



# Shareholder Report 2019



**Willamette**  
Community Bank

# Letter from the CEO & Board Chair



Fellow Shareholders,

2019 proved to be a good year for our great organization. With the mindset and strategy of continued growth, we were able to achieve another year of record earnings as we did the year before, while hitting a few milestones worthy of our 16-year old institution. This past year proved to be challenging yet rewarding. The culture we have built within our company supports our mission of serving our communities the best way we know how – through responsible financial services. Our goal is simple. Being a resource for our communities, with both head and heart, to ensure their prosperity is sustainable.

“ Our culture is defined as an environment that is caring, passionate, creative, collaborative, and solution used. ”

Record setting net income highlighted our year with net income of \$700,000, a 10.4% increase over last year. One of those milestones reached was hitting the million-dollar mark for pre-tax/pre-provision income for the first time in the Bank's history. Even though our focus continues to be on growth, expense control and profit-minded decision making is a continual, conscious conversation throughout all areas of the Bank. Increases in net interest income of 6.6% and non-interest income of 32.6% contributed to our record earning year. Loan growth out-paced last year with an increase in our loan portfolio of 16.1%. Credit quality continues to improve with total criticized assets of 1.39%, an improvement from 2018 of 2.32%. We remained well reserved at year end with our allowance for loan losses at 1.27% of total loans. As we continue to see our local economies heal, we are witnessing a positive trend with our customers as they prosper. Seeing our customers in strong financial positions is exactly what we work toward, building long-lasting relationships.

2019 not only saw growth in our bank from a portfolio perspective, we also grew the WCB family. Today, with the addition of Team Leaders for the commercial banking teams

in both the Albany/Lebanon and Salem areas, we are proud to say we have the most experienced lending team in our organization's history. We now boast over 120 years of combined lending experience with our teams. This bench of knowledge helps us to be even more agile today than ever before, providing new ideas to help our customers grow and experience their definition of success.

One more milestone has to do with the people inside this institution that work every day to make this organization what it is. Our culture is defined as an environment that is caring, passionate, creative, collaborative, and solutions focused. Our employees are empowered to make decisions that make sense, that are right for the customer, and, ultimately, right for the Bank. That's just what we do. We are very proud to have been named as one of the 100 Best Companies to work for in Oregon for 2020. We continue to live and defend our culture, helping each other be the best that we can be.

There is no doubt that 2020 will bring on its own unique set of opportunities and challenges. We are poised, now more than ever, to take on those challenges and make the most of the opportunities that our great communities bring forth. We thank our shareholders for their confidence, and we look forward to working hard to create value for both our customers and our shareholders.

Joan Reukauf  
President & CEO

Kerry Johnson  
Board Chair



# Willamette Community Bank

Willamette Community Bank was founded in Albany by citizens and business people to preserve local decision-making and support the community. We remain true to our founding principles in all the communities we serve.

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# Performance Highlights

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
| <b>Net Income (000s)</b>             |           |           |
| Net Income                           | \$700     | \$634     |
| <b>Per Common Share Data</b>         |           |           |
| Earnings per Share — Basic           | \$0.38    | \$0.36    |
| Book Value                           | \$10.72   | \$10.22   |
| <b>Performance Ratios</b>            |           |           |
| Return on Average Assets             | 0.46%     | 0.47%     |
| Return on Average Equity             | 3.61%     | 3.68%     |
| <b>Balance Sheet (000s)</b>          |           |           |
| Loans, net                           | \$120,114 | \$103,466 |
| Securities                           | \$13,864  | \$23,597  |
| Total Assets                         | \$150,579 | \$148,143 |
| Non-interest-bearing Demand Deposits | \$34,544  | \$36,939  |
| Interest-bearing Deposits            | \$94,783  | \$92,129  |
| Total Deposits                       | \$129,327 | \$129,068 |
| Shareholders' Equity                 | \$19,910  | \$18,749  |
| <b>Net Interest Margin</b>           |           |           |
| Earning Asset Yield                  | 4.94%     | 4.83%     |
| Cost of Funds                        | 0.58%     | 0.34%     |
| Net Interest Margin                  | 4.40%     | 4.51%     |

This report has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

# Community Bank Week

Willamette Community Bank is invested and active in the local communities we serve, and we're always looking for creative ways that we can make a positive impact in the lives of others.

To show our initiative, we are active and eager participants in the annual Community Bank Week a celebration of service to our local communities.

For the 2019 Community Bank Week events, a combination of bank employees and board members completed 135 volunteer hours with nine nonprofits in Albany, Lebanon, and Salem. Additionally, we partnered with Shred-it and the Oregon Bankers Association to host a Community Shred event where over 4000 pounds of confidential documents were successfully destroyed.

Our Bank Week achievements didn't stop there — we also made donations to two nonprofits serving domestic violence survivors, and a third donation provided support to Kitty Angel Team Adoption in Lebanon, OR.

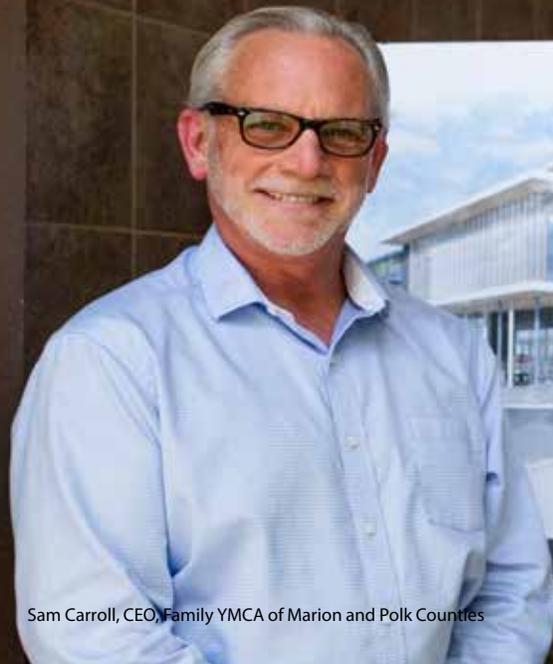
Willamette Community Bank supports our communities throughout the year through active sponsorships, such as our ongoing partnership with Linn County Fair.

The Fair, which provides pivotal support for our local farming communities, also provides funding and growth opportunities for local FHA groups. Willamette Community Bank gets involved at this level, too, by bidding on FHA animals and donating them back for the kids to earn additional funds.

Finally, we look forward to our yearly participation in the Celebration of Trees, an event benefiting the Boys and Girls Club of Albany (BGCA). Our team of dedicated employees spend countless hours planning and decorating a tree to be auctioned off, with all proceeds going to the BGCA.

We love our local communities and we're proud of the results of our involvement. In 2019, WCB employees completed over 1600 hours of volunteer time for 50 local organizations and nonprofits. The bank also donated a total of \$35,000.00 to support 67 local organizations

# Partnerships with Nonprofit Organizations



Sam Carroll, CEO, Family YMCA of Marion and Polk Counties

YMCA of Salem plays an invaluable role in our community. From after-school programs, to swim lessons, to youth sports, to health and fitness, it gives families the resources to live safe and healthy lives.

"This organization has been serving Marion and Polk Counties for over 100 years with compassion and creativity," said Chris Ray of Willamette Community Bank. "Organizations like this make such a tremendous impact in our community."

Add to that, YMCA serves everyone, regardless of income. "We turn no one away for their financial ability," said CEO Sam Carroll. "That's what makes us unique."

Not all banks have the skill set to do this. Many large financial institutions shy away from the challenges that nonprofit organizations face and won't deliver the custom solutions they need. That's not an issue at Willamette Community Bank; many of us volunteer on nonprofit boards, and we understand how they work behind the scenes. Most importantly, we value what they stand for.

"The people working at the bank, they're part of our community," Sam Carroll said. "They understand the challenges we face and the value we bring."

So when YMCA needed a line of credit to accommodate their seasonal cash flow, we listened. The lender they were working with at the time wasn't focused on meeting this need, which was not a simple one to address. "But given their mission, it was important to the community," Chris Ray said. "So we went out and provided the level of care, consulting, and out-of-the-box thinking to meet their needs, because we believe in where they're going."

That's been born out especially as YMCA has been preparing for new construction. Their current facility, 125 years old, will be replaced by a new 51,000 square foot facility opening in March 2021, and Willamette Community Bank has been a key financial partner in that process.

"Willamette Community Bank has the head and the heart," Sam Carroll said. "They understand the importance of YMCA in our community. They have a true belief in what we do, and they take a true interest in our business — not just the financial side, but the impact we're having, the people we serve. It makes for a great partnership."

That's why the organization followed up by moving all their business accounts to Willamette Community Bank. It's also why we actively support them, not just behind the scenes, but in person: attending fundraisers and events to advocate for the good they do in the community.

"I appreciate the privilege of being their banker, because it gives me an opportunity to participate in their mission," Chris Ray said. "There are few things that give me greater joy than seeing one of my customers do something great in the community and being able to say, 'I was a part of that.'"

“ Nonprofits make a difference for our community,”



David Takata, SVP, Commercial Team Lead  
volunteering during Community Bank Week  
at Habitat for Humanity of the Mid-Willamette  
Valley, Salem, OR.

# Community Sponsorships

“ Investing in a strong community means more than giving dollars. ”

— Joan Reukauf, President and CEO



ABC House  
Albany Area Chamber of Commerce  
Albany Downtown Association  
Albany Hospital Foundation  
Albany Rotary Club  
Albany Optimist Club  
Altrusa Club of Albany, OR  
Anando  
Benton County 4-H Livestock Judging Team  
Boys and Girls Club of Albany  
Boys and Girls Club of the Greater Santiam  
Boys and Girls Club of Salem  
Benton County Foundation  
Boy Scouts of America  
Bridgeway Recovery Services  
Brownsville Chamber of Commerce  
CASA of Linn County  
Center for Hope and Safety  
Clackamas County Jr. Livestock Auction  
East Linn Christian School  
Family Tree Relief Nursery

FISH of Albany  
Friends of Salem Police  
Kitty Angel Team Adoption  
Lebanon Strawberry Festival  
Linn County Fair and Expo  
Linn County Shrine Club  
Linn County Youth Livestock Auction  
Linn-Benton Community College Foundation  
Marion County Livestock  
Mule Deer Foundation - Linn Benton Blacktail Chapter  
Oregon Bankers Association  
Oregon Dairy Women  
Oregon Ryegrass Growers  
Portland Public Schools  
Rotary Club of Salem  
Salem Area Chamber of Commerce  
Salem Chamber of Commerce  
Salem Leadership Foundation  
Salem Multicultural Institute  
Soroptimist International of Albany

South Albany High School  
Strategic Economic Development Corporation (SEDCOR)  
Sunrise Elementary School  
The Oaks of Lebanon  
The Salvation Army  
VFW661 – Uniform Display Museum  
We are the solution - Kickin Cancer  
Women for Agriculture  
Zonta Club of Corvallis



Sue Kalina, VP, Relationship Manager  
volunteering during Community Bank Week  
at Horses of Hope, Turner, OR

## Supporting our Community



### Linn County Fair Sponsorship

Willamette Community Bank has a strong commitment to our community and its youth, so we naturally have an affinity for events like the Linn County Fair and Celebration of Trees, both of which provide benefit for our community's young people.

WCB Team L-R: Tia Knight, Sharon Keenon, Didi Aho, Chelsey McDonald, Trina Henderson, Joan Reukauf, Sophia Kidwell, Crystal Turton, Kristi Wagner and JoElle Drumheiser.

### Boys and Girls Club of Albany, Celebration of Trees

The pageantry and excitement of the Celebration of Trees is a long-standing Albany tradition that Willamette Community Bank is proud to take part in.

Each year, we join local businesses and organizations around the valley in sponsoring and decorating trees to be auctioned off at this annual holiday fundraiser.

This two-night event benefiting the Boys & Girls Club of Albany supports families in our community by providing them with many basic necessities that they wouldn't otherwise have access to.

The Boys & Girls Club's after-school programs and summer camps give working families safe, affordable childcare options, and their athletics program provides the only opportunity that many children have to learn and play a variety of sports. They also offer dental care services and education for children at no cost to their families.

Our sponsorships and the people they serve are an important and integral part of our Willamette Community Bank family. We are incredibly proud and thankful to be able to support them in helping our local communities to grow stronger and better — together.





“ At Willamette Community Bank we want to be part of the fabric of the communities we serve.”

— Kerry Johnson, Board Chair

# Our Dedicated Team

## Management

Joan Reukauf  
President, Chief Executive  
Officer

Robert Moore  
Senior Vice President  
Chief Financial Officer

Shelly Ortiz  
Vice President, Senior  
Operations Officer

Jeff Morris  
Vice President, Compliance  
Manager

## Administrative

Monica Hall  
Vice President, eBanking &  
Cash Management Officer

Trina Henderson  
Executive Administrative  
Assistant

Vicki Capilla  
Administrative Assistant

Kristi Wagner  
Compliance Specialist

Chelsey McDonald  
Operations Specialist

## Albany

Sue Kalina  
Vice President, Relationship  
Manager

John Truelove  
Vice President, Credit  
Administration Manager

Monica Hyde  
Loan Operation &  
Documentation Supervisor

Stephanie Sanchez  
Loan Processor

Crystal Turton  
Credit Analyst

Lee McMillan  
Credit Analyst

Denise Aho  
Loan Processor

Blaze Itzaina  
Assistant Relationship  
Manager

Brianna Silacci  
Operations Supervisor

Melissa Maurer  
Customer Service  
Representative II

Trudy Fields  
Customer Service  
Representative

David Catlin  
Customer Service  
Representative

Sophia Kidwell  
Customer Service  
Representative

Tia Knight  
Customer Service  
Representative

Lisa Richey  
Customer Service  
Representative

## Lebanon

Richard Garrison  
Senior Vice President  
Commercial Banking  
Team Lead

## Willamette Community Bank Board of Directors



Top Row: Kent Hickam, Tom Ordeman, Bryan Webber, John Jenks, Joe LeBlanc  
Bottom Row: Tim McQueary, Kerry Johnson, Joan Reukauf  
Not Pictured: Jim Green

Kathy Giddings  
Vice President, Relationship  
Manager

Sharon Keenon  
Customer Service  
Representative

Jasmine Bowman  
Customer Service  
Representative

Teri Weller  
Customer Service  
Representative

## Salem

David Takata  
Senior Vice President  
Commercial Banking  
Team Lead

Francisco Bermúdez Jr.  
Vice President, Relationship  
Manager

Stephen Horning  
Vice President, Senior  
Relationship Manager

Oracio Larios  
Operations Supervisor

JoElle Drumheiser  
Customer Service  
Representative

Lacey Kile  
Customer Service  
Representative

Christopher Ray  
Relationship Manager

Larry Goodreau  
Relationship Manager

“ Willamette Community Bank makes local decisions, and they have the perspective to understand agriculture. ”

— Bryan Webber, Webber Farms, Albany, OR

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### Albany Branch

333 Lyon Street SE  
Albany, OR 97321  
541.926.9000

### Lebanon Branch

1495 South Main  
Lebanon, OR 97355  
541.223.7180

### Salem Branch

315 Commercial Street SE  
Suite 110  
Salem, OR 97301  
503.468.5558

[willamettecommunitybank.com](http://willamettecommunitybank.com)

The Willamette Community Bank—Audit of Financial Statement for 2019 can be found at [willamettecommunitybank.com](http://willamettecommunitybank.com).

For a printed copy, please contact our Albany Branch.



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