

BOARD OF DIRECTORS

Kerry Johnson
Chairman of the Board

D. Thomas Ordeman
Vice Chairman

Dave Wood
President & CEO

Kent Hickam
Attorney

Betty Jo Smith
Agricultural- Grass Seed Grower

Selma I. Starns
Secretary / Retired CPA

Bryan Webber
President of Bryan Webber Farms, Inc.

Micheal D. Newman
Real Estate Investor

Dana K. Kutsch
Community Supporter and Volunteer

Lynn Merrill
President of Merrill Development



EXECUTIVE MANAGEMENT

Dave Wood
President & CEO

SENIOR MANAGEMENT

Keith Lockhoven
Senior Vice President & Chief Financial Officer

Maureen Connolly
Senior Vice President & Operations Administrator

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

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

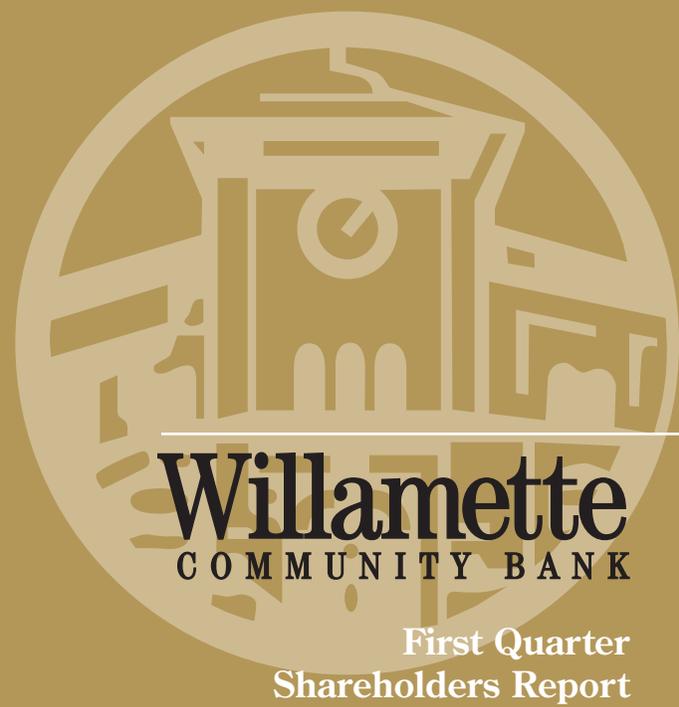
Service like no other. We promise.

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

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

www.willamettecommunitybank.com

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



Willamette
COMMUNITY BANK

First Quarter
Shareholders Report

March 31, 2010

To Our Owners:

During the 1st Quarter 2010 Willamette Community Bank earned a net profit of \$53 thousand (before tax profit of \$88 thousand), or \$.08 per share. Revenue increased 9.8% to \$1,050 thousand. Total assets and total deposits rose 19.6% and 20.8% respectively over 1st Quarter 2009. This performance all the more remarkable because our talented team achieved it despite the last couple of years having faced the most extraordinary and challenging period for the financial services industry. We believe the true test of a financial services company – its vision, business model, culture and people – is not when times are good. It's when times are not so good...and our business model, as young as we are as a company, has been thoroughly tested; and we are ready and pursuing more market share growth. Our brand promise of *service like no other* is simply trying to create the best customer experience and then keep count of how many financial products and services our customers have with us and how can we earn more of their business – the basic fundamental to driving revenue growth. The key to getting bigger is by getting better and we continue to define and implement ever improving customer service levels.

Financial Highlights:

- First quarter year-to-date results reported pre-tax profit of \$88 thousand compared to pre-tax profit of \$1 thousand for the first quarter 2009. This increase is the result of total revenue rising by 9.8% (primarily interest income and fees on loans) while containing operating expenses to a single digit of 3.8% (interest expense and operating overhead). Contributing to our improvement in revenue growth quarter-over-quarter has been an 11% increase in net loans, from \$48,263 thousand to \$53,564 thousand.
- Non-interest expense for the 1st Quarter 2010 was \$656 thousand compared to \$598 thousand for the 1st Quarter 2009. Increase in operating expenses primarily attributed to increases in salaries and benefit costs as well as FDIC assessment expenses.
- WCB continues to experience strong deposit growth with a year-over-year deposit increase

of 20.8%; advancing from \$57,641 thousand to \$69,655 thousand. During this 1st Quarter 2010, deposits have further increased by \$3,979 thousand or 6% since year-end 2009. Deposits are increasing both in demand and NOW account categories.

- We've stated since 2007 and will continue to say, that our #1 financial goal is to have a conservative financial structure as measured by asset quality, dispersing risk by loan size and industry. Even as credit markets remain tight, we continue to lend to credit-worthy customers with a year-over-year increase in net loans of 11%; from \$48,263 thousand to \$53,564 thousand. Our credit process remains disciplined and focused reporting no loans over 30 days past due for 1st Quarter 2010. Non-performing assets consists of \$138 thousand in non-accrual status and \$59 thousand in *other real estate owned* or 0.26% to total assets.
- WCB remains Well Capitalized with a Tier 1 Capital Ratio of 11.4% and Total Capital Ratio of 12.5%. Total shareholder equity has increased 10.1% from \$6,311 thousand March 31, 2009 to \$6,951 thousand 1st Quarter ending 2010.

We thank all of our team members as they continue to produce extraordinary results. We thank our customers who continue to entrust us with more of their business. We thank our communities for allowing us to serve them. Finally, to our shareholders, thank you for your continued support and confidence.

We make a difference.



Dave Wood
President and CEO

Statements of Financial Condition

	March 31	
	2010 (Unaudited)	2009 (Unaudited)
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 9,046,738	\$ 2,935,907
Federal funds sold	-	1,370,000
Total cash and cash equivalents	9,046,738	4,305,907
Certificates of deposit	490,000	1,225,000
Investment securities available for sale	10,938,704	7,546,471
Loans, net	53,563,976	48,262,692
Pacific Coast Bankers' Bank (PCBB) stock	100,000	100,000
Federal Home Loan Bank (FHLB) stock	50,500	50,500
Premises and equipment, net	1,929,780	1,983,263
Other real estate owned	59,472	340,000
FDIC prepaid assessment	314,156	-
Accrued interest and other assets	463,832	539,227
Total assets	\$76,957,158	\$64,353,060
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 7,653,597	\$ 6,062,632
Interest-bearing demand	18,842,964	5,036,878
Money market	11,996,525	11,187,898
Savings	913,602	419,360
Time	30,248,637	34,934,375
Total deposits	69,655,325	57,641,143
Borrowings	-	189,094
Accrued interest and other liabilities	350,338	212,211
Total liabilities	70,005,663	58,042,448
SHAREHOLDERS' EQUITY		
Common stock, 668,147 shares issued and outstanding at March 31, 2010 and March 31, 2009	6,736,481	6,736,481
Retained earnings (accumulated deficit)	71,207	(206,612)
Accumulated other comprehensive income (loss)	143,807	(219,257)
Total shareholders' equity	6,951,495	6,310,612
Total liabilities and shareholders' equity	\$76,957,158	\$64,353,060
Book value per share	\$ 10.40	\$ 9.44

Statements of Income

	Three Months ended March 31	
	2010 (Unaudited)	2009 (Unaudited)
INTEREST INCOME		
Interest and fees on loans	\$ 881,249	\$ 772,098
Interest on federal funds sold	-	1,035
Taxable interest on investment securities	89,876	94,112
Other interest income	5,680	5,570
Total interest income	976,805	872,815
INTEREST EXPENSE		
Deposits:		
Interest-bearing demand, money market and savings	124,470	42,182
Time	151,860	256,795
Borrowing	-	1,422
Total interest expense	276,330	300,399
Net interest income	700,475	572,416
Loan loss provision	29,000	56,000
Net interest income after loan loss provision	671,475	516,416
NON-INTEREST INCOME		
Service charges on deposit accounts	27,761	14,275
Mortgage banking income	16,882	57,224
Other	28,126	11,681
Total non-interest income	72,769	83,180
NON-INTEREST EXPENSE		
Income before income taxes	87,915	1,274
Provision for income taxes	35,000	1,000
Net income	\$ 52,915	\$ 274
Basic earnings per common share	\$ 0.08	\$ 0.00
Diluted earnings per common share	n/a	n/a
Weighted average common shares outstanding:		
Basic	668,147	668,147
Diluted	n/a	n/a