Oregon Coast Bancshares, Inc.

Dividend Reinvestment Plan

March 15, 2022

This Private Placement Memorandum ("Memorandum") relates to a Dividend Reinvestment Plan ("Plan") offered by Oregon Coast Bancshares, Inc. ("Company") which offers a way for eligible shareholders to purchase additional shares of Company's common stock through the optional reinvestment of dividends. Under the Plan, shareholders will be able to reinvest all or a portion of their cash dividends in additional shares of Company's common stock which were previously authorized but unissued.

To participate in the Plan, a shareholder must hold, of record, at least five hundred (500) shares of Company's common stock. In Company's sole discretion, Company's employee benefit plan may also participate in the Plan.

Dividends reinvested under the Plan will be reinvested in shares. The shareholder will receive a new certificate which will include fractional shares. Shareholders who do not participate in the Plan shall, when and as declared by Company's Board of Directors, receive their dividends in cash.

Participating in the Plan and investing in Company's common stock involves risks. You should carefully consider the information under the heading "Risk Factors" beginning on page 1.

Company's principal executive office is located at 909 SE Bay Blvd., Newport, Oregon 97365 and its principal telephone number is (541) 265-9000.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities offered herein or determined if this Memorandum is truthful or complete. Any Representation to the contrary is a criminal offense.

[The remainder of this page is left intentionally blank]

TABLE OF CONTENTS

About This Memorandum

This Memorandum provides you with a general description of the Plan. Company may also add, update, or change the information contained in this Memorandum by means of a supplement to this Memorandum. If there is any inconsistency between the information in this Memorandum and any supplement to this Memorandum, you should rely on the information in the supplement.

Read this Memorandum and any supplement thereto before deciding whether to enroll in the Plan. This Memorandum contains and incorporates by reference information you should consider when making your investment decision. Company has not authorized anyone else to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. Company's business, financial condition, results of operation, and prospects may have materially changed since that date.

Cautionary Statements Regarding Certain Forward-Looking Information

This Memorandum and the documents incorporated or deemed incorporated by reference contain forward-looking statements that are not based on historical facts are forward-looking, may involve risks and uncertainties, and are intended to be as of the date when made. Forward-looking statements include, but are not limited to, statements relating to Company's strategic plan, including, but not limited to, those related to earnings per share, dividend, operating and maintenance expense and capital investment goals; the outcome of legislative efforts and regulatory and legal proceedings; and other matters relating to expected financial performance or affecting future operations. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from the forward-looking information.

Our Company

Oregon Coast Bancshares, Inc. is an Oregon state bank holding company registered with the Board of Governors of the Federal Reserve and formed in 2006, primarily to hold all of the common stock of Oregon Coast Bank ("Bank"), an Oregon state-chartered bank that commenced operations in 2002 in Newport, Oregon. Company and Bank are headquartered in Newport, Oregon and Bank has opened a total of five branch locations in Pacific City, Lincoln City, Waldport, Toledo and Tillamook, Oregon.

Bank provides a full range of retail banking services, including the acceptance of demand, savings and time deposits; the making of loans to consumers and businesses; and other financial services usually handled for customers by commercial banks. Bank maintains a web site at www.oregoncoastbank.com, which contains additional information about the products and services it offers. The information contained on Bank's web site is not to be considered part of this Memorandum.

On December 31, 2021, Company had consolidated total assets of approximately $422 million, total liabilities of approximately $388 million, total net loans of approximately $171 million, total deposits of approximately $385 million, and shareholders' equity of approximately $34 million.

Risk Factors

Investing in Company's shares involves substantial risks. Company's business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results, and are often beyond Company's control. The matters described below are considerations that are unique to Company's business and market. Prospective investors should carefully consider these risk factors, in addition to other information with respect to Company's business contained in this Memorandum before enrolling in the Plan.

Current and future economic conditions may negatively impact Company's business, financial condition, and the value of its common stock.

The continued challenging economic environment could have a material adverse effect on Company's future results of operations and value of its stock. The global, national, and Pacific Northwest economies, and the financial services sector in particular, are still facing significant challenges. Substantially all of Company's loans are to businesses and individuals in Western Oregon, a market facing many of the same challenges as the national economy. Further deterioration in economic conditions in the nation as a whole or in Company's market could result in the following consequences, any of which could have a material adverse impact on Company's business, financial condition, result of operations and prospects, and could cause the value of Company's common stock to decline:

- An increased likelihood Company's borrowers will default on their loans;
- Nonperforming assets and write-downs of assets underlying troubled credits could adversely affect Company's earnings;
- Changes and volatility in interest rates may negatively impact the yields on earning assets and the cost of interest-bearing liabilities.

The current economic environment is impacting Company's ability to make loans. The Bank's primary source of revenue is the making of loans to borrowers in its market area. The current economy has adversely impacted the business environment both nationally and in Company's market area, with a resulting substantial shortage of qualified loan requests in the communities served by the Bank.

An active public market for Company's common stock does not currently exist and probably will not exist after the institution of the Plan. As a result, shareholders may not be able to easily sell their common stock.

Company's common stock is not currently traded on any organized market. At present, no public trading market exists for Company's common stock. There can be no assurance that an active and liquid market for Company's common stock will develop, or if one develops, that (1) it can be maintained, or (2) the shares can be resold at or above the price you purchase them at. A purchaser of the common Stock, therefore, must be prepared to hold his/her shares for an indefinite period of time. Shareholders who enroll in the Plan should have a long-term investment intent and recognize that the absence of an active trading market may make it difficult to subsequently sell Company's common stock. Even if you are able to sell the Company's common stock, the market price for Company's common stock may be volatile. This volatility may affect the price at which you are able to sell Company's common stock.

There are tax consequences to reinvesting cash dividends under the Plan.

In general, the full amount of cash dividends pain on a participant's shares of Company's common stock under the Plan is considered to be received by the participant for U.S. federal income tax purposes whether actually received in cash or reinvested in additional shares under the Plan. Therefore, by electing to reinvest cash dividends in additional shares of Company's common stock, a participant in the Plan may incur tax liability without having received the cash dividends to satisfy that liability.

Company may be unable to, or may choose not to, continue to pay dividends on its common stock at current rates or at all.

Any future payments of cash dividends will depend on Company's financial condition, Company's capital requirements and earnings, and the ability of Company's operating subsidiaries to distribute cash to us, as well as other factors that Company's board of directors may consider.

Changes in interest rates and other factors beyond Company's control could adversely affect earnings and financial condition.

Company's operating income and net income depend to a great extent on the Bank's net interest margin, i.e., the difference between the interest yields earned on loans, securities and other interest-bearing assets and the interest rates paid on interest-bearing deposits and other Bank liabilities. Net interest margin is affected by changes in market interest rates, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a period, an increase in market rates of interest could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce net interest income. These rates are highly sensitive to many factors beyond the Bank's control, including inflation, unemployment, money supply, international events, events in world financial markets, competition, general economic conditions and monetary and fiscal policies of various governmental and regulatory authorities, including the Fed.

The Bank attempts to manage risk from changes in market interest rates by adjusting the rates, maturity, repricing, and balances of the different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are not exact. As a result, a rapid increase or decrease in interest rates could have an adverse effect on net interest margin and results of operations. Market interest rates for types of products and services in the Bank's market also may vary significantly over time based upon competition and local or regional economic factors. The Bank's interest rate risk management process depends upon a number of assumptions which may prove to be inaccurate. There can be no assurance that the Bank will be able to successfully manage its interest rate risk.

The loss of the services of any key employees or Directors could adversely affect investor returns.

The business of Company and Bank is service and technology oriented, and its success depends to a large extent upon the services and relationships that its senior officers provide and maintain, in connection with the Bank's business activities, including the maintenance of high levels of demand deposits. Accordingly, the services of Lance Nunn / President and CEO, Cora Warfield / Chief Operations Officer and Cashier, Trevor Downing / Chief Information Officer and Treasurer, Jill Meengs / Chief Administrative Officer, Becky Lytwyn / Chief Real Estate Lending Officer, Teresa Murray / Chief Lending Officer, Melissa Chown / Chief Credit Officer, and other senior officers are important to the success of Company and the Bank. The loss of the services of one or more of these persons could adversely affect the business of the Bank and Company.

Government regulation significantly affects Company's business and may result in higher costs and lower shareholder returns.

The banking industry is heavily regulated. Banking regulations are primarily intended to protect the federal deposit insurance fund, depositors, and consumers, not shareholders, Bank is regulated and supervised by the FDIC. The burden imposed by federal regulations puts banks at a competitive disadvantage compared to less regulated competitors such as nonbank finance companies, mortgage banking companies, digital fin-tech lenders, and leasing companies. Changes in the laws, regulations, and regulatory practices affecting the banking industry may increase the costs of doing business or otherwise adversely affect the Bank and create competitive advantages for others. Regulations affecting banks and financial services companies undergo continuous change, and the Bank cannot predict the ultimate effect of these changes, which could have a material adverse effect on the Bank's profitability or financial condition.

Government responses to the condition of the global financial markets and the banking industry has, among other things, increased costs and may further increase costs for items such as federal deposit insurance. The FDIC insures deposits at FDIC-insured institutions, such as the Bank, up to applicable limits. The FDIC charges the insured financial institutions premiums to maintain the Deposit Insurance Fund at a minimum of 2% of total estimated insured deposits. Increases in deposit insurance premiums to increase the coverage ratio to required levels, to meet revised rules to measure risk or to pay depositors of additional failed institutions could adversely affect Company's net income.

The failure to fully comply with applicable laws and regulations, particularly those related to consumer compliance and lending, could result in additional regulatory scrutiny being placed on the Bank, in the Company or Bank being subjected to informal or formal enforcement actions, or the imposition of civil money penalties against the Company, the Bank, and/or their respective officers or directors. Even if the Company or Bank avoided such enforcement actions following a compliance lapse, expenses required to come into compliance and maintain such compliance, and to avoid any threatened enforcement action, could have an adverse effect on earnings, divert management attention from other opportunities and otherwise adversely affect shareholder returns.

If the Bank fails or is put into receivership or conservatorship by the FDIC, investors will likely lose their entire investment in Company.

Company's common stock is effectively subordinate to the claims of all creditors, including depositors, of the Bank. Based on the history of the FDIC in resolving failed institutions, if the Bank fails, or is placed into receivership, it is expected that the FDIC would incur a loss on the payout of the Bank's insured deposits, uninsured deposits and sale of assets. As such, it is extremely unlikely that there would be any remaining funds available for payment to the Company as the sole shareholder of the Bank, or to its creditors or shareholders. Company's common stock is an investment in the Company only, and is not a deposit, savings account, or other liability of the Bank, and is not insured by the FDIC or any other governmental agency. As the Bank is the principal asset of the Company, its receivership will likely result in the Company's bankruptcy, and the loss of shareholders' investments in their entirety.

A breach of information security or cyber-related threats could negatively affect earnings.

The Bank depends upon data processing, communication and information exchange on a variety of computing platforms and networks from internal sources and external, third-party vendors. While to date it has not suffered financial losses due to a cyberattack or other cyber-related incident, it cannot guarantee all systems are free from vulnerability to attack, despite safeguards it has instituted with its technology providers. In addition, disruptions to vendors' systems may arise from events that are wholly or partially beyond the Bank's control and the vendors' control (including, for example, computer malware or electrical or telecommunications outages). If information security is breached, despite the controls in place, information can be lost or misappropriated, resulting in financial losses or costs to the Bank or damages to others. These costs or losses could materially exceed the amount of insurance coverage, if any, which would adversely affect earnings. In addition, the Bank's reputation could be damaged and could result in loss of clients, greater difficulty in attracting new clients, or an adverse effect on the value of the Company's common stock.

The Bank faces a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The Bank Secrecy Act of 1970, the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act"), and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and to file reports such as suspicious activity reports and currency transaction reports. The Bank is required to comply with these and other anti-money laundering requirements. Federal and state banking regulators, the Financial Crimes Enforcement Network, or FinCEN, and other government agencies are authorized to impose significant civil money penalties for violations of anti-money laundering requirements. The Bank is also subject to regulations issued and enforced by the Office of Foreign Assets Control ("OFAC"). If the Bank's OFAC program is deemed deficient, it could be subject to liability, including fines, civil money penalties and other regulatory actions, which may include restrictions on business operations and the ability to pay dividends, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have significant reputational consequences. Any of these circumstances could have a material adverse effect on the Bank's business, financial condition or results of operations.

The Bank is subject to numerous "fair and responsible banking" laws designed to protect consumers, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations, including state laws and regulations, prohibit discriminatory lending practices by financial institutions. The Federal Trade Commission Act and the Dodd-Frank Act prohibit unfair, deceptive, or abusive acts or practices by financial institutions. The U.S. Department of Justice, federal banking agencies, and other federal and state agencies are responsible for enforcing these fair and responsible banking laws and regulations. A challenge to an institution's compliance with fair and responsible banking laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on the Bank's reputation, business, financial condition and results of operations.

The continuation of the COVID-19 pandemic could adversely impact the Bank's commercial loan portfolio and its prospects for developing new commercial loans.

The outbreak of the novel coronavirus COVID-19 ("COVID-19") has evolved into a global pandemic. The extent to which COVID-19 impacts the Bank's business will depend on future developments that are highly uncertain and cannot be accurately predicted, including, among other things, new information that may emerge concerning COVID-19 and actions taken by federal, state, or local governments to contain COVID-19 or treat its impact. The ultimate impact of the COVID-19 pandemic, or any other health epidemic, is highly uncertain and subject to change. The Bank does not yet know the full extent to which the COVID-19 pandemic will affect its business or the global economy as a whole.

In response to the COVID-19 pandemic, the federal government previously provided temporary aid to businesses who suffered losses as a result of COVID-19. Federal regulators also permitted banks to defer payments on loans made to borrowers who were negatively impacted by COVID-19. These programs have since ended and there is no guarantee the federal government and/or federal regulators offer any additional aid or relief to businesses who continue to suffer financial losses as a result of the COVID-19 pandemic. In the event the Bank's borrowers suffer significant financial losses as a result COVID-19 related shutdowns or supply chain disruptions, or otherwise suffer significant financial losses as a result of the COVID-19 pandemic, such borrowers may be unable to repay their debt owed to the Bank, causing the Bank substantial financial harm.

SUMMARY OF PLAN HIGHLIGHTS

Because this section is a summary, it does not contain all the information that may be important to you. You should read the entire Memorandum carefully.

How to Enroll. As an existing shareholder of Oregon Coast Bancshares, Inc. you can enroll in the plan by completing an enrollment form and sending it to the Plan administrator. You can email the Plan administrator and request an enrollment form, or log into the shareholder portal on the website. The website is www.oregoncoastbank.com and click on the Investor Relations tab.

Reinvest Dividends Automatically. You can automatically reinvest all or a portion of your dividends in additional shares. If you reinvest part of your dividends, you will receive your remaining dividends in cash. Shares will be issued fractionally and if you choose to reinvest your entire dividend, you will not receive any cash payment.

Direct Deposit of Dividends. If you do not reinvest your dividends, or choose to reinvest only a portion of your dividends, you can have your cash dividends deposited directly into your checking or savings account by electronic transfer on the dividend payable date.

TERMS OF THE PLAN

Administration. Oregon Coast Bancshares, Inc. administers the Plan. The Plan administrator also serves as the transfer agent, registrar, and dividend payment agent. In addition, the administrator maintains each participant's records with respect to the Plan and performs other duties relating to the Plan. If you have any questions about the Plan, you may contact the Plan administrator:

Oregon Coast Bancshares, Inc.
PO Box 2280
Newport, OR 97365
Phone: 1-866-833-6430

541-265-9000
Website: www.oregoncoastbank.com

Eligibility and Enrollment. Read the entire Memorandum carefully. To participate in the Plan, you must:

i. Hold, of record, a minimum of 500 shares of Company's common stock; and

ii. Complete and sign an enrollment form and return it to the Plan administrator. The enrollment form is available from the Plan administrator. You can also obtain the enrollment form from the website, clicking on the Investor Relations tab. You will need log in credentials to enter the Investor Relations tab.

After the Plan administrator approves your enrollment, your participation in the Plan begins. Reinvested funds will be invested as soon as practicable, but in any event such investments will be invested not later than five business days after the dividend is declared. If you elect to reinvest all or a portion of the cash dividends on your shares in the Plan, those dividends will be invested in additional shares of Company's common stock.

Dividend Reinvestment Options. You can reinvest cash dividends paid on all or a portion of your shares in the Plan by making the appropriate selection on the enrollment form. You can also change your reinvestment selection by sending written notice to the Plan administrator. To be effective for a particular dividend period, the Plan administrator must receive your instructions prior to the record date for the dividend. Your dividend reinvestment options are:

i. **Full Dividend Reinvestment—**If you choose this option, all of your dividends that become payable on shares you own will be reinvested on the dividend investment date to purchase additional shares of Company's common stock

ii. **Partial Dividend Reinvestment—**you may reinvest dividends on a specific percentage of shares that you own. This must be a full share amount. Dividends on remaining shares will be paid to you by cash or direct deposit.

iii. **No Dividend Reinvestment—**If you choose this option, all dividends on shares you own will be paid to you in cash unless and until you direct otherwise.

USE OF PROCEEDS

The proceeds from the sale of shares purchased from Company under the Plan will be added to Company's general operating funds to be used as working capital. This may also include business expansion. Company does not know precisely the number of shares that may ultimately be sold pursuant to the Plan or the prices at which those shares will be sold, and therefore it cannot determine the amount of proceeds that will be generated.

OTHER INVESTMENT INFORMATION

Price of Shares. Shares of Company's common stock needed to meet the requirements of the Plan for dividend reinvestments will be issued directly by us. The price for reinvesting shares is determined annually. Company's common stock price is quoted from Company's annual stock valuation. This stock valuation is normally completed each March and will remain in effect until a new stock valuation is available the following year.

The Plan administrator has the right to deny, suspend, or terminate your participation in the Plan on grounds of excessive enrollment and termination. This is intended to minimize administrative expense and encourage long-term investment.

Company has a limit on how much each shareholder can own of common shares. No single shareholder can own more than 15% of Company's outstanding shares. If any shareholder gets close to this number, they will be notified by the Plan administrator and will need to exit the Plan.

Selling Shares through the Plan. You can, in accordance with the Shareholder Agreement, sell or request Company purchase some or all of your shares at any time by contacting the Plan administrator. However, in no event shall Company be obligated to purchase any of your shares. You will need to contact the Plan administrator in writing with the instructions of how you want to receive the proceeds from the sale of shares. Your original stock certificate will be needed to accompany the sale instructions. If the original stock certificate is lost, a lost certificate indemnity agreement will need to be signed by all owners of the stock prior to proceeds being received.

DESCRIPTION OF COMMON STOCK

General. Under Company's Articles of Incorporation, it is authorized to issue 10,000,000 shares of stock. Company does not issue any Preferred stock.

Dividend Rights and Limitations. The holders of Company's common stock are entitled to receive such dividends as its board of directors may declare from time to time. The normal schedule for declaring dividends is calendar quarter end. Company's ability to pay dividends depends primarily upon the ability of the Bank to pay dividends to Company.

Voting Rights. Except as otherwise provided by law, the holders of Company's common stock are entitled to one vote for each share on all matters voted on by shareholders, including the election of directors. The holders of Company's common stock are not entitled to cumulative voting of their shares in the election of directors. Directors are to be elected by a majority of the votes cast by the holders of common stock entitled to vote and present in person or represented by proxy.

Transfer Agent and Registrar. Company acts as transfer agent and registrar for its common stock.

QUESTIONS AND ANSWERS ABOUT THE PLAN

1. **What is the purpose of the Plan for shareholders?**

   The Plan provides registered shareholders with a convenient and economical method of investing their cash dividends in additional shares of Company's common stock.

2. **Who can participate in the Plan?**

A shareholder must hold, of record, at least 500 shares of Company's common stock in order to participate in the Plan. In Company's discretion, its employee benefit plan may also participate in the Plan.

3. What are the principal features of the Plan to shareholders?

Participants do not pay any brokerage commissions or service charges for purchases. Full investment of funds is possible because the Plan permits purchasing of all shares, full and fractional.

4. Who administers the Plan?

Company is its own transfer agent and will administer the Plan. Company keeps the Plan records, makes purchases of shares of common stock as agent for all participants and will handle distributions from the Plan. Company will keep records of the dividends reinvested and purchases made under the Plan and they will be reflected on your annual K-1 document. You will receive a stock certificate showing your new share purchase at the end of each quarter after dividends are paid. Your certificate will include the fractional share transaction.

5. How do shareholders join the Plan?

Any eligible shareholder may join the Plan by completing an enrollment and authorization form and returning it to the Bank. An enrollment form may be obtained at any time by writing or calling the Bank. You can also obtain the form by visiting the "Shareholder Information" page under the Investor Relations tab on Bank's website at www.oregoncoastbank.com.

The enrollment form directs Company to pay the cash dividends on all or a portion of the shares of common stock registered in the participant's name. The enrollment form also directs Company to use cash dividends to purchase shares of common stock.

6. Can a shareholder reinvest only a portion of his or her shares?

Yes. An eligible shareholder may participate in the Plan with respect to less than all shares registered in his or her name and continue to receive cash dividends on the remaining shares.

7. When may an eligible shareholder join the Plan?

An eligible shareholder may join the Plan at any time. If an enrollment form is received by the Bank on or before the record date for the payment of a cash dividend, the participant's dividends will begin being reinvested with that dividend payment. Company's dividend record date is on the last day of the quarter and payment dates are normally on or close to the dates shown below:

Record Date	Payment Date
December 31	January 15
March 31	April 15
June 30	July 15
September 30	October 15

If an enrollment form is received after the record date for a cash dividend, the dividend will be paid in cash, and participation in the Plan will begin with the next cash dividend payment. For example, if an enrollment form is received on or before December 31, the dividend payable on or about January 15 will be reinvested under the Plan. If an enrollment form is received after December 31, then the first dividend reinvested under the Plan will be the dividend payment on or about April 15.

8. What is the source of shares purchased under the Plan?

Shares purchased under the Plan will normally come from the authorized but unissued shares of Company's common stock, but may also come from shares we hold as treasury shares. The price of shares purchased for participants will be the same whether the shares are newly issued shares or treasury shares.

9. When will purchases of stock be made?

Purchases will be made on (or as close as practicable to) the dividend payment date. This is called the investment date.

10. What is the price of shares purchased under the Plan?

The price of newly issued or treasury shares purchased with reinvested cash dividends will be the annual valuation price that is currently in effect. Annually the price is valuated and can change by the March record date.

11. How will the number of shares to be purchased be determined?

The number of shares that will be purchased for a participant's account will depend on the amount of the participant's cash dividend and the price of the shares. A participant will receive stock in fractional shares. The maximum amount of shares to be purchased will depend on the amount of the participant's cash dividend and the amount of its dividend the participant has chosen to reinvest.

12. What reports will be sent to participants?

Quarterly, following dividend payment and reinvestment transactions, the Plan administrator will deliver each participant a stock certificate showing amount of shares purchased. All shareholders will continue to receive their annual K-1's for taxes.

13. Will a participant receive certificates for shares purchased?

A stock certificate will be issued for shares purchased under the Plan. New certificates will be issued in the name or names in which the participant's original certificates were registered at the time of purchase.

14. **How does a participant withdraw from the Plan?**
    A participant may withdraw from the Plan at any time. A participant may withdraw from the Plan by sending written notification of withdrawal to the Plan administrator. If the Plan administrator receives the withdrawal request at least five days prior to a dividend record date, the amount of the cash dividend which would otherwise have been invested on the next investment date, and all subsequent dividends, will be paid to him or her in cash. If the Plan administrator receives the withdrawal request less than five business days before the dividend record date, the amount of the cash dividend to be invested on the next investment date will be so invested, but all subsequent dividends will be paid to the participant in cash.

15. **Can a participant sell or request Company purchase a portion of his or her shares and remain in the Plan?**
    Yes. A participant may, in accordance with the Shareholder Agreement, sell or request Company purchase less than all shares held by the participant and continue to participate in the Plan with respect to the participant's remaining shares, assuming the participant is still eligible to participate in the plan.

16. **May a shareholder rejoin the plan after withdrawing?**
    Generally, an eligible shareholder may rejoin the Plan and become a participant at any time. However, in order to minimize administrative expenses and to encourage use of the Plan as a long-term investment service, Company retains the right to reject the enrollment form from a previous participant on grounds of excessive joining and termination.

17. **Can a participant vote shares held under the Plan?**
    Yes. Participants will be able to vote the total number of shares held by the participant, including fractional shares credited to the participant's account. If a participant elects to vote by proxy, the participant's shares will be voted in accordance with participant's instructions given on a proxy statement which, if requested in writing at least 15 days before the meeting, will be furnished to the participant.

18. **What if a participant acquires additional shares after becoming a participant?**
    If, after enrolling in the Plan, a participant acquires shares of common stock in the market or otherwise, the dividends paid on those shares will be reinvested under the Plan unless the new shares are registered in an account name which is different from the name in which the shareholder is registered under the Plan. Upon written instruction to the Plan administrator, a participant may elect to receive cash dividends on the newly acquired shares and remain enrolled in the Plan with respect to his or her previously held shares.

19. **What happens to the account if a participant dies?**
    Upon receipt by the bank of proper notice of the death or incompetency of a participant, together with any other forms as may be required by Company, the participant's account will be terminated

and shares will be delivered to the appropriate person in the same manner relating to a participant who withdraws from the Plan.

20. May the Plan be amended or discontinued?

Yes, Company may terminate or amend the Plan at any time. Company will notify all participants of termination of the Plan or provide information regarding any material amendment to the Plan. If we terminate the Plan in order to establish a new dividend reinvestment plan, participants will automatically be enrolled in the new plan. Company will also continue to apply cash dividends as participants previously requested on their enrollment forms.

MISCELLANEOUS

Limitation of Liability. Company, its directors, officers, employees and Plan administrator are not liable for anything done in good faith or good faith omissions in administering the Plan. This includes any claim of liability based on the price or times at which shares are purchased or sold or any change in price of shares or for the payment, any ability to purchase shares or as to the timing of any purchase of amount of any future dividends on common stock. This is not a waiver of rights you may have under applicable securities laws.

Plan Modification or Termination. Company reserves the right to suspend, terminate, or modify the Plan at any time. Company will notify you of any such suspension, termination or, if material, modification of the Plan. Company also reserves the right to change any administrative procedures of the Plan without notice.

Unclaimed Property. To prevent your dividends and/or shares of stock from being classified as unclaimed property, please remember to cash your dividend checks in a timely manner, vote your annual proxy and keep your mailing address current. If a shareholder fails to initiate action on their account in a manner that the state specifies as acceptable and within the state dormancy period, the state may make a demand for the funds. Owner-generated activity generally includes any owner-initiated transactions or account inquiries, including but not limited to withdrawals, transfers, telephone inquiries and voting your proxy.

Material U.S. Federal Income Tax Consequences. The following is a summary of material U.S. Federal income tax consequences of participation in the Plan as of the date of this Memorandum. This summary is limited to Plan participants who hold Company's common stock as a capital asset (generally, property held for investment). This summary is based on current law (including administrative guidance), is for general information only and is not tax advice. This summary may not reflect every possible situation resulting from participation in the Plan and does not address the potential application of the Medicare contribution tax on net investment income or participants subject to special treatment under U.S. federal income tax laws (including, for example, certain tax-exempt organizations). **All participants should consult with their own tax advisors regarding the specific tax consequences to them under applicable federal, state, and local tax laws and the impact of any changes in applicable taxes, which may have retroactive effect.**

For purposes of this section, "U.S. Participant" means (a) an individual U.S. citizen or resident alien, or (b) a trust that is an eligible S corporation shareholder and either (i) for purposes of administration, subject to the primary supervision of a U.S. court and controlled by one or more U.S.

persons, or (ii) has validly elected to be treated as a U.S. person. In general, the full amount of cash dividends paid to a U.S. Participant by Company is considered received by the U.S. Participant for U.S. federal income tax purposes whether actually received or reinvested under the Plan. If a reinvested dividend is used to acquire shares of Company's common stock, a U.S. Participant will generally be treated as having received a distribution in an amount equal to the fair market value of the acquired common stock. In addition, the amount of distribution received by a U.S. Participant, for U.S. federal income tax purposes, will include the amount of any tax withholding that was deducted from the reinvested dividend.

Generally, any such distribution will be taxable to a U.S. Participant as ordinary dividend income to the extent of the U.S. Participant's pro rata share of Company's current or accumulated earnings and profits for U.S. federal income tax purposes. Dividend income recognized by a corporation may be eligible for the dividends-received deduction if certain holding period and other requirements are met. Dividend income recognized by an individual may be taxable at the preferential rates applicable to long-term capital gain if certain holding period and other requirements are met. Otherwise, dividends will be taxable at ordinary income tax rates. The amount of any distribution in excess of a U.S. Participant's pro rata share of Company's current and accumulated earnings and profits will reduce the participant's tax basis in Company's common stock with respect to which the distribution was received, and, to the extent it exceeds such tax basis, will result in capital gain that will be taxable as long-term capital gain if the distribution is with respect to shares that have been held by the participant for more than one year.