

**To our Shareholders:**

**December 31, 2018**

Our strong earnings from the first three quarters of the year continued through year-end. Fourth quarter after tax net income was \$1,379,951 which is a 78% increase from 2017. Quarterly earnings per share grew to \$0.61 from \$0.35 a year ago and quarterly return on assets increased to 2.31% while return on equity was 19.35%. Full year net income was a new record high at \$7,345,330 resulting in a full year earnings per share of \$3.25, return on assets of 3.28% and return on equity of 29.07%. We finished the year at \$241 million in total assets which is also a new high.

In preparation for future growth, the Board of Directors appointed Ryan Dempster, Executive Vice President and Chief Financial Officer to be President of Willamette Valley Bank and Oregon Bancorp, Inc. Ryan has over ten years of service to the company and brings a wealth of knowledge and financial expertise to the position. I will continue to serve as CEO until I retire later in the year.

The Board of Directors declared a \$0.10 per share cash dividend that was paid January 15, 2019. Capital growth through retained earnings continues as our Tier 1 capital ratio remains strong at 12.08%.

Please contact me at (503) 485-2222 if you have any questions. Thank you for your continued support.

Neil D. Grossnicklaus  
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**

**DECEMBER 31, 2018**



BALANCE SHEET (Unaudited)

	December 31, 2018	December 31, 2017	Percent Change
<b>ASSETS</b>			
Cash & Due From Banks	\$ 45,639,020	\$ 21,634,182	
Life Insurance	3,925,336	3,725,701	
Real Estate Loans	140,038,346	127,607,896	
Commercial Loans	9,998,122	7,563,118	
Installment Loans	360,237	338,411	
Agriculture Loans	4,202,130	3,790,292	
Unrealized Loan Fees	(147,462)	(125,001)	
Loan Loss Reserve	(1,476,573)	(1,450,178)	
<b>Total Loans</b>	<b>152,974,800</b>	<b>137,724,538</b>	11.07%
Loans Available For Sale	32,957,157	34,816,974	
Premises & Equipment, Net	2,677,105	2,610,320	
Other Real Estate Owned	-	1,221,960	
Other Assets	3,233,578	3,158,465	
<b>TOTAL ASSETS</b>	<b>\$ 241,406,996</b>	<b>\$ 204,892,140</b>	17.82%
<b>LIABILITIES</b>			
Demand Deposits	\$ 34,035,154	\$ 32,434,931	
NOW Accounts	24,816,047	14,403,535	
Savings Accounts	6,596,760	5,509,956	
Money Market Accounts	41,539,206	36,541,146	
Time Deposits	98,551,220	87,235,931	
<b>Total Deposits</b>	<b>205,538,387</b>	<b>176,125,499</b>	16.70%
Borrowings	1,009,103	1,170,302	
Other Liabilities	5,692,965	4,175,561	
<b>TOTAL LIABILITIES</b>	<b>212,240,455</b>	<b>181,471,362</b>	16.96%
<b>STOCKHOLDERS' EQUITY</b>	<b>29,166,541</b>	<b>23,420,778</b>	24.53%
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 241,406,996</b>	<b>\$ 204,892,140</b>	17.82%

INCOME STATEMENT (Unaudited)

	Year-To-Date December 31, 2018	Three Months Ending December 31, 2018	Three Months Ending December 31, 2017	Percent Change
<b>INTEREST INCOME</b>				
Investment Income	\$ 752,440	\$ 276,908	\$ -	
Commercial Loans	518,156	141,961	104,155	
Agriculture Loans	183,179	46,611	36,822	
Installment Loans	19,193	4,787	5,404	
Real Estate Loans	8,794,104	2,351,368	2,020,289	
Other Interest Income	6,895	1,959	69,342	
<b>TOTAL INTEREST INCOME</b>	<b>10,273,967</b>	<b>2,823,594</b>	<b>2,236,012</b>	26.28%
<b>INTEREST EXPENSE</b>				
Demand Deposit Accounts	22,161	6,944	4,497	
Money Market & Savings Accounts	91,630	25,428	21,488	
Certificate of Deposit Accounts	1,540,585	438,014	259,484	
Individual Retirement Accounts	23,320	19,156	5,857	
Borrowings	46,124	10,792	17,553	
<b>TOTAL INTEREST EXPENSE</b>	<b>1,723,820</b>	<b>500,334</b>	<b>308,879</b>	61.98%
<b>NET INTEREST INCOME</b>	<b>8,550,147</b>	<b>2,323,260</b>	<b>1,927,133</b>	20.56%
Less: Provision for Loan Losses	-	-	-	
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>8,550,147</b>	<b>2,323,260</b>	<b>1,927,133</b>	20.56%
<b>NON-INTEREST INCOME</b>				
Service Charges	59,142	16,580	11,982	
Servicing Fees	2,185	535	367	
Broker Loan Fees	93,240	13,060	75,816	
Mortgage Banking Revenue	33,961,297	6,893,254	8,055,306	
Other Income	359,600	162,914	7,029	
<b>TOTAL NON-INTEREST INCOME</b>	<b>34,475,464</b>	<b>7,086,343</b>	<b>8,150,500</b>	-13.06%
<b>NON-INTEREST EXPENSE</b>				
Salaries and Employee Benefits	24,378,352	5,714,278	5,798,286	
Occupancy	1,529,624	407,951	410,543	
Furniture and Fixtures	1,062,144	274,326	223,981	
Advertising and Promotions	1,600,623	391,681	356,254	
Misc Expense	4,531,931	732,956	1,317,694	
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>33,102,674</b>	<b>7,521,192</b>	<b>8,106,758</b>	-7.22%
<b>Income (loss) before Provision for Income Taxes</b>	<b>9,922,937</b>	<b>1,888,411</b>	<b>1,970,875</b>	
Provision for Income Taxes	2,577,607	508,460	1,197,761	
<b>NET INCOME</b>	<b>\$ 7,345,330</b>	<b>\$ 1,379,951</b>	<b>\$ 773,114</b>	78.49%