

Willamette Community Bank opens new Branch and announces 2016 results

Willamette Community Bank (OTCQB: WMCB) announces the opening of their third branch location in Salem, Oregon. President and CEO Dan McDowell states, " Ever since we opened our loan production office in Salem in 2014, we have been working hard to get the right team assembled and then find the perfect location for a branch in Salem. Our efforts have been rewarded on both fronts as we have some of the best community bankers in the business working for us and we have a great location downtown. Salem is a natural extension of our current footprint based on our employees' previous experience in the community and, as the second largest banking market in Oregon by deposits, it provides the opportunity for significant growth in the coming years. We are thrilled to make a significant investment in Salem and look forward to increasing our presence in the Salem business community."

The Salem Branch is located at 315 Commercial Street SE, Suite 110.

2016 Results

The results for 2016 continue our long history of improved earnings and are the result of ongoing focus on our core business. The Bank experienced record core earnings (earnings before taxes and provision for loan losses) in 2016 (\$819,519 compared to \$793,270 in 2015). Net income for the year was \$558K or \$0.55 per share for 2016 compared to \$590K or \$0.58 per share for 2015.

From a balance sheet perspective, 2016 ended pretty much as it started. 2016 saw Total Assets contract to \$98.3M from \$98.9M in 2015, (\$0.6M) or (0.6%). Total Loans grew to \$73.5M in 2016 from \$72.9M (\$0.6M or 0.8%) a year earlier. Loan commitments increased more than \$6M, although most of the new balances remained undrawn due primarily to timing. The loan mix remains favorable with owner occupied real estate making up the majority of our real estate loans and solid positions in commercial and agricultural loans. Credit quality remains strong with the nonperforming assets to total assets ratio at 0.38% and well below the national average of 0.63%.

Total Deposits decreased in 2016 to \$87.1M from \$88.3M in 2015, (\$1.2M) or (1.4%). This was the result of an intentional reduction in maturing high-cost CDs being only partially replaced with a combination of money market and demand deposit balances. Funding and liquidity remain well matched to our balance sheet activity on the asset side. Our average cost of funds remains low at 0.21%, which is below national average of 0.44% and well positioned to withstand anticipated rate increases.

While the balance sheet started and ended the year relatively flat, average outstanding loans were up nearly \$5M, which resulted in a 4.29% increase in interest income. Continued investment in personnel, training and infrastructure resulted in slightly higher noninterest expense, up 3% from 2015. The net interest margin remains strong at 4.61% and significantly better than national peers at 4.41%.

CEO McDowell states, "The opening of our Salem Branch and associated new costs are expected to have an impact on short term operating results. Management and the Board understand that 2017 is an investment year and recognize the importance that the new location has for the long term creation of shareholder value."

Full financials are available on our website at www.willamettecommunitybank.com.