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Pacific Financial Corp Reports First Quarter 2026 Earnings of \$3.1 Million, or \$0.30 per Diluted Share; Declares Quarterly Cash Dividend of \$0.15 per Share

ABERDEEN, WA – April 24, 2026 – Pacific Financial Corporation (OTCQX: PFLC), (“Pacific Financial”) or (the “Company”), the holding company for Bank of the Pacific (the “Bank”), reported net income of \$3.1 million, or \$0.30 per diluted share for the first quarter of 2026, compared to \$3.1 million, or \$0.31 per diluted share for the fourth quarter of 2025, and \$2.4 million, or \$0.24 per diluted share for the first quarter of 2025. The current quarter’s net income relative to the prior quarter reflects a slight decrease in net interest income, a recapture for credit losses, lower non-interest income and lower non-interest expenses.

The Board of Directors of Pacific Financial declared a quarterly cash dividend of \$0.15 per share on April 22, 2026. The dividend will be payable on May 22, 2026 to shareholders of record on May 8, 2026. This is the same dividend paid per share the prior quarter and an increase from \$0.14 per share in the first quarter one year ago.

“Bank of the Pacific has built lasting relationships within the communities we serve which has enabled us to build a strong franchise with \$1.3 billion in assets that reinvests into the same communities that have supported our Bank,” said Denise Portmann, President and Chief Executive Officer. “Our shareholders have benefited from growth in earnings per share, tangible book value per share and quarterly dividends. For the first quarter of 2026, earnings increased 28% from the same period one year earlier, while tangible book value per share increased 10% over the same time frame. Core deposit growth continued in the first quarter reflecting our commitment to our communities and their support of our community bank franchise.”

First Quarter 2026 Financial Highlights:

- Return on average assets (“ROAA”) was 0.97% in the first quarter 2026, compared to 0.98% for the fourth quarter 2025, and 0.81% for the first quarter 2025.
- Return on average equity (“ROAE”) was 9.69%, compared to 9.84% the preceding quarter, and 8.48% the first quarter a year earlier.
- Net interest income decreased \$322,000 to \$12.0 million in the first quarter, compared to the prior quarter, and increased \$693,000 from \$11.3 million in the first quarter of 2025.
- Net interest margin (“NIM”) decreased to 4.04%, compared to 4.11% the preceding quarter, and decreased from 4.12% for the first quarter a year ago. The decrease in the net interest margin was largely related to lower yields on loans and interest-earning cash balances which reflect a full quarter of interest rate reductions by the Federal Reserve in the fourth quarter of 2025.
- A recapture for credit losses of \$300,000 was recognized in the first quarter ended March 31, 2026, compared to a provision of \$120,000 in the preceding quarter and a provision of \$83,000 in the first quarter a year ago.

- Gross portfolio loan balances decreased slightly to \$771.1 million at March 31, 2026, compared to \$775.9 million at December 31, 2025, and increased 9%, or \$64.1 million, from \$707.0 million one year earlier.
- Total deposits increased \$15.7 million to \$1.14 billion at March 31, 2026, compared to the previous quarter and increased \$64.0 million, or 6%, from one year earlier.
- Non-performing assets to total assets ratio remained minimal at 0.05%, or \$663,000 for the current quarter ended March 31, 2026. Substandard loans increased \$742,000 to \$2.8 million while special mention assets decreased \$2.0 million to \$14.2 million at March 31, 2026 compared to the previous quarter.
- Shareholders' equity increased \$690,000 during the quarter largely due to net income. Partially offsetting net income was higher accumulated other comprehensive loss marks on the available-for-sale investment portfolio and payments of dividends. Tangible book value per share was \$11.34 at March 31, 2026, an increase of \$1.01 per share from \$10.33 at March 31, 2025, representing growth in tangible book value per share of 10%. Total dividends paid to shareholders over the past year totaled \$0.57 per share.
- Bank of the Pacific continues to exceed regulatory well-capitalized requirements. At March 31, 2026, Bank of the Pacific's estimated leverage ratio was 10.7% and its estimated total risk-based capital ratio was 17.4%.

Balance Sheet Review

Total assets increased \$15.5 million to \$1.29 billion at March 31, 2026 from \$1.28 billion one quarter earlier, and increased \$71.7 million compared to \$1.22 billion at March 31, 2025.

Cash and interest-earning cash increased \$12.0 million to \$126.9 million at March 31, 2026, from \$114.8 million at December 31, 2025, and decreased \$17.0 million from \$143.8 million one year earlier. The increase in cash and interest-earning cash in the current quarter largely relates to deposit growth and a slight reduction in outstanding loan balances.

During the first quarter of 2026, liquidity metrics continued to be strong. At March 31, 2026, the Company's short-term funding sources totaled \$626.3 million. This represents a coverage ratio of short-term funds available to uninsured and uncollateralized deposits of 194%. 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. Additionally, the Bank has \$60.0 million of 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 28% of total deposits at March 31, 2026.

Investment securities increased \$7.2 million to \$329.7 million at March 31, 2026, compared to \$322.6 million at December 31, 2025, and increased \$24.4 million compared to a year ago. The increase in investment securities was funded from deposit growth. The largest investment category was collateralized mortgage obligations, which accounted for 55% of the investment portfolio at March 31, 2026 compared to 54% at December 31, 2025 and 51% at March 31, 2025. The yield on the investment portfolio increased 10 basis points during the current quarter to

3.60% from 3.50% the prior quarter and the same as the first quarter a year ago. The current quarter increase was related to purchases totaling \$13.9 million with an average yield of 4.78%. The adjusted duration of the investment securities portfolio was 4.0 years at March 31, 2026.

Gross loans balances decreased \$4.7 million, to \$771.1 million at March 31, 2026, compared to \$775.9 million at December 31, 2025. Year-over-year gross loan growth was 9%, or \$64.1 million, which includes \$30 million in SBA commercial loan purchases during the third quarter of 2025. The decrease in loan balances was primarily the result of a \$4.3 million planned decrease in Woodside auto loans as well as a \$1.2 million and \$1.4 million decrease in construction and development loans and CRE – NOO, respectively, which were partially offset by increases of \$2.0 million and \$1.8 million growth in residential 1-4 family and farmland, respectively. In the first quarter of 2026, loan originations were seasonally low and were outpaced by loan repayments. However, the loan pipeline remains steady and continues to be supported by business activity developed by the Company's commercial lending teams.

The Company manages 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 \$288.4 million at March 31, 2026, or 198% of total risk-based capital.

Credit quality: Nonperforming assets remain minimal but increased slightly to \$663,000, or 0.05% of total assets at March 31, 2026. The increase primarily relates to one non-accruing commercial loan. Classified loans, which are defined as loans rated substandard or worse, totaled 0.36% of portfolio loans at March 31, 2026 compared to 0.26% the prior quarter and 0.38% one year earlier. Special mention decreased \$2.0 million to \$14.2 million during the quarter, or 1.84% of total loans compared to 2.09% the prior quarter. The Company had zero other real estate owned as of March 31, 2026.

Allowance for credit losses ("ACL"): ACL-loans decreased \$251,000 to \$9.0 million, or 1.17% of total portfolio loans at March 31, 2026, compared to 1.20% at December 31, 2025. The ratio of ACL to non-government guaranteed loans was 1.23% at March 31, 2026. The recapture for credit losses of \$300,000 recorded in the current quarter compared to a provision for credit losses of \$120,000 in the prior quarter, was largely due to lower loans outstanding, lower unfunded loan commitments and updates to the Company's economic forecast scenarios and related model assumptions.

Total deposits increased \$15.7 million to \$1.14 billion at March 31, 2026, compared to the previous quarter and increased \$64.0 million, or 6% from \$1.07 billion one year earlier. The majority of the increase for the current quarter was due to increased money-market balances and non-interest-bearing deposits, which were partially offset by decreases in interest-bearing demand balances. Year-over-year growth was primarily a result of increased money-market balances and non-interest-bearing accounts.

Core deposits represented 87% of total deposits at quarter end, including non-interest-bearing deposits of 38% of deposits, and interest-bearing demand, money market, and savings deposits representing 11%, 28%, and 10% of total deposits, respectively. CDs as a percentage of deposits remained at 13% of total deposits. The high percentage of non-interest-bearing deposits continues to support a lower cost core deposits portfolio.

Shareholders' equity was \$127.1 million at March 31, 2026, compared to \$126.4 million at December 31, 2025, and \$116.9 million at March 31, 2025. The increase in shareholders' equity during the current quarter was primarily due

to \$3.1 million in net income, offset by \$909,000 increase in unrealized losses (after-tax) on available-for-sale securities and \$1.5 million in dividends to shareholders. Net unrealized losses (after-tax) included in shareholders' equity on available-for-sale securities were \$10.6 million at March 31, 2026, compared to \$9.7 million at December 31, 2025, and \$14.0 million at March 31, 2025.

Book value per common share was \$12.68 at March 31, 2026, compared to \$12.61 at December 31, 2025, and \$11.67 at March 31, 2025. Tangible book value per common share was \$11.34 at March 31, 2026, compared to \$11.27 at December 31, 2025, and \$10.33 at March 31, 2025. The Company's tangible common equity ratio was 8.9% at March 31, 2026, compared to 9.0% in the prior quarter and 8.6% one year earlier.

Regulatory capital ratios of the Bank continue to exceed well-capitalized regulatory thresholds, with the Bank's leverage ratio at 10.7% and total risk-based capital ratio at 17.4% as of March 31, 2026. These regulatory capital ratios are estimates, pending completion and filing of regulatory reports.

Income Statement Review

Net interest income decreased by \$322,000, to \$12.0 million for the first quarter of 2026, and increased \$693,000 compared to \$11.3 million for the first quarter a year ago. The decrease in the current quarter compared to the preceding quarter primarily reflects decreased loan and interest-earning cash yields partially offset by an increase in average-interest bearing asset balances.

The Company's NIM decreased 7 basis points to 4.04% for the quarter ended March 31, 2026, from 4.11% the prior quarter and 4.12% in the first quarter a year ago.

Yields on portfolio loans decreased 7 basis points during the first quarter to 5.89% from 5.96% the preceding quarter, while yields on investment securities increased 10 basis points to 3.60% from 3.50% over the same time period while yields on interest-earning cash decreased 27 basis points. Both interest-earning cash and loan yields reflect the impact of a full quarter of interest rate reductions announced in the fourth quarter of 2025 by the Federal Reserve.

The Company continues to actively monitor and manage its cost-of-funds. For the current quarter, the Company's total cost of funds increased slightly to 1.09% compared to 1.08% for the preceding quarter, primarily as a result of higher balances of money-market accounts during the quarter and decreased from 1.10% for the first quarter of 2025. The high percentage of non-interest-bearing deposits at 38% continues to help reduce volatility in deposit costs.

Noninterest income was \$1.3 million for the current quarter compared to \$1.7 million the prior quarter and \$1.2 million for the first quarter a year earlier. The \$386,000 decrease compared to the prior quarter was primarily due to the lower fee card network incentives.

Noninterest expenses decreased to \$9.8 million for the first quarter of 2026 compared to \$10.0 million for the prior quarter and increased from \$9.4 million for the first quarter of 2025. The decrease in the current quarter compared to the prior quarter was primarily related to decreases in salary and employee benefit expenses, as well as reduced marketing expenses. These reductions were partially offset by slightly higher professional fees, data processing & IT expenses. The increase from the first quarter of 2025 was primarily due to higher salaries and benefit expenses.

Income tax expense: Federal and Oregon state income tax expenses totaled \$714,000 for the current quarter, and \$792,000 for the preceding quarter, resulting in effective tax rates of 19.0% and 20.3%, 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			
	Mar 31,	Dec 31,	Mar 31,	Dec 31, 2025		Mar 31, 2025	
	2026	2025	2025	\$	%	\$	%
Earnings Ratios & Data							
Net Income	\$ 3,050	\$ 3,119	\$ 2,377	\$ (69)	-2%	\$ 673	28%
Return on average assets	0.97%	0.98%	0.81%	-0.01%		0.16%	
Return on average equity	9.69%	9.84%	8.48%	-0.15%		1.21%	
Efficiency ratio ⁽¹⁾	73.94%	71.21%	75.86%	2.73%		-1.92%	
Net-interest margin % ⁽²⁾	4.04%	4.11%	4.12%	-0.07%		-0.08%	
Share Ratios & Data							
Basic earnings per share	\$ 0.30	\$ 0.31	\$ 0.24	\$ (0.01)	-3%	\$ 0.06	25%
Diluted earning per share	\$ 0.30	\$ 0.31	\$ 0.24	\$ (0.01)	-3%	\$ 0.06	25%
Book value per share ⁽³⁾	\$ 12.68	\$ 12.61	\$ 11.67	\$ 0.07	1%	\$ 1.01	9%
Tangible book value per share ⁽⁴⁾	\$ 11.34	\$ 11.27	\$ 10.33	\$ 0.07	1%	\$ 1.01	10%
Common shares outstanding	10,024	10,020	10,020	4	0%	4	0%
PFLC stock price	\$ 12.98	\$ 12.75	\$ 10.90	\$ 0.23	2%	\$ 2.08	19%
Dividends paid per share	\$ 0.15	\$ 0.14	\$ 0.14	\$ 0.01	7%	\$ 0.01	7%
Balance Sheet Data							
Assets	\$ 1,290,658	\$ 1,275,116	\$ 1,218,969	\$ 15,542	1%	\$ 71,689	6%
Portfolio Loans	\$ 771,142	\$ 775,852	\$ 707,034	\$ (4,710)	-1%	\$ 64,108	9%
Deposits	\$ 1,138,653	\$ 1,122,935	\$ 1,074,646	\$ 15,718	1%	\$ 64,007	6%
Investments	\$ 329,742	\$ 322,555	\$ 305,377	\$ 7,187	2%	\$ 24,365	8%
Shareholders equity	\$ 127,080	\$ 126,390	\$ 116,949	\$ 690	1%	\$ 10,131	9%
Liquidity Ratios							
Short-term funding to uninsured and uncollateralized deposits	194%	193%	212%	1%		-18%	
Uninsured and uncollateralized deposits to total deposits	28%	29%	24%	-1%		4%	
Portfolio loans to deposits ratio	68%	69%	66%	-1%		2%	
Asset Quality Ratios							
Non-performing assets to assets	0.05%	0.01%	0.10%	0.04%		-0.05%	
Non-accrual loans to portfolio loans	0.09%	0.02%	0.17%	0.07%		-0.08%	
Loan losses(recoveries) to avg portfolio l	0.00%	-0.07%	0.04%	0.07%		-0.04%	
ACL-loans to portfolio loans	1.17%	1.20%	1.26%	-0.03%		-0.09%	
Capital Ratios							
Total risk-based capital ratio (Bank)	17.4%	17.2%	17.4%	0.2%		0.0%	
Tier 1 risk-based capital ratio (Bank)	16.2%	16.1%	16.2%	0.1%		0.0%	
Common equity tier 1 ratio (Bank)	16.2%	16.1%	16.2%	0.1%		0.0%	
Leverage ratio (Bank)	10.7%	10.7%	10.9%	0.0%		-0.2%	
Tangible common equity ratio	8.9%	9.0%	8.6%	-0.1%		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.

INCOME STATEMENT (unaudited) (\$ in 000s)	Quarter Ended			Change From			
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025		Mar 31, 2025	
				\$	%	\$	%
Interest Income							
Loan interest & fee income	\$ 11,200	\$ 11,561	\$ 10,304	\$ (361)	-3%	\$ 896	9%
Interest earning cash income	933	1,029	1,208	(96)	-9%	(275)	-23%
Investment income	2,923	2,778	2,678	145	5%	245	9%
Interest Income	15,056	15,368	14,190	(312)	-2%	866	6%
Interest Expense							
Deposits interest expense	2,889	2,865	2,694	24	1%	195	7%
Other borrowings interest expense	184	198	206	(14)	-7%	(22)	-11%
Interest Expense	3,073	3,063	2,900	10	0%	173	6%
Net Interest Income	11,983	12,305	11,290	(322)	-3%	693	6%
Provision (recapture) for credit losses	(300)	120	83	(420)	-350%	(383)	-461%
Net Interest Income after provision	12,283	12,185	11,207	98	1%	1,076	10%
Non-Interest Income							
Fees and service charges	1,102	1,492	1,117	(390)	-26%	(15)	-1%
Gain on sale of investments, net	-	-	(165)	-	0%	165	-100%
Gain on sale of loans, net	-	-	(2)	-	0%	2	-100%
Income on bank-owned insurance	201	198	191	3	2%	10	5%
Other non-interest income	6	5	12	1	20%	(6)	-50%
Non-Interest Income	1,309	1,695	1,153	(386)	-23%	156	14%
Non-Interest Expense							
Salaries and employee benefits	6,201	6,336	5,969	(135)	-2%	232	4%
Occupancy	624	600	592	24	4%	32	5%
Furniture, Fixtures & Equipment	323	320	302	3	1%	21	7%
Marketing & donations	138	177	153	(39)	-22%	(15)	-10%
Professional services	297	247	299	50	20%	(2)	-1%
Data Processing & IT	1,258	1,221	1,218	37	3%	40	3%
Other	987	1,068	906	(81)	-8%	81	9%
Non-Interest Expense	9,828	9,969	9,439	(141)	-1%	389	4%
Income before income taxes	3,764	3,911	2,921	(147)	-4%	843	29%
Provision for income taxes	714	792	544	(78)	-10%	170	31%
Net Income	\$ 3,050	\$ 3,119	\$ 2,377	\$ (69)	-2%	\$ 673	28%
Effective tax rate	19.0%	20.3%	18.6%	-1.3%		0.4%	

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BALANCE SHEET (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Assets										
Cash on hand and in banks	\$ 17,119	\$ 14,769	\$ 18,975	\$ 2,350	16%	\$ (1,856)	-10%	1%	1%	2%
Interest-earning cash	109,735	100,037	124,854	9,698	10%	(15,119)	-12%	9%	8%	10%
Investment securities	329,742	322,555	305,377	7,187	2%	24,365	8%	26%	25%	25%
Portfolio Loans, net of deferred fees	770,605	775,266	706,439	(4,661)	-1%	64,166	9%	60%	61%	58%
Allowance for credit losses	(9,041)	(9,292)	(8,890)	251	-3%	(151)	2%	-1%	-1%	-1%
Net loans	761,564	765,974	697,549	(4,410)	-1%	64,015	9%	59%	60%	57%
Premises & equipment	16,039	16,133	16,702	(94)	-1%	(663)	-4%	1%	1%	1%
Goodwill & Other Intangibles	13,435	13,435	13,435	-	0%	-	0%	1%	1%	1%
Bank-owned life Insurance	29,024	28,824	28,204	200	1%	820	3%	2%	2%	2%
Other assets	14,000	13,389	13,873	611	5%	127	1%	1%	2%	2%
Total Assets	\$ 1,290,658	\$ 1,275,116	\$ 1,218,969	\$ 15,542	1%	\$ 71,689	6%	100%	100%	100%
Liabilities & Shareholders' Equity										
Deposits	\$ 1,138,653	\$ 1,122,935	\$ 1,074,646	\$ 15,718	1%	\$ 64,007	6%	88%	88%	88%
Borrowings	13,403	13,403	13,403	-	0%	-	0%	1%	1%	1%
Other liabilities	11,522	12,388	13,971	(866)	-7%	(2,449)	-18%	1%	1%	1%
Common Stock & Retained Earnings	137,704	136,105	130,953	1,599	1%	6,751	5%	11%	11%	11%
Accumulated Other Comprehensive Loss	(10,624)	(9,715)	(14,004)	(909)	9%	3,380	-24%	-1%	-1%	-1%
Shareholders' equity	127,080	126,390	116,949	690	1%	10,131	9%	10%	10%	10%
Liabilities & Shareholders' Equity	\$ 1,290,658	\$ 1,275,116	\$ 1,218,969	\$ 15,542	1%	\$ 71,689	6%	100%	100%	100%

INVESTMENT COMPOSITION & CONCENTRATIONS (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Investment Securities										
Collateralized mortgage obligations	\$ 182,632	\$ 173,544	\$ 156,105	\$ 9,088	5%	\$ 26,527	17%	55%	54%	51%
Mortgage backed securities	45,402	46,751	40,396	(1,349)	-3%	5,006	12%	14%	14%	13%
U.S. Government and agency securities	58,502	58,830	68,392	(328)	-1%	(9,890)	-14%	18%	18%	22%
Municipal securities	43,206	43,430	40,484	(224)	-1%	2,722	7%	13%	14%	14%
Investment Securities	\$ 329,742	\$ 322,555	\$ 305,377	\$ 7,187	2%	\$ 24,365	8%	100%	100%	100%
Held to maturity securities	\$ 27,462	\$ 28,382	\$ 40,718	\$ (920)	-3%	\$ (13,256)	-33%	8%	9%	13%
Available for sale securities	\$ 302,280	\$ 294,173	\$ 264,659	\$ 8,107	3%	\$ 37,621	14%	92%	91%	87%
Government & Agency securities	\$ 286,513	\$ 279,101	\$ 264,866	\$ 7,412	3%	\$ 21,647	8%	87%	87%	87%
AAA, AA, A rated securities	\$ 42,565	\$ 42,768	\$ 39,822	\$ (203)	0%	\$ 2,743	7%	13%	13%	13%
Non-rated securities	\$ 664	\$ 686	\$ 689	\$ (22)	-3%	\$ (25)	-4%	0%	0%	0%
AFS Unrealized Gain (Loss)	\$ (13,701)	\$ (12,613)	\$ (18,284)	\$ (1,088)	9%	\$ 4,583	-25%	-4%	-4%	-6%

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LIQUIDITY (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Deposits		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Short-term Funding										
Cash and cash equivalents	\$ 115,697	\$ 106,558	\$ 129,616	\$ 9,139	9%	\$ (13,919)	-11%	10%	9%	12%
Unencumbered AFS Securities	145,295	142,377	104,237	2,918	2%	41,058	39%	13%	13%	10%
Secured lines of Credit (FHLB, FRB)	365,356	368,249	315,876	(2,893)	-1%	49,480	16%	32%	33%	29%
Short-term Funding	\$ 626,348	\$ 617,184	\$ 549,729	\$ 9,164	1%	\$ 76,619	14%	55%	55%	51%

PORTFOLIO LOAN COMPOSITION & CONCENTRATIONS (unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Portfolio Loans										
Commercial & agriculture	\$ 106,019	\$ 106,694	\$ 70,209	\$ (675)	-1%	\$ 35,810	51%	14%	14%	10%
Real estate:										
Construction and development	34,563	35,716	34,669	(1,153)	-3%	(106)	0%	4%	5%	5%
Residential 1-4 family	105,301	103,341	101,810	1,960	2%	3,491	3%	14%	13%	14%
Multi-family	80,628	81,327	72,313	(699)	-1%	8,315	11%	11%	10%	10%
CRE -- owner occupied	188,640	188,387	176,850	253	0%	11,790	7%	24%	24%	25%
CRE -- non owner occupied	175,789	177,167	160,022	(1,378)	-1%	15,767	10%	23%	23%	23%
Farmland	30,292	28,537	27,411	1,755	6%	2,881	11%	4%	4%	4%
Consumer	49,910	54,683	63,750	(4,773)	-9%	(13,840)	-22%	6%	7%	9%
Portfolio Loans	771,142	775,852	707,034	\$ (4,710)	-1%	\$ 64,108	9%	100%	100%	100%
Less: ACL	(9,041)	(9,292)	(8,890)							
Less: deferred fees	(537)	(586)	(595)							
Net loans	\$ 761,564	\$ 765,974	\$ 697,549							
Regulatory Commercial Real Estate	\$ 288,400	\$ 291,305	\$ 263,424	\$ (2,905)	-1%	\$ 24,976	9%	37%	38%	37%
Total Risk Based Capital ⁽¹⁾	\$ 145,993	\$ 144,884	\$ 139,133	\$ 1,109	1%	\$ 6,860	5%			
CRE to Risk Based Capital ⁽¹⁾	198%	201%	189%		-3%		9%			

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

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Collateral Composition ⁽²⁾										
Multifamily	\$ 82,569	\$ 83,239	\$ 76,421	\$ (670)	-1%	\$ 6,148	8%	30%	31%	31%
Hospitality	32,927	32,165	31,772	762	2%	1,155	4%	12%	12%	13%
Retail	31,582	31,572	36,616	10	0%	(5,034)	-14%	12%	12%	15%
Mixed Use	28,125	29,366	22,706	(1,241)	-4%	5,419	24%	11%	11%	9%
Mini Storage	23,607	23,847	22,654	(240)	-1%	953	4%	9%	9%	9%
Industrial	20,175	17,313	15,230	2,862	17%	4,945	32%	8%	6%	6%
Office	19,249	21,212	23,975	(1,963)	-9%	(4,726)	-20%	7%	8%	10%
Special Purpose	17,202	17,312	6,874	(110)	-1%	10,328	150%	6%	6%	3%
Warehouse	9,403	10,063	8,146	(660)	-7%	1,257	15%	4%	4%	3%
Other	2,123	2,146	2,648	(23)	-1%	(525)	-20%	1%	1%	1%
Total	\$ 266,962	\$ 268,235	\$ 247,042	\$ (1,273)	0%	\$ 19,920	8%	100%	100%	100%

⁽¹⁾ Bank of the Pacific

⁽²⁾ Includes loans in process of construction

CREDIT QUALITY (unaudited)

(\$ in 000s)

	Period Ended			Change from			
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%
Risk Rating Distribution							
Pass	\$ 754,182	\$ 757,625	\$ 694,240	\$ (3,443)	0%	\$ 59,942	9%
Special Mention	14,196	16,205	10,131	(2,009)	-12%	4,065	40%
Substandard	2,764	2,022	2,663	742	37%	101	4%
Portfolio Loans	\$ 771,142	\$ 775,852	\$ 707,034	\$ (4,710)	-1%	\$ 64,108	9%
Nonperforming Assets							
Nonaccruing loans	663	124	1,225	\$ 539	435%	(562)	-46%
Other real estate owned	-	-	-	-	0%	-	0%
Nonperforming Assets	\$ 663	\$ 124	\$ 1,225	\$ 539	435%	(562)	-46%
Credit Metrics							
Classified loans ¹ to portfolio loans	0.36%	0.26%	0.38%	0.10%		-0.02%	
ACL to classified loans ¹	327.10%	459.55%	333.83%	-132.45%		-6.73%	
Loans past due 30+ days to portfolio loans ²	0.03%	0.16%	0.04%	-0.13%		-0.01%	
Nonperforming assets to total assets	0.05%	0.01%	0.10%	0.04%		-0.05%	
Nonaccruing loans to portfolio loans	0.09%	0.02%	0.17%	0.07%		-0.08%	

⁽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

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DEPOSIT COMPOSITION & CONCENTRATIONS

(unaudited)

(\$ in 000s)

	Period Ended			Change from				% of Total		
	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025	Dec 31, 2025 \$	%	Mar 31, 2025 \$	%	Mar 31, 2026	Dec 31, 2025	Mar 31, 2025
Deposits										
Interest-bearing demand	\$ 129,481	\$ 198,049	\$ 243,363	\$ (68,568)	-35%	\$ (113,882)	-47%	11%	18%	23%
Money market	315,130	255,825	197,184	59,305	23%	117,946	60%	28%	23%	18%
Savings	113,036	112,658	117,130	378	0%	(4,094)	-3%	10%	10%	11%
Time deposits (CDs)	148,131	150,492	134,226	(2,361)	-2%	13,905	10%	13%	13%	12%
Total interest-bearing deposits	705,778	717,024	691,903	(11,246)	-2%	13,875	2%	62%	64%	64%
Non-interest bearing demand	432,875	405,911	382,743	26,964	7%	50,132	13%	38%	36%	36%
Total deposits	\$ 1,138,653	\$ 1,122,935	\$ 1,074,646	\$ 15,718	1%	\$ 64,007	6%	100%	100%	100%
Insured Deposits	\$ 634,395	\$ 628,621	\$ 630,940	\$ 5,774	1%	\$ 3,455	1%	56%	56%	59%
Collateralized Deposits	180,730	174,023	183,842	6,707	4%	(3,112)	-2%	16%	15%	17%
Uninsured Deposits	323,528	320,291	259,864	3,237	1%	63,664	24%	28%	29%	24%
Total Deposits	\$ 1,138,653	\$ 1,122,935	\$ 1,074,646	\$ 15,718	1%	\$ 64,007	6%	100%	100%	100%
Consumer Deposits	\$ 517,179	\$ 518,554	\$ 472,839	\$ (1,375)	0%	\$ 44,340	9%	45%	47%	44%
Business Deposits	430,072	419,780	407,974	10,292	2%	22,098	5%	38%	37%	38%
Public Deposits	191,402	184,601	193,833	6,801	4%	(2,431)	-1%	17%	16%	18%
Total Deposits	\$ 1,138,653	\$ 1,122,935	\$ 1,074,646	\$ 15,718	1%	\$ 64,007	6%	100%	100%	100%

NET INTEREST MARGIN (unaudited) (\$ in 000s)	Quarter Ended			Change From			
	Mar 31,	Dec 31,	Mar 31,	Dec 31, 2025		Mar 31, 2025	
	2026	2025	2025	\$	%	\$	%
Average Interest Bearing Balances							
Portfolio loans	\$ 772,754	\$ 770,436	\$ 701,071	\$ 2,318	0%	\$ 71,683	10%
Investment securities	\$ 331,999	\$ 318,025	\$ 305,074	\$ 13,974	4%	\$ 26,925	9%
Interest-earning cash	\$ 102,289	\$ 102,834	\$ 110,007	\$ (545)	-1%	\$ (7,718)	-7%
Total interest-earning assets	\$ 1,207,042	\$ 1,191,295	\$ 1,116,152	\$ 15,747	1%	\$ 90,890	8%
Non-interest bearing deposits	\$ 413,375	\$ 420,140	\$ 378,470	\$ (6,765)	-2%	\$ 34,905	9%
Interest-bearing deposits	\$ 714,456	\$ 695,293	\$ 675,122	\$ 19,163	3%	\$ 39,334	6%
Total Deposits	\$ 1,127,831	\$ 1,115,433	\$ 1,053,592	\$ 12,398	1%	\$ 74,239	7%
Borrowings	\$ 13,403	\$ 13,457	\$ 13,403	\$ (54)	0%	\$ -	0%
Total interest-bearing liabilities	\$ 727,859	\$ 708,750	\$ 688,525	\$ 19,109	3%	\$ 39,334	6%
Yield / Cost \$⁽¹⁾							
Portfolio loans	\$ 11,215	\$ 11,577	\$ 10,316	\$ (362)	-3%	\$ 899	9%
Investment securities	\$ 2,950	\$ 2,805	\$ 2,710	\$ 145	5%	\$ 240	9%
Interest-earning cash	\$ 933	\$ 1,029	\$ 1,208	\$ (96)	-9%	\$ (275)	-23%
Total interest-earning assets	\$ 15,098	\$ 15,411	\$ 14,234	\$ (313)	-2%	\$ 864	6%
Interest-bearing deposits	\$ 2,889	\$ 2,865	\$ 2,694	\$ 24	1%	\$ 195	7%
Borrowings	\$ 184	\$ 198	\$ 206	\$ (14)	-7%	\$ (22)	-11%
Total interest-bearing liabilities	\$ 3,073	\$ 3,063	\$ 2,900	\$ 10	0%	\$ 173	6%
Net interest income	\$ 12,025	\$ 12,348	\$ 11,334	\$ (323)	-3%	\$ 691	6%
Yield / Cost %⁽¹⁾							
Yield on portfolio loans	5.89%	5.96%	5.97%	-0.07%		-0.08%	
Yield on investment securities	3.60%	3.50%	3.60%	0.10%		0.00%	
Yield on interest-earning cash	3.70%	3.97%	4.45%	-0.27%		-0.75%	
Cost of interest-bearing deposits	1.64%	1.63%	1.62%	0.01%		0.02%	
Cost of borrowings	5.57%	5.84%	6.23%	-0.27%		-0.66%	
Cost of deposits and borrowings	1.09%	1.08%	1.10%	0.01%		-0.01%	
Yield on interest-earning assets	5.07%	5.13%	5.17%	-0.06%		-0.10%	
Cost of interest-bearing liabilities	1.71%	1.71%	1.71%	0.00%		0.00%	
Net interest spread	3.36%	3.42%	3.46%	-0.06%		-0.10%	
Net interest margin	4.04%	4.11%	4.12%	-0.07%		-0.08%	

⁽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			
	Mar 31,	Dec 31,	Mar 31,	Dec 31, 2025		Mar 31, 2025	
	2026	2025	2025	\$	%	\$	%
ACL-Loans							
Beginning of period balance	\$ 9,292	\$ 9,057	\$ 8,851	\$ 235	3%	\$ 441	5%
Charge-offs	(6)	(50)	(75)	44	-88%	69	-92%
Recoveries	5	182	-	(177)	-97%	5	100%
Net (charge-off) recovery	(1)	132	(75)	(133)	-101%	74	-99%
Provision (recapture)	(250)	103	114	(353)	-343%	(364)	-319%
End of period balance	\$ 9,041	\$ 9,292	\$ 8,890	\$ (251)	-3%	\$ 151	2%
Net charge-off (recovery) to							
average portfolio loans	0.00%	-0.07%	0.04%	0.07%		-0.04%	
ACL-loans to portfolio loans	1.17%	1.20%	1.26%	-0.03%		-0.09%	
ACL-Unfunded Loans Commitments							
Beginning of period balance	\$ 568	\$ 551	\$ 540	\$ 17	3%	\$ 28	5%
Provision (recapture)	(50)	17	(31)	(67)	-394%	(19)	61%
End of period balance	\$ 518	\$ 568	\$ 509	\$ (50)	-9%	\$ 9	2%

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 March 31, 2026, the Company had total assets of \$1.29 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.