

**To our Shareholders:**

**June 30, 2019**

The Company continued its string of robust earnings through the second quarter. Quarterly earnings reached \$3,352,737 which is a new record for the company. This is an increase of \$1,019,488, or 44%, over the year ago quarter. Good commercial loan growth of 16% and a 26% increase in mortgage originations contributed to the positive financial results.

Strong quarterly financial results pushed year-to-date net income to \$4,974,169. This is an increase of \$1,418,919, or 40%, over year-to-date net income at June 30, 2018. Quarterly return on average assets was 5.21% and quarterly return on average equity was 45.02%.

The Board of Directors declared a \$0.11 per share dividend that was paid July 15, 2019. Capital growth through retained earnings continues as our Tier 1 capital ratio remains strong at 12.40%.

As previously released, Ryan Dempster was appointed President as part of the Company's management succession plan. Over the last six months, I have prepared Mr. Dempster for my eventual retirement which will occur on August 1, 2019. I am very thankful for the long tenure I have enjoyed with the Company and look forward to continuing to serve as a member of the Board of Directors.

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**

**Yakima, WA**

**Coeur d'Alene, ID**

**Meridian, ID**



**OREGON  
BANCORP**

**QUARTERLY  
REPORT**

**June 30, 2019**



BALANCE SHEET (Unaudited)

	June 30, 2019	June 30, 2018	Percent Change
<b>ASSETS</b>			
Cash & Due From Banks	\$ 27,549,342	\$ 35,472,733	
Investments	-	-	
Real Estate Loans	151,544,604	128,428,107	
Commercial Loans	8,927,461	8,829,744	
Installment Loans	295,266	379,130	
Agriculture Loans	3,430,793	3,748,692	
Unrealized Loan Fees	(111,005)	(139,137)	
	<u>164,087,119</u>	<u>141,246,536</u>	16.17%
Loans Available For Sale	54,128,103	37,557,008	
Loan Loss Reserve	(1,671,688)	(1,471,458)	
Premises & Equipment, Net	2,625,864	2,721,677	
Other Real Estate Owned	-	1,174,228	
Other Assets	11,121,609	7,858,869	
<b>TOTAL ASSETS</b>	<u>\$ 257,840,349</u>	<u>\$ 224,559,593</u>	14.82%
<b>LIABILITIES</b>			
Demand Deposits	\$ 41,478,578	\$ 32,878,975	
NOW Accounts	20,744,371	16,004,621	
Savings Accounts	6,386,339	6,124,191	
Money Market Accounts	45,946,408	37,688,226	
Time Deposits	101,433,425	100,502,958	
Total Deposits	<u>215,989,121</u>	<u>193,198,971</u>	11.80%
Borrowings	925,880	1,090,503	
Other Liabilities	8,956,503	4,723,215	
<b>TOTAL LIABILITIES</b>	<u>225,871,504</u>	<u>199,012,689</u>	13.50%
<b>STOCKHOLDERS' EQUITY</b>	31,968,845	25,546,904	25.14%
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 257,840,349</u>	<u>\$ 224,559,593</u>	14.82%

INCOME STATEMENT (Unaudited)

	Year-To-Date June 30, 2019	Three Months Ending June 30, 2019	Three Months Ending June 30, 2018	Percent Change
<b>INTEREST INCOME</b>				
Interest on Due From Banks	\$ 532,990	\$ 233,849	\$ 158,011	
Real Estate Loans	5,073,286	2,702,087	2,236,007	
Commercial Loans	267,814	129,323	129,789	
Installment Loans	9,470	4,739	4,317	
Agriculture Loans	86,258	40,004	45,822	
Other Interest Income	3,996	1,984	1,042	
<b>TOTAL INTEREST INCOME</b>	<u>5,973,814</u>	<u>3,111,986</u>	<u>2,574,988</u>	20.85%
<b>INTEREST EXPENSE</b>				
Demand Deposit Accounts	15,471	6,665	5,290	
Money Market & Savings Accounts	148,727	89,303	22,137	
Certificate of Deposit Accounts	911,876	469,831	357,104	
Individual Retirement Accounts	14,597	7,824	5,292	
Borrowings	28,868	18,117	12,600	
<b>TOTAL INTEREST EXPENSE</b>	<u>1,119,539</u>	<u>591,740</u>	<u>402,423</u>	47.04%
<b>NET INTEREST INCOME</b>	<u>4,854,275</u>	<u>2,520,246</u>	<u>2,172,565</u>	16.00%
Less: Provision for Loan Losses	190,000	-	-	
<b>NET INTEREST INCOME AFTER PROVISION</b>	<u>4,664,275</u>	<u>2,520,246</u>	<u>2,172,565</u>	16.00%
<b>NON-INTEREST INCOME</b>				
Service Charges	31,029	16,008	14,464	
Servicing Fees	785	255	529	
Broker Loan Fees	6,580	1,300	11,858	
Mortgage Banking Revenue	19,253,019	11,450,099	9,550,469	
Other Income	305,169	162,404	68,298	
<b>TOTAL NON-INTEREST INCOME</b>	<u>19,596,582</u>	<u>11,630,066</u>	<u>9,645,618</u>	20.57%
<b>NON-INTEREST EXPENSE</b>				
Salaries and Employee Benefits	13,614,851	7,710,983	6,434,294	
Occupancy	849,405	437,815	385,281	
Furniture and Fixtures	529,605	293,750	268,997	
Advertising and Promotions	738,196	377,303	434,735	
Misc Expense	2,110,084	1,090,653	1,159,987	
<b>TOTAL NON-INTEREST EXPENSE</b>	<u>17,842,141</u>	<u>9,910,504</u>	<u>8,683,294</u>	14.13%
<b>Income (loss) before Provision for Income Taxes</b>	6,418,716	4,239,808	3,134,889	
Provision for Income Taxes	1,444,547	887,071	801,640	
<b>NET INCOME</b>	<u>\$ 4,974,169</u>	<u>\$ 3,352,737</u>	<u>\$ 2,333,249</u>	43.69%