

**To our Shareholders:**

**March 31, 2018**

I am pleased to report that our first quarter earnings continue the upward trend from prior years. Quarterly income after tax reached \$1,222,001 which is an increase of \$413,959, or 51%, from 2017 marking the best first quarter in the bank's history. The increase in earnings has been the result of 12% commercial loan growth and solid mortgage originations. The reduction of our effective tax rate following the passage of the Tax Cuts and Jobs Act was also a significant factor to our financial results.

Earnings per share for the quarter were \$1.14 compared to \$0.74 for the 2017 first quarter. Annualized return on assets rose to 2.38% compared to 1.83% in the year-ago period and return on equity reached 20.57% compared to 16.38% in 2017. In addition to increasing our quarterly dividend to \$0.20 per share, a special cash dividend of \$1.20 per share was declared during the quarter.

Total assets reached \$217 million which is a 23% increase from \$177 million from a year ago. Balance sheet growth has been driven by local core deposits and commercial loan growth. Mortgage originations reached \$148 million for the quarter which is an increase of 47% over 2017. Our capital position continues to remain strong with a Tier 1 capital ratio of 10.67%. If you have any questions please contact me at (503) 485-2222. 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**

**Grants Pass, OR**

**Medford, OR**

**Portland, OR**

**Tualatin, OR**

**West Linn, OR**

**Newport, WA**

**Spokane, WA**

**Vancouver, WA**

**Coeur d'Alene, ID**

**Meridian, ID**



**OREGON  
BANCORP**

# QUARTERLY REPORT

**MARCH 31, 2018**



BALANCE SHEET (Unaudited)

	March 31, 2018	March 31, 2017	Percent Change
<b>ASSETS</b>			
Cash & Due From Banks	\$ 43,006,224	\$ 16,731,650	
Real Estate Loans	128,767,978	117,228,815	
Commercial Loans	8,163,968	5,724,371	
Installment Loans	344,483	384,041	
Agriculture Loans	3,553,168	2,749,150	
Loan Loss Reserve	(1,452,736)	(1,442,506)	
Unrealized Loan Fees	(145,885)	(119,250)	
	<u>139,230,976</u>	<u>124,524,621</u>	11.81%
Loans Available For Sale	23,882,093	25,895,568	
Premises & Equipment, Net	2,652,357	2,629,318	
Other Real Estate Owned	1,204,050	1,469,091	
Other Assets	7,496,615	5,959,760	
<b>TOTAL ASSETS</b>	<u>\$ 217,472,315</u>	<u>\$ 177,210,008</u>	22.72%
<b>LIABILITIES</b>			
Demand Deposits	\$ 30,779,660	\$ 27,635,014	
NOW Accounts	16,808,639	15,073,805	
Savings Accounts	6,095,398	5,596,913	
Money Market Accounts	42,303,641	44,015,675	
Time Deposits	93,022,245	60,297,341	
	<u>189,009,583</u>	<u>152,618,748</u>	23.84%
Borrowings	1,130,753	1,286,851	
Other Liabilities	4,136,423	3,677,194	
<b>TOTAL LIABILITIES</b>	<u>194,276,759</u>	<u>157,582,793</u>	23.29%
<b>STOCKHOLDERS' EQUITY</b>	23,195,556	19,627,215	18.18%
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 217,472,315</u>	<u>\$ 177,210,008</u>	22.72%

INCOME STATEMENT (Unaudited)

	Three Months Ending March 31, 2018	Three Months Ending March 31, 2017	Percent Change
<b>INTEREST INCOME</b>			
Interest on Due From Banks	\$ 117,100	\$ 46,263	
Real Estate Loans	1,926,631	1,664,057	
Commercial Loans	113,527	80,778	
Installment Loans	4,942	5,655	
Agriculture Loans	41,728	21,755	
Other Interest Income	1,904	340	
<b>TOTAL INTEREST INCOME</b>	<u>2,205,832</u>	<u>1,818,848</u>	21.28%
<b>INTEREST EXPENSE</b>			
Demand Deposit Accounts	4,593	5,324	
Money Market & Savings Accounts	20,534	21,316	
Certificate of Deposit Accounts	307,193	170,956	
Individual Retirement Accounts	5,382	7,001	
Borrowings	12,604	13,500	
<b>TOTAL INTEREST EXPENSE</b>	<u>350,306</u>	<u>218,097</u>	60.62%
<b>NET INTEREST INCOME</b>	<u>1,855,526</u>	<u>1,600,751</u>	15.92%
Less: Provision for Loan Losses	-	-	
<b>NET INTEREST INCOME AFTER PROVISION</b>	<u>1,855,526</u>	<u>1,600,751</u>	15.92%
<b>NON-INTEREST INCOME</b>			
Service Charges	14,178	12,738	
Servicing Fees	557	313	
Broker Loan Fees	58,652	129,863	
Mortgage Banking Revenue	7,306,476	5,278,108	
Other Income	41,006	86,878	
<b>TOTAL NON-INTEREST INCOME</b>	<u>7,420,869</u>	<u>5,507,900</u>	34.73%
<b>NON-INTEREST EXPENSE</b>			
Salaries and Employee Benefits	5,513,263	4,219,921	
Occupancy	353,865	343,662	
Furniture and Fixtures	224,920	207,338	
Advertising and Promotions	377,491	215,237	
Misc Expense	1,162,024	834,038	
<b>TOTAL NON-INTEREST EXPENSE</b>	<u>7,631,563</u>	<u>5,820,196</u>	31.12%
<b>Income (loss) before Provision for Income Taxes</b>	1,644,832	1,288,455	
Provision for Income Taxes	422,831	480,413	
<b>NET INCOME</b>	<u>\$ 1,222,001</u>	<u>\$ 808,042</u>	51.23%