

To our Shareholders:

September 30, 2017

Our record earnings from the first half of 2017 improved in the third quarter. Net income for the quarter was \$1,957,605 which is a 36% increase over the same period last year. Earnings per share for the quarter reached \$1.76 which is up 33% over a year ago. Annualized return on assets rose to 4.00% compared to 2.41% in the year-ago period and return on equity reached 35.84% compared to 23.79% in the year ago period. A cash dividend of 15 cents per share was declared during the quarter and paid on October 13th.

Total assets topped the \$200 million mark for the first time in the bank's history ending the quarter at \$204 million. Total deposits rose 8% over last year to end the quarter at \$166 million. Commercial loan demand is increasing with balances rising 28% over last year to \$138 million which is an all-time high. Our local economy remains on a solid footing leading to business expansion in our marketplace.

Our mortgage business line originated record volume in the quarter even as rates increased over last year. The bank generated \$188.7 million in new loan volume in the quarter which is an increase of 37% over 2016.

Our capital position is growing with a Tier 1 capital ratio of 11.12%. Thank you for your continued support.

Neil D. Grossnicklaus
President and
Chief Executive Officer

Salem Headquarters Office

101 High Street NE
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

Ashland, OR

Bend, OR

Eugene, OR

Grants Pass, OR

Medford, OR

Portland, OR

Tualatin, OR

Wilsonville, OR

Spokane, WA

Vancouver, WA

Coeur d'Alene, ID

Meridian, ID

Nampa, ID

Priest River, ID



**OREGON
BANCORP**

QUARTERLY REPORT

SEPTEMBER 30, 2017



BALANCE SHEET (Unaudited)

	September 30, 2017	September 30, 2016	Percent Change
ASSETS			
Cash & Due From Banks	\$ 24,227,538	\$ 18,010,718	
Investments	1,901,942	1,857,172	
Real Estate Loans	127,477,891	100,801,068	
Commercial Loans	7,791,936	6,134,336	
Installment Loans	380,122	126,366	
Agriculture Loans	3,931,703	2,794,749	
Unrealized Loan Fees	(121,641)	(192,117)	
Loan Loss Reserve	(1,447,621)	(1,437,391)	
Total Loans	138,012,390	108,227,011	27.52%
Loans Available For Sale	32,058,628	43,856,928	
Premises & Equipment, Net	2,611,077	2,626,173	
Other Real Estate Owned	1,461,960	1,504,343	
Other Assets	3,986,589	3,106,396	
TOTAL ASSETS	\$ 204,260,124	\$ 179,188,741	13.99%
LIABILITIES			
Demand Deposits	\$ 30,715,769	\$ 30,131,269	
NOW Accounts	14,315,811	10,698,557	
Savings Accounts	5,050,148	4,867,936	
Money Market Accounts	41,483,074	41,945,555	
Time Deposits	74,463,022	67,695,936	
Total Deposits	166,027,824	155,339,253	6.88%
Borrowings	11,390,535	1,372,148	
Other Liabilities	4,123,328	3,296,527	
TOTAL LIABILITIES	181,541,687	160,007,928	13.46%
STOCKHOLDERS' EQUITY	22,718,437	19,180,813	18.44%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 204,260,124	\$ 179,188,741	13.99%

INCOME STATEMENT (Unaudited)

	Year-To-Date September 30, 2017	Three Months Ending September 30, 2017	Three Months Ending September 30, 2016	Percent Change
INTEREST INCOME				
Investment Income	\$ -	\$ -	\$ 565	
Commercial Loans	285,335	113,689	95,942	
Agriculture Loans	73,312	28,231	24,779	
Installment Loans	16,792	5,541	2,295	
Real Estate Loans	5,526,266	2,035,778	1,698,796	
Other Interest Income	120,619	46,765	25,037	
TOTAL INTEREST INCOME	6,022,324	2,230,004	1,847,414	20.71%
INTEREST EXPENSE				
Demand Deposit Accounts	15,451	5,566	3,405	
Money Market & Savings Accounts	64,083	21,214	19,149	
Certificate of Deposit Accounts	527,341	194,992	196,463	
Individual Retirement Accounts	17,643	5,423	8,127	
Borrowings	85,103	47,459	15,864	
TOTAL INTEREST EXPENSE	709,621	274,654	243,008	13.02%
NET INTEREST INCOME	5,312,703	1,955,350	1,604,406	21.87%
Less: Provision for Loan Losses	-	-	-	
NET INTEREST INCOME AFTER PROVISION	5,312,703	1,955,350	1,604,406	21.87%
NON-INTEREST INCOME				
Service Charges	39,487	14,499	9,740	
Servicing Fees	894	294	321	
Broker Loan Fees	299,936	114,057	90,071	
Mortgage Banking Revenue	21,631,622	8,780,669	6,275,982	
Other Income	292,716	113,004	194,923	
TOTAL NON-INTEREST INCOME	22,264,655	9,022,523	6,571,037	37.31%
NON-INTEREST EXPENSE				
Salaries and Employee Benefits	11,336,391	1,675,629	4,483,463	
Occupancy	4,253,975	3,528,379	319,579	
Furniture and Fixtures	1,773,862	1,319,478	185,637	
Advertising and Promotions	813,138	309,981	128,362	
Misc Expense	2,596,957	906,123	868,630	
TOTAL NON-INTEREST EXPENSE	20,774,323	7,739,590	5,985,671	29.30%
Income (loss) before Provision for Income Taxes	6,803,035	3,238,283	2,189,772	
Provision for Income Taxes	2,613,281	1,280,678	749,898	
NET INCOME	\$ 4,189,754	\$ 1,957,605	\$ 1,439,874	35.96%