

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.



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

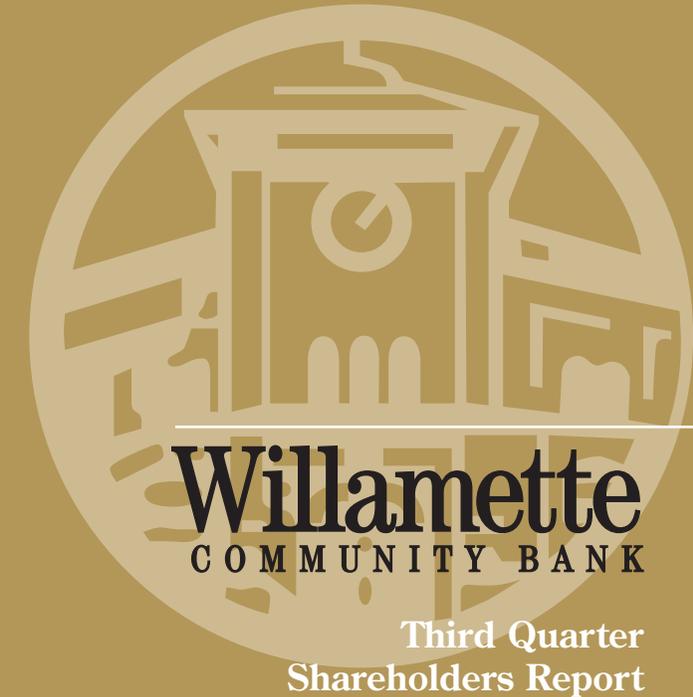
Service like no other. We promise.

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

www.willamettecommunitybank.com

Lebanon Branch
1495 S. Main
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Lebanon, OR 97355
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This report contains forward looking statements within the meaning of Federal securities laws.



September 30, 2009

Dear Valued Shareholder, Client and Friends:

One year ago the financial markets were in a state of free-fall with stock prices plummeting on fears that economies around the world were on the brink of a major depression. Without exception, our stock price fell to \$4.00 per share in response to these economic concerns. As is often stated, what a difference a year makes for we are pleased to report that our stock price has appreciated to \$7.75 per share for a one year gain of 94%. Couple our stock price appreciation with our continued recognition as a Bauer 5 Star rated bank, only one of five to receive this recognition amongst Oregon banks for the third quarter ending September 2009. On these positive notes, we report our financial highlights for nine months ended September 30, 2009.

Financial Highlights:

Third quarter year-to-date results reported pre-tax profit of \$171 thousand compared to pre-tax profit of \$151 thousand for the third quarter 2008, an increase of 13%. This increase is the result of both increased operating revenue and continued expense control despite elevated FDIC premium rates. Contributing to the improvement in operating revenue was a 29% quarter over quarter growth in our loan portfolio and quarter ending average net interest margin of 4.16%.

Noninterest expense for the third quarter 2009 was \$1.844 million compared to \$1.574 million for the third quarter 2008, an increase of \$270 thousand or 17%. Contributing to increased operating expenses has been burdensome year to date 2009 FDIC assessments of \$92 thousand as compared to third quarter end 2008 FDIC assessments of \$20 thousand.

For three quarters 2009, WCB has experienced continued strong deposit growth. At September 30, 2009 deposits totaled \$64.3 million up from \$50.7 million third quarter ending 2008, an increase of 27%. Our entire team remains focused on creating and growing lasting customer relationships to increase revenue and build shareholder value.

Credit quality remains acceptable. Through three quarters ending September 30, 2009, we have not suffered a loan loss. Additionally, we ended this third quarter 2009 with no loans over 30 days past

due. Non-performing assets third quarter ending 2009 consist of \$59 thousand in non-accrual status and \$400 thousand in other real estate owned or 0.64% of total assets. The loan portfolio remains actively managed by staff however, we continue to recognize the uncertain economic conditions prevailing in the markets in which we operate.

WCB remains well capitalized by regulatory standards with a September 30, 2009 Tier 1 capital ratio of 11.2% and total capital ratio of 12.3%. Total shareholder equity was \$6.766 million at September 30, 2009 an increase of 4.6% from twelve (12) months earlier.

Year to Date Strategic Highlights:

- Residential mortgage fee income 18% over budget.
- Customer bank statement conversion to e-statements at 24% reducing labor and handling costs. Company goal to reach 90% conversion from paper to electronic notices for an annual approximate operating savings of \$70 thousand.
- Debit card interchange income 110% year over year increase.
- Approved and booked small business and consumer loans totaling \$16.2 million.
- Product offerings expanded to include the sale of annuities.
- Launched our business campaign to increase awareness regarding our small business lending / deposit capabilities.

Our local economy remains tender but fluid. We stand vigilant in our duties.



Dave Wood
President / CEO

Statements of Financial Condition

	September 30	
	2009	2008
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 6,030,785	\$ 1,988,246
Federal funds sold	-	6,020,000
Total cash and cash equivalents	6,030,785	8,008,246
Certificates of deposit	735,000	-
Investment securities available for sale	9,609,476	6,272,945
Loans, net	52,181,668	40,370,661
Pacific Coast Bankers' Bank (PCBB) stock	100,000	100,000
Federal Home Loan Bank (FHLB) stock	50,500	50,500
Premises and equipment, net	1,968,335	2,080,598
Other real estate owned	400,000	340,000
Accrued interest and other assets	414,317	402,007
Total assets	\$71,490,081	\$57,624,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Demand	\$ 7,660,737	\$ 6,602,527
Interest-bearing demand	12,851,097	3,020,348
Money market	11,889,371	10,443,045
Savings	832,195	474,936
Time	31,028,806	30,174,481
Total deposits	64,262,206	50,715,337
Borrowings	189,094	200,000
Accrued interest and other liabilities	272,628	244,513
Total liabilities	64,723,928	51,159,850
SHAREHOLDERS' EQUITY		
Common stock, 668,147 shares issued and outstanding at September 30, 2009 and September 30, 2008	6,736,481	6,736,481
Accumulated deficit	(86,337)	(201,984)
Accumulated other comprehensive income (loss)	116,009	(69,390)
Total shareholders' equity	6,766,153	6,465,107
Total liabilities and shareholders' equity	\$71,490,081	\$57,624,957
Book value per share	\$ 10.13	\$ 9.68

Statements of Income

	Nine Months ended September 30	
	2009	2008
INTEREST INCOME		
Interest and fees on loans	\$ 2,485,136	\$ 2,212,820
Interest on federal funds sold	1,447	35,747
Taxable interest on investment securities	260,028	186,650
Other interest income	29,921	14,908
Total interest income	2,776,532	2,450,125
INTEREST EXPENSE		
Deposits:		
Interest-bearing demand, money market and savings	192,311	149,435
Time	678,325	741,822
Borrowing	4,389	4,518
Total interest expense	875,025	895,775
Net interest income	1,901,507	1,554,350
Loan loss provision	118,000	61,000
Net interest income after loan loss provision	1,783,507	1,493,350
NON-INTEREST INCOME		
Service charges on deposit account	51,270	34,439
Mortgage banking income	106,333	85,906
Gains on sales and early redemptions-securities	7,517	124,218
Gain/(Loss) on other real estate owned	20,053	(38,498)
Other	45,955	25,791
Total non-interest income	231,128	231,856
NON-INTEREST EXPENSE	1,884,085	1,573,918
Income before income taxes	170,550	151,288
Provision for income taxes	50,000	32,000
Net income	\$ 120,550	\$ 119,288
Basic earnings per common share	\$ 0.18	\$ 0.19
Diluted earnings per common share	n/a	n/a
Weighted average common shares outstanding:		
Basic	668,147	635,700
Diluted	n/a	n/a