



FOR IMMEDIATE RELEASE: April 29, 2021

Pacific West Bank Announces First Quarter Earnings

West Linn, Oregon, April 29, 2021. – Pacific West Bank (OTC: PCBO) today reported financial results for the first quarter ended March 31, 2021. Pacific West Bank (the “Bank”) today announced a first-quarter net income of \$454,000 or \$0.17 per diluted share.

First Quarter 2021 Highlights:

- First-quarter net income of \$454 thousand or \$0.17 per diluted share.
- Total assets grew 36.1% or \$76.4 million.
- Production of \$62.9 million SBA Payment Protection Plan (“PPP”) Round 2 loans.
- Total loans grew by 30.8% or \$45.9 million net of PPP Round 1 loans forgiven.
- Origination of \$8.2 million in core loan commitments (excluding PPP loans) during the first quarter.
- Credit metrics were consistent with no loans greater than 30 days past due and one well secured \$34 thousand non-accrual loan.
- Total deposit grew by 35.7% or \$60.8 million primarily in non-interest deposit accounts which grew by 53.3% or \$40.8 million.
- Loan interest income for the first quarter grew 43.8% to \$1.6 million when compared to \$1.1 million for the same quarter a year earlier.
- The efficiency ratio improved to 69% in the first quarter as compared to 134% for the same quarter a year earlier.
- Capital levels as of March 31, 2021, remain strong with a leverage ratio of 13.91%.

“As a locally headquartered business bank, our continued strategic focus on Portland’s business community is reflected in our production of \$63 million in Round 2 PPP loans,” said Terry Peterson, the Bank’s Chief Executive Officer. “Once our existing clients were helped, we turned our efforts to other Portland area businesses hardest hit by the Pandemic such as hotels, restaurants, and other local businesses that were having difficulty getting help” he continued. “Our quarterly asset growth of \$76.4 million or 36.1% was reflective of the overwhelming desire of local businesses preferring to work with a local bank.”

Total assets as of March 31, 2021, were \$288.2 million, a 36.1% or \$76.4 million increase during the quarter. The asset growth was primarily in loans that totaled \$195.5 million as of March 31, 2021, and grew by 30.8% or \$45.9 million during the quarter. Core loans (excluding PPP Loans) have grown to \$121.8 million as of March 31, 2021. Asset quality remained consistent with only one non-accrual loan totaling \$34 thousand and no loans past

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due greater than 30 days. Additionally, in accordance with the Corona Aid, Relief, and Economic Security Act (“CARES Act”), the Bank offered loan modifications to borrowers affected by the COVID-19 pandemic, and currently, all borrowers have returned to making full payments.

Asset growth was primarily funded through the growth of deposits which totaled \$230.9 million as of March 31, 2021. During the first quarter, deposits grew by 35.7%, or \$60.8 million, and this growth was predominantly non-interest-bearing deposits which grew by 50% during the quarter or \$40.8 million. The Bank continues to monitor large deposit relationships that have grown from PPP loan proceeds and fiscal stimulus. The Bank estimates there are roughly \$50 million in transitory deposits that could leave the Bank, of which \$10 million is kept off-balance sheet.

Loan interest income grew by 43.8% to \$1.6 million when compared to the \$1.1 million for the same quarter a year earlier. Gross interest income is also up 12.7% when compared to the prior linked quarter. While top-line revenue continued to increase the Bank was able to keep non-interest expense relatively level when compared to prior periods.

“Our strategic mission to deliver exceptional service to business clients in the Portland metro area resonates with local bankers. This commitment has led to adding three seasoned bankers to our lending team so far this year,” stated Bob Harding, the Bank’s President, and Chief Operating Officer. “We continue to attract top-tier bankers who want to add value to their clients by offering consultative banking solutions.”

Net income for the quarter was \$454 thousand, up by \$91.5% when compared to \$237 thousand for the prior linked quarter. The increase in net income was driven by growth in top-line interest income and the reduction of provision for loan losses expense. The Bank expensed \$75 thousand for provision for loan losses in the first quarter, which was down from \$275 thousand in the prior linked quarter. The provision for loan losses expense was driven by loan growth during the quarter. The Bank continues to monitor allowance levels as the economy emerges from the COVID-19 pandemic, as of March 31, 2021, the allowance for loan losses ratio to total core loans (excluding PPP) was 1.44%.

About Pacific West Bank: Information about the Bank’s stock may be obtained through the over-the-counter marketplace at www.otcmarkets.com. Pacific West Bank’s stock symbol is “PWBO”.

Pacific West Bank was formed in 2004 by Portland Metropolitan businesspeople to deliver loan and deposit product solutions through experienced and professional bankers to businesses, nonprofits, professionals, and individuals. The Bank serves the greater Portland Metropolitan area with offices in Downtown Portland, Lake Oswego, and West Linn.

Certain statements in this release may be deemed to be “forward-looking statements”. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

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Balance Sheets
(amounts in 000s, except per share data and ratios)

	March 31,		% Change 2020 vs. 2019	December 31, 2020	% Change Quarter
	2021	2020			
ASSETS					
Cash & due from banks	\$ 48,653	\$ 35,515	37.0%	\$ 26,904	80.8%
Investments - CD	2,685	2,685	0.0%	2,685	0.0%
Investments - Debt Securities	30,292	10,153	198.4%	21,866	38.5%
Investments - Correspondent Stock	954	151	534.0%	851	12.1%
Gross loans net of fees	195,521	90,387	116.3%	149,536	30.8%
Allowance for loan losses	(1,750)	(1,135)	54.2%	(1,675)	4.5%
Net loans	193,771	89,252	117.1%	147,861	31.0%
Premises and equipment, net	4,783	5,189	-7.8%	4,904	-2.5%
Deferred tax asset, net	1,623	1,702	-4.6%	1,661	-2.3%
BOLI	4,004	-	N/A	3,968	0.9%
Other assets	1,430	348	310.8%	1,084	31.9%
Total Assets	\$ 288,196	\$ 144,995	98.8%	\$ 211,784	36.1%
LIABILITIES					
Deposits	\$ 230,857	\$ 108,388	113.0%	\$ 170,095	35.7%
Borrowed funds	20,209	-	-	5,000	304.2%
Other liabilities	3,151	2,850	10.5%	2,914	8.1%
Total Liabilities	254,217	111,238	128.5%	178,009	42.8%
STOCKHOLDERS' EQUITY					
	33,979	33,757	0.7%	33,775	0.6%
Total Liabilities and Stockholders' Equity	\$ 288,196	\$ 144,995	98.8%	\$ 211,784	36.1%
Shares outstanding at end-of-period	2,657,254	2,652,856		2,657,254	
Book value per share	\$ 12.79	\$ 12.72		\$ 12.71	
Allowance for loan losses to total loans	0.90%	1.26%		1.12%	
Non-performing assets (non-accrual loans & OREO)	\$ 34	\$ 57		\$ 51	
Leverage Ratio	13.91%	24.54%		15.86%	

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Statements of Net Income
(amounts in 000s, except per share data and ratios)

	Three Months Ended			Three Months Ended	
	3/31/2021	12/31/2020	% Change	3/31/2020	% Change
INTEREST INCOME					
Loans Interest Income	\$ 1,572	\$ 1,394	12.7%	\$ 1,093	43.8%
Investments & due from banks	123	93	32.1%	174	-29.4%
Loan fee income	599	707	-15.2%	35	1612.1%
Total interest income	2,294	2,194	4.5%	1,302	76.2%
INTEREST EXPENSE	145	142	2.1%	218	-33.5%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,149	2,052	4.7%	1,083	98.4%
PROVISION FOR LOAN LOSSES	75	275	-72.7%	215	-65.1%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	2,074	1,777	16.7%	868	138.9%
NON-INTEREST INCOME	67	60	11.2%	34	96.3%
NON-INTEREST EXPENSE	1,529	1,503	1.7%	1,494	2.3%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	612	334	83.1%	(592)	203.3%
PROVISION (BENEFIT) FOR INCOME TAXES	158	97	62.5%	(153)	203.0%
NET INCOME (LOSS)	\$ 454	\$ 237	91.5%	\$ (439)	203.4%
Earnings per share - Basic	\$ 0.17	\$ 0.09		\$ (0.17)	
Earnings per share - Diluted	\$ 0.17	\$ 0.09		\$ (0.17)	
Return on average equity	5.35%	2.79%		-5.17%	
Return on average assets	0.74%	0.46%		-1.33%	
Net interest margin	3.68%	4.21%		3.51%	
Efficiency ratio	69%	71%		134%	