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**Pacific Financial Corp Earns \$2.7 Million, or \$0.27 per Diluted Share for Second Quarter 2025;
Loan Growth Supports Net Interest Margin Expansion;
Declares Quarterly Cash Dividend of \$0.14 per Share**

ABERDEEN, WA – July 25, 2025 – Pacific Financial Corporation (OTCQX: PFLC), (“Pacific Financial”) or (the “Company”), the holding company for Bank of the Pacific (the “Bank”), reported net income of \$2.7 million, or \$0.27 per diluted share for the second quarter of 2025, compared to \$2.4 million, or \$0.24 per diluted share for the first quarter of 2025, and \$2.1 million, or \$0.21 per diluted share for the second quarter of 2024. The current quarter’s net income relative to the prior quarter reflects an increase in net interest income and higher non-interest income, partially offset by an increase in non-interest expenses. Except for year-end December 31, 2024 financials, all results are unaudited.

The Board of Directors of Pacific Financial declared a quarterly cash dividend of \$0.14 per share on July 16, 2025. The dividend will be payable on August 22, 2025 to shareholders of record on August 8, 2025.

“We are pleased with the strategic execution of loan growth initiatives throughout our network. Loan balances grew 6% in the second quarter, enabling us to convert cash into higher yielding loans. Loan demand improved compared to the first quarter, which had been tempered by economic uncertainty. This loan growth during the current quarter combined with a continued decrease in our deposit cost of funds resulted in an 11 basis point increase in our net interest margin. Our funding base continues to benefit from a large balance of non-interest bearing deposits which account for 40% of total deposits,” said Denise Portmann, President and Chief Executive Officer.

“Asset quality continues to remain pristine with non-performing assets totaling only 0.04% of total assets, or less than \$500,000. We remain focused on delivering strong returns to our shareholders through our operations and managing our capital to support growth and enhance shareholder value,” said Portmann.

Second Quarter 2025 Financial Highlights:

- Return on average assets (“ROAA”) improved to 0.89%, compared to 0.81% for the first quarter 2025, and 0.76% for the second quarter 2024.
- Return on average equity (“ROAE”) was 9.14%, compared to 8.48% from the preceding quarter, and 7.47% from the second quarter a year earlier.
- Net interest income was \$11.9 million, compared to \$11.3 million for the first quarter of 2025, and \$10.8 million for the second quarter of 2024.
- Net interest margin (“NIM”) increased to 4.23%, compared to 4.12% from the preceding quarter, and 4.15% for the second quarter a year ago.
- Provision for credit losses increased to \$387,000 for the second quarter ended June 30, 2025 due to loan growth, compared to \$83,000 for the preceding quarter and \$304,000 in the second quarter a year ago.

- Gross portfolio loan balances increased 6% to \$746.5 million at June 30, 2025, compared to \$707.0 million at March 31, 2025, and increased 6%, or \$42.5 million from \$704.0 million one year earlier.
- Total deposits decreased \$3.8 million to \$1.07 billion at June 30, 2025 compared to the previous quarter and increased \$85.2 million, or 9%, from one year earlier. Non-interest-bearing deposits were at 40% of total deposits at June 30, 2025 and support a lower cost core deposits portfolio. Core deposits were 88% of total deposits at June 30, 2025.
- Non-performing assets to total assets ratio declined to 0.04%, or \$468,000 for the current quarter end compared to 0.10% and \$1.2 million three months earlier. Substandard loans decreased \$1.0 million to \$1.6 million at June 30, 2025 and special mention assets declined \$494,000 to \$9.6 million at June 30, 2025.
- Shareholder equity increased \$2.0 million during the quarter largely due to net income and lower accumulated other comprehensive loss marks on the available-for-sale investment portfolio, partially offset by dividend payments. The tangible book value per share was \$10.53 at June 30, 2025, an increase from \$9.82 at June 30, 2024.
- Pacific Financial and Bank of the Pacific continue to exceed regulatory well-capitalized requirements. At June 30, 2025, Pacific Financial's estimated leverage ratio was 10.9% and its estimated total risk-based capital ratio was 16.9%.

Balance Sheet Review

Total assets remained at \$1.22 billion at June 30, 2025, and increased slightly from \$1.12 billion at June 30, 2024.

Cash and interest earning deposits decreased \$45.0 million to \$98.8 million at June 30, 2025 from \$143.8 million at March 31, 2025, and increased \$22.9 million from \$75.9 million one year earlier. The decrease compared to the prior quarter largely relates to funds used to support loan growth during the current quarter.

Liquidity metrics continue to be strong and are managed to ensure adequate funding resources are available to meet customer demand. At June 30, 2025, the Company's on and off-balance sheet sources totaled \$516.7 million. This represents a coverage ratio of short-term funds available to uninsured and uncollateralized deposits of 190%. Included in available sources are collateralized credit lines the Company has established with the Federal Home Loan Bank of Des Moines (FHLB) and the Federal Reserve Bank of San Francisco, as well as unsecured borrowing lines from various correspondent banks. There was no balance outstanding on any of these facilities at quarter-end. Uninsured or uncollateralized deposits were 25% of total deposits at June 30, 2025.

Investment securities increased \$2.4 million to \$307.8 million, compared to \$305.4 million at March 31, 2025 and increased \$29.1 million compared to a year ago. The largest investment category was collateralized mortgage obligations, which accounted for 52% of the investment portfolio at June 30, 2025, compared to 51% at March 31, 2025 and 46% one year earlier. The yield on the investment portfolio decreased 2 basis points during the current quarter to 3.58% from 3.60%, and increased 12 basis points from 3.46% the second quarter a year ago. The adjusted duration of the portfolio was 4.6 years at June 30, 2025 compared to 4.3 years at June 30, 2024.

Gross loans balances increased \$39.4 million, to \$746.5 million at June 30, 2025, compared to \$707.0 million at March 31, 2025. During the second quarter of 2025, growth occurred in commercial and agricultural, owner and

non-owner occupied commercial real estate, multi-family and residential 1-4 family loans, with owner and non-owner occupied commercial real estate increasing \$16.3 million and \$17.8 million, respectively. Year-over-year gross loan growth was 6%, or \$42.5 million, with the largest increases in multi-family loans, and owner and non-owner occupied commercial real estate loans.

The Bank originated \$63.9 million in portfolio credit commitments in the 2nd quarter of 2025 and \$104.0 million during the first half of 2025. The loan pipeline continues to be supported by sustained business development activity of its commercial lending teams including our newest office in Lake Oswego, OR that opened in late 2024.

The Company continues to manage concentration limits that establish maximum exposure levels by certain industry segments, loan product types, geography and single borrower limits. In addition, the loan portfolio continues to be well-diversified and is collateralized with assets predominantly within the Company's Western Washington and Oregon markets. Loans classified as commercial real estate for regulatory concentration purposes totaled \$283.5 million at June 30, 2025, or 201% of total risk-based capital.

Credit quality: Nonperforming assets declined from the previous quarter and remain minimal at \$468,000, or 0.04% of total assets at June 30, 2025, compared to \$1.2 million, or 0.10% at March 31, 2025. Accruing loans past due more than 30 days represent only 0.02% of total loans. Total loans designated as special mention decreased \$494,000 to \$9.6 million at June 30, 2025 compared to \$10.1 million at March 31, 2025. The Company has zero other real estate owned as of June 30, 2025.

Allowance for credit losses ("ACL"): ACL-loans increased \$332,000 to \$9.2 million, or 1.24% of gross loans at June 30, 2025. A provision for credit losses of \$387,000 was recorded in the current quarter resulting from loan growth and net charge-offs. This compares to a provision for credit losses of \$83,000 in the first quarter of 2025 and \$304,000 for the second quarter one year earlier.

Total deposits decreased \$3.8 million to \$1.07 billion at June 30, 2025 compared to the previous quarter and increased \$85.2 million from \$985.6 million one year earlier. The company's strong core deposit base continues to positively impact the Bank's net interest margin and operating results. Core deposits represented 88% of total deposits at quarter end, including non-interest-bearing deposits of 40% of deposits, and interest-bearing demand and money market deposits each representing 19% of total deposits. CDs as a percentage of deposits remained at 12% of total deposits.

Shareholders' equity was \$118.9 million at June 30, 2025, compared to \$116.9 million at March 31, 2025, and \$114.9 million at June 30, 2024. The increase in shareholders' equity during the current quarter was primarily due to \$2.7 million in net income and a \$704,000 decrease in unrealized losses on available-for-sale securities partially offset by \$1.4 million in dividends to shareholders. Net unrealized losses (after-tax) included in shareholders' equity on available-for-sale securities were \$13.5 million at June 30, 2025 compared to \$14.2 million at March 31, 2025 and \$17.1 million at June 30, 2024.

Book value per common share was \$11.87 at June 30, 2025, compared to \$11.67 at March 31, 2025, and \$11.12 at June 30, 2024. Tangible book value per common share was \$10.53 at June 30, 2025 compared to \$10.33 at March 31, 2025 and \$9.82 at June 30, 2024. The Company's tangible common equity ratio increased to 8.8% at June 30, 2025 relative to 8.6% the prior quarter and decreased from 9.1% at June 30, 2024. Regulatory capital ratios of both the Company and the Bank continue to exceed well-capitalized regulatory thresholds, with the Company's leverage

ratio at 10.9% and total risk-based capital ratio at 16.9% as of June 30, 2025. These regulatory capital ratios are estimates, pending completion and filing of regulatory reports.

Income Statement Review

Net interest income increased \$625,000 to \$11.9 million for the second quarter of 2025, compared to \$11.3 million for the first quarter of 2025, and increased \$1.1 million compared to \$10.8 million for the second quarter a year ago. The change in the current quarter compared to the preceding quarter reflects the impact of higher loan yields and lower deposit and borrowing costs. For the six months ended June 30, 2025, net interest income increased to \$23.2 million compared to \$22.2 million for the like period a year ago.

The Bank's net interest margin improved to 4.23% for the quarter ended June 30, 2025 from 4.12% the prior quarter and from 4.15% in the second quarter a year ago. During the quarter, \$45.3 million in interest-earning cash was re-deployed into higher yielding loans. This change in balance sheet composition, combined with an increase in loan yield, decrease in costs of funds which were partially offset by a decrease in investment yields positively impacted the Bank's net interest margin for the quarter. For the current quarter compared to the like quarter a year ago, net interest margin was also positively impacted by an increase in loan and investment yields and a decrease in cost of funds which were partially offset by the 100 basis decrease in yield on interest-earning cash.

Yields on loans increased 5 basis points to 6.02% for the second quarter of 2025 compared to 5.97% for the prior quarter and increased 22 basis points from 5.80% in the like quarter a year ago. Loan yields improved as longer term fixed and variable rate loans (originated in a lower rate environment) were renewed at higher rates. In addition, average loan yields on new originations were at higher yields than the current loan portfolio yield.

The Bank continues to actively monitor and manage its costs of funds and for the current quarter the Bank's total cost of funds decreased 7 basis points to 1.03%, compared to 1.10% for the preceding quarter, and 1.05% for the second quarter 2024. The high percentage of non-interest-bearing deposits at 40% continues to help reduce volatility in deposit costs.

Noninterest income increased to \$1.5 million for the current quarter, compared to \$1.2 million for the linked quarter and decreased compared to \$2.0 million for the second quarter a year earlier. The increase compared to the linked quarter was primarily the result of no losses realized on the sale of investment securities in the current quarter compared to a loss of \$165,000 during the prior quarter as well as a \$100,000 contract signing incentive recorded during the current quarter. Relative to the second quarter one year earlier, noninterest income decreased \$476,000 due primarily to the loss of revenue associated with the mortgage banking division which was closed in late 2024. Fee and service charge income increased in the second quarter of 2025 to \$1.3 million compared to \$1.1 million in the previous quarter and \$1.2 million in the second quarter of 2024. Total non-interest income was \$2.6 million for the six months ended June 30, 2025 compared to \$3.4 million for the same period a year ago.

Noninterest expenses increased to \$9.7 million for the second quarter of 2025 compared to \$9.4 million for the prior quarter and decreased compared to \$9.8 million for the second quarter of 2024. The current quarter increases compared to the prior quarter were primarily related to an increase in salary and benefit expenses associated with increased health insurance claims and accruals, normal salary and wage increases and higher technology costs, partially offset by decreased professional services for the quarter.

For the six months ended June 30, 2025, total non-interest expense was \$19.2 million, compared to \$19.4 million for the six months ended June 30, 2024. The decrease in non-interest expense for first half of 2025 compared to

the same period a year ago primarily relates to the closure of the mortgage banking division in the fourth quarter of 2024, as the first half of 2024 includes operating costs of that mortgage banking division. Offsetting the reduction in mortgage banking costs were increased salary and benefit expenses associated with increased health insurance claims and accruals, normal salary and wage increases, higher technology costs, and occupancy costs. The Bank's efficiency ratio was 72.47% for the second quarter of 2025, compared to 75.86% in the preceding quarter and 77.34% in the same quarter a year ago.

Income tax expense: Federal and Oregon state income tax expenses totaled \$633,000 for the current quarter, and \$544,000 for the preceding quarter, resulting in effective tax rates of 19.2% and 18.6%, respectively. These income tax expenses reflect the benefits of tax exempt income on tax-exempt loans and investments, affordable housing tax credit financing, and investments in bank-owned life insurance.

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FINANCIAL HIGHLIGHTS (unaudited) (In 000s, except per share data)	Quarter Ended			Change From				Six Months Ended		Change	
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025		Jun 30, 2024		Jun 30, 2025	Jun 30, 2024	\$	%
				\$	%	\$	%				
Earnings Ratios & Data											
Net Income	\$ 2,669	\$ 2,377	\$ 2,126	\$ 292	12%	\$ 543	26%	\$ 5,049	\$ 4,776	\$ 273	6%
Return on average assets	0.89%	0.81%	0.76%	0.08%		0.13%		0.85%	0.85%	0.00%	
Return on average equity	9.14%	8.48%	7.47%	0.66%		1.67%		8.82%	8.40%	0.42%	
Efficiency ratio ⁽¹⁾	72.47%	75.86%	77.34%	-3.39%		-4.87%		74.09%	75.77%	-1.68%	
Net-interest margin % ⁽²⁾	4.23%	4.12%	4.15%	0.11%		0.08%		4.18%	4.27%	-0.09%	
Share Ratios & Data											
Basic earnings per share	\$ 0.27	\$ 0.24	\$ 0.21	\$ 0.03	13%	\$ 0.06	29%	\$ 0.50	\$ 0.46	\$ 0.04	
Diluted earning per share	\$ 0.27	\$ 0.24	\$ 0.21	\$ 0.03	13%	\$ 0.06	29%	\$ 0.50	\$ 0.46	\$ 0.04	
Book value per share ⁽³⁾	\$ 11.87	\$ 11.67	\$ 11.12	\$ 0.20	2%	\$ 0.75	7%				
Tangible book value per share ⁽⁴⁾	\$ 10.53	\$ 10.33	\$ 9.82	\$ 0.20	2%	\$ 0.71	7%				
Common shares outstanding	10,020	10,020	10,336	-	0%	(316)	-3%				
PFLC stock price	\$ 10.69	\$ 10.90	\$ 9.76	\$ (0.21)	-2%	\$ 0.93	10%				
Dividends paid per share	\$ 0.14	\$ 0.14	\$ 0.14	\$ -	0%	\$ -	0%	\$ 0.28	\$ 0.28	\$ -	0%
Balance Sheet Data											
Assets	\$ 1,215,468	\$ 1,218,969	\$ 1,124,295	\$ (3,501)	0%	\$ 91,173	8%				
Portfolio Loans	\$ 746,475	\$ 707,034	\$ 703,977	\$ 39,441	6%	\$ 42,498	6%				
Deposits	\$ 1,070,831	\$ 1,074,646	\$ 985,627	\$ (3,815)	0%	\$ 85,204	9%				
Investments	\$ 307,790	\$ 305,377	\$ 278,728	\$ 2,413	1%	\$ 29,062	10%				
Shareholders equity	\$ 118,937	\$ 116,949	\$ 114,923	\$ 1,988	2%	\$ 4,014	3%				
Liquidity Ratios											
Short-term funding to uninsured and uncollateralized deposits	190%	212%	229%	-22%		-39%					
Uninsured and uncollateralized deposits to total deposits	25%	24%	24%	1%		1%					
Portfolio loans to deposits ratio	70%	66%	71%	4%		-1%					
Asset Quality Ratios											
Non-performing assets to assets	0.04%	0.10%	0.12%	-0.06%		-0.08%					
Non-accrual loans to portfolio loans	0.06%	0.17%	0.19%	-0.11%		-0.13%					
Loan losses to avg portfolio loans	0.04%	0.04%	0.03%	0.00%		0.01%		0.04%	0.03%	0.01%	
ACL-loans to portfolio loans	1.24%	1.26%	1.26%	-0.02%		-0.02%					
Capital Ratios (PFC)											
Total risk-based capital ratio	16.9%	17.4%	17.6%	-0.5%		-0.7%					
Tier 1 risk-based capital ratio	15.7%	16.3%	16.4%	-0.6%		-0.7%					
Common equity tier 1 ratio	14.2%	14.7%	14.8%	-0.5%		-0.6%					
Leverage ratio	10.9%	10.9%	11.7%	0.0%		-0.8%					
Tangible common equity ratio	8.8%	8.6%	9.1%	0.2%		-0.3%					

⁽¹⁾ Non-interest expense divided by net interest income plus noninterest income.

⁽²⁾ Tax-exempt income has been adjusted to a tax equivalent basis at a rate of 21%.

⁽³⁾ Book value per share is calculated as the total common shareholders' equity divided by the period ending number of common stock shares outstanding.

⁽⁴⁾ Tangible book value per share is calculated as the total common shareholders' equity less total intangible assets and liabilities, divided by the period ending number of common stock shares outstanding.

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INCOME STATEMENT (unaudited) (\$ in 000s)	Quarter Ended			Change From				Six Months Ended		Change	
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025		Jun 30, 2024		Jun 30, 2025	Jun 30, 2024	\$	%
				\$	%	\$	%				
Interest Income											
Loan interest & fee income	\$ 10,840	\$ 10,304	\$ 10,109	\$ 536	5%	\$ 731	7%	\$ 21,144	\$ 20,333	\$ 811	4%
Interest earning cash income	1,124	1,208	847	(84)	-7%	277	33%	2,332	1,782	550	31%
Investment income	2,728	2,678	2,410	50	2%	318	13%	5,407	4,885	522	11%
Interest Income	<u>14,692</u>	<u>14,190</u>	<u>13,366</u>	<u>502</u>	<u>4%</u>	<u>1,326</u>	<u>10%</u>	<u>28,883</u>	<u>27,000</u>	<u>1,883</u>	<u>7%</u>
Interest Expense											
Deposits interest expense	2,571	2,694	2,358	(123)	-5%	213	9%	5,265	4,349	916	21%
Other borrowings interest expense	206	206	242	-	0%	(36)	-15%	412	484	(72)	-15%
Interest Expense	<u>2,777</u>	<u>2,900</u>	<u>2,600</u>	<u>(123)</u>	<u>-4%</u>	<u>177</u>	<u>7%</u>	<u>5,677</u>	<u>4,833</u>	<u>844</u>	<u>17%</u>
Net Interest Income	11,915	11,290	10,766	625	6%	1,149	11%	23,206	22,167	1,039	5%
Provision(recapture) for credit losses	387	83	304	304	366%	83	27%	470	337	133	39%
Net Interest Income after provision	<u>11,528</u>	<u>11,207</u>	<u>10,462</u>	<u>321</u>	<u>3%</u>	<u>1,066</u>	<u>10%</u>	<u>22,736</u>	<u>21,830</u>	<u>906</u>	<u>4%</u>
Non-Interest Income											
Fees and service charges	1,293	1,117	1,198	176	16%	95	8%	2,410	2,299	111	5%
Gain on sale of investments, net	-	(165)	121	165	-100%	(121)	-100%	(165)	121	(286)	-236%
Gain on sale of loans, net	-	(2)	445	2	-100%	(445)	-100%	(2)	597	(599)	-100%
Income on bank-owned insurance	191	191	182	-	0%	9	5%	383	362	21	6%
Other non-interest income	3	12	17	(9)	-75%	(14)	-82%	15	27	(12)	-44%
Non-Interest Income	<u>1,487</u>	<u>1,153</u>	<u>1,963</u>	<u>334</u>	<u>29%</u>	<u>(476)</u>	<u>-24%</u>	<u>2,641</u>	<u>3,406</u>	<u>(765)</u>	<u>-22%</u>
Non-Interest Expense											
Salaries and employee benefits	6,103	5,969	6,321	134	2%	(218)	-3%	12,072	12,315	(243)	-2%
Occupancy	618	592	564	26	4%	54	10%	1,209	1,205	4	0%
Furniture, Fixtures & Equipment	305	302	267	3	1%	38	14%	606	551	55	10%
Marketing & donations	157	153	176	4	3%	(19)	-11%	310	329	(19)	-6%
Professional services	254	299	327	(45)	-15%	(73)	-22%	553	663	(110)	-17%
Data Processing & IT	1,250	1,218	1,165	32	3%	85	7%	2,468	2,356	112	5%
Other	1,026	906	1,025	120	13%	1	0%	1,932	1,958	(26)	-1%
Non-Interest Expense	<u>9,713</u>	<u>9,439</u>	<u>9,845</u>	<u>274</u>	<u>3%</u>	<u>(132)</u>	<u>-1%</u>	<u>19,150</u>	<u>19,377</u>	<u>(227)</u>	<u>-1%</u>
Income before income taxes	3,302	2,921	2,580	381	13%	722	28%	6,227	5,859	368	6%
Provision for income taxes	633	544	454	89	16%	179	39%	1,178	1,083	95	9%
Net Income	<u>\$ 2,669</u>	<u>\$ 2,377</u>	<u>\$ 2,126</u>	<u>\$ 292</u>	<u>12%</u>	<u>\$ 543</u>	<u>26%</u>	<u>\$ 5,049</u>	<u>\$ 4,776</u>	<u>\$ 273</u>	<u>6%</u>
Effective tax rate	19.2%	18.6%	17.6%	0.6%		1.6%		18.9%	18.5%	0.4%	

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BALANCE SHEET (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Assets										
Cash on hand and in banks	\$ 19,305	\$ 18,975	\$ 17,362	\$ 330	2%	\$ 1,943	11%	2%	2%	2%
Interest earning deposits	79,520	124,854	58,586	(45,334)	-36%	20,934	36%	7%	10%	5%
Investment securities	307,790	305,377	278,728	2,413	1%	29,062	10%	25%	25%	25%
Loans held-for-sale	-	-	4,051	-	-100%	(4,051)	-100%	0%	0%	0%
Portfolio Loans, net of deferred fees	745,834	706,439	703,322	39,395	6%	42,512	6%	61%	58%	63%
Allowance for credit losses	(9,222)	(8,890)	(8,859)	(332)	4%	(363)	4%	-1%	-1%	-1%
Net loans	736,612	697,549	694,463	39,063	6%	42,149	6%	61%	57%	62%
Premises & equipment	16,494	16,702	15,571	(208)	-1%	923	6%	1%	1%	2%
Goodwill & Other Intangibles	13,435	13,435	13,435	-	0%	-	0%	1%	1%	1%
Bank-owned life Insurance	28,395	28,204	27,860	191	1%	535	2%	2%	2%	2%
Other assets	13,917	13,873	14,239	44	0%	(322)	-2%	2%	2%	1%
Total Assets	\$ 1,215,468	\$ 1,218,969	\$ 1,124,295	\$ (3,501)	0%	\$ 91,173	8%	100%	100%	100%
Liabilities & Shareholders' Equity										
Deposits	\$ 1,070,831	\$ 1,074,646	\$ 985,627	\$ (3,815)	0%	\$ 85,204	9%	88%	88%	88%
Borrowings	13,403	13,403	13,403	-	0%	-	0%	1%	1%	1%
Other liabilities	12,297	13,971	10,342	(1,674)	-12%	1,955	19%	1%	1%	1%
Shareholders' equity	118,937	116,949	114,923	1,988	2%	4,014	3%	10%	10%	10%
Liabilities & Shareholders' Equity	\$ 1,215,468	\$ 1,218,969	\$ 1,124,295	\$ (3,501)	0%	\$ 91,173	8%	100%	100%	100%

INVESTMENT COMPOSITION & CONCENTRATIONS (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Investment Securities										
Collateralized mortgage obligations	\$ 159,386	\$ 156,105	\$ 125,937	\$ 3,281	2%	\$ 33,449	27%	52%	51%	46%
Mortgage backed securities	47,094	40,396	37,159	6,698	17%	9,935	27%	15%	13%	13%
U.S. Government and agency securities	58,668	68,392	72,504	(9,724)	-14%	(13,836)	-19%	19%	22%	26%
Municipal securities	42,642	40,484	43,128	2,158	5%	(486)	-1%	14%	14%	15%
Investment Securities	\$ 307,790	\$ 305,377	\$ 278,728	\$ 2,413	1%	\$ 29,062	10%	100%	100%	100%
Held to maturity securities	\$ 29,950	\$ 40,718	\$ 43,244	\$ (10,768)	-26%	\$ (13,294)	-31%	10%	13%	16%
Available for sale securities	\$ 277,840	\$ 264,659	\$ 235,484	\$ 13,181	5%	\$ 42,356	18%	90%	87%	84%
Government & Agency securities	\$ 265,122	\$ 264,866	\$ 235,570	\$ 256	0%	\$ 29,552	13%	86%	87%	85%
AAA, AA, A rated securities	\$ 41,979	\$ 39,822	\$ 42,471	\$ 2,157	5%	\$ (492)	-1%	14%	13%	15%
Non-rated securities	\$ 689	\$ 689	\$ 687	\$ -	0%	\$ 2	0%	0%	0%	0%
AFS Unrealized Gain (Loss)	\$ (17,375)	\$ (18,284)	\$ (21,978)	\$ 909	-5%	\$ 4,603	-21%	-6%	-6%	-8%

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LIQUIDITY (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Deposits		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Short-term Funding										
Cash and cash equivalents	\$ 84,957	\$ 129,616	\$ 63,183	\$ (44,659)	-34%	\$ 21,774	34%	8%	12%	6%
Unencumbered AFS Securities	114,077	104,237	139,581	9,840	9%	(25,504)	-18%	11%	10%	14%
Secured lines of Credit (FHLB, FRB)	317,651	315,876	332,674	1,775	1%	(15,023)	-5%	30%	29%	34%
Short-term Funding	\$ 516,685	\$ 549,729	\$ 535,438	\$ (33,044)	-6%	\$ (18,753)	-4%	49%	51%	54%

PORTFOLIO LOAN COMPOSITION & CONCENTRATIONS (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Portfolio Loans										
Commercial & agriculture	\$ 74,831	\$ 70,209	\$ 74,952	\$ 4,622	7%	\$ (121)	0%	10%	10%	11%
Real estate:										
Construction and development	30,869	34,669	47,856	(3,800)	-11%	(16,987)	-35%	4%	5%	7%
Residential 1-4 family	103,233	101,810	105,807	1,423	1%	(2,574)	-2%	14%	14%	15%
Multi-family	78,409	72,313	58,003	6,096	8%	20,406	35%	10%	10%	8%
CRE -- owner occupied	193,127	176,850	169,491	16,277	9%	23,636	14%	26%	25%	24%
CRE -- non owner occupied	177,860	160,022	157,591	17,838	11%	20,269	13%	24%	23%	22%
Farmland	27,202	27,411	27,195	(209)	-1%	7	0%	4%	4%	4%
Consumer	60,944	63,750	63,082	(2,806)	-4%	(2,138)	-3%	8%	9%	9%
Portfolio Loans	746,475	707,034	703,977	\$ 39,441	6%	\$ 42,498	6%	100%	100%	100%
Less: ACL	(9,222)	(8,890)	(8,859)							
Less: deferred fees	(641)	(595)	(655)							
Net loans	\$ 736,612	\$ 697,549	\$ 694,463							
Regulatory Commercial Real Estate	\$ 283,527	\$ 263,424	\$ 260,068	\$ 20,103	8%	\$ 23,459	9%	38%	37%	37%
Total Risk Based Capital ⁽¹⁾	\$ 140,987	\$ 139,133	\$ 140,176	\$ 1,854	1%	\$ 811	1%			
CRE to Risk Based Capital ⁽¹⁾	201%	189%	186%		12%		15%			

**CRE--MULTI-FAMILY & NON OWNER
OCCUPIED COMPOSITION (unaudited)**

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Collateral Composition ⁽²⁾										
Multifamily	\$ 78,760	\$ 76,421	\$ 63,243	\$ 2,339	3%	\$ 15,517	25%	30%	31%	27%
Retail	36,384	36,616	36,074	(232)	-1%	310	1%	14%	15%	16%
Hospitality	32,573	31,772	30,248	801	3%	2,325	8%	12%	13%	13%
Office	26,034	23,975	23,266	2,059	9%	2,768	12%	10%	10%	10%
Mixed Use	24,480	22,706	23,520	1,774	8%	960	4%	9%	9%	10%
Mini Storage	22,488	22,654	23,619	(166)	-1%	(1,131)	-5%	8%	9%	11%
Special Purpose	17,342	6,874	7,014	10,468	152%	10,328	147%	7%	3%	3%
Industrial	14,430	15,230	13,691	(800)	-5%	739	5%	5%	6%	6%
Warehouse	10,394	8,146	7,631	2,248	28%	2,763	36%	4%	3%	3%
Other	2,620	2,648	3,213	(28)	-1%	(593)	-18%	1%	1%	1%
Total	\$ 265,505	\$ 247,042	\$ 231,519	\$ 18,463	7%	\$ 33,986	15%	100%	100%	100%

⁽¹⁾ Bank of the Pacific

⁽²⁾ Includes loans in process of construction

CREDIT QUALITY (unaudited)

(\$ in 000s)

	Period Ended			Change from			
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%
Risk Rating Distribution							
Pass	\$ 735,200	\$ 694,240	\$ 694,272	\$ 40,960	6%	\$ 40,928	6%
Special Mention	9,637	10,131	4,731	(494)	-5%	4,906	104%
Substandard	1,638	2,663	4,974	(1,025)	-38%	(3,336)	-67%
Portfolio Loans	\$ 746,475	\$ 707,034	\$ 703,977	\$ 39,441	6%	\$ 42,498	6%
Nonperforming Assets							
Nonaccruing loans	468	1,225	1,370	\$ (757)	-62%	(902)	-66%
Other real estate owned	-	-	-	-	0%	-	0%
Nonperforming Assets	\$ 468	\$ 1,225	\$ 1,370	\$ (757)	-62%	(902)	-66%
Credit Metrics							
Classified loans ¹ to portfolio loans	0.22%	0.38%	0.71%	-0.16%		-0.49%	
ACL to classified loans ¹	563.00%	333.83%	178.11%	229.17%		384.89%	
Loans past due 30+ days to portfolio loans ²	0.02%	0.04%	0.04%	-0.02%		-0.02%	
Nonperforming assets to total assets	0.04%	0.10%	0.12%	-0.06%		-0.08%	
Nonaccruing loans to portfolio loans	0.06%	0.17%	0.19%	-0.11%		-0.13%	

⁽¹⁾ Classified loans include loans rated substandard or worse and are defined as loans having a well-defined weakness or weaknesses related to the borrower's financial capacity or to pledged collateral that may jeopardize the repayment of the debt. They are characterized by the possibility that the Bank may sustain some loss if the deficiencies giving rise to the substandard classification are not corrected.

⁽²⁾ Excludes non-accrual loans

DEPOSIT COMPOSITION & CONCENTRATIONS
(unaudited)
 (\$ in 000s)

	Period Ended			Change from				% of Total		
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$	%	Jun 30, 2024 \$	%	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024
Deposits										
Interest-bearing demand	\$ 207,208	\$ 243,363	\$ 179,278	\$ (36,155)	-15%	\$ 27,930	16%	19%	23%	18%
Money market	200,251	197,184	180,727	3,067	2%	19,524	11%	19%	18%	18%
Savings	111,577	117,130	121,851	(5,553)	-5%	(10,274)	-8%	10%	11%	12%
Time deposits (CDs)	131,729	134,226	125,560	(2,497)	-2%	6,169	5%	12%	12%	13%
Total interest-bearing deposits	650,765	691,903	607,416	(41,138)	-6%	43,349	7%	60%	64%	61%
Non-interest bearing demand	420,066	382,743	378,211	37,323	10%	41,855	11%	40%	36%	39%
Total deposits	\$ 1,070,831	\$ 1,074,646	\$ 985,627	\$ (3,815)	0%	\$ 85,204	9%	100%	100%	100%
Insured Deposits	\$ 618,964	\$ 630,940	\$ 632,923	\$ (11,976)	-2%	\$ (360,455)	-57%	58%	59%	64%
Collateralized Deposits	179,399	183,842	118,966	(4,443)	-2%	60,433	51%	17%	17%	12%
Uninsured Deposits	272,468	259,864	233,738	12,604	5%	385,226	165%	25%	24%	24%
Total Deposits	\$ 1,070,831	\$ 1,074,646	\$ 985,627	\$ (3,815)	0%	\$ 85,204	9%	100%	100%	100%
Consumer Deposits	\$ 462,889	\$ 472,839	\$ 458,249	\$ (9,950)	-2%	\$ 4,640	1%	43%	44%	47%
Business Deposits	417,675	407,974	398,719	9,701	2%	18,956	5%	39%	38%	40%
Public Deposits	190,267	193,833	128,659	(3,566)	-2%	61,608	48%	18%	18%	13%
Total Deposits	\$ 1,070,831	\$ 1,074,646	\$ 985,627	\$ (3,815)	0%	\$ 85,204	9%	100%	100%	100%

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NET INTEREST MARGIN (unaudited) (\$ in 000s)	Quarter Ended			Change From				Six Months Ended		Change	
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025		Jun 30, 2024		Jun 30, 2025	Jun 30, 2024	\$	%
				\$	%	\$	%				
Average Interest Bearing Balances											
Portfolio loans	\$ 723,472	\$ 701,071	\$ 699,404	\$ 22,401	3%	\$ 24,068	3%	\$ 712,334	\$ 694,161	\$ 18,173	3%
Loans held for sale	\$ -	\$ -	\$ 1,593	\$ -	-100%	\$ (1,593)	-100%	\$ -	\$ 1,094	\$ (1,094)	-100%
Investment securities	\$ 308,774	\$ 305,074	\$ 283,637	\$ 3,700	1%	\$ 25,137	9%	\$ 306,934	\$ 288,006	\$ 18,928	7%
Interest earning cash	\$ 101,170	\$ 110,007	\$ 62,494	\$ (8,837)	-8%	\$ 38,676	62%	\$ 105,563	\$ 65,684	\$ 39,879	61%
Total interest-earning assets	\$ 1,133,416	\$ 1,116,152	\$ 1,047,128	\$ 17,264	2%	\$ 86,288	8%	\$ 1,124,831	\$ 1,048,945	\$ 75,886	7%
Non-interest bearing deposits	\$ 389,453	\$ 378,470	\$ 387,740	\$ 10,983	3%	\$ 1,713	0%	\$ 383,992	\$ 391,372	\$ (7,380)	-2%
Interest-bearing deposits	\$ 677,660	\$ 675,122	\$ 596,121	\$ 2,538	0%	\$ 81,539	14%	\$ 676,398	\$ 593,266	\$ 83,132	14%
Total Deposits	\$ 1,067,113	\$ 1,053,592	\$ 983,861	\$ 13,521	1%	\$ 83,252	8%	\$ 1,060,390	\$ 984,638	\$ 75,752	8%
Borrowings	\$ 13,403	\$ 13,403	\$ 13,404	\$ -	0%	\$ (1)	0%	\$ 13,403	\$ 13,401	\$ 2	0%
Total interest-bearing liabilities	\$ 691,063	\$ 688,525	\$ 609,525	\$ 2,538	0%	\$ 81,538	13%	\$ 689,801	\$ 606,667	\$ 83,134	14%
Yield / Cost ⁽¹⁾											
Portfolio loans	\$ 10,854	\$ 10,316	\$ 10,092	\$ 538	5%	\$ 762	8%	\$ 21,170	\$ 20,325	\$ 845	4%
Loans held for sale	\$ -	\$ -	\$ 28	\$ -	-100%	\$ (28)	-100%	\$ -	\$ 33	\$ (33)	-100%
Investment securities	\$ 2,755	\$ 2,710	\$ 2,442	\$ 45	2%	\$ 313	13%	\$ 5,465	\$ 4,951	\$ 514	10%
Interest-bearing cash	\$ 1,124	\$ 1,208	\$ 847	\$ (84)	-7%	\$ 277	33%	\$ 2,332	\$ 1,782	\$ 550	31%
Total interest-earning assets	\$ 14,733	\$ 14,234	\$ 13,410	\$ 499	4%	\$ 1,323	10%	\$ 28,966	\$ 27,092	\$ 1,874	7%
Interest-bearing deposits	\$ 2,571	\$ 2,694	\$ 2,358	\$ (123)	-5%	\$ 213	9%	\$ 5,265	\$ 4,349	\$ 916	21%
Borrowings	\$ 206	\$ 206	\$ 242	\$ -	0%	\$ (36)	-15%	\$ 412	\$ 484	\$ (72)	-15%
Total interest-bearing liabilities	\$ 2,777	\$ 2,900	\$ 2,600	\$ (123)	-4%	\$ 177	7%	\$ 5,677	\$ 4,833	\$ 844	17%
Net interest income	\$ 11,956	\$ 11,334	\$ 10,810	\$ 622	5%	\$ 1,146	11%	\$ 23,289	\$ 22,259	\$ 1,030	5%
Yield / Cost % ⁽¹⁾											
Yield on portfolio loans	6.02%	5.97%	5.80%	0.05%		0.22%		5.99%	5.89%	0.10%	
Yield on investment securities	3.58%	3.60%	3.46%	-0.02%		0.12%		3.59%	3.46%	0.13%	
Yield on interest-bearing cash	4.46%	4.45%	5.46%	0.01%		-1.00%		4.45%	5.46%	-1.01%	
Cost of interest-bearing deposits	1.52%	1.62%	1.59%	-0.10%		-0.07%		1.57%	1.47%	0.10%	
Cost of borrowings	6.16%	6.23%	7.26%	-0.07%		-1.10%		6.20%	7.26%	-1.06%	
Cost of deposits and borrowings	1.03%	1.10%	1.05%	-0.07%		-0.02%		1.07%	0.97%	0.10%	
Yield on interest-earning assets	5.21%	5.17%	5.15%	0.04%		0.06%		5.19%	5.19%	0.00%	
Cost of interest-bearing liabilities	1.61%	1.71%	1.72%	-0.10%		-0.11%		1.66%	1.60%	0.06%	
Net interest spread	3.60%	3.46%	3.43%	0.14%		0.17%		3.53%	3.59%	-0.06%	
Net interest margin	4.23%	4.12%	4.15%	0.11%		0.08%		4.18%	4.27%	-0.09%	

⁽¹⁾ Tax-exempt income has been adjusted to a tax equivalent basis at a rate of 21%.

ALLOWANCE FOR CREDIT LOSSES**(ACL) (unaudited)**

(\$ in 000s)

	Quarter Ended			Change From				Six Months Ended		Change	
	Jun 30, 2025	Mar 31, 2025	Jun 30, 2024	Mar 31, 2025 \$ %	Jun 30, 2024 \$ %	Jun 30, 2025	Jun 30, 2024	\$	%		
ACL-Loans											
Beginning of period balance	\$ 8,890	\$ 8,851	\$ 8,580	\$ 39 0%	\$ 310 4%	\$ 8,851	\$ 8,530	\$ 321	4%		
Charge-offs	(76)	(75)	(57)	(1) 1%	(19) 33%	(151)	(92)	(59)	64%		
Recoveries	1	-	1	1 100%	- 0%	1	3	(2)	-67%		
Net (charge-off) recovery	(75)	(75)	(56)	- 0%	(19) 34%	(150)	(89)	(61)	69%		
Provision (recapture)	407	114	335	293 257%	72 21%	521	418	103	25%		
End of period balance	\$ 9,222	\$ 8,890	\$ 8,859	\$ 332 4%	\$ 363 4%	\$ 9,222	\$ 8,859	\$ 363	4%		
Net charge-off (recovery) to average portfolio loans	0.04%	0.04%	0.03%	0.00%	0.01%	0.04%	0.03%	0.01%			
ACL-loans to portfolio loans	1.24%	1.26%	1.26%	-0.02%	-0.02%	1.24%	1.26%	-0.02%			
ACL-Unfunded Loans Commitments											
Beginning of period balance	\$ 509	\$ 540	\$ 648	\$ (31) -6%	\$ (139) -21%	\$ 540	\$ 698	\$ (158)	-23%		
Provision (recapture)	(20)	(31)	(31)	11 -35%	11 -35%	(51)	(81)	30	-37%		
End of period balance	\$ 489	\$ 509	\$ 617	\$ (20) -4%	\$ (128) -21%	\$ 489	\$ 617	\$ (128)	-21%		

ABOUT PACIFIC FINANCIAL CORPORATION

Pacific Financial Corporation of Aberdeen, Washington, is the bank holding company for Bank of the Pacific, a state chartered and federally insured commercial bank. Bank of the Pacific offers banking products and services to small-to-medium sized businesses and professionals in western Washington and Oregon. At June 30, 2025, the Company had total assets of \$1.22 billion and operated fifteen branches in the communities of Grays Harbor, Pacific, Thurston, Whatcom, Skagit, Clark and Wahkiakum counties in the State of Washington, and three branches in the communities of Clatsop and Clackamas counties in Oregon. The Company also operated loan production offices in the communities of Burlington, Washington and Salem, Oregon. Visit the Company's website at www.bankofthepacific.com. Member FDIC.

Cautions Concerning Forward-Looking Statements

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other laws, including all statements in this release that are not historical facts or that relate to future plans or events or projected results of Pacific Financial Corporation and its wholly-owned subsidiary, Bank of the Pacific. Such statements are based on information available at the time of communication and are based on current beliefs and expectations of the Company's management and are subject to risks and uncertainties, many of which are beyond our control, which could cause actual events or results to differ materially from those projected, anticipated or implied, and could negatively impact the Company's operating and stock price performance. These risks and uncertainties include various risks associated with growing the Bank and expanding the services it provides, development of new business lines and markets, competition in the marketplace, general economic conditions, changes in interest rates, extensive and evolving regulation of the banking industry, and many other risks. Any forward-looking statements in this communication are based on information at the time the statement is made. We undertake no obligation to update or revise any forward-looking statement. Readers of this release are cautioned not to put undue reliance on forward-looking statements.