

To Our Shareholders

June 30, 2021

I am pleased to present the 2021 second quarter financial results for Oregon Bancorp, Inc (Company). Quarterly earnings remain strong and will continue to compare favorably to peer, and year-to-date earnings are well ahead of our results from the first half of last year.

Net income for the second quarter totaled \$5.4 million (\$2.25 per share) resulting in a return on average assets of 5.78% and a return on average equity of 33.18%. This compares to \$7.5 million from the second quarter of 2020 and \$3.3 million in 2019. Quarterly residential mortgage loan production decreased 5% to \$407.9 million compared to the same period in the prior year. Yields earned on the sale of mortgage loans decreased which impacted noninterest income.

Overall, the Company's balance sheet remains a source of strength with good liquidity, asset quality, and capital ratios. During the quarter, total assets increased \$2.3 million driven by a \$6.5 million increase in deposits and the paydown of \$6.3 million in borrowings. The Company's cash and short-term investments increased \$19.0 million to \$66.3 million at quarter end. This increase is attributable to a decrease in mortgage loans held for sale and an increase in deposits.

Commercial real estate loan balances increased by \$5.1 million during the quarter. This growth, however, was offset by a \$6.3 million reduction in Paycheck Protection Program Loans that were forgiven by the U.S. Small Business Association. The Company's capital continues to grow through earnings as evidenced by an 18.1% capital-to-assets ratio. During the quarter, the Board of Directors announced a \$0.26 per share dividend payable to shareholders on July 15, 2021.

We continue to see positive signs of economic recovery in the markets we serve. The curtailment of government restrictions relating to the pandemic is encouraging. We believe the return to normalcy will allow for additional business opportunities as businesses and individuals become more optimistic. We appreciate your support as shareholders and customers.



Ryan Dempster
President and Chief Executive Officer

Salem Headquarters Office

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503.485.2222

Albany Branch

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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	Newport, WA
Eugene, OR	Spokane, WA
Grants Pass, OR	Vancouver, WA
Medford, OR	Yakima, WA
West Linn, OR	Coeur d'Alene, ID
	Meridian, ID



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SECOND QUARTER REPORT

2021

**OREGON
BANCORP**

Where **LOCAL** Means Something.

CONSOLIDATED BALANCE SHEET (Unaudited)

Amounts in thousands (except per share data)

Summary Statements of Condition	June 30,		March 31,	
	2021	2020	2021	
Cash and short term investments	\$ 66,338	\$ 20,044	\$ 47,018	
Loans:				
Real Estate	207,805	186,978	202,732	
Commercial	24,548	37,462	30,947	
Other	605	3,316	690	
Unearned income	(899)	(1,103)	(970)	
Loan loss reserve	(2,601)	(2,386)	(2,598)	
Total net loans	229,458	224,267	230,801	
Loans available for sale	62,338	90,437	75,596	
Property and other assets	18,498	19,050	20,962	
Total Assets	\$ 376,632	\$ 353,798	\$ 374,377	
Deposits:				
Noninterest-bearing demand	\$ 28,921	\$ 25,509	\$ 27,130	
Interest-bearing demand	80,546	62,843	83,724	
Savings and Money Market	118,305	86,736	106,131	
Certificates of deposit	68,759	82,005	73,061	
Total deposits	296,531	257,093	290,046	
Borrowings	-	37,881	6,343	
Other Liabilities	12,026	14,024	15,231	
Shareholders' equity	68,075	44,800	62,756	
Total Liabilities & Shareholders' Equity	\$ 376,632	\$ 353,798	\$ 374,377	
Book Value per Share	\$ 28.22	\$ 18.99	\$ 26.36	

CONSOLIDATED STATEMENTS OF NET INCOME (Unaudited)

Amounts in thousands (except per share data)

	Six Months Ending		Three Months Ending	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Interest income	\$ 7,047	\$ 6,283	\$ 3,543	\$ 3,332
Interest expense	599	1,157	293	548
Net interest income	6,448	5,126	3,250	2,784
Provision for loan losses	113	566	-	176
Net interest income after provision	6,335	4,560	3,250	2,608
Noninterest income	43,025	35,155	19,521	23,271
Noninterest expense	32,090	26,492	15,546	15,732
Net income before income taxes	17,270	13,223	7,225	10,147
Provision for income taxes	4,544	3,338	1,799	2,643
Net income after income taxes	\$ 12,726	\$ 9,885	\$ 5,426	\$ 7,504
Net income per share, basic	\$ 5.31	\$ 4.21	\$ 2.25	\$ 3.18

#1 Community Bank IN THE NATION – 2021, 2020 & 2019*

*American Banker Magazine Reports 2021, 2020, and 2019.