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Willamette Community Bank Reports Fourth Quarter Earnings

Albany, OR – January 26, 2021- Willamette Community Bank (the “Bank”) (OTCQB: WMCB) based in Albany, Oregon, today released its financial results for the fourth quarter of 2020. The bank grew total assets to \$218 million, an increase of 45% or \$68 million compared to the same period in the previous year. Net income for the full year of 2020 totaled \$611,722. “We finished the year strong, though merger-related expenses somewhat muted that strong performance. Participation in the Payment Protection Program remained an uplifting factor for our institution and as we close out this somewhat tumultuous economic year, we are poised to make an even greater impact for our communities into 2021 and beyond,” said Willamette Community Bank President and CEO Joan Reukauf.

Loan totals came in at \$143 million in the fourth quarter. Loan totals for the year have grown 18% widely due to participation in the PPP. To date, we have \$20 million in PPP loans that we anticipate will be forgiven over the next 12 months. “Since March 2020, which brought about the beginnings of damaging shutdowns and slowdowns of our national and local economies, organic loan growth, *sans* PPP requests, has been sluggish. In a year of historical unknowns, small businesses faced hard decisions, sacrificing planned growth and revenues in the wake of a pandemic,” commented Reukauf. “This last quarter we started to see some renewed life in our loan pipeline, leading the way toward a good start in 2021 for better organic loan growth.”

Deposit totals came in at \$196 million. So far this year, deposit totals have grown 52%. “In 2020, as we watched loan growth diminish due to economic conditions, we saw the opposite with deposits. Although some of our deposit growth was fueled by pandemic-related stimulus payments, we also achieved some significant success in growing core deposits, which were built on the foundation of the investments we have made in growing our local banking relationships,” commented Reukauf.

“While I believe we are all happy to see an end to 2020, as we look toward 2021 there is still much work to be done both nationally and locally. We will continue to be challenged with a low-rate environment, bringing margins lower than we have seen in the last 5 years. While our loan quality remains strong it will be a priority to keep a close watch on our portfolio, ensuring our customers have the tools they need to not only survive, but succeed. We are proud of the way we took on an ever-demanding 2020 and are ready to show that same commitment to our customers, our communities, and our shareholders as we begin to write that next chapter,” commented Reukauf.

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

- Net income for the fourth quarter is \$104,172, or \$0.33 LTM per share. Net income for the year is \$611,722. On a pre-tax/pre-provision basis, YTD income is \$1,069,722. Income was affected by one-time merger expenses in 2020 and, as such, Net income for the year without these expenses would have been approximately \$927 thousand with pre-tax/pre-provision YTD income approximately \$1.37 million.
- Net interest income increased year over year compared to fourth quarter 2019 by 9.6%, to \$6.6 million. Non-interest income came in at \$472,535, a decrease of 6.2% 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 in 2020.

- YTD return on average assets (ROAA) decreased quarter over quarter to 0.33% from 0.46% during the fourth quarter, while YTD return on average equity (ROAE) decreased to 3.00% from 3.61% over the same period. Without one-time merger expenses, ROAA would have been approximately .50% and ROAE would have been approximately 4.55%
- Loans decreased \$4 million during the quarter, due primarily to the forgiveness of PPP loans of \$6 million, ending the year at \$143 million. Non-performing assets at quarter end totaled \$788,460 or .55% of total loans.
- Deposits increased year over year compared to third quarter 2019 by 52% to \$196 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 2020 (unaudited)	December 2019 (unaudited)
Total Assets	\$218,488,319	\$150,578,457
Loans	\$143,013,475	\$121,656,576
Deposits	\$196,221,602	\$129,326,850
Shareholders' Equity	\$20,619,058	\$19,910,453
Net Income	\$611,722	\$700,335
Book Value	\$11.10	\$10.72



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Statements of Income

	Twelve months ended		
	December 31		
	2020	2019	
	(unaudited)	(unaudited)	\$ Change
Interest Income			
Interest on Loans	6,453,395	6,095,560	357,835
Fees on Loans	590,146	86,440	503,706
Interest on federal funds sold	-	-	-
Interest on deposits with banks	33,588	96,151	(62,563)
Investment Securities - Taxable	214,126	369,006	(154,880)
Investment Securities - Tax-exempt	163,262	163,603	(341)
Total Interest Income	7,454,517	6,810,760	643,757
Interest Expense			
Interest bearing demand deposits	14,007	14,851	(844)
Savings and Money Market Deposits	592,352	581,193	11,159
Time Deposits	197,350	153,047	44,303
Total Interest Expense on Deposits	803,709	749,091	54,618
Interest on other borrowings	13,540	4,526	9,014
Total Interest Expense	817,249	753,617	63,632
Net Interest Income	6,637,268	6,057,143	580,125
Provision for loan losses	175,000	218,658	(43,658)
Net In. Inc. After Prov. for Loan Losses	6,462,268	5,838,485	623,783
Non Interest Income			
Service charges and fees	91,098	115,742	(24,644)
Other noninterest income	381,437	387,809	(6,372)
Total Non Interest Income	472,535	503,551	(31,016)
Non Interest Expense			
Salaries and employee benefits	3,164,374	2,866,343	298,031
Occupancy	715,415	714,309	1,106
Other noninterest expense	2,160,292	1,897,449	262,843
Total Non Interest Expense	6,040,081	5,478,101	561,980
Income Before Taxes	894,722	863,935	30,787
Income taxes	283,000	163,600	119,400
Net Income	611,722	700,335	(88,613)



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Statements of Financial Condition

	December 30,		
	2020	2019	
	(unaudited)	(unaudited)	\$ Change
Assets			
Cash and due from banks	2,699,764	3,290,671	(590,907)
Fed funds sold & repos	-	-	-
Interest bearing deposits with banks	37,595,684	2,748,516	34,847,168
Investment Securities - Taxable	21,977,747	9,397,077	12,580,670
Investment Securities - Tax-exempt	4,454,787	4,466,569	(11,782)
Mortgage loans held for sale	-	-	-
Loans, net of unearned income	143,013,475	121,656,576	21,356,899
Less: Allowance for loan losses	(1,717,341)	(1,542,341)	(175,000)
Premises and equipment, net	3,401,129	3,560,688	(159,559)
Accrued interest receivable	632,104	475,871	156,233
Other assets	6,430,970	6,525,830	(94,860)
Total Assets	218,488,319	150,579,457	67,908,862
Liabilities			
Non-Interest Bearing Deposits	52,140,380	34,544,493	17,595,887
Interest bearing demand deposits	17,209,617	12,624,670	4,584,947
Savings and Money Market Deposits	118,738,154	70,205,513	48,532,641
Time Deposits	8,133,451	11,952,174	(3,818,723)
Total Deposits	196,221,602	129,326,850	66,894,752
Accrued expenses and other liabilities	1,647,659	1,342,154	305,505
Other borrowings	-	-	-
Total Liabilities	197,869,261	130,669,004	67,200,257
Equity			
Common stock	15,957,515	15,957,515	-
Retained earnings	3,850,656	3,150,321	700,335
Accumulated other comprehensive income (loss)	199,165	102,282	96,883
Net Income	611,722	700,335	(88,613)
Total Equity	20,619,058	19,910,453	708,605
Total Liabilities & Equity	218,488,319	150,579,457	67,908,862