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Willamette Community Bank Reports Second Quarter Earnings

Albany, OR – July 17, 2020- Willamette Community Bank (the “Bank”) (OTCQB: WMCB) based in Albany, Oregon, releases its financial results for the second quarter of 2020. The bank grew total assets to \$191 million, an increase of 27% or \$41 million compared to the same period in the previous year. “Most of our growth can be attributed to our participation in the SBA’s Payment Protection Program (PPP), however, without the \$26 million in PPP loan fundings, the bank still experienced double-digit growth year over year,” said Willamette Community Bank President and CEO Joan Reukauf. Net income through the second quarter 2020 came in at \$297,000. “We were already facing increased compression on margins before COVID-19 took effect,” commented Reukauf. “The changes to rates, though providing financial institutions the fortitude to do what is needed for our customers and small businesses at this time, will have negative effect longer term, bringing margins down even further.”

Loan totals reached \$147 million in the second quarter, an increase in our loan portfolio of 28% year over year compared to totals during the same period in 2019. “We experienced 5% organic loan growth sans the PPP loan fundings mentioned earlier,” commented Reukauf. “We were very proud to be a participant in a program that brought our small businesses the relief needed to stay in operation and get on the other side of a state-wide shutdown. Giving all our attention to this effort slowed organic production and growth in the first half of the year.” Loan growth was accompanied by a decrease in non-performing assets. “While our focus, for the most part, was seeing our customers through this unprecedented time, we kept our eye on the business of banking as well, decreasing our non-performing assets from 1.32% to .80% quarter over quarter,” commented Reukauf. “We continue to see an active pipeline of loan activity but remain diligent over our existing portfolio. So far, we have processed around 50 loan modifications to ensure our small businesses have a fighting chance as they work through new ways of conducting business through a pandemic. By the same token, we are also preparing for what may be on the other side of getting businesses back on their feet by increasing loan loss reserves to 1.35% of total loans (excluding PPP loans).”

Deposits remain at healthy levels with a 90% loan to deposit ratio in the second quarter. Deposits have increased by 20% in the second quarter bringing deposit totals to \$163 million compared to \$136 million in the first quarter. “We have seen strong growth in deposits not only from PPP activity but also key relationships that continue to grow with a trusted partner,” commented Reukauf.

“We were so very honored to stand at the ready for our small business customers during the first and second offering of the Payment Protection Program, assisting 150 of our local small business owners keep more than 3,300 jobs intact. We also got to work looking for other ways we could contribute to our local communities. Whether it was purchasing lunch weekly to help our local restaurants, delivering flowers to a neighboring retirement home, or sponsoring cap and gown pictures for 8,000 graduating seniors in all of Linn County, we wanted to make sure our communities were supported during this time. We hear it a lot these days; we’re all in this together. At Willamette Community Bank, we take that seriously and we will continue to look for ways to help our communities, keeping them whole and in business,” commented Reukauf.

Financial Highlights (as of, or for the period ending June 30, 2020, except as noted)

- Net income for the second quarter is \$297,000, or \$0.35 LTM per share. On a pre-tax/pre-provision basis, income for the second quarter is \$478,000.
- Net interest income increased year over year compared to second quarter 2019 by 6.8% to \$3.2 million. Non-interest income came in at \$237,000, a decrease of 8.4% compared to the same period in 2019. This decrease is mostly due to our way of helping our customers by not charging our normal fees for a short period of time.
- YTD return on average assets (ROAA) increased quarter over quarter to 0.35% from 0.26% during the first quarter, while YTD return on average equity (ROAE) increased to 2.96% from 1.97% over the same period.
- Loans grew 21% compared to 2019 end of year totals, finishing the quarter at \$147 million.
- Deposits grew 26% compared to 2019 end of year totals, finishing the quarter at \$163 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	June 2020 (unaudited)	June 2019 (unaudited)
Total Assets	\$191,202,890	\$150,638,225
Loans	\$147,077,255	\$114,944,742
Deposits	\$162,907,240	\$127,713,484
Shareholders' Equity	\$20,330,539	\$19,540,855
Net Income	\$297,069	\$340,081
Book Value	\$10.95	\$10.52



Willamette

Community Bank

Statements of Financial Condition

	June 30,		
	2020	2019	
	(unaudited)	(unaudited)	\$ Change
Assets			
Cash and due from banks	1,725,061	1,940,863	(215,802)
Fed funds sold & repos	-	-	-
Interest bearing deposits with banks	21,088,499	13,884	21,074,615
Investment Securities - Taxable	7,885,376	19,936,056	(12,050,680)
Investment Securities - Tax-exempt	4,460,754	4,472,363	(11,609)
Mortgage loans held for sale	-	-	-
Loans, net of unearned income	147,077,255	114,944,742	32,132,513
Less: Allowance for loan losses	(1,642,341)	(1,422,683)	(219,658)
Premises and equipment, net	3,490,247	3,649,972	(159,725)
Accrued interest receivable	639,126	568,591	70,535
Other assets	6,478,913	6,534,438	(55,525)
Total Assets	191,202,890	150,638,226	40,564,664
Liabilities			
Non-Interest Bearing Deposits	51,939,913	37,343,829	14,596,084
Interest bearing demand deposits	14,576,625	12,801,000	1,775,625
Savings and Money Market Deposits	84,213,666	69,274,601	14,939,065
Time Deposits	12,177,036	8,294,054	3,882,982
Total Deposits	162,907,240	127,713,484	35,193,756
Accrued expenses and other liabilities	1,304,967	1,383,887	(78,920)
Other borrowings	6,660,324	2,000,000	4,660,324
Total Liabilities	170,872,531	131,097,371	39,775,160
Equity			
Common stock	15,957,515	15,957,515	-
Retained earnings	3,850,656	3,150,321	700,335
Accumulated other comprehensive income (loss)	225,119	92,938	132,181
Net Income	297,069	340,081	(43,012)
Total Equity	20,330,359	19,540,855	789,504
Total Liabilities & Equity	191,202,890	150,638,226	40,564,664



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Community Bank

Statements of Income

	Three months ended June 30		
	2020 (unaudited)	2019 (unaudited)	\$ Change
Interest Income			
Interest on Loans	3,270,070	2,905,978	364,092
Fees on Loans	123,522	24,983	98,539
Interest on federal funds sold	-	-	-
Interest on deposits with banks	21,732	69,860	(48,128)
Investment Securities - Taxable	101,690	217,980	(116,290)
Investment Securities - Tax-exempt	81,706	81,875	(169)
Total Interest Income	3,598,720	3,300,676	298,044
Interest Expense			
Interest bearing demand deposits	6,221	7,769	(1,548)
Savings and Money Market Deposits	293,057	262,460	30,597
Time Deposits	116,544	54,070	62,474
Total Interest Expense on Deposits	415,822	324,299	91,523
Interest on other borrowings	6,094	579	5,515
Total Interest Expense	421,916	324,878	97,038
Net Interest Income	3,176,804	2,975,798	201,006
Provision for loan losses	100,000	99,000	1,000
Net In. Inc. After Prov. for Loan Losses	3,076,804	2,876,798	200,006
Non Interest Income			
Service charges and fees	46,808	60,309	(13,501)
Other noninterest income	190,555	197,067	(6,512)
Total Non Interest Income	237,363	257,376	(20,013)
Non Interest Expense			
Salaries and employee benefits	1,606,541	1,375,437	231,104
Occupancy	365,528	365,227	301
Other noninterest expense	963,829	962,729	1,100
Total Non Interest Expense	2,935,898	2,703,393	232,505
Income Before Taxes	378,269	430,781	(52,512)
Income taxes	81,200	90,700	(9,500)
Net Income	297,069	340,081	(43,012)