2,295	2,180	
Real Estate Loans	5,042,109	1,698,796	1,701,550	
Other Interest Income	53,357	25,037	6,012	
TOTAL INTEREST INCOME	5,446,366	1,847,414	1,821,451	1.43%
INTEREST EXPENSE				
Demand Deposit Accounts	9,284	3,405	1,714	
Money Market & Savings Accounts	52,851	19,149	18,112	
Certificate of Deposit Accounts	558,178	196,463	168,931	
Individual Retirement Accounts	24,425	8,127	10,359	
Borrowings	48,568	15,864	17,925	
TOTAL INTEREST EXPENSE	693,306	243,008	217,041	11.96%
NET INTEREST INCOME	4,753,060	1,604,406	1,604,410	0.00%
Less: Provision for Loan Losses	-	-	-	
NET INTEREST INCOME AFTER PROVISION	4,753,060	1,604,406	1,604,410	0.00%
NON-INTEREST INCOME				
Service Charges	27,889	9,740	10,520	
Servicing Fees	926	321	334	
Broker Loan Fees	245,562	90,071	54,324	
Mortgage Banking Revenue	15,546,797	6,275,982	3,314,210	
Other Income	402,140	194,923	101,955	
TOTAL NON-INTEREST INCOME	16,223,314	6,571,037	3,481,343	88.75%
NON-INTEREST EXPENSE				
Salaries and Employee Benefits	11,981,496	4,483,463	3,074,001	
Occupancy	917,371	319,579	279,482	
Furniture and Fixtures	539,083	185,637	160,644	
Advertising and Promotions	314,138	128,362	74,263	
Misc Expense	2,311,964	868,630	725,320	
TOTAL NON-INTEREST EXPENSE	16,064,052	5,985,671	4,313,710	38.76%
Income (loss) before Provision for Income Taxes	4,912,322	2,189,772	772,043	
Provision for Income Taxes	1,755,224	749,898	257,535	
NET INCOME	\$ 3,157,098	\$ 1,439,874	\$ 514,508	179.85%