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 & Operations Administrator

Alicia Moselle

Vice President & Commercial Loan Officer

Bill Higby

Vice President & Residential Mortgage Lender

Janice Becker

Vice President & Lebanon Branch Manager

Cindy Howard

Assistant Vice President & 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.



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



Service like no other. We promise.

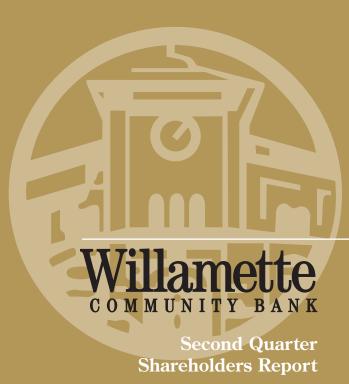
Albany Main 333 Lyon Street SE P.O. Box 927 Albany, OR 97321 541-926-9000

Lebanon Branch 1495 S. Main

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.



June 30, 2009

Dear Valued Shareholder, Client and Friends:

Since May 2003 Willamette Community Bank has made conservative and responsible banking a top priority. In spite of rising unemployment, continued home price declines and general economic head winds we continue to maintain a strong balance sheet, liquidity and capital supported by a management philosophy to operate the Bank to withstand economic cycles such as the one we're in now. We have been again rewarded for our conservative standards by Bauer Financial and their 5-Star Superior award making our institution one of the safest community banks in Oregon. We remain open for business, providing credit to consumers and businesses, while gaining market share with fewer problems to resolve than many of our competitors. Accordingly, please note our financial performance as of June 30, 2009.

Financial Performance

Second quarter year-to-date results reported a pre-tax profit of \$14 thousand results of which reflected \$30 thousand in a special FDIC assessment compared to no special assessment in the first two quarters of 2008. Additionally, we have taken a year-to-date "Other Real Estate Owned" write-down charge of \$38 thousand, and pleased to report that this particular asset was recently sold. Our net interest margin of 4.10% continues to place us at the top of our community bank peers due in part to continued growth in core deposits and deposit pricing discipline. Continued loan demand required the allocation of loan loss provisions at \$88 thousand versus \$54 thousand for the same time period in 2008. The number of checking and NOW deposit accounts increased 38% year-over-year as banking clients in the Willamette Valley re-discover the benefits of community banking.

Revenue

Revenue through the second quarter of \$1.8 million, a 14% increase over year-to-date second quarter 2008. This reflects the traditional revenue generating capacity of our community bank even in our current economic environment.

Loans and Credit Quality

Total loans were \$51 million at quarter-end 2009, compared with \$40 million at June 30, 2008 an increase of 28%. We experienced quality loan demand in areas such as pre-sold residential construction, owner-occupied commercial real estate and equipment financing. Loan charge-offs year-to-

date 2009 were zero. Total loans 30 days or more past due represented 0.14% of total loan portfolio, well below peer group numbers reflecting disciplined underwriting standards. Total non-performing loans to total loans were 1.01% as of June 30, 2009 with spec residential construction loans representing <1% of total loans at the end of this same time period.

Deposits

Total deposits were \$59 million at second quarter-end 2009, up \$16 million from June 30, 2008 or 37%. Deposit increases noted in all categories and remain organic in nature. Our deposit performance continued to benefit from improved market penetration, cross-selling efforts, and flight to quality.

Noninterest Income and Noninterest Expense

Noninterest income reached \$121 thousand quarter ending June 30, 2009 driven by continued success in our residential mortgage loan originations and service charge income. Noninterest expense was \$1.2 million as of June 30, 2009 an increase of 17% over this same time period in 2008. FDIC deposit insurance, including the special assessment, totaled \$62 thousand compared to \$13 thousand for the first two quarters 2008. We expect that recently announced efficiency initiatives to reduce the growth rate in noninterest expense plus contribute to noninterest income over the remainder of 2009.

Capital

Willamette Community Bank remains well capitalized by regulatory standards with a June 30, 2009 Tier 1 capital ratio of 11.4% and total capital ratio of 12.5%.

With the special FDIC assessment and post quarterend sale of our "Other Real Estate Owned" property now behind us, we look forward to maintaining our momentum into the third quarter 2009.

Respectfully submitted

Dave Wood President / CEO

Statements of Financial Condition		
	June 30	
ACCETC	2009	2008
ASSETS Cash and cash equivalents:		
Cash and due from banks	\$ 2,428,810	\$ 1,127,659
Federal funds sold	-	130,000
Total cash and cash equivalents	2,428,810	1,257,659
ertificates of deposit	980,000	100,000
vestment securities available for sale	8,439,636	4,986,944
oans, net	50,760,570	40,495,231
acific Coast Bankers' Bank (PCBB) stock	100,000	100,000
ederal Home Loan Bank (FHLB) stock	50,500	50,500
Premises and equipment, net	1,992,866	2,111,949
ther real estate owned	301,837	319,750
ccrued interest and other assets	431,613	405,972
	AAE 40E 000	
Total assets	\$65,485,832	\$49,828,005
LIABILITIES AND SHAREHOLI	DERS' EQUITY	<u>′</u>
<u>ABILITIES</u>		
Deposits:		
Demand	\$ 6,197,378	\$ 5,864.975
Interest-bearing demand	8,722,956	2,502,913
Money market	10,297,367	7,588,689
Savings	634,408	510,103
Time	32,679,445	26,479,608
	50 504 554	
Total deposits	58,531,554	42,946,288
	100.004	000 000
orrowings	189,094	200,000
ccrued interest and other liabilities	219,529	206,527
Total liabilities	58,940,177	43,352,815
AAPEHOLDERS' FOURTY		
HAREHOLDERS' EQUITY Dommon stock, 668,147 shares issued		
and outstanding at June 30, 2009		
and June 30, 2008	6,736,481	6,736,481
Accumulated deficit	(193,375)	(239,265)
ccumulated other comprehensive income (loss)	2,549	(22,026)
isoanialatoa othor compronentia incomo (1886)		(==,0=0)
otal shareholders' equity	6,545,655	6,475,190
otal liabilities and shareholders' equity	\$65,485,83	\$49,828,005
	A	
ook value per share	\$ 9.80	\$ 9.69

Statements of Income Six Months ended June 30 2009 2008 EST INCOME \$ 1,614,270 \$ 1,427,354 rest and fees on loans rest on federal funds sold 1.447 26.196 able interest on investment securities 174.125 113,787 er interest income 17,335 14,497 Total interest income 1.807.177 1,581,834 **EST EXPENSE** nterest-bearing demand, money market and savings 103,496 99,414 486.161 491,171 rowina 2,970 3,006 Total interest expense 592.627 593,591 1.214.550 988,243 erest income 88.000 54,000 ss provision erest income after loan loss provision 1,126,550 934,243 NTEREST INCOME 31.928 vice charges on deposit accounts 24,261 59,925 rtgage banking income 90.832 ns on sales and early demptions-securities 7.517 124.218 (38.163) s) on other real estate owned 28,528 15,682 Total non-interest income 120,642 224,086 NTEREST EXPENSE 1,227,681 1,054,323 before income taxes 19,511 104,006 on for income taxes 6.000 22,000 \$ 13,511 \$ 82,006 earnings per common share earnings per common share ed average common es outstanding: 634,269 668.147 ted n/a n/a