BOARD OF DIRECTORS

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Dave Wood

President & CEO

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Attorney

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Agricultural- Grass Seed Grower

Rick Smith

Franklin Group CFO

Selma I. Starns

Secretary / Retired CPA

Bryan Webber

President of Bryan Webber Farms, Inc.

EXECUTIVE MANAGEMENT

Dave Wood

President & CEO

SENIOR MANAGEMENT

Keith Lockhoven

Senior Vice President & Chief Financial 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

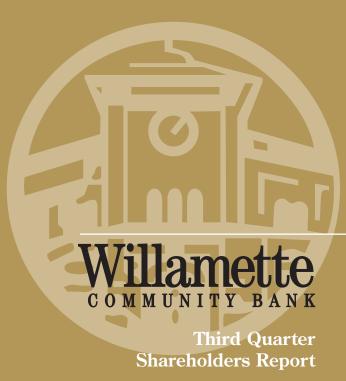
541-926-9000

Lebanon Branch 1495 S. Main

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.



September 30, 2010

To Our Owners:

For three quarters of 2010 Willamette Community Bank earned thousand), or \$.23 per share as compared to third quarter 2009 net after tax profit of \$121 thousand or \$.18 per share. Revenue increased 10.8% year-over-year to \$3,331 thousand. Total assets and total deposits rose 12% and 13.3% respectively over 3rd guarter 2009. We continue to be very focused on serving our target market of consumers, local businesses, professionals and agriculture and have actively sought new lending opportunities while maintaining our commitment to quality loans and consistent underwriting standards that will allow us to prevail as the economy continues to work through this recession.

Financial Highlights:

- 3rd quarter year-to-date results report pre-tax profit of \$256 thousand compared to \$171 thousand through the 3rd quarter 2009 or 49%. This increase is the result of total revenue rising 10.8% (primarily interest and fees on loans and securities gain on sale) while containing total expenses to a single digit 6.8% (interest paid on deposits and operating overhead). Contributing to our improvement in revenue growth quarter-over-\$52,181 thousand to \$56,763 thousand. Operating at single digit expense growth was a combination of lowering deposit interest costs due to the Federal Reserve maintaining an extremely low interest rate growing number of customers choosing electronic statements over paper and utilizing the convenience of our on-line banking channel.
- compared to \$1,844 thousand 3rd quarter 2009. Increase in operating expenses primarily attributed to salaries/benefit costs, professional fees and data
- Non-interest income 2010 year-to-date of \$290 thousand vs. \$231 thousand 3rd quarter 2009 for a positive gain of 26%. Noted increase in interchange
- Deposits continue to be a key driver of funding and liquidity for WCB, increasing from \$64,262 thousand to \$72,837 thousand for a 13.3% increase. Noted 31.4% increase in demand deposits primarily in business deposits and NOW accounts, advancing 70.4%. Time deposits decreased 15.6% as customers
- Net loan growth of 8.8% from 3rd quarter 2009 of \$52,182 thousand to \$56,763 thousand 3rd quarter

thousand. We ended the 3rd guarter with performing loans to total loans of 0.08%. Additionally, we have \$59 thousand in Other Real Estate Owned representing 0.07% of total assets. Loan demand still remains relatively weak as consumers / businesses / professionals / agricultural borrowers attempt to deleverage economic uncertainties.

Our institution remains Well Capitalized with a Tier 1 Capital Ratio of 10.6% and Total Capital Ratio of 11.8%. Total Shareholder Equity has increased 3.8% from \$6,766 thousand 3rd quarter 2009 to \$7,021 3rd quarter 2010.

Our second quarter 2010 report commented that third quarter 2010 would be more challenging than the first half of 2010. This has proven to be correct given continued high unemployment, pull back in government stimulus and continued record number of home foreclosures all of which has contributed to an overall demand for loans remaining virtually flat. In spite of historic low mortgage rates we only witnessed a renewed interest in home purchases or refinances in late August and September, thereby negatively impacting budgeted mortgage origination fee income. We have however, positioned our investment portfolio to take advantage of rising interest rates but in so doing leads, on an interim basis, to less than favorable returns which reduces interest income and places downward pressure on our net interest margin. Additionally, during this 3rd quarter, we have committed increased human resources to meet growing regulatory compliance matters as the result of financial overhaul legislation passed by Congress. It must be noted that with the current heightened regulatory environment calling for banks to have less leverage and higher levels of capital, capital planning will continue to be a focus for our Company.

On behalf of our Board and team members, we thank our shareholders for their continued support and confidence.

Dave Wood President / CEO

Statements of Financ	ial Condition		Statements of Income			
	September 30 2010 2009			Septer	Nine Months ended September 30 2010 2009	
Cash and cash equivalents:				2010		
Cash and due from banks	\$ 7,316,299	\$ 6,030,785	INTEREST INCOME			
Federal funds sold	_	_	Interest and fees on loans	\$2,751,289	\$2,485,13	
			Interest on federal funds sold	ΨΖ,131,203	1,44	
Total cash and cash equivalents	7,316,299	6,030,785	Taxable interest on investment securities	272,690	260,02	
		-,,	Other interest income	17,527	29,9	
Certificates of deposit	1,225,000	735,000	Other interest meeting	11,021	25,52	
Investment securities available for sale	11,170,885	9,609,476	Total interest income	3,041,506	2,776,5	
Loans, net	56,763,119	52,181,668	Total interest modific	0,041,000	2,110,00	
Mortgage loans held for sale	683,607	_	INTEREST EXPENSE			
Pacific Coast Bankers' Bank (PCBB) stock	100.000	100,000	Deposits:			
Federal Home Loan Bank (FHLB) stock	50,500	50,500	Interest-bearing demand, money			
Premises and equipment, net	1.930.031	1,968,335	market and savings	404,178	192,3	
Other real estate owned	59,472	400,000	Time	417,896	678,32	
Accrued interest and other assets	764,370	414,317			,	
Additional and other assets	101,010	414,017	Borrowing	2	4,38	
Total assets	\$80,063,283	\$71,490,081	Total interest expense	822,076	875,02	
LIABILITIES AND SHAREHOLDERS' EQUITY		,	Net interest income	2,219,430	1,901,5	
LIABILITIES			Loan loss provision	173,000	118,0	
Deposits:						
Demand	\$10,068,126	\$ 7,660,737	Net interest income after loan loss provision	2,046,430	1,783,50	
Interest-bearing demand	21,893,048	12,851,097	,	_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-,,,,,,,,	
Money market	13,696,859	11,889,371	NON-INTEREST INCOME			
Savings	995,695	832,195	Service charges on deposit accounts	59.664	51,2	
Time	26,182,799	31,028,806	Mortgage banking income	80,071	106,3	
Time			Gains on sales and early redemptions -	00,011	100,0	
Total deposits	72,836,527	64,262,206	securities	44,743	7,5	
Total deposits			Gain (Loss) on other real estate owned		20,0	
Borrowings	_	189,094	Other	105,507	45,9	
Borrowings		,	Otto	100,007		
Accrued interest and other liabilities	205,732	272,628	Total non-interest income	289,985	231,12	
Total liabilities	73,042,259	64,723,928	NON-INTEREST EXPENSE	2,080,752	1,844,0	
SHAREHOLDERS' EQUITY			Income before income taxes	255,663	170,5	
Common stock, 668,147 shares issued			Provision for income taxes	102,000	50,0	
			FIOVISION IOI INCOME (axes	102,000	30,0	
and outstanding at September 30, 2010 and September 30, 2009	6,736,481	6,736,481	Net income	¢ 452.662	\$ 120,5	
Retained earnings (accumulated deficit)	171,955	(86,337)	Net income	\$ 153,663	Ψ 120,5	
Accumulated other comprehensive income	112,588	116,009	Basic earnings per common share	\$ 0.23	\$ 0.	
Accumulated other comprehensive income	,,,,,,		Basic earnings per common share	ş 0.23	φ U.	
Total shareholders' equity	7,021,024	6,766,153	Diluted earnings per common share	n/a	n/a	
Total charenolacio equity			Weighted average common			
Total liabilities and shareholders' equity	\$90,063,283	\$71,490,081	shares outstanding:			
Total habilities and shareholders equity			Basic	668,147	668,14	
Book value per share	\$ 10.51	\$ 10.13	Diluted	n/a	n/a	
				11/4	11/0	