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Willamette Community Bank, one of the fastest growing banks in Oregon, posts best historical earnings

Albany, OR, February 7, 2019- Willamette Community Bank (the “Bank”) (OTCQB: WMCB) based in Albany, Oregon, reports continued growth in the fourth quarter of 2018. Total Assets increased \$29 million over year-end 2017 to finish the quarter at \$148 million. This represents a 25% increase year over year. “We ended the year strong with great growth in both deposits and loans,” said Willamette Community Bank President and CEO Joan Reukauf. “Our successful capital raise earlier in the year provided the runway needed to deepen our presence in all of our markets.”

Net income increased 44% year over year to \$634,000, making 2018 the best earnings year in the Bank’s history. Solid loan growth of 14%, coupled with deposit growth of 20%, contributed to this record earnings year. “We generated not only record growth but record earnings through good core deposit growth, with modest increases in cost of funds and steady loan growth,” Reukauf commented. “Our focus on balance sheet management, pricing, and local market conditions has allowed us to enjoy a healthy net interest margin of 4.51% for the year. Investment in our people, existing relationships, and business development is boosting that performance.”

Credit quality continues to be good with an improvement in total criticized assets to 3.71% of total loans compared to 4.2% in 2017. Adjusted non-accrual loans (non-accrual loans minus government guaranteed percentages and fully participated balances) increased to 2.14% of total loans as of fourth quarter 2018 from 0.53%. This increase is due to three (3) lending relationships consisting of seven (7) loans. Two (2) loans in one relationship matured, and Bank Management elected to not renew the loans to encourage the Borrower to seek alternative financing. Both loans are adequately protected by pledged collateral. Four (4) loans in another relationship were placed on non-accrual due to the deteriorating financial condition of the underlying borrower. The Borrower is current with all contractual payments. One (1) loan in another relationship was placed on non-accrual after it matured during fourth quarter 2018. The Borrower is experiencing financial and management stresses but is cooperating with workout efforts. At this time, no credit losses are anticipated on any of the relationships. “With strong loan growth comes growth in the allowance for loan losses which ended the year at \$1.3 million or 1.26% of total loans.” Reukauf commented. “We continue to closely monitor our credit portfolio both for quality and concentrations, aligning our risk management with our growth strategy.”

Financial Highlights (as of, or for the period ending December 31, 2018, except as noted)

- Net income increased through December 2018 to \$634,000, or \$0.36 per share, an increase of \$194,000 over the previous year. On a pre-tax/pre-provision basis, net income ended the year at \$910,000, a 29% increase over 2017.
- Net interest income increased year over year by 24% to \$5.68 million. Non-interest income grew by 45% from \$261,000 in 2017 to \$380,000 in 2018.
- Return on average assets (ROAA) increased by 20% to 0.47% while return on average equity (ROAE) decreased by 5% to 3.68% compared to 0.39% and 3.89%, respectively, for 2017. The decrease in ROAE is due to the increase in shares outstanding from the capital raise in February 2018.
- Loans grew 14% compared to end of year 2017, finishing the quarter at \$104.8 million.
- Total deposits increased by \$22 million or 20% to \$128 million, compared to \$107 million for 2017.

- The Bank's capital ratios exceeded the regulatory guidelines for a well-capitalized financial institution under current regulatory requirement.

Willamette Community Bank serves its customers from three offices located in Albany, Lebanon and Salem.

This document includes forward-looking information, which is subject to the "safe harbor" created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act and the Private Securities Litigation Reform Act of 1995. When the Bank uses or incorporates by reference in this letter the words "anticipate," "estimate," "expect," "project," "intend," "commit," "believe" and similar expressions, the Company intends to identify forward-looking statements. Our actual results may differ materially from those projected in any forward-looking statements, as they will depend on many factors about which we are unsure, including many factors which are beyond our control.



Willamette

Community Bank

Statements of Financial Condition

	December 31,		
	2018	2017	
	(unaudited)	(unaudited)	\$ Change
Assets			
Cash and due from banks	4,944,781	2,727,637	2,217,144
Fed funds sold & repos	-	-	-
Interest bearing deposits with banks	6,443,125	63,294	6,379,831
Investment Securities - Taxable	19,119,487	14,216,398	4,903,089
Investment Securities - Tax-exempt	4,478,010	5,289,117	(811,107)
Mortgage loans held for sale	-	-	-
Loans, net of unearned income	104,789,470	92,142,036	12,647,434
Less: Allowance for loan losses	(1,323,683)	(1,141,878)	(181,805)
Premises and equipment, net	3,732,675	1,657,640	2,075,035
Accrued interest receivable	444,686	454,698	(10,012)
Other assets	5,514,864	3,477,468	2,037,396
Total Assets	148,143,415	118,886,410	29,257,005
Liabilities			
Non-Interest Bearing Deposits	36,939,491	29,041,580	7,897,911
Interest bearing demand deposits	15,382,300	10,876,200	4,506,100
Savings and Money Market Deposits	69,785,815	61,095,459	8,690,356
Time Deposits	6,960,889	6,202,304	758,585
Total Deposits	129,068,495	107,215,543	21,852,952
Other Borrowings	-	145,000	(145,000)
Accrued expenses and other liabilities	325,826	116,566	209,260
Total Liabilities	129,394,321	107,477,109	21,917,212
Equity			
Common stock	15,743,993	9,016,184	6,727,809
Retained earnings	2,516,072	2,076,258	439,814
Accumulated other comprehensive income (loss)	(145,219)	(122,955)	(22,264)
Net Income	634,248	439,814	194,434
Total Equity	18,749,094	11,409,301	7,339,793
Total Liabilities & Equity	148,143,415	118,886,410	29,257,005



Willamette

Community Bank

Statements of Income

	Twelve months ended		
	December 31,		
	2018	2017	
	(unaudited)	(unaudited)	\$ Change
Interest Income			
Interest on Loans	5,283,813	4,285,798	998,015
Fees on Loans	155,309	102,163	53,146
Interest on federal funds sold	-	-	-
Interest on deposits with banks	111,302	80,792	30,510
Investment Securities - Taxable	370,813	216,037	154,776
Investment Securities - Tax-exempt	163,936	189,229	(25,293)
Total Interest Income	6,085,173	4,874,019	1,211,154
Interest Expense			
Interest bearing demand deposits	6,954	4,782	2,172
Savings and Money Market Deposits	339,726	231,953	107,773
Time Deposits	53,271	48,385	4,886
Total Interest Expense on Deposits	399,951	285,120	114,831
Interest on other borrowings	4,242	55	4,187
Total Interest Expense	404,193	285,175	119,018
Net Interest Income	5,680,980	4,588,844	1,092,136
Provision for loan losses	181,805	36,000	145,805
Net In. Inc. After Prov. for Loan Losses	5,499,175	4,552,844	946,331
Non Interest Income			
Service charges and fees	112,914	89,343	23,571
Other noninterest income	266,808	171,957	94,851
Total Non Interest Income	379,722	261,300	118,422
Non Interest Expense			
Salaries and employee benefits	2,657,726	2,116,768	540,958
Occupancy	631,570	530,283	101,287
Other noninterest expense	1,861,553	1,499,492	362,061
Total Non Interest Expense	5,150,849	4,146,543	1,004,306
Income Before Taxes	728,048	667,601	60,447
Income taxes	93,800	228,000	(134,200)
Net Income	634,248	439,601	194,647