



**April 20, 2018**

**To Our Shareholders, Employees and Customers**

Dear Willamette Community Bank Family:

Thanks to those of you who were able to attend our shareholder meeting held this week on April 18. For many of the rest of you, this will be Joan's first communication as our new President and Chief Executive Officer. If you attended the shareholder meeting or if you've had a chance to read our press release dated April 16, you are aware that Joan has recently replaced Daniel McDowell as our President and Chief Executive Officer. A number of you have asked questions about Dan's departure and Joan's appointment, so we write to you together to answer a few frequent questions and to invite you to contact Joan if you'd like to discuss further.

**Q: Why did Dan resign?**

A: Dan resigned for personal reasons. Out of respect for Dan's privacy and because of various federal and state privacy and employment laws, we cannot further discuss the details of this matter.

**Q: Is the bank facing any sort of business or regulatory concerns?**

A: No. WCB remains healthy and we believe we are well positioned to continue developing and executing upon our growth strategy. We are aware of no significant instances of noncompliance with applicable banking laws and regulations and we are enthusiastic about our growth opportunities and our business strategy.

**Q: How are the Bank's financial condition and results of operations?**

A: Based on preliminary information, our total assets at March 31, 2018, were \$129.9M, which compares to total assets of \$118.9M at December 31, 2017, and \$107.5M at March 31, 2017. The increase in total assets reflects the proceeds of our successful \$7 million common stock offering, which we completed in February 2018, as well as net income of \$129 thousand in the first quarter of 2018, compared with net income of \$105 thousand in the first quarter of 2017. Our classified loans at March 31, 2018, stood at \$2,207K, or 2.33% of total loans, which compares with classified loans of \$2,206K (2.39%) and \$1,721K (2.29%) at December 31 and March 31, 2017, respectively. Our loan loss reserve stood at \$1.2M, or 53.74% of classified loans, at March 31, 2018. We expect to maintain strong credit quality going forward as we have in the past, and we are not aware of any material impairment of any of our outstanding lending relationships.

**Q: Do you have any concerns about customer runoff or a loss of key relationships?**

A: No. Of course, Dan's departure, like the loss of any senior bank executive, gives rise to some degree of risk that key customer relationships could be impaired. However, at this point Joan and the team of relationship officers have been in contact with many of our most significant depositors and borrowers, and the response has generally been strongly supportive. We are fortunate to have been able to follow our longstanding management succession plan, so Joan was well prepared to step into the CEO role, and we are grateful to Dan for helping to build an executive team that could continue to lead the bank into the future .

**Q: Do you expect any other changes among senior executives?**

A: No. We are proud of our management team, and all of us – including our executives and our Board of Directors – remain firmly committed to WCB's success. Over the coming months, we will look to fill Joan's former role as Chief Operating Officer, but we hope that succession will come largely from one or more existing employees. As we continue focusing on growth, we will focus on employees and prospects who have strong relationships within our existing communities, and we are confident that we have in place a team that can keep WCB one of the most customer-focused, dynamic small community banks in Oregon!

**Q: Whom should I call with further questions?**

A: We would ask that you direct your questions to Joan Reukauf, 541.971.4311. Customers can also contact their existing relationship officer.

As always, we are grateful for your continued and continuing support of Willamette Community Bank. We look forward to continuing to serve you.

Sincerely,



Joan Reukauf

President and Chief Executive Officer



Kerry Johnson

Chairman of the Board