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Better than expected Q1 earnings reports Willamette Community Bank

Albany, OR – April 19, 2019- Willamette Community Bank (the “Bank”) (OTCQB: WMCB) based in Albany, Oregon, reports an increase in first quarter earnings compared to the same period in 2018. “Our net income increased by 22% in the first quarter compared to last year at this same time. This is a result of our great growth in 2019 and effective management of our resources and loan portfolio,” said Willamette Community Bank President and CEO Joan Reukauf. First quarter net income is \$158,000. Year-over-year, the Bank experienced nearly 15% growth in Total Assets and Loans, net of unearned income, and 16% growth in Total Deposits.

Growth from year-end has been more subdued. “First quarter growth can tend to be a little slower on the asset growth side due to timing of taxes and planning for our customers,” Reukauf commented. “While our assets remained relatively flat during the first quarter, we have a robust pipeline of opportunities working their way through our processes, setting us up for good growth in future quarters.”

Loan totals reached \$109 million in the first quarter, an increase of our loan portfolio of 15% year over year compared to totals during the same period in 2018. “Even though our loan growth for first quarter was not where we expected it to be, we were able to improve our percentage of non-performing assets from 2.14% to 1.86%,” commented Reukauf. “Our loan administration and lenders do a phenomenal job working with our customers to find solutions that are not only good for the bank, but good for them as well. It truly is what we do best.”

“We did a great job in 2018 managing and maintaining our net interest margin amidst a rising rate environment, however, as rates remain higher than they have been in the last five years, our cost of funds has seen an increase,” commented Reukauf. “Our net interest margin for the quarter continues to be healthy at 4.43% compared to 4.38% for the 4th quarter of 2018. We continue to be vigilant over our cost of funds with focus on market expectations and, ultimately, the bank’s profitability as rates remain somewhat unstable in the foreseeable future.”

Financial Highlights (as of, or for the period ending March 31, 2019, except as noted)

- Net income for the first quarter is \$158,000, or \$0.36 per share, an increase of \$29,000 over the same period in the previous year. On a pre-tax/pre-provision basis, net income for the first quarter is \$277,000, a 41% increase over the same period in 2018.
- Net interest income increased year over year compared to first quarter 2018 by 15% to \$1.48 million. Non-interest income increased by 56% from \$82,000 in 2018 to \$128,000 in 2019.
- Return on average assets (ROAA) increased to 0.53% for the first quarter compared to the same period in 2018 of 0.52%, while return on average equity (ROAE) increased to 4.14% from 3.70% over the same period.
- Loans grew 4% compared to 2018 end of year totals, finishing the quarter at \$109 million.
- 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. Full financials are available on our website at www.willamettecommunitybank.com.

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.

Performance Highlights	March 2019 (unaudited)	March 2018 (unaudited)
Total Assets	\$148,808,342	\$129,868,166
Loans	108,647,556	94,588,210
Deposits	129,428,968	111,511,423
Shareholders' Equity	19,005,325	18,163,599
Net Income	\$157,772	\$129,123
Book Value	\$10.36	\$9.90



Willamette

Community Bank

Statements of Financial Condition

	March 31,		
	2019	2018	
	(unaudited)	(unaudited)	\$ Change
Assets			
Cash and due from banks	2,506,824	2,059,829	446,995
Fed funds sold & repos	-	-	-
Interest bearing deposits with banks	4,288,558	4,305,591	(17,033)
Investment Securities - Taxable	20,497,554	19,922,319	575,235
Investment Securities - Tax-exempt	4,475,160	4,486,350	(11,190)
Mortgage loans held for sale	-	-	-
Loans, net of unearned income	108,647,556	94,588,210	14,059,346
Less: Allowance for loan losses	(1,397,933)	(1,186,008)	(211,925)
Premises and equipment, net	3,701,251	1,645,979	2,055,272
Accrued interest receivable	510,547	448,643	61,904
Other assets	5,578,825	3,597,253	1,981,572
Total Assets	148,808,342	129,868,166	18,940,176
Liabilities			
Non-Interest Bearing Deposits	39,450,132	34,713,180	4,736,952
Interest bearing demand deposits	11,994,214	12,338,862	(344,648)
Savings and Money Market Deposits	70,545,075	57,815,858	12,729,217
Time Deposits	7,439,547	6,643,523	796,024
Total Deposits	129,428,968	111,511,423	17,917,545
Accrued expenses and other liabilities	374,049	193,144	180,905
Total Liabilities	129,803,017	111,704,567	18,098,450
Equity			
Common stock	15,743,993	15,747,068	(3,075)
Retained earnings	3,150,321	2,516,072	634,249
Accumulated other comprehensive income (loss)	(46,761)	(228,664)	181,903
Net Income	157,772	129,123	28,649
Total Equity	19,005,325	18,163,599	841,726
Total Liabilities & Equity	148,808,342	129,868,166	18,940,176



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Community Bank

Statements of Income

	Three months ended		
	March 31		
	2018	2018	\$ Change
	(unaudited)	(unaudited)	
Interest Income			
Interest on Loans	1,428,430	1,215,922	212,508
Fees on Loans	11,478	22,368	(10,890)
Interest on federal funds sold	-	-	-
Interest on deposits with banks	46,696	20,305	26,391
Investment Securities - Taxable	105,608	68,028	37,580
Investment Securities - Tax-exempt	40,911	40,994	(83)
Total Interest Income	1,633,123	1,367,617	265,506
Interest Expense			
Interest bearing demand deposits	3,554	1,324	2,230
Savings and Money Market Deposits	126,174	65,376	60,798
Time Deposits - Retail	21,510	12,169	9,341
Total Interest Expense on Deposits	151,238	78,869	72,369
Interest on other borrowings	-	3,534	(3,534)
Total Interest Expense	151,238	82,403	68,835
Net Interest Income	1,481,885	1,285,214	196,671
Provision for loan losses	74,250	44,130	30,120
Net In. Inc. After Prov. for Loan Losses	1,407,635	1,241,084	166,551
Non Interest Income			
Service charges and fees	31,140	23,903	7,237
Other noninterest income	96,761	57,953	38,808
Total Non Interest Income	127,901	81,856	46,045
Non Interest Expense			
Salaries and employee benefits	677,577	629,636	47,941
Occupancy	175,725	146,546	29,179
Other noninterest expense	479,762	394,835	84,927
Total Non Interest Expense	1,333,064	1,171,017	162,047
Income Before Taxes	202,472	151,923	50,549
Income taxes	44,700	22,800	21,900
Net Income	157,772	129,123	28,649