



FOR IMMEDIATE RELEASE: July 28, 2021

Pacific West Bank Announces Second Quarter Earnings

West Linn, Oregon, July 28, 2021. – Pacific West Bank (OTC: PWBO) today reported financial results for the second quarter ended June 30, 2021. Pacific West Bank (the “Bank”) today announced second-quarter net income of \$243,000 or \$0.09 per diluted share and for the six months ended June 30, 2021, net income of \$697,000 or \$0.26 per diluted share.

Second Quarter 2021 Results:

- Net income of \$243,000 or \$0.09 per diluted share.
- Total assets were \$284.0 million as of quarter-end.
- Originated \$12.0 million in core loan commitments (excluding SBA Payment Protection Program loans (“PPP”) loans).
- PPP loans of \$12.8 million were forgiven by the SBA.
- Credit metrics remain consistent with no loans greater than 30 days past due and one well secured \$27,000 non-accrual loan.
- Interest income from investments grew by \$44,000 or 36%, when compared to first quarter.
- Loan interest income increased \$76,000 or 4.9%, when compared to the first quarter.
- Capital levels as of June 30, 2021, remain strong with a leverage ratio of 12.03%.

YTD 2021 Results:

- Net income of \$697,000 or \$0.26 per diluted share.
- Asset growth of \$72.2 million or 34.1%.
- Origination of \$20.9 million in core loan commitments (excluding PPP loans).
- Origination of \$64.2 million of SBA PPP loans.
- PPP loans of \$30.9 million were forgiven by the SBA.
- Loan interest income increased \$903,000 or 39% when compared to the same period in the prior year.

“Our growth over the past year underscores the importance of our continued focus on attracting experienced bankers who are engaged in our mission to deliver an exceptional client experience as we add infrastructure enhancements to drive continued growth”, said Terry Peterson, the Bank’s CEO. “The Portland economy continues to be the economic engine of Oregon. As the city emerges from the wake of the pandemic, Pacific West Bank is well positioned to accelerate and grow with Portland businesses.”

Second Quarter of 2021

Assets totaled \$284.0 million as of June 30th, 2021, which was an increase of \$72.2 million or 34.1% compared to \$211.8 million as of year-end 2021. Loans increased \$40.3 million during the first half of 2021 driven by PPP loan production of \$64.2 million and \$20.9 million in loan commitments. This production was offset by \$30.9 million in PPP loans forgiven by the SBA, as well as loan payoffs in the core portfolio during the period. “Our team of proven commercial bankers continue to find and secure quality lending opportunities in a very competitive market, which is a testament to our growing brand in Portland,” said Alexander Gosline, SVP and Commercial Lending Team Leader. “Loan demand is robust, and our team continues to earn quality relationships, many of which are from our participation and success in the SBA PPP loan program.”

Deposits grew \$56.1 million during the first half of 2021 and these deposits funded the growth of the Bank’s cash position by \$16.6 million or 61.6%. Additionally, excess cash has been used to purchase \$15.5 million in investment debt securities which have grown 70.8% during the first half of 2021. At quarter end, the Bank held \$10.0 million in off-balance sheet deposits through a national deposit network. “The Bank’s net interest margin continues to be affected by lower yielding assets including \$43.5 million in cash and \$64.2 million in PPP loans,” said Jason Wessling, EVP, and Chief Financial Officer. “The effects of lower asset yield are offset by a lower cost of funds with 51% of total deposits being non-interest-bearing accounts. However, the Bank’s strong liquidity position supports prudent loan growth and mitigates deposit concentration risk.”

Revenue from interest income and non-interest income was \$4.6 million for the first half of 2021, which grew by \$1.7 million or 58.6%, when compared to \$2.9 million for the first half of 2020. Provision for loan loss for the first half of 2021 was \$150,000. Additional provision for loan losses were driven by growth in the loan portfolio as asset quality remains strong with no loans past due greater than 30 days. Additionally, all loans that had deferred payments under the CARES act returned to making full payments. As of June 30, 2021, the ratio of allowance for loan losses to total core loans (net of PPP) was 1.42%.

Non-interest expense increased 10.6% when comparing the first half of 2021 to the same period in 2020. This increase was primarily driven by increased compensation expense related to hiring three new commercial bankers in first half of 2021. Additionally, the Bank continued to invest in technological infrastructure to provide the tools and security necessary to provide exceptional customer service to commercial banking clients. “Our client focused culture continues to attract top tier commercial bankers who want to work collaboratively to grow the Bank and serve the community,” said Bob Harding, President and Chief Operating Officer. “In July, the Bank added Malcolm Hodge to the commercial lending team as a Senior Vice President Commercial Loan Officer. He is a 20-plus year veteran of the Portland banking community. Malcolm’s strong commercial lending background and commitment to customer service has been pivotal in the growth of other Portland commercial banks, and we are excited to have him join our team.”

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 metro 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 metro area with offices in Downtown Portland, Lake Oswego, and West Linn.

Second Quarter of 2021

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.



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

	June 30,		% Change 2021 vs. 2020	December 31,	% Change Quarter
	2021	2020		2020	
ASSETS					
Cash & due from banks	\$ 43,472	\$ 22,050	97.2%	\$ 26,904	61.6%
Investments - CD	2,685	2,685	0.0%	2,685	0.0%
Investments - Debt Securities	37,355	14,514	157.4%	21,866	70.8%
Investments - Correspondent Stock	954	151	534.0%	851	12.1%
Gross loans net of fees	189,827	140,051	35.5%	149,536	26.9%
Allowance for loan losses	(1,825)	(1,200)	52.1%	(1,675)	9.0%
Net loans	188,002	138,851	35.4%	147,861	27.1%
Premises and equipment, net	4,672	5,081	-8.0%	4,904	-4.7%
Deferred tax asset, net	1,525	1,680	-9.2%	1,661	-8.2%
BOLI	4,048	-	N/A	3,968	2.0%
Other assets	1,278	3,737	-65.8%	1,084	17.9%
Total Assets	\$ 283,991	\$ 188,749	50.5%	\$ 211,784	34.1%
LIABILITIES					
Deposits	\$ 226,217	\$ 151,741	49.1%	\$ 170,095	33.0%
Borrowed funds	20,209	-	-	5,000	304.2%
Other liabilities	3,221	3,328	-3.2%	2,914	10.5%
Total Liabilities	249,647	155,069	61.0%	178,009	40.2%
STOCKHOLDERS' EQUITY	34,344	33,680	2.0%	33,775	1.7%
Total Liabilities and Stockholders' Equity	\$ 283,991	\$ 188,749	50.5%	\$ 211,784	34.1%
Shares outstanding at end-of-period	2,658,051	2,654,504		2,657,254	
Book value per share	\$ 12.92	\$ 12.69		\$ 12.71	
Allowance for loan losses to total loans	0.96%	0.86%		1.12%	
Non-performing assets (non-accrual loans & OREO)	\$ 27	\$ 55		\$ 51	
Leverage Ratio	12.03%	18.06%		15.86%	

Second Quarter of 2021



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

	Three Months Ended			Six Months Ended		
	6/30/2021	3/31/2021	% Change	6/30/2021	6/30/2020	% Change
INTEREST INCOME						
Loans Interest Income	\$ 1,648	\$ 1,572	4.9%	\$ 3,220	\$ 2,317	39.0%
Investments & due from banks	167	123	36.0%	290	236	22.6%
Loan fee income	337	599	-43.8%	936	222	321.2%
Total interest income	2,152	2,294	-6.2%	4,446	2,775	60.2%
INTEREST EXPENSE	148	145	2.1%	292	413	-29.3%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,004	2,149	-6.7%	4,154	2,362	75.9%
PROVISION FOR LOAN LOSSES	75	75	0.0%	150	302	-50.3%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	1,929	2,074	-7.0%	4,004	2,060	94.4%
NON-INTEREST INCOME	75	67	12.4%	142	69	105.1%
NON-INTEREST EXPENSE	1,678	1,529	9.7%	3,208	2,901	10.6%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	326	612	-46.7%	938	(771)	221.6%
PROVISION (BENEFIT) FOR INCOME TAXES	83	158	-47.3%	241	(193)	224.7%
NET INCOME (LOSS)	\$ 243	\$ 454	-46.5%	\$ 697	\$ (578)	220.6%
Earnings per share - Basic	\$ 0.09	\$ 0.17		\$ 0.26	\$ (0.22)	
Earnings per share - Diluted	\$ 0.09	\$ 0.17		\$ 0.26	\$ (0.22)	
Return on average equity	3.82%	5.35%		4.58%	-3.36%	
Return on average assets	0.45%	0.74%		0.89%	-1.15%	
Net interest margin	2.89%	3.68%		3.25%	3.83%	
Efficiency ratio	81%	69%		75%	130%	