

## Board of Directors

**Kerry Johnson**  
*Board Chairman*  
*Douglas M. Johnson, D.M.D.*

**D. Thomas Ordeman**  
*Board Vice-Chair*  
*President of Fisher Funeral Home*

**Kent Hickam**  
*Attorney at Law*

**Dana K. Kutsch**  
*Community Supporter and Volunteer*

**Lynn Merrill**  
*President of Merrill Development*

**Micheal D. Newman**  
*President of R&M Newman, Inc.*

**Betty Jo Smith**  
*Agricultural - Grass Seed Grower*

**Selma I. Starns**  
*Secretary / Retired CPA*

**Bryan Webber**  
*President of Bryan Webber Farms, Inc.*

**Dave Wood**  
*President & CEO*



## Officers

**Dave Wood**  
*President & CEO*

**Keith Lockhoven**  
*Senior Vice President & Chief Financial Officer*

**Maureen Connolly**  
*Senior Vice President & Chief Operations Officer*

**Alicia Moselle**  
*Vice President & Commercial Loan Officer*

**Bill Higby**  
*Vice President & Residential Mortgage Lender*

**Janice Becker**  
*Vice President & Lebanon Branch Manager*

**Cindy Howard**  
*Credit Administration Officer*

**Derek Stith**  
*Business Banking Officer*

# Our Story.

*No one serves you better. And that's a promise.*

That's why we are mindful of the service you receive here on a consistent basis. At Willamette Community Bank, we daily recommit to offering you something more — a community banking experience in which:

- Everyone knows you by name
- No one is too busy to listen
- Decisions are made quickly
- Flexibility can be expected
- You get what you need when you need it everytime
- People bend over backwards to make you happy
- Your satisfaction is our top priority
- You always enjoy your experience

What's different about us is also what's so familiar. It's simply recognizing and honoring that instinctive desire to have even your unspoken wants and needs met. Extra attention. Eye contact. Understanding. Flexibility. Faster responses. Surprisingly better service. And an entire banking experience that just rings true.



**Willamette**  
COMMUNITY BANK

*Service like no other. We promise.*

[www.willamettecommunitybank.com](http://www.willamettecommunitybank.com)

*For stock purchase and sale information contact:*

**Laurie Flynn**  
McAdams, Wright, Ragen  
1211 SW 5th Ave., Ste 1400  
Portland, OR 97204  
1-800-754-2841



**Willamette**  
COMMUNITY BANK

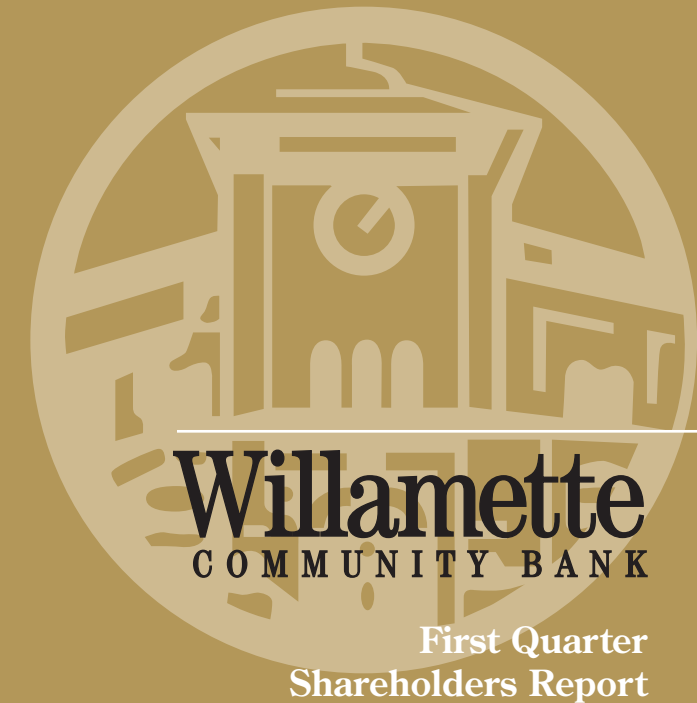
*Service like no other. We promise.*

**Albany Main**  
333 Lyon Street SE  
P.O. Box 927  
Albany, OR 97321  
541-926-9000

[www.willamettecommunitybank.com](http://www.willamettecommunitybank.com)

**Lebanon Branch**  
1495 S. Main  
P.O. Box 338  
Lebanon, OR 97355  
541-258-7415

*This report contains forward looking statements within the meaning of Federal securities laws.*



**March 31, 2009**

## Dear Valued Shareholder, Client and Friend:

You will note in our First Quarter 2009 Shareholder Report, Willamette Community Bank continues to make considerable gains year over year in the growth of our balance sheet; notably in earning assets and deposits. Earning assets year over year have increased 33% while deposits have advanced 49%. Business momentum during this quarter reflected strength in our traditional community banking businesses with net loans advancing \$4,272M or 9.7% and deposits \$5,990M or 11.6% coupled with a surge in residential mortgage originations. Willamette Community Bank continued to extend credit within the communities we serve and reflects our commitment to serving credit-worthy consumer and small business clients; which is simply the hallmark of community banking...local – *local people, local families and local businesses*. It's important to note that deposit growth occurred by a continued increase in new account openings, especially from our recently introduced Platinum Rewards Checking.

Highlights of results of operations year to date for the period ending March 31, 2009 include the following:

- Net Income of \$274 vs. \$86 thousand 3/31/08 (gain on sales and early redemption of securities). Net income negatively impacted by increased provisions to Loan Loss Reserves due to the growth in total loans and timing differences in expenses that were scheduled in the second quarter.
- Total interest income increased from \$709 thousand at 3/31/08 to \$772 thousand on 3/31/09. This was largely due to loan growth and maintaining floors on most of the variable rate loan portfolio.
- Total interest expense decreased slightly from \$311 thousand at 3/31/08 to \$300 thousand on 3/31/09. This was despite an increase in interest bearing deposits and largely a function of the lower interest rate environment. The Bank anticipates decreasing rate pressure on the liability side of the balance sheet as additional time deposits are re-priced downward at maturity.

- Total past due loans over 30 days past due represented 0.63% of loans outstanding. Loan loss reserve increased to \$576 thousand, largely as a result of increased loan growth. This reserve represents 1.18% of total loans. Non-performing loans at quarter-end 3-31-09 totaled \$382 thousand or .79% of total loans and .59% of total assets. No charge-offs reported year-to-date 3/31/09.
- Total assets grew to \$64 million on 3/31/09, an \$18 million increase from 3/31/08. Total loans increased \$12 million or 33% from \$36 million on 3/31/08 to \$48 million on 3/31/09. Total deposits increased \$18 million or 49% from \$39 million at 3/31/08 to \$58 million on 3/31/09. Total capital was \$6.3 million at 3/31/09. This resulted in an undiluted book value of \$9.44 per share at 3/31/09. The Bank is considered well capitalized and remains substantially over regulatory minimums.

Our 2009 first quarter business momentum was strong due to remaining focused on our disciplined business model in light of very challenging market conditions; balanced and appropriate strategies for growth within our markets with a keen eye on credit quality and overall loan / investment portfolio performance. We remain free of exposure to sub-prime or other higher risk mortgage products within our real estate and investment portfolio.

Please note, in our effort to reduce operating expenses, starting this second quarter 2009, quarterly shareholder reports will be posted on our web site and will no longer be distributed by mail.

Respectfully submitted,



Dave Wood  
President & CEO

## Statements of Financial Condition

ASSETS	March 31	
	2009 (unaudited)	2008 (unaudited)
Cash and cash equivalents:		
Cash and due from banks	\$ 2,935,907	\$ 1,556,205
Federal funds sold	1,370,000	1,565,000
<b>Total cash and cash equivalents</b>	<b>4,305,907</b>	<b>3,121,205</b>
Certificates of deposit	1,225,000	100,000
Investment securities available for sale	7,546,471	4,078,018
Loans, net	48,262,692	36,368,998
Pacific Coast Bankers' Bank (PCBB) stock	100,000	100,000
Federal Home Loan Bank (FHLB) stock	50,500	50,500
Premises and equipment, net	1,983,263	2,018,209
Other real estate owned	340,000	-
Accrued interest and other assets	539,227	327,739
<b>Total assets</b>	<b>\$64,353,060</b>	<b>\$46,164,669</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Demand	\$ 6,062,632	\$ 5,549,454
Interest-bearing demand	5,036,878	1,623,470
Money market	11,187,898	7,730,504
Savings	419,360	442,412
Time	34,934,375	23,870,879
<b>Total deposits</b>	<b>57,641,143</b>	<b>39,216,719</b>
Borrowings	189,094	200,000
Accrued interest and other liabilities	212,211	196,569
<b>Total liabilities</b>	<b>58,042,448</b>	<b>39,613,288</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, 668,147 shares issued and outstanding at March 31, 2009 and March 31, 2008	6,736,481	6,736,481
Accumulated deficit	(206,612)	(235,607)
Accumulated other comprehensive (loss) income	(219,257)	50,507
<b>Total shareholders' equity</b>	<b>6,310,612</b>	<b>6,551,381</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$64,353,060</b>	<b>\$46,164,669</b>
<b>Book value per share</b>	<b>\$ 9.44</b>	<b>\$ 9.81</b>

## Statements of Income

	Three Months ended March 31	
	2009 (unaudited)	2008 (unaudited)
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 772,098	\$ 709,450
Interest on federal funds sold	1,035	17,584
Taxable interest on investment securities	94,112	54,331
Other interest income	5,570	4,315
<b>Total interest income</b>	<b>872,815</b>	<b>785,680</b>
<b>INTEREST EXPENSE</b>		
Deposits:		
Interest-bearing demand, money market and savings	42,182	57,714
Time	256,795	251,389
Borrowing	1,422	1,500
<b>Total interest expense</b>	<b>300,399</b>	<b>310,603</b>
Net interest income	572,416	475,077
Loan loss provision	56,000	38,000
Net interest income after loan loss provision	516,416	437,077
<b>NON-INTEREST INCOME</b>		
Service charges on deposit accounts	14,275	11,833
Mortgage banking income	57,224	36,162
Gains on sales and early redemptions-securities	840	124,218
Other	10,841	6,572
<b>Total non-interest income</b>	<b>83,180</b>	<b>178,785</b>
<b>NON-INTEREST EXPENSE</b>		
Income before income taxes	1,274	108,664
Provision for income taxes	1,000	23,000
<b>Net income</b>	<b>\$ 274</b>	<b>\$ 85,664</b>
Basic earnings per common share	\$ 0.00	\$ 0.14
Diluted earnings per common share	n/a	n/a
Weighted average common shares outstanding:		
Basic	668,147	627,186
Diluted	n/a	n/a