



Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Oregon Bancorp, Inc., and Subsidiaries

December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors and Shareholders
Oregon Bancorp, Inc., and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Oregon Bancorp, Inc., and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Oregon Bancorp, Inc., and Subsidiaries as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oregon Bancorp, Inc., and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oregon Bancorp, Inc., and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oregon Bancorp, Inc., and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oregon Bancorp, Inc., and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and income statement are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

Everett, Washington
March 19, 2026

Consolidated Financial Statements

Oregon Bancorp, Inc., and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share and par value amounts)
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
ASSETS		
Cash and due from banks	\$ 4,618	\$ 4,679
Interest-bearing deposits with banks	26,935	36,005
Total cash equivalents	31,553	40,684
Certificates of deposits, net	861	1,857
Investment securities available for sale, at fair value	106,092	97,377
Amortized cost of \$105,600 and \$100,117 at December 31, 2025 and 2024, respectively		
Loans held for sale, at fair value	10,244	11,407
Loans, net of allowance for credit losses of \$2,957 and \$3,243	283,522	297,742
Federal Home Loan Bank stock, at cost	2,973	3,632
Premises and equipment, net	1,957	2,228
Cash surrender value of life insurance, net	7,612	7,221
Accrued interest receivable	1,315	1,329
Deferred tax asset, net	1,459	2,211
Right-of-use asset	1,750	1,065
Other assets	2,961	3,271
Total assets	<u>\$ 452,299</u>	<u>\$ 470,024</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Noninterest-bearing demand deposits	\$ 28,165	\$ 34,173
Interest-bearing demand deposits and money market accounts	220,523	202,182
Time certificates of deposit	81,149	96,514
Total deposits	329,837	332,869
Borrowings	37,000	56,000
Accrued wages and compensation	3,188	3,447
Accounts payable and accrued expenses	3,541	2,427
Lease liabilities	1,790	1,092
Accrued interest payable	439	710
Total liabilities	<u>375,795</u>	<u>396,545</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
SHAREHOLDERS' EQUITY		
Preferred stock, no par value; 2,000,000 shares authorized; no shares of Series A and Series B issued and outstanding as of December 31, 2025 or 2024	-	-
Common stock, no par value; 10,000,000 shares authorized; 2,492,968 shares issued and 2,473,966 outstanding as of December 31, 2025; 2,478,219 shares issued and 2,455,293 outstanding as of December 31, 2024	21,169	20,859
Retained earnings	56,070	54,856
Accumulated other comprehensive loss, net of tax	(735)	(2,236)
Total shareholders' equity	<u>76,504</u>	<u>73,479</u>
Total liabilities and shareholders' equity	<u>\$ 452,299</u>	<u>\$ 470,024</u>

See accompanying notes.

Oregon Bancorp, Inc., and Subsidiaries
Consolidated Statements of Income
(in thousands, except share and par value amounts)
Years Ended December 31, 2025 and 2024

	2025	2024
INTEREST INCOME		
Interest and fees on loans	\$ 18,590	\$ 19,607
Interest from investment securities available for sale	4,981	4,438
Interest due from banks	1,143	1,075
Total interest income	24,714	25,120
INTEREST EXPENSE		
Deposits	6,589	6,321
Borrowings	1,930	3,058
Total interest expense	8,519	9,379
Net interest income before provision for credit losses	16,195	15,741
(BENEFIT) PROVISION FOR CREDIT LOSSES	(106)	(20)
Net interest income after (benefit) provision for credit losses	16,301	15,761
NONINTEREST INCOME		
Mortgage banking revenue, net	8,314	10,617
Service charge income	87	102
Increase in cash surrender value of life insurance	386	565
Loss on sale of securities	(9)	(5)
Other income	828	914
Total noninterest income	9,606	12,193
NONINTEREST EXPENSE		
Salaries	10,446	11,344
Employee benefits	3,539	3,518
Occupancy expenses	1,217	1,299
Depreciation and amortization expense	264	438
Regulatory assessment	390	242
Other operating expenses	5,980	6,787
Total noninterest expense	21,836	23,628
INCOME BEFORE PROVISION FOR INCOME TAXES	4,071	4,326
PROVISION FOR INCOME TAXES	862	948
NET INCOME	\$ 3,209	\$ 3,378
EARNINGS PER SHARE OF COMMON STOCK		
Basic	\$ 1.30	\$ 1.38
Diluted	\$ 1.30	\$ 1.38
Weighted-average number of common shares outstanding		
Basic	2,470,734	2,452,228
Diluted	2,470,734	2,469,919

See accompanying notes.

Oregon Bancorp, Inc., and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands)
Years Ended December 31, 2025 and 2024

	2025	2024
NET INCOME	\$ 3,209	\$ 3,378
Other comprehensive income (loss), net of tax		
Securities available for sale		
Change in unrealized gain (loss) on securities, net of taxes of (\$567) and \$262, respectively	2,383	(838)
Loss on sale of securities, net of tax benefit of \$2 and \$1, respectively	6	4
Reclassification of unrealized losses on swap to net income, net of taxes of \$211 and \$49, respectively	(888)	(217)
Total other comprehensive income (loss)	1,501	(1,051)
COMPREHENSIVE INCOME	\$ 4,710	\$ 2,327

See accompanying notes.

Oregon Bancorp, Inc., and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(in thousands, except share and par value amounts)
Years Ended December 31, 2025 and 2024

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Total Shareholders' Equity
	Number of Shares	Amount			
BALANCE, December 31, 2023	2,437,256	\$ 20,558	\$ 53,611	\$ (1,185)	\$ 72,984
Common stock cash dividend at \$0.86 per share	-	-	(2,133)	-	(2,133)
Stock-based compensation – vesting	18,037	-	-	-	-
Stock-based compensation	-	301	-	-	301
Other comprehensive loss, net of tax	-	-	-	(1,051)	(1,051)
Net income	-	-	3,378	-	3,378
BALANCE, December 31, 2024	2,455,293	20,859	54,856	(2,236)	73,479
Common stock cash dividend at \$0.80 per share	-	-	(1,995)	-	(1,995)
Stock-based compensation – vesting	18,673	-	-	-	-
Stock-based compensation	-	310	-	-	310
Other comprehensive income, net of tax	-	-	-	1,501	1,501
Net income	-	-	3,209	-	3,209
BALANCE, December 31, 2025	<u>2,473,966</u>	<u>\$ 21,169</u>	<u>\$ 56,070</u>	<u>\$ (735)</u>	<u>\$ 76,504</u>

See accompanying notes.

Oregon Bancorp, Inc., and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,209	\$ 3,378
Adjustments to reconcile net income to net cash provided by operating activities		
(Recapture) for credit losses	(106)	(20)
Depreciation and amortization	264	438
Net accretion of investment discounts, net	(1,583)	(1,257)
Deferred tax provision	258	249
Loss on sale of portfolio loans	-	591
Origination of loans held for sale	(220,558)	(289,179)
Proceeds from loans held for sale	226,949	296,430
Gain on sale of mortgage loans	(5,459)	(5,644)
Net loss (gain) on mortgage banking derivatives	231	(250)
Net loss on sale of securities	9	5
Cash surrender value of life insurance	(391)	(571)
Stock-based compensation	310	301
Increase (decrease) in cash due to changes in certain assets and liabilities		
Accrued interest receivable	14	(185)
Accrued wages and compensation	(259)	(1,056)
Lease liability	698	(806)
Accounts payable and accrued expenses	226	(1,014)
Accrued interest payable	(271)	398
Other assets	(173)	1,776
Net cash from operating activities	<u>3,368</u>	<u>3,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in securities available for sale		
Maturities, repayments, and calls	14,671	11,455
Sales	490	5,348
Purchases	(19,075)	(80,649)
Net change in certificates of deposit	996	4,877
Loan originations, net of principal collections	14,326	(6,043)
Proceeds from sale of portfolio loans	-	13,317
Redemption (purchase) of FHLB stock	659	(2,809)
Investment in Low Income Housing Tax Credits	(546)	(465)
Purchase of premises and equipment, net	7	343
Net cash received (used) from investing activities	<u>11,528</u>	<u>(54,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) proceeds from long term debt	(19,000)	56,000
Net change in deposits	(3,032)	20,515
Dividends paid on common stock	(1,995)	(2,280)
Net cash (used) received from financing activities	<u>(24,027)</u>	<u>74,235</u>
Net change in cash and due from banks	(9,131)	23,193
CASH AND DUE FROM BANKS, beginning of year	<u>40,684</u>	<u>17,491</u>
CASH AND DUE FROM BANKS, end of year	<u>\$ 31,553</u>	<u>\$ 40,684</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	<u>\$ 8,790</u>	<u>\$ 8,981</u>
Cash paid for taxes	<u>\$ 428</u>	<u>\$ 76</u>
NON CASH		
Accrued Dividends Declared	<u>\$ 499</u>	<u>\$ 496</u>
Change in unrealized gain (loss)	<u>\$ 3,227</u>	<u>\$ (1,111)</u>

See accompanying notes.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of operations and principles of consolidation – In October 2000, Willamette Valley Bank (the Bank) received regulatory approval to become a state-chartered institution authorized to provide banking services in the state of Oregon; in 2008, Oregon Bancorp, Inc. (the Company), an Oregon corporation, was formed for the purpose of becoming a holding company for the Bank. The Company is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to supervision and examination by the Federal Reserve Board. In 2010, the Company formed a single-member LLC, OR Resolutions, LLC, for the purpose of holding notes and/or deeds of trusts for properties acquired through the foreclosure process of the Bank. There was no activity in OR Resolutions, LLC, as of and for the years ended December 31, 2025 and 2024

The Bank, operating from its headquarters in Salem, Oregon, provides banking services to businesses and individuals located primarily in the markets from which the Bank operates its four full-service branches in Salem, Albany, Keizer, and Silverton, Oregon. In addition to the full-service branches, the Bank has various locations throughout Oregon that function as residential mortgage loan production offices. The Bank is subject to regulations of certain federal and state agencies and, from time to time, undergoes periodic examinations by those regulatory authorities.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated in the preparation of the consolidated financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the date of the consolidated balance sheets but before the consolidated financial statements are issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheets, including estimates inherent in the preparation of the consolidated financial statements. The Company has evaluated subsequent events for recognition and disclosure through March 19, 2026, which is the date the consolidated financial statements were available to be issued.

Subsequent to December 31, 2025, the Board of Directors approved a resolution to discontinue the Bank's mortgage banking operations beginning in the first quarter of 2026. This decision reflects a strategic shift to focus on the Bank's core commercial banking activities. Management expects the mortgage banking division to wind down as existing loan commitments are fulfilled and the remaining pipeline is sold into the secondary market, with the wind-down expected to be substantially complete by the second quarter of 2026.

As part of the wind-down process, the Bank has taken actions to reduce facilities associated with the mortgage operations, including terminating one leased office location, entering into a sublease arrangement for another location, and initiating discussions to either terminate or sublease an additional leased office location.

At this time, the Company does not expect the wind-down of this business line to have a material impact on the Company's consolidated financial condition; however, certain one-time transition costs may be incurred during the wind-down period. The Company will continue to evaluate the financial impact of this decision as additional information becomes available.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Use of estimates – The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and reporting practices applicable to the banking industry. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheets and revenues and expenses for the reporting periods. Actual results could differ significantly from those estimates. The most significant accounting estimates made by management involve the calculation of the allowance for credit losses and valuation of deferred tax assets. Management believes that the assumptions used in arriving at these estimates are appropriate.

Cash and due from banks – For purposes of reporting cash flows, cash and due from banks include cash, due from banks, and federal funds sold, all with original maturities of three months or less. The Bank may, at times, have cash deposits at other financial institutions in excess of Federal Deposit Insurance Corporation (FDIC)-insured limits.

Investment securities – Investment securities are classified into one of three categories: (1) held to maturity, (2) available for sale, or (3) trading. Investment securities are categorized as held to maturity when the Bank has the positive intent and ability to hold those securities to maturity. Securities that are held to maturity are stated at amortized cost. Investment securities categorized as available for sale are generally held for investment purposes (to maturity), although unanticipated future events may result in the sale of some securities. Available-for-sale securities are carried at estimated fair value, with unrealized holding gains or losses reported in accumulated other comprehensive income.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Gains and losses on the sale of securities are recorded on the settlement date and are determined using the specific identification method.

Allowance for credit losses – available-for-sale securities – Each quarter, management evaluates impairment where there has been a decline in fair value below the amortized cost basis of a security to determine whether there is a credit loss associated with the decline in fair value. Management considers the nature of the collateral, potential future changes in collateral values, default rates, delinquency rates, third-party guarantees, credit ratings, interest rate changes since purchase, volatility of the security's fair value, and historical loss information for financial assets secured with similar collateral, among other factors. Credit losses are calculated individually, rather than collectively, using a discounted cash flow method, whereby management compares the present value of expected cash flows with the amortized cost basis of the security. The credit loss component is recognized through the provision for credit losses on the consolidated statements of income.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Loans held for sale, at fair value – Mortgage loans originated and intended for sale in the secondary market are carried at fair value. Fair value is determined by outstanding commitments from investors or current investor yield requirements calculated on the aggregate loan basis. Origination fees and costs are recognized in earnings at the time of origination. Mortgage loans held for sale are sold with the mortgage service rights released by the Bank. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold. The Bank sells loans to investors without recourse. As such, the investors have assumed the risk of loss or default by the borrower. However, the Bank is usually required by these investors to make certain standard representations and warranties relating to credit information, loan documentation, and collateral. To the extent that the Bank does not comply with such representations, or there are early payment defaults, the Bank may be required to repurchase the loans or indemnify these investors for any losses from borrower defaults. In addition, if loans are paid off within a specified time frame, the Bank may be required to refund a portion of the sales proceeds to the investors.

Derivatives – The Company uses derivative financial instruments in the normal course of business to manage exposure to interest rate risk and in connection with its mortgage banking activities.

Mortgage banking derivatives – Commitments to fund mortgage loans (interest rate locks) that will be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as free-standing derivatives. The fair value of interest rate lock commitments is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitments to fund the loans. The Company enters into forward commitments for the future delivery of mortgage loans when interest rate lock commitments are entered into. The fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest rate on the loan is locked. Changes in the fair value of these derivatives are included in “Mortgage banking revenue, net.”

Interest rate risk management derivatives – The Company may use derivative financial instruments, including interest rate swaps, to manage exposure to interest rate risk associated with certain assets and liabilities. The Company’s fair value hedges are used to mitigate changes in the fair value of certain available-for-sale securities attributable to changes in benchmark interest rates. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation.

To qualify for hedge accounting, derivatives must be highly effective in reducing the risk associated with the exposure being hedged and must be formally designated as a hedge at the inception of the derivative contract. If derivatives are designated as fair value hedges and such hedges are highly effective, both the change in the fair value of the derivative and the change in the fair value of the hedged item attributable to the hedged risk are recognized in current earnings.

During the life of the hedge, the Company formally assesses whether derivatives designated as hedging instruments continue to be highly effective in offsetting changes in the fair value of the hedged items. If it is determined that a hedge is no longer highly effective, hedge accounting is discontinued prospectively. In such circumstances, the derivative instrument continues to be carried at fair value with changes in fair value recognized in earnings. Any existing basis adjustment to the carrying value of the hedged item remains and is amortized to earnings over the remaining life of the hedged item unless the hedged item is sold or otherwise derecognized.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

If a derivative designated as a fair value hedge is terminated while the hedged item remains outstanding, hedge accounting is discontinued prospectively and the existing basis adjustment to the carrying value of the hedged item continues to be amortized to earnings over the remaining life of the hedged item. If the hedged item is subsequently sold or otherwise derecognized, any remaining basis adjustment is recognized in earnings at that time.

For derivatives not designated as hedging instruments, changes in fair value are recognized in earnings, generally within noninterest income.

Loans – Loans that management has the intent and ability to hold for the foreseeable future or until maturity are stated at the amount of unpaid principal, net of deferred loan fees and costs, premiums, or discounts on purchased loans, and an allowance for credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the effective interest method without anticipating prepayments.

The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Consumer loans are typically charged off no later than 120 days past due. Past-due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Significant concentrations of credit risk – Most of the Bank's business activity is with customers located within mid-Willamette Valley, Oregon. The Bank originates commercial, real estate, construction, residential mortgage, and consumer loans. Generally, loans are secured by real estate, accounts receivable, inventory, deposit accounts, or personal property. Rights to collateral vary and are legally documented to the extent practicable. Local economic conditions may affect borrowers' ability to meet the stated repayment terms. Approximately 97% of the Bank's loan portfolio is secured by real estate (Note 3). The Company does not have any significant concentrations to any one customer.

Allowance for credit losses on loans – The allowance for credit losses on loans (ACL) is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed and recoveries are credited to the allowance when received. In the case of recoveries, amounts may not exceed the aggregate of amounts previously charged off.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Management utilizes relevant available information, from internal and external sources, relating to past events, current conditions, historical loss experience, and reasonable and supportable forecasts. The lookback period in the analysis includes historical data from 2001 to present. Adjustments to historical loss information are made when management determines that historical data is not likely reflective of the current portfolio, which may be due, for example, to limited data sets or lack of default or loss history. Management may selectively apply external market data to subjectively adjust the Bank's own loss history including peer data. Accrued interest receivable is excluded from the estimate of credit losses for loans.

Collective assessment – The ACL is measured on a collective basis when similar risk characteristics exist. Generally, collectively assessed loans are grouped by call report code.

The Company has elected a weighted average remaining maturity (WARM) methodology for calculating the allowance for credit losses for the call report code pools utilized. Historical loan loss information for the Company and a peer group are compiled, and future expected losses are calculated based upon average loss rates of the Company and the peer group. The lookback period in the analysis includes historical data from 2001 to the present. Weighted average remaining maturities of each pool, less prepayments, indicate the remaining useful life of the loan pool over which credit losses are calculated. Prepayments are calculated based upon historical prepayments of the loan pool for the entire lookback period. Expected losses over the remainder of the life of the loan pool are adjusted for the reasonable and supportable forecast period based upon a regression analysis of the correlation between historical loan loss rates, historical national unemployment rates, and gross domestic product (GDP) for each loan pool. After the reasonable and supportable forecast period, loss rates revert on a straight-line basis back to long-term historical average rates over the remainder of the loan pool life.

The Bank recognizes that all significant factors that affect the collectability of the loan portfolio must be considered to determine the estimated credit losses as of the evaluation date. Furthermore, the methodology, in and of itself and even when selectively adjusted by comparison to market and peer data, does not provide a sufficient basis to determine the estimated credit losses. The Bank adjusts the modeled historical losses by qualitative and environmental adjustments to incorporate all significant risks to form a sufficient basis to estimate the credit losses.

Individual assessment – Where the primary and/or expected source of repayment of a specific loan is believed to be the future liquidation of available collateral, impairment will generally be measured based upon expected future collateral proceeds, net of disposition expenses including sales commissions as well as other costs potentially necessary to the asset(s) (e.g., past-due taxes, liens, etc.). Estimates of future collateral proceeds will be based upon available appraisals, reference to recent valuations of comparable properties, use of consultants or other professionals with relevant market and/or property-specific knowledge, and any other sources of information believed appropriate by management under the specific circumstances.

Where the primary and/or expected source of repayment of a specific loan is believed to be the receipt of principal, and interest payments from the borrower and/or the refinancing of the loan by another creditor, the ACL will generally be measured based upon the present value of expected proceeds discounted at the contractual interest rate. Expected refinancing proceeds may be estimated by reviewing term sheets actually received by the borrower from other creditors.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Determining the contractual term – Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term generally excludes expected extensions, renewals, and modifications. Prepayment assumptions will be determined by analysis of historical behavior by loan cohort.

Allowance for credit losses on unfunded commitments – The Company estimates expected credit losses over the contractual period in which the Bank is exposed to credit risk via a contractual obligation to extend credit unless that obligation is unconditionally cancelable by the Bank. The ACL on unfunded commitments is adjusted through a provision for credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The estimate utilizes the same factors and assumptions as the allowance for credit losses on loans and is applied at the same collective cohort level.

Nonaccrual loans – All loan classes are placed on nonaccrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired, or when collection of interest is doubtful once they are 90 days past due. Interest income on nonaccrual loans is recognized only to the extent cash payments are received. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought to a performing status and future payments are reasonably assured. Performing loans are considered less than 90 days delinquent.

Transfer of financial assets – Transfers of an entire financial asset, a group of financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Federal Home Loan Bank of Des Moines (FHLB) stock – As a member of the FHLB system, the Bank is required to maintain a minimum investment level in FHLB stock based on specific percentages of the total assets, or FHLB advances. This security is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income. Management determined there was no impairment at December 31, 2025 and 2024.

Premises and equipment – Premises and equipment are recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method based principally on the estimated useful lives of the assets, which range from 2 to 39 years. Maintenance and repairs are expensed as incurred, whereas major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

The Bank leases certain premises from third parties under various operating lease agreements. Operating leases are presented on the consolidated balance sheets as right-of-use (ROU) assets with corresponding lease liabilities. Lease expense for lease payments is recognized on a straight-line basis over the life of the lease. Right-of-use assets and corresponding lease liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. If an implicit rate is not available in the lease, the Company uses an incremental borrowing rate to determine the present value of lease payments. Leases with a term of 12 months or less are not recorded on the consolidated balance sheets.

Bank-owned life insurance (BOLI) – The Company has purchased life insurance policies on certain executives in connection with the Bank’s supplemental executive retirement plan (“SERP”) arrangements. These policies are intended to provide a source of funding to offset the cost of the related benefit obligations. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or amounts due that are probable at settlement. Changes in the cash surrender value of the policies are recognized in noninterest income.

Impairment of long-lived assets – Assets are reviewed for impairment when events indicate their carrying value may not be recoverable. If management determines impairment exists, an asset is reduced with an offsetting charge to expense.

Advertising – Advertising costs, which are principally included in operating expenses, are expensed as incurred. Advertising expense was approximately \$200 thousand for the years ended December 31, 2025 and 2024.

Deposit service charges – The Company earns fees from its deposit customers for account maintenance, transaction-based activity, and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied, and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees on deposit accounts, such as nonsufficient funds fees, overdraft fees, and wire fees, are charged to deposit customers for specific services provided. The performance obligation is completed as the transaction occurs, and the fees are recognized at the time each specific service is provided to the customer.

Other income – Fees earned on other services, such as merchant services, occasional nonrecurring services, or bank-owned life insurance, are recognized at the time of the event or the applicable billing cycle.

Stock-based compensation – The Company measures and recognizes as compensation expense the grant-date fair market value for all share-based awards. That portion of the grant-date fair value that is ultimately expected to vest is recognized as expense over the requisite service period, typically the vesting period, using the graded attribution method. The Company uses the market price of the Company’s common stock to determine compensation expense for stock issued to employees.

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Notes to Consolidated Financial Statements

Income taxes – Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary.

The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters in income tax expense. The Company does not anticipate that the amount of unrecognized tax benefits will significantly increase or decrease in the next 12 months. There were no interest and penalties accrued for the years ended December 31, 2025 or 2024.

The Company adopted Accounting Standards Update (“ASU”) 2023-09 Income Taxes (Topic 740)-Improvements to Income Tax Disclosures. The ASU enhances income tax disclosures by requiring increased disaggregation of certain items, including income taxes paid and components of income taxes expense. The adoption did not have a material impact on the Company’s Income Tax disclosure.

Earnings per common share – Basic earnings per common share (EPS) is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted EPS reflects the weighted-average potential dilution that could occur if all potentially dilutive shares or other commitments to issue common stock were exercised or converted into common stock using the treasury stock method. There were 18,499 and 24,407 antidilutive shares as of December 31, 2025 and 2024, respectively.

Comprehensive income – Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized holding gains and losses on securities available for sale, net of tax, for the years ended December 31, 2025 and 2024.

Restrictions on cash – Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Fair value of financial instruments – Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

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Notes to Consolidated Financial Statements

Segment reporting – Segments are defined as components of a Company to which separate financial information is available. This information is evaluated regularly by the chief operating decision maker (CODM), which is the Chief Executive Officer and the Chief Financial Officer, who use the information to decide how to allocate resources and in assessing performance. The Company uses the “management approach” in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company’s CODM for making operating decisions and assessing performance as the source for determining the Company’s reportable segments. The CODM reviews operating results by comparing the revenue of different services. The Company has two operating business lines: Community Banking and Home Mortgage Lending (see Note 14).

Off-balance-sheet financial instruments – In the ordinary course of business, the Bank enters into off-balance-sheet financial instruments consisting of commitments to extend credit and standby letters of credit. These financial instruments are recorded in the consolidated financial statements when they are funded or when related fees are incurred or received.

Reclassifications – Certain reclassifications have been made to the prior-year consolidated financial statements to conform with current-year presentations.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 – Investments

The following tables present the amortized cost, unrealized gains, unrealized losses, and estimated fair value of securities available for sale as of December 31, 2025 and 2024 (in thousands):

December 31, 2025	Amortized Cost	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale					
U.S. Treasury notes	\$ 1,996	\$ -	\$ -	\$ (36)	\$ 1,960
Federal agency securities	1,504	-	4	-	1,508
Mortgage-backed securities	72,918	-	956	(986)	72,888
Collateralized Mortgage Obligations (CMOs)	24,963	-	601	(16)	25,548
SBA loan pools	271	-	-	-	271
Municipal bonds	1,698	-	19	(6)	1,711
Corporate bonds	2,250	-	-	(44)	2,206
Total	<u>\$ 105,600</u>	<u>\$ -</u>	<u>\$ 1,580</u>	<u>\$ (1,088)</u>	<u>\$ 106,092</u>

December 31, 2024	Amortized Cost	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale					
U.S. Treasury notes	\$ 1,991	\$ -	\$ -	\$ (104)	\$ 1,887
Federal agency securities	2,016	-	-	(12)	2,004
Mortgage-backed securities	64,587	-	13	(2,094)	62,506
Collateralized Mortgage Obligations (CMOs)	30,203	-	-	(520)	29,683
SBA loan pools	393	-	-	(4)	389
Municipal bonds	927	-	4	(23)	908
Total	<u>\$ 100,117</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (2,757)</u>	<u>\$ 97,377</u>

The amortized cost and estimated fair value of investments by expected maturity as of December 31, 2025 (in thousands), are shown below.

	Available for Sale	
	Amortized Cost	Estimated Fair Value
Due in less than 1 year	\$ 5,408	\$ 5,389
Due in 1 to 5 years	30,352	30,093
Due after 5 to 10 years	56,341	57,164
Due after 10 years	13,499	13,446
	<u>\$ 105,600</u>	<u>\$ 106,092</u>

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Notes to Consolidated Financial Statements

Mortgage-backed securities are included in the above table using weighted average life (WAL), which considers the timing of cash flows and the expected life of the underlying securities. The WAL is calculated based on the present value of expected cash flows, weighted by the time until those cash flows are expected to be received.

Gross unrealized losses and fair value by length of time that the individual investments have been in a continuous unrealized loss position at December 31, 2025 and 2024 (in thousands), are as follows:

	Less Than 12 Months		Over 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	December 31, 2025					
Securities available for sale						
U.S. Treasury notes	\$ -	\$ -	\$ (36)	\$ 1,960	\$ (36)	\$ 1,960
Federal agency securities	-	1,508	-	-	-	1,508
Mortgage-backed securities	(84)	63,145	(902)	9,743	(986)	72,888
Collateralized Mortgage Obligations (CMOs)	-	24,163	(16)	1,385	(16)	25,548
SBA loan pools	-	-	-	271	-	271
Municipal bonds	-	1,312	(6)	399	(6)	1,711
Corporate bonds	(44)	2,206	-	-	(44)	2,206
	<u>\$ (128)</u>	<u>\$ 92,334</u>	<u>\$ (960)</u>	<u>\$ 13,758</u>	<u>\$ (1,088)</u>	<u>\$ 106,092</u>
	Less Than 12 Months		Over 12 Months		Total	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	December 31, 2024					
Securities available for sale						
U.S. Treasury notes	\$ -	\$ -	\$ (104)	\$ 1,887	\$ (104)	\$ 1,887
Federal agency securities	(1)	1,512	(11)	491	(12)	2,003
Mortgage-backed securities	(944)	53,404	(1,150)	8,032	(2,094)	61,436
Collateralized Mortgage Obligations (CMOs)	(329)	24,131	(191)	3,745	(520)	27,876
SBA loan pools	-	3	(4)	389	(4)	392
Municipal bonds	-	-	(23)	481	(23)	481
	<u>\$ (1,274)</u>	<u>\$ 79,050</u>	<u>\$ (1,483)</u>	<u>\$ 15,025</u>	<u>\$ (2,757)</u>	<u>\$ 94,075</u>

There were 29 and 42 investments in an unrealized loss position as of December 31, 2025 and 2024, respectively. The unrealized losses on investments were caused by interest rate increases or widening of market spreads subsequent to the purchase of these securities. Because the Bank has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, and does not expect it will be required to sell these investments prior to maturity, the Bank determined that no ACL was required as of December 31, 2025.

The Company sold approximately \$499 thousand and \$5.3 million of securities during the year ended December 31, 2025 and 2024, respectively, with gross losses of \$9 thousand and \$5 thousand during the year December 31, 2025 and 2024, respectively.

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Notes to Consolidated Financial Statements

Note 3 – Loans

As of December 31, the principal balances outstanding of the loan portfolio consisted of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Commercial	\$ 8,282	\$ 6,750
Commercial real estate		
Construction and land development	12,076	26,153
Nonresidential (owner-occupied)	98,874	104,089
Nonresidential (non-owner-occupied)	43,649	44,067
Multifamily	93,562	85,149
Residential real estate		
Real estate - 1-4 family mortgage	30,085	34,887
Consumer and other	<u>533</u>	<u>532</u>
 Gross loans	 <u>287,061</u>	 <u>301,627</u>
 Deferred fees and costs	 <u>(582)</u>	 <u>(642)</u>
 Loans, net of deferred fees and costs	 286,479	 300,985
 Allowance for credit losses	 <u>(2,957)</u>	 <u>(3,243)</u>
 Net loans	 <u>\$ 283,522</u>	 <u>\$ 297,742</u>

The Bank's loans and loan commitments are generally geographically concentrated in its service areas within Oregon and Idaho.

As of December 31, 2025 and 2024, loans of \$198.3 million and \$229.4 million, respectively, were pledged to support FHLB borrowings, and as of December 31, 2025 and 2024, loans of \$60.4 million and \$73.0 million, respectively, were pledged at the Federal Reserve Bank of San Francisco for additional borrowing capacity.

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Notes to Consolidated Financial Statements

Note 4 – Allowance for Credit Losses

Allowance for credit losses – The Bank has an established methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses expected in the Bank’s portfolio. For purposes of determining the allowance for credit losses, the Bank segments certain loans in its portfolio by product type.

An analysis of the change in the allowance for credit losses follows (in thousands):

December 31, 2025	Residential	Commercial Real Estate	Commercial	Consumer	Unallocated	Total
Allowance						
Balance, beginning of the period	\$ 544	\$ 2,630	\$ 69	\$ -	\$ -	\$ 3,243
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision (recapture) for credit losses	(135)	(184)	33	-	-	(286)
Balance, end of the period	<u>\$ 409</u>	<u>\$ 2,446</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,957</u>
December 31, 2024	Residential	Commercial Real Estate	Commercial	Consumer	Unallocated	Total
Allowance						
Balance, beginning of the period	\$ 842	\$ 2,234	\$ 70	\$ 10	\$ -	\$ 3,156
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision (recapture) for credit losses	(298)	396	(1)	(10)	-	87
Balance, end of the period	<u>\$ 544</u>	<u>\$ 2,630</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,243</u>

Credit-quality indicators – Loan grades are used by the Bank to identify and track potential problem loans that do not rise to the levels described for substandard, doubtful, or loss. The grades for special mention are assigned to loans that have been criticized based upon known characteristics such as periodic payment delinquency or stale financial information from the borrower and/or guarantors. Loans identified as classified (substandard, doubtful, or loss) are subject to problem loan reporting quarterly. There were no loans classified as doubtful or loss as of December 31, 2025 and 2024.

Pass – Credit exposure in this category ranges from the highest credit quality to average credit quality. Primary repayment sources generate satisfactory debt service coverage under normal conditions. Cash flow from recurring sources is expected to continue to produce adequate debt service capacity.

Watch – A watch loan includes borrowers that are new to a business or industry, expanding rapidly, or undergoing a significant acquisition. The loan approval is based on projections without a clear secondary source of repayment.

Special mention – A special-mention loan has developed potential weaknesses that require close attention from management. If left uncorrected, these weaknesses may result in the deterioration of repayment and warrant further downgrade. Loans with this rating do not warrant being “classified” by the bank (Substandard).

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Substandard – A substandard loan is inadequately protected by the borrower’s net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of debt. Loans in this category are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – Any asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and value, highly questionable and improbable.

Loss – Assets classified loss are considered uncollectible and of such minimal value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but that it is not practical or desirable to defer writing off this basically worthless asset even though a partial recovery may occur in the future.

Management has assigned a risk rating to loans based on the above criteria, as the table below presents, as of December 31, 2025 (in thousands):

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year					Total
	2025	2024	2023	2022	Prior	
Residential						
Pass	\$ 1,492	\$ 1,233	\$ 8,167	\$ 10,736	\$ 8,234	\$ 29,862
Criticized and classified	-	-	-	-	223	223
Total residential	1,492	1,233	8,167	10,736	8,457	30,085
Commercial real estate						
Pass	22,545	25,623	29,742	50,870	117,636	246,416
Criticized and classified	-	-	-	-	1,761	1,761
Total commercial real estate	22,545	25,623	29,742	50,870	119,397	248,177
Commercial						
Pass	3,391	857	2,274	844	1,363	8,729
Criticized and classified	-	29	-	-	26	55
Total commercial	3,391	886	2,274	844	1,389	8,784
Consumer						
Pass	-	15	-	-	-	15
Total consumer	-	15	-	-	-	15
Total loans	<u>\$ 27,428</u>	<u>\$ 27,757</u>	<u>\$ 40,183</u>	<u>\$ 62,450</u>	<u>\$ 129,243</u>	<u>\$ 287,061</u>
Pass	\$ 27,428	\$ 27,728	\$ 40,183	\$ 62,450	\$ 127,233	\$ 285,022
Criticized and classified	-	29	-	-	2,010	2,039
Total loans	<u>\$ 27,428</u>	<u>\$ 27,757</u>	<u>\$ 40,183</u>	<u>\$ 62,450</u>	<u>\$ 129,243</u>	<u>\$ 287,061</u>

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Management has assigned a risk rating to loans based on the above criteria, as the table below presents, as of December 31, 2024 (in thousands):

<i>(dollars in thousands)</i>	Term Loans Amortized Cost Basis by Origination Year					Total
	2024	2023	2022	2021	Prior	
Residential						
Pass	\$ 1,485	\$ 9,189	\$ 14,008	\$ 4,039	\$ 5,924	\$ 34,645
Criticized and classified	-	-	-	-	242	242
Total residential	1,485	9,189	14,008	4,039	6,166	34,887
Commercial real estate						
Pass	23,196	30,166	51,276	55,003	85,058	244,699
Criticized and classified	-	-	7,178	4,412	3,169	14,759
Total commercial real estate	23,196	30,166	58,454	59,415	88,227	259,458
Commercial						
Pass	1,103	1,980	1,325	25	2,213	6,646
Criticized and classified	40	-	-	-	64	104
Total commercial	1,143	1,980	1,325	25	2,277	6,750
Consumer						
Pass	32	500	-	-	-	532
Total consumer	32	500	-	-	-	532
Total loans	\$ 25,856	\$ 41,835	\$ 73,787	\$ 63,479	\$ 96,670	\$ 301,627
Pass	\$ 25,816	\$ 41,835	\$ 66,609	\$ 59,067	\$ 93,195	\$ 286,522
Criticized and classified	40	-	7,178	4,412	3,475	15,105
Total loans	\$ 25,856	\$ 41,835	\$ 73,787	\$ 63,479	\$ 96,670	\$ 301,627

The following table shows the amortized cost and principal balances, respectively, of past-due loans at December 31 (in thousands):

	30–59 Days	60–89 Days	90 Days	Total Past	Current	Total Loans	Greater than	Nonaccrual
	Past Due	Past Due	And Greater	Due			90 Days and Accruing	
December 31, 2025								
Residential	\$ -	\$ 334	\$ -	\$ 334	\$ 29,751	\$ 30,085	\$ -	\$ 223
Commercial real estate	-	-	-	-	236,085	236,085	-	640
Construction	-	-	-	-	12,076	12,076	-	-
Commercial	-	-	-	-	8,282	8,282	-	-
Consumer	-	-	-	-	533	533	-	-
	\$ -	\$ 334	\$ -	\$ 334	\$ 286,727	\$ 287,061	\$ -	\$ 863
December 31, 2024								
Residential	\$ -	\$ -	\$ -	\$ -	\$ 34,887	\$ 34,887	\$ -	\$ 242
Commercial real estate	-	-	-	-	233,305	233,305	-	716
Construction	-	-	-	-	26,153	26,153	-	-
Consumer	-	-	-	-	6,750	6,750	-	-
Consumer	-	-	-	-	532	532	-	-
	\$ -	\$ -	\$ -	\$ -	\$ 301,627	\$ 301,627	\$ -	\$ 958

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Loan modifications for borrowers experiencing financial difficulty – The Bank may agree to modify the contractual terms of a loan to a borrower experiencing financial difficulties as part of ongoing loss-mitigation strategies. These modifications may result in an interest rate reduction from extension, an other-than-significant payment delay, or a combination thereof. There were no loan modifications during the years ended December 31, 2025 and 2024.

Note 5 – Derivatives

Mortgage banking derivatives not designated as hedging – The Bank's predominant derivative and hedging activities involve the interest rate swaps related to certain investments securities, forward sales commitments, and interest rate lock commitments to extend credit associated with mortgage banking activities. Generally, these instruments help the Company manage exposure to market risk. Market risk represents the possibility that economic value or net interest income will be adversely affected by fluctuations in external factors such as market-driven interest rates and prices or other economic factors. The Bank is engaged in providing first-mortgage permanent financing for residential property. Residential home mortgages are originated for sale into the secondary market and are hedged against interest rate fluctuations with forward sales commitments, futures, and option contracts from the time of an interest rate lock loan commitment until the loans are sold (typically 30 to 90 days).

Interest rate swaps – The Bank enters into derivative transactions, primarily interest rate swaps, to manage exposure to changes in interest rates that affect the fair value of certain fixed-rate assets. Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*, requires that all derivative instruments be recorded on the consolidated balance sheets as either assets or liabilities measured at fair value.

The fair values of interest rate swap agreements are based on valuation models using observable market data as of the measurement date and are classified as Level 2 within the fair value hierarchy. Because quoted market prices are generally not available for over-the-counter interest rate swaps, fair values are determined using quantitative models that incorporate observable market inputs such as interest rate yield curves and other relevant market data.

The fair values of interest rate swaps are obtained from third-party pricing services and are periodically validated using observable market data and other market-based information.

The accounting for changes in a derivative instrument depends on whether it has been designated as part of a hedging relationship and on the type of hedging relationship. The Bank may designate interest rate swaps as fair value hedges of certain fixed-rate securities. For derivatives designated as fair value hedges, changes in the fair value of the derivative and the change in the fair value of the hedged item attributable to the hedged risk are recognized in current earnings.

Derivatives that are not designated as hedging instruments are recorded at fair value with changes in fair value recognized in earnings.

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The following is a summary of the Bank's derivatives as of December 31, 2025 and 2024 (in thousands):

	2025			
	Asset Derivatives		Liability Derivatives	
	Notional	Fair Value	Notional	Fair Value
Interest rate lock loan commitments	\$ 11,780	\$ 236	\$ -	\$ -
Forward sales of mortgage-backed securities commitments	-	-	16,250	(30)
Fair value hedges				
Interest rate swaps – securities	-	-	61,975	(1,419)
Total	\$ 11,780	\$ 236	\$ 78,225	\$ (1,449)
	2024			
	Asset Derivatives		Liability Derivatives	
	Notional	Fair Value	Notional	Fair Value
Interest rate lock loan commitments	\$ 12,615	\$ 178	\$ -	\$ -
Forward sales of mortgage-backed securities commitments	10,000	73	-	-
Fair value hedges				
Interest rate swaps – securities	-	-	68,422	(266)
Total	\$ 22,615	\$ 251	\$ 68,422	\$ (266)

The notional amounts of the derivatives do not represent amounts exchanged by the parties and thus are not a measure of the Bank's exposure through its use of derivatives. The amounts exchanged are determined by reference to the notional amounts and the other terms of the individual derivatives.

The derivatives expose the Bank to credit risk in the event of nonperformance by counterparties to such agreements. The risk consists primarily of the termination value of the agreements where the Bank is in a favorable position. The Bank controls credit risk associated with its derivative instruments through management review and approval of counterparties.

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Notes to Consolidated Financial Statements

The following table summarizes the types of derivatives, their locations within the consolidated statements of income, and the gains (losses) recorded for the years ended December 31 (in thousands):

	2025	2024
	Interest Income Securities	Interest Income Securities
Total amounts presented on the consolidated statements of income	\$ 4,981	\$ 4,438
Net gains (losses) on fair value hedging relationships		
Interest rate swaps – securities		
Recognized on hedged items	2,354	(1,129)
Recognized on derivatives designated as hedging instruments	(2,354)	1,129
Net interest income recognized on investment securities designated as hedging instruments	3,478	3,216
Net income on Fair Value hedge	\$ 3,478	\$ 3,216

The Bank is exposed to changes in the fair value of certain of its pools of prepayable fixed-rate assets due to changes in benchmark interest rates. The Bank uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to the designated benchmark interest rate, the Secured Overnight Financing Rate (SOFR). Interest rate swaps designated as fair value hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Bank making fixed-rate payments over the life of the agreements without the exchange of the underlying notional amount. For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in interest income.

The following amounts were recorded on the balance sheet related to cumulative-basis adjustment for fair value hedges for the dates indicated (in thousands):

	Carrying Amount of the Hedged Asset	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets
Line item on the consolidated balance sheets		
in which the hedged item is included		
December 31, 2025		
Investment securities	\$ 65,185	\$ 1,225
December 31, 2024		
Investment securities	\$ 68,707	\$ (1,129)

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Fair value hedges are accounted for by recording the changes in the fair value of the derivative instrument and the changes in the fair value related to the risk being hedged of the hedged asset or liability on the Company and its subsidiaries' consolidated balance sheets, with corresponding offsets recorded in the consolidated income statements. The adjustment to the hedged asset or liability is included in the basis of the hedged item, while the fair value of the derivative is recorded as an asset or liability.

Note 6 – Premises and Equipment

The composition of premises and equipment as of December 31 is summarized as follows (in thousands):

	2025	2024
Land	\$ 976	\$ 976
Furniture and equipment	2,302	2,643
Buildings	1,082	1,082
Leasehold improvements	1,546	1,597
Assets in process	5	13
Total premises and equipment	5,911	6,311
Less accumulated depreciation and amortization	(3,954)	(4,083)
Premises and equipment, net of accumulated depreciation and amortization	\$ 1,957	\$ 2,228

Note 7 – Time Certificates of Deposit

Time certificates of deposit of \$250,000 or more aggregated to \$24.7 million and \$24.3 million as of December 31, 2025 and 2024, respectively.

The scheduled contractual maturities of time certificates of deposit as of December 31 are as follows (in thousands):

2026	\$ 75,885
2027	4,995
2028	105
2029	97
2030	67
Thereafter	-
	\$ 81,149

Time certificates of deposit included brokered deposits of \$2.9 million and \$7.2 million as of December 31, 2025 and 2024, respectively.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Borrowings

FHLB advances – The Bank, as a member of the FHLB of Des Moines, has entered into a credit arrangement with the FHLB under which authorized borrowings are collateralized by the Bank's loans (Note 3). The credit arrangement matured on March 9, 2026 and was renewed and bears interest at the then-stated rate. Total outstanding borrowings were \$37 million and \$56 million, respectively, at December 31, 2025 and 2024. Available borrowings and their respective terms are subject to eligible collateral being pledged and are reduced by outstanding letters of credit. The amount available to borrow at December 31, 2025 and 2024, respectively, was \$127.1 million and \$117.2 million.

Correspondent bank lines of credit – The Bank maintains lines of credit with correspondent banks to provide additional liquidity for short-term funding needs. These lines are primarily unsecured federal funds lines.

As of December 31, 2025 and 2024, there were no outstanding borrowings under these agreements. Total available borrowing capacity under these lines was \$21.5 million at December 31, 2025, as summarized below (in millions):

Bank	Maximum Borrowing Capacity
Pacific Coast Banker's Bank	\$10.0
Zions Bank	\$4.0
United Bankers Bank	\$7.5

The line of credit with Pacific Coast Bankers' Bank is secured, expires June 30, 2026, and bears interest at the then-current rate. The lines of credit with Zions Bank and United Bankers Bank are unsecured, have no stated expiration dates, and bear interest at the then-current rate.

Federal Reserve borrowings – The Bank has established a line of credit under the discount window program. As of December 31, 2025 and 2024, there were no outstanding borrowings under this program. The available borrowing limit was \$43.7 million and \$46.1 million as of December 31, 2025 and 2024, respectively. The borrowings bear interest at the then-stated rate. The Bank has pledged certain loans to collateralize these borrowings (Note 3).

Oregon Bancorp, Inc., and Subsidiaries
Notes to Consolidated Financial Statements

Note 9 – Income Taxes

The provision for income taxes consisted of the following as of December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Income tax expense (benefit)		
Current		
Federal	\$ 514	\$ 758
State	90	(59)
Deferred		
Federal	226	24
State	<u>32</u>	<u>225</u>
	<u>\$ 862</u>	<u>\$ 948</u>

The provision for current income taxes is different from that computed by applying the statutory rates as follows as of December 31 (in thousands):

	<u>2025</u>		<u>2024</u>	
	Amount	Percent	Amount	Percent
US Federal tax at statutory rates	\$ 854	21.00%	\$ 908	21.00%
State income taxes, net of federal effect	97	2.38%	106	2.72%
Tax credits				
Low-income housing tax credits and benefits	(242)	-5.95%	(246)	-5.44%
Low-income housing amortization	152	3.73%	165	3.57%
Other				
Increase in cash surrender value	(81)	-1.99%	(119)	-2.75%
Equity-based compensation	(30)	-0.73%	44	1.01%
Other nondeductible items	19	0.46%	34	0.78%
Other, net	93	2.29%	56	1.02%
	<u>\$ 862</u>	<u>21.19%</u>	<u>\$ 948</u>	<u>21.91%</u>

Oregon Bancorp, Inc., and Subsidiaries
Notes to Consolidated Financial Statements

The components of the net deferred tax asset as of December 31 are as follows (in thousands):

	2025	2024
Assets		
Deferred compensation	\$ 690	\$ 745
Allowance for credit losses	655	752
Lease liability	427	260
Hedge mark to market	339	332
Unrealized loss on available-for-sale securities	175	382
Equity-based compensation	18	-
Nonaccrual interest	15	81
Other	43	64
Total deferred tax assets	2,362	2,616
Liabilities		
Right-of-use asset	(418)	(253)
Swap mark to market	(292)	-
Depreciation	(110)	(100)
Prepaid expenses	(83)	(52)
Total deferred tax liabilities	(903)	(405)
Net deferred tax assets	\$ 1,459	\$ 2,211

The Company has evaluated whether a portion or all of the deferred tax assets will not be realized. Based on the available evidence, the Company determined that no valuation allowance is necessary as of December 31, 2025 and 2024.

The Company files tax returns in the U.S. Federal, Oregon, and various state jurisdictions. The majority of state tax expense is related to Oregon filings. There are currently no pending U.S. Federal or state income tax examinations by tax authorities. With few exceptions, the Company is no longer subject to tax examinations by U.S. Federal and Oregon taxing authorities for years ended before December 31, 2022, and by other state and local taxing authorities for years ended before December 31, 2021.

The cash paid for income taxes (net of refunds) during the year was as follows (in thousands):

	2025	2024
Federal	\$ 655	\$ 575
State and Local		
Oregon	81	(274)
Idaho	(234)	5
Other	(74)	(230)
	(227)	(499)
	\$ 428	\$ 76

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Retirement Plan

The Bank has established a 401(k) plan to which employees can elect to defer a portion of their pay. Employee deferrals for any calendar year may not exceed the annual permissible dollar limit as defined under Internal Revenue Code Section 415. At management’s discretion, the Bank can make a matching contribution. The Bank contributed \$200,331 and \$208,532 for the years ended December 31, 2025 and 2024, respectively.

Note 11 – Commitments and Contingencies

In the normal course of business to meet the financing needs of its customers, the Bank is a party to financial instruments with off-balance-sheet risk. These financial instruments include commitments to extend credit and the issuance of letters of credit. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amounts recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit written is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the notional amounts of the Bank’s financial instruments with off-balance-sheet risk as of December 31 is as follows (in thousands):

	2025	2024
Overdraft Lines of Credit	\$ 27,328	\$ 16,366
Construction	23,074	7,191
Loan Commitments	8,152	11,533
Commercial	6,273	6,139
Residential	707	1,713
	\$ 65,534	\$ 42,942

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management’s credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing properties.

Letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds cash, marketable securities, or real estate as collateral supporting those commitments for which collateral is deemed necessary.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 – Stock Incentive Plan

The Bank formed the 2011 Stock Incentive Plan (the Plan), as amended, authorizing the grant of up to 300,000 shares of common stock. The Plan was amended in 2021 to extend the term indefinitely. The Plan allows for granting of both incentive, nonqualified stock options and stock shares. There were 73,897 shares available for grant as of December 31, 2025.

Nonvested stock – A summary of nonvested stock is presented below (in thousands):

	Nonvested Stock	Weighted- Average Grant-Date Fair Value
Nonvested stock at December 31, 2024	\$ 22,926	\$ 41.88
Stock granted	16,361	19.65
Stock vested	(19,480)	33.14
Stock forfeited	(686)	33.56
Nonvested stock at December 31, 2025	\$ 19,121	\$ 27.34

The Bank issues shares of its common stock as part of its stock-based compensation plans. To satisfy employees' tax withholding obligations upon vesting of stock awards, the Bank withholds a portion of the vested shares. As of December 31, 2025 and 2024, 807 and 1,622, respectively, of vested shares were withheld for taxes. Shares withheld will again become Available Shares.

As of December 31, 2025, there was \$0.3 million of unrecognized compensation expense related to nonvested stock grants, which is expected to be recognized over a period of approximately five years.

Note 13 – Operating Leases

The Bank is obligated under noncancelable operating leases with initial or remaining terms in excess of one year on various facilities. These leases require periodic adjustments to the minimum rental payments based on published price indexes and contain various extension options, which may be exercised by management. The leases contain both lease and nonlease components, which are accounted for separately. The leases do not contain any residual value guarantees.

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Notes to Consolidated Financial Statements

The following is a schedule of estimated future minimum rental payments based upon price indexes currently in effect, inclusive of renewal options that the Bank is reasonably certain to renew as of December 31 (in thousands):

<u>Year</u>	<u>Operating Leases</u>
2026	\$ 661
2027	404
2028	363
2029	379
2030	115
Thereafter	<u>-</u>
Total lease payments	1,922
Less amounts representing interest	<u>(132)</u>
Present value of lease liabilities	<u>\$ 1,790</u>

Operating lease costs for the year ending December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
Component of lease expense		
Operating lease cost	\$ 739	\$ 806
Supplemental cash flow information		
Operating cash flow used for operating leases	\$ 698	\$ 784
ROU assets obtained in exchange for operating lease obligations (noncash)	\$ 1,175	\$ 501
Weighted average remaining term (in years)	3.63	2.84
Weighted average discount rate	3.56%	2.59%

Rental expense under all operating leases was recognized on a straight-line basis and totaled \$0.7 million and \$0.8 million for the year ending December 31, 2025 and 2024, respectively.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 14 – Segment Information

The Company's operations are managed along two operating segments: Community Banking and Home Mortgage Lending. The Community Banking segment's principal business focus is the offering of loan and deposit products to business and consumer customers in its primary market areas. As of December 31, 2025, the Community Banking segment operated four branches in the Willamette Valley of Oregon. The Home Mortgage Lending segment's principal business focus is the origination and sale of mortgage loans for one to four-family residential properties. The Home Mortgage Lending segment operated five home loan centers throughout Oregon and Idaho.

Summarized financial information for the Company's reportable segments and the reconciliation to the consolidated financial results is shown in the following tables (in thousands):

	Community Banking	Home Mortgage Lending	Consolidated
December 31, 2025			
Interest income	\$ 24,024	\$ 690	\$ 24,714
Interest expense	8,519	-	8,519
Net interest income	15,505	690	16,195
Provision for credit losses	(106)	-	(106)
Other operating income	1,273	8,333	9,606
Other operating expense	10,855	10,981	21,836
Income (loss) before provision for income taxes	6,029	(1,958)	4,071
Provision for income taxes	1,277	(415)	862
Net income (loss)	\$ 4,752	\$ (1,543)	\$ 3,209
Total assets	\$ 441,156	\$ 11,143	\$ 452,299
Loans held for sale	\$ -	\$ 10,244	\$ 10,244
	Community Banking	Home Mortgage Lending	Consolidated
December 31, 2024			
Interest income	\$ 24,295	\$ 825	\$ 25,120
Interest expense	9,379	-	9,379
Net interest income	14,916	825	15,741
Provision for loan losses	(20)	-	(20)
Other operating income	1,670	10,523	12,193
Other operating expense	10,699	12,929	23,628
Income (loss) before provision for income taxes	5,907	(1,581)	4,326
Provision for income taxes	1,294	(346)	948
Net income (loss)	\$ 4,613	\$ (1,235)	\$ 3,378
Total assets	\$ 457,416	\$ 12,608	\$ 470,024
Loans held for sale	\$ -	\$ 11,407	\$ 11,407

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 15 – Regulatory Matters

The Bank and Company are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory—and possibly additional discretionary—actions by regulators that, if undertaken, could have a direct material effect on the Bank’s financial statements. Under capital adequacy guidelines of the regulatory framework for prompt corrective action, the Bank must meet specific capital adequacy guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance-sheet items, as calculated under regulatory accounting practices. The Bank’s capital classification is also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. On September 17, 2019, the regulatory agencies issued a new rule to provide for a simplified measure of capital adequacy for certain community banking organizations, consistent with section 201 of the Economic Growth, Regulatory Relief, and Consumer Protection Act. The community bank leverage ratio (CBLR) framework allows qualifying community banking organizations to calculate a leverage ratio to measure capital adequacy. Banks opting into the CBLR framework are not required to calculate or report risk-based capital. The Bank elected the CBLR framework effective January 1, 2020.

As of December 31, 2025, the Bank has satisfied the CBLR qualifying criteria, is deemed to have met the well-capitalized ratio requirements and is in compliance with the generally applicable capital rule. Beginning January 1, 2022, the CBLR minimum required ratio is 9%. If the Bank’s CBLR ratio falls below the minimum requirement, the Bank has a two-quarter grace period to get back into compliance. The Bank may opt out of the CBLR framework at any time, without restriction, by reverting to the generally applicable risk-based capital rule. Management believes that as of December 31, 2025, the Bank meets all capital adequacy requirements to which it is subject.

The Bank’s actual capital amounts and ratios are also presented in the following table (in thousands):

	Actual Capital	
	Amount in Thousands	Ratio
As of December 31, 2025		
Community bank leverage ratio	\$ 76,954	16.98%
As of December 31, 2024		
Community bank leverage ratio	\$ 75,475	15.67%

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 16 – Fair Value of Financial Instruments

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. The Bank's own data used to develop unobservable inputs shall be adjusted for market consideration when reasonably available.

The Bank used the following methods and assumptions to estimate fair value on a recurring and nonrecurring basis:

Investment securities available for sale – The fair value of securities available for sale is recorded on a recurring basis. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information, and the bond's terms and conditions, among other things. When market quotes are not readily accessible or available, alternative approaches, such as matrix or model pricing methodologies, are utilized.

Loans held for sale – Loans held for sale are valued at the market value as determined by outstanding commitments from investors or current investor yield requirements calculated on the aggregate loan basis. Loans that are committed with firm investor pricing are classified as Level 1. In the absence of a commitment, the best source of fair value is a current estimated market price as reflected in the Company's hedge reporting model that is provided by a reputable third party. In assessing the value of the uncommitted loans, it must be noted that open forward commitments or obligations to sell loans are a component of the loan value at any given date. These are typically classified as Level 2.

Interest rate lock commitments – The Bank considers its commitments to extend the secondary market qualifying loans (the pipeline) with interest rate lock commitments to be derivatives. These derivatives are recognized at their estimated fair values as reflected in the Company's hedge reporting model that is provided by a reputable third party based on market prices for similar assets. Pull-through rate component is not significant to overall market value. These are typically classified as Level 2.

Forward sale commitments – The Bank considers its futures contracts and its positions taken in put options to be derivatives, which are recognized at their estimated fair value as reflected in the Company's hedge reporting model that is provided by a reputable third party based on market prices for similar assets. These are typically classified as Level 2.

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Notes to Consolidated Financial Statements

Interest rate swaps – The Bank considers its interest rate swaps to be derivatives, which are recognized at their estimated fair value as reflected in the Company's hedge reporting model that is provided by a reputable third party based on market prices for similar assets. These are typically classified as Level 2.

The Company normally intends to hold the majority of its financial instruments until maturity; it does not expect to realize many of the estimated amounts disclosed. In addition, other assets and liabilities of the Company that are not defined as financial instruments are not included in the below disclosures, such as furniture and equipment. Also, nonfinancial instruments typically not recognized in the consolidated financial statements nevertheless may have value but are not included in the below disclosures.

The fair value calculations that follow are management's estimate to incorporate the effect of current market conditions at the time. These estimates of fair value are based on management's judgment of the most appropriate factors, such as underlying assumptions, discount rates, and estimates of future cash flows, and there can be no assurance that, were the Company to have disposed of such items as of December 31, 2025 and 2024, the estimated fair values would necessarily have been achieved at those dates. Because market values may differ depending on various circumstances, the estimated fair values as of December 31, 2025 and 2024, should not necessarily be considered to apply at subsequent dates.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

The following table discloses the estimated fair value and the related carrying value of the Bank's financial instruments as of December 31 (in thousands):

	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
December 31, 2025				
Financial assets				
Cash and due from banks	\$ 4,618	\$ 4,618	\$ -	\$ -
Interest-bearing deposits with banks	26,935	26,935	-	-
Investments available for sale	106,092	106,092	-	-
Loans held for sale	10,244	-	10,244	-
Interest rate lock commitments	236	-	236	-
Loans	283,522	-	-	285,959
Financial liabilities				
Time deposits	81,149	-	-	81,051
Interest rate swap	1,419	-	1,419	-
Forward sale commitments	30	-	30	-
December 31, 2024				
Financial assets				
Cash and due from banks	\$ 4,679	\$ 4,679	\$ -	\$ -
Interest-bearing deposits with banks	36,005	36,005	-	-
Investments available for sale	97,377	-	97,377	-
Loans held for sale	11,407	-	11,407	-
Interest rate lock commitments	178	-	178	-
Forward sale commitments	73	-	73	-
Loans	297,742	-	-	310,746
Financial liabilities				
Time deposits	96,514	-	-	96,247
Interest rate swap	266	-	266	-

Assets and liabilities measured at fair value on a nonrecurring basis – Assets are considered to be fair valued on a nonrecurring basis if the fair value measurement of the instrument does not necessarily result in a change in the amount recorded on the consolidated balance sheets. Generally, nonrecurring valuation is the result of the application of other accounting pronouncements that require assets or liabilities to be assessed for impairment or recorded at the lower of cost or fair value. There were no assets or liabilities measured at fair value on a nonrecurring basis at December 31, 2025 or 2024.

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

The following table presents information about the Bank's assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques used by the Bank to determine such fair value (in thousands):

	Fair Value Measurements			
	Fair Value 12/31/2025	Level 1	Level 2	Level 3
Recurring items				
Investment securities available for sale	\$ 106,092	\$ -	\$ 106,092	\$ -
Loans held for sale	10,244	-	10,244	-
Interest rate lock commitments	236	-	236	-
Forward sale commitments	(30)	-	(30)	-
Interest rate swap	(1,419)	-	(1,419)	-
	<u>115,123</u>	<u>-</u>	<u>115,123</u>	<u>-</u>
Total assets and liabilities measured at fair value	<u>\$ 115,123</u>	<u>\$ -</u>	<u>\$ 115,123</u>	<u>\$ -</u>

	Fair Value Measurements			
	Fair Value 12/31/2024	Level 1	Level 2	Level 3
Recurring items				
Investment securities available for sale	\$ 97,377	\$ -	\$ 97,377	\$ -
Loans held for sale	11,407	-	11,407	-
Interest rate lock commitments	178	-	178	-
Forward sale commitments	73	-	73	-
Interest rate swap	(266)	-	(266)	-
	<u>108,769</u>	<u>-</u>	<u>108,769</u>	<u>-</u>
Total assets and liabilities measured at fair value	<u>\$ 108,769</u>	<u>\$ -</u>	<u>\$ 108,769</u>	<u>\$ -</u>

Note 17 – Related-Party Transactions

In the ordinary course of business, the Bank has granted loans to certain directors and executive officers and the companies with which they are associated. In the Bank's opinion, all loans and loan commitments to such parties are made on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other persons.

No loans outstanding as of December 31, 2025 or 2024.

As of December 31, 2025 and 2024, deposits held for related parties were \$15.8 million and \$13.6 million, respectively.

Oregon Bancorp, Inc., and Subsidiaries
Notes to Consolidated Financial Statements

Note 18 – Other Income and Other Operating Expenses

Other income included in noninterest income included the following for the years ended December 31 (in thousands):

	<u>2025</u>	<u>2024</u>
FHLB stock dividends	\$ 302	\$ 337
Network interchange fees	287	261
Wire fees	39	19
Executive fee	39	39
Construction inspection fees	22	68
Other income	<u>139</u>	<u>190</u>
	<u>\$ 828</u>	<u>\$ 914</u>

Other operating expenses included in noninterest expense included the following for the years ended December 31(in thousands):

	<u>2025</u>	<u>2024</u>
Software licensing fees	\$ 1,356	\$ 1,445
Data processing	884	815
Outside services	530	379
Credit reports	340	367
Legal fees	334	342
Audit expense	258	240
Director fees	181	172
Telephone	175	270
Investor fees	171	196
Advertising	199	202
Insurance	132	123
Recruiter	123	25
Travel	83	55
Office supplies	66	65
Debit card expense	59	52
Miscellaneous loan expense	58	83
Other expenses	<u>1,032</u>	<u>1,956</u>
	<u>\$ 5,980</u>	<u>\$ 6,787</u>

Oregon Bancorp, Inc., and Subsidiaries

Notes to Consolidated Financial Statements

Note 19 – Accumulated Other Comprehensive Income

The table below represents the components of Accumulated Other Comprehensive Income (AOCI), which included unrealized gains and losses on certain investments, and other items recognized directly in equity but excluded from net income. AOCI reflects changes in equity arising from these comprehensive income items and provides additional insight into the company's financial performance and position beyond the traditional income statement (in thousands).

Year Ended December 31, 2025	Gains (Losses) on Fair Value Hedge	Unrealized Gains and (Losses) on Available for Sale Securities	Total
Beginning balance	\$ (217)	\$ (2,019)	\$ (2,236)
Other comprehensive (income) loss before reclassification, net of tax	(1,154)	2,383	1,229
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax	266	6	272
Ending balance	<u>\$ (1,105)</u>	<u>\$ 370</u>	<u>\$ (735)</u>
Year Ended December 31, 2024	Gains (Losses) on Fair Value Hedge	Unrealized (Losses) and Gains on Available for Sale Securities	Total
Beginning balance	\$ -	\$ (1,189)	\$ (1,189)
Other comprehensive (income) loss before reclassification, net of tax	(1,092)	(834)	(1,926)
Amounts reclassified from accumulated other comprehensive (income) loss, net of tax	875	4	879
Ending balance	<u>\$ (217)</u>	<u>\$ (2,019)</u>	<u>\$ (2,236)</u>

Supplementary Information

Oregon Bancorp, Inc., and Subsidiaries
Consolidating Balance Sheet (in thousands)
December 31, 2025

	ASSETS			
	Willamette Valley Bank	Oregon Bancorp, Inc.	Eliminations	Consolidated Total
ASSETS				
Cash and due from banks	\$ 4,618	\$ 337	\$ (337)	\$ 4,618
Interest-bearing deposits with banks	26,935	-	-	26,935
Total cash equivalents	31,553	337	(337)	31,553
Certificates of deposit, net	861	-	-	861
Investment securities available for sale	106,092	-	-	106,092
Loans held for sale, at fair value	10,244	-	-	10,244
Loans, net of allowance for credit losses	283,522	-	-	283,522
Federal Home Loan Bank stock, at cost	2,973	-	-	2,973
Premises and equipment, net	1,957	-	-	1,957
Cash surrender value of life insurance, net	7,612	-	-	7,612
Accrued interest receivable	1,315	-	-	1,315
Deferred tax asset, net	1,459	-	-	1,459
Right-of-use asset	1,750	-	-	1,750
Other assets	2,888	572	(499)	2,961
Investment in subsidiary	-	76,094	(76,094)	-
Total assets	<u>\$ 452,226</u>	<u>\$ 77,003</u>	<u>\$ (76,930)</u>	<u>\$ 452,299</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Noninterest-bearing demand deposits	\$ 28,502	\$ -	\$ (337)	\$ 28,165
Interest-bearing demand deposits and money market accounts	220,523	-	-	220,523
Time certificates of deposit	81,149	-	-	81,149
Total deposits	330,174	-	(337)	329,837
Borrowings	37,000	-	-	37,000
Accrued wages and compensation	3,188	-	-	3,188
Accounts payable and accrued expenses	3,541	499	(499)	3,541
Lease liability	1,790	-	-	1,790
Accrued interest payable	439	-	-	439
Total liabilities	<u>376,132</u>	<u>499</u>	<u>(836)</u>	<u>375,795</u>
COMMITMENTS AND CONTINGENCIES (NOTE 11)				
SHAREHOLDERS' EQUITY				
Preferred stock, no par value; 2,000,000 shares authorized; no shares of Series A and Series B issued and outstanding as of December 31, 2025	-	-	-	-
Common stock, no par value; 10,000,000 shares authorized; 2,490,599 shares issued and 2,417,438 outstanding as of December 31, 2025	18,154	21,169	(18,154)	21,169
Retained earnings	58,675	56,070	(58,675)	56,070
Accumulated other comprehensive loss, net of tax	(735)	(735)	735	(735)
Total shareholders' equity	<u>76,094</u>	<u>76,504</u>	<u>(76,094)</u>	<u>76,504</u>
Total liabilities and shareholders' equity	<u>\$ 452,226</u>	<u>\$ 77,003</u>	<u>\$ (76,930)</u>	<u>\$ 452,299</u>

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Oregon Bancorp, Inc., and Subsidiaries
Consolidating Statement of Income (in thousands)
Year Ended December 31, 2025

	Willamette Valley Bank	Oregon Bancorp, Inc.	Eliminations	Consolidated Total
INTEREST INCOME				
Interest and fees on loans	\$ 18,590	\$ -	\$ -	\$ 18,590
Interest from investment securities available for sale	4,981	-	-	4,981
Interest due from banks	1,143	-	-	1,143
Total interest income	<u>24,714</u>	<u>-</u>	<u>-</u>	<u>24,714</u>
INTEREST EXPENSE				
Deposits	6,589	-	-	6,589
Borrowings	1,930	-	-	1,930
Total interest expense	<u>8,519</u>	<u>-</u>	<u>-</u>	<u>8,519</u>
Net interest income before provision for credit losses	<u>16,195</u>	<u>-</u>	<u>-</u>	<u>16,195</u>
(RECAPTURE) PROVISION FOR CREDIT LOSSES	<u>(106)</u>	<u>-</u>	<u>-</u>	<u>(106)</u>
Net interest income after provision for credit losses	<u>16,301</u>	<u>-</u>	<u>-</u>	<u>16,301</u>
	2,887			
NONINTEREST INCOME				
Mortgage banking revenue, net	8,314	-	-	8,314
Service charge income	87	-	-	87
Increase in cash surrender value of life insurance	386	-	-	386
Loss on sale of securities	(9)	-	-	(9)
Other income	828	-	-	828
Total noninterest income	<u>9,606</u>	<u>-</u>	<u>-</u>	<u>9,606</u>
NONINTEREST EXPENSE				
Salaries	10,446	-	-	10,446
Employee benefits	3,539	-	-	3,539
Occupancy expenses	1,217	-	-	1,217
Depreciation and amortization expense	264	-	-	264
Regulatory assessment	390	-	-	390
Other operating expenses	5,674	306	-	5,980
Total noninterest expense	<u>21,530</u>	<u>306</u>	<u>-</u>	<u>21,836</u>
Income (loss) before provision for income taxes (benefit)	4,377	(306)	-	4,071
PROVISION FOR INCOME TAXES (BENEFIT)	<u>935</u>	<u>(73)</u>	<u>-</u>	<u>862</u>
Net income (loss) before undivided net income from subsidiaries	3,442	(233)	-	3,209
Undivided net income from subsidiaries	<u>-</u>	<u>3,442</u>	<u>(3,442)</u>	<u>-</u>
NET INCOME	<u>\$ 3,442</u>	<u>\$ 3,209</u>	<u>\$ (3,442)</u>	<u>\$ 3,209</u>

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