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Willamette Community Bank ends the year with record earnings

Albany, OR – January 24, 2020- Willamette Community Bank (the “Bank”) (OTCQB: WMCB) based in Albany, Oregon, reports continued record setting net income through the fourth quarter 2019 of \$700,000, a 10.4% increase over last year’s net income of \$634,000. Pre-tax/pre-provision income hit the million-dollar milestone for the first time in the Bank’s history.

Loan growth for the year was strong, with an increase in the loan portfolio of 16.1% year over year. The loan portfolio grew to \$122 million. “We had a strong year in not only loan growth, but retention of our customers. While we brought in valuable relationships in the fourth quarter, our local economies are experiencing a positive trend, providing an opportunity for customers to gain momentum and pay down or payoff short-term debt,” said Willamette Community Bank President and CEO Joan Reukauf. “Seeing our customers in strong positions is exactly what we work toward, building long-lasting relationships.” Credit quality remains strong with improvement in our non-performing assets to 1.39% of total loans, a significant decrease from the 2018 year-end performance of 3.71%.

Deposits remained relatively flat for the year due to a volatile rate environment and a large customer withdrawal that was planned for a construction project. “These past 12 months have been a challenge on the deposit front,” commented Reukauf. “The year began with a rapidly increasing rate environment, prompting our strategy to preserve our net interest margin while resisting a rapid increase in our cost of funds.” Deposits ended the year at \$129 million. “We continue to be vigilant over our cost of funds with focus on market expectations and, ultimately, the bank’s profitability. Our net interest margin is still among one of the highest in our peer group at 4.38%,” Reukauf continued.

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

- Net income YTD is \$700,000 an increase of 10.4% over last year. Earnings per share (LTM) were \$0.38 at quarter end. On a pre-tax/pre-provision basis, net income for the year is at \$1.1 million, a 19.0% increase year over year.
- Net interest income increased by 6.6% year over year to \$6.1 million. Non-interest income increased by 32.6% from \$380,000 in 2018 to \$504,000 in 2019.
- Return on average assets (ROAA) is 0.46%. Return on average equity (ROAE) is 3.61%.
- Loans grew 16.1% compared to 2018 end of year totals, finishing the quarter at \$122 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	December 2019 (unaudited)	December 2018 (unaudited)
Total Assets	\$150,579,457	\$148,143,415
Loans	121,656,576	104,789,470
Deposits	129,326,850	129,068,495
Shareholders' Equity	19,910,453	18,749,094
Net Income	\$700,335	\$634,248
Book Value	\$10.72	\$9.99

*Statements of Financial Condition and Income attached



Willamette

Community Bank

Statements of Financial Condition

	December 31,		
	2019	2018	
	(unaudited)	(unaudited)	\$ Change
Assets			
Cash and due from banks	3,290,671	4,944,781	(1,654,110)
Fed funds sold & repos	-	-	-
Interest bearing deposits with banks	2,748,516	6,443,125	(3,694,609)
Investment Securities - Taxable	9,397,077	19,119,487	(9,722,410)
Investment Securities - Tax-exempt	4,466,569	4,478,010	(11,441)
Mortgage loans held for sale	-	-	-
Loans, net of unearned income	121,656,576	104,789,470	16,867,106
Less: Allowance for loan losses	(1,542,341)	(1,323,683)	(218,658)
Premises and equipment, net	3,560,688	3,732,675	(171,987)
Accrued interest receivable	475,871	444,686	31,185
Other assets	6,525,830	5,514,864	1,010,966
Total Assets	150,579,457	148,143,415	2,436,042
Liabilities			
Non-Interest Bearing Deposits	34,544,493	36,939,491	(2,394,998)
Interest bearing demand deposits	12,624,670	15,382,300	(2,757,630)
Savings and Money Market Deposits	70,205,513	69,785,815	419,698
Time Deposits	11,952,174	6,960,889	4,991,285
Total Deposits	129,326,850	129,068,495	258,355
Accrued expenses and other liabilities	1,342,154	325,826	1,016,328
Fed funds purchased	-	-	-
Total Liabilities	130,669,004	129,394,321	1,274,683
Equity			
Common stock	15,957,515	15,743,993	213,522
Retained earnings	3,150,321	2,516,072	634,249
Accumulated other comprehensive income (loss)	102,282	(145,219)	247,501
Net Income	700,335	634,248	66,087
Total Equity	19,910,453	18,749,094	1,161,359
Total Liabilities & Equity	150,579,457	148,143,415	2,436,042



Willamette

Community Bank

Statements of Income

	Twelve months ended		
	December 31		
	2019	2018	
	(unaudited)	(unaudited)	\$ Change
Interest Income			
Interest on Loans	6,095,560	5,283,813	811,747
Fees on Loans	86,440	155,309	(68,869)
Interest on federal funds sold	-	-	-
Interest on deposits with banks	96,151	111,302	(15,151)
Investment Securities - Taxable	369,006	370,813	(1,807)
Investment Securities - Tax-exempt	163,603	163,936	(333)
Total Interest Income	6,810,760	6,085,173	725,587
Interest Expense			
Interest bearing demand deposits	14,851	6,954	7,897
Savings and Money Market Deposits	581,193	339,726	241,467
Time Deposits	153,047	53,271	99,776
Total Interest Expense on Deposits	749,091	399,951	349,140
Interest on other borrowings	4,526	4,242	284
Total Interest Expense	753,617	404,193	349,424
Net Interest Income	6,057,143	5,680,980	376,163
Provision for loan losses	218,658	181,805	36,853
Net In. Inc. After Prov. for Loan Losses	5,838,485	5,499,175	339,310
Non Interest Income			
Service charges and fees	115,742	112,914	2,828
Other noninterest income	387,809	266,808	121,001
Total Non Interest Income	503,551	379,722	123,829
Non Interest Expense			
Salaries and employee benefits	2,866,343	2,657,726	208,617
Occupancy	714,309	631,570	82,739
Other noninterest expense	1,897,449	1,861,553	35,896
Total Non Interest Expense	5,478,101	5,150,849	327,252
Income Before Taxes	863,935	728,048	135,887
Income taxes	163,600	93,800	69,800
Net Income	700,335	634,248	66,087