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Pacific West Bank Announces Fourth Quarter and Full-Year 2021 Earnings

West Linn, Oregon, January 27, 2022. – Pacific West Bank (OTCM: PWBO) today reported financial results for the fourth quarter and the full-year ending December 31, 2021. Pacific West Bank (“Bank”) today announced fourth quarter net income of \$209 thousand or \$0.08 per diluted share, and full-year 2021 net income of \$1.5 million or \$0.57 per diluted share.

Fourth Quarter 2021 Results:

- Net income of \$209 thousand or \$0.08 per diluted share.
- Core loan growth (excluding PPP loans) of \$31.5 million or 22% during the quarter.
- Loan Interest income grew by \$158 thousand or 9.2% compared to prior quarter.
- Total assets as of quarter-end were \$274.7 million.
- Originated \$37.2 million in core loan (excluding PPP loans) commitments during the quarter.
- PPP loans of \$19.5 million were forgiven by the SBA.
- There were no loans past due greater than 30 days as of quarter-end, consistent with prior periods.
- Capital levels as of December 31, 2021, remained strong with a leverage ratio of 12.11%.

Full Year 2021 Results:

- Net income of \$1.5 million or \$0.57 per diluted share.
- Core loan growth of \$55.1 million or 46.0% during the year.
- Interest and fee income grew \$3.5 million or 54.2% compared to the full year of 2020.
- Asset growth of \$62.9 million or 29.7%.
- Origination of \$80.7 million in core loan commitments (excluding PPP loans).
- Origination of \$64.2 million of SBA PPP loans.
- PPP loans of \$73.1 million were forgiven by the SBA.

“Loan growth momentum accelerated in each quarter during 2021 and achieved net growth (excluding PPP) of \$31.5 million in the fourth quarter. We continued to build on local business relationships formed through the production and forgiveness of SBA PPP loans in the Portland community,” said the Bank’s CEO Terry Peterson. “The Portland business community recognized our leadership and has embraced Pacific West Bank as the local bank of choice,” he continued.

Net income for 2021 was \$1.5 million or \$0.57 per share. Net income for the fourth quarter was \$209 thousand or \$0.08 per share, down from prior quarter net income of \$609 thousand or \$0.23 per share. Lower net income compared to prior quarter was affected by an increased provision for loan loss due to accelerated loan growth,

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lower fees recognized from PPP, and a one-time tax adjustment related to 2020 and IRS Code 382 limitations. These were offset by an increase in loan interest income from core loans (excluding PPP loans).

“The Bank continues to grow in loans, deposits, and assets, with experienced bankers who are able to support and foster the growth trajectory of the Bank. To that end, I am excited to announce Robert Holden as our SVP, Chief Credit Officer. Mr. Holden joins the Bank with significant banking experience in the San Francisco Bay area where he held various Executive positions with several community banks. However, Rob is a local Oregonian who spent his formative years in Portland,” said Robert Harding, President and COO.

As of December 31, 2021, loans totaled \$195.5 million net of fees, which included \$21.5 million in PPP loans net of fees. In 2021, the Bank grew core loans by \$55.1 million or 46.0% during the year. Core loan growth accelerated throughout the year with net loans growing \$31.5 million or 22.0% during the fourth quarter. The accelerated fourth quarter loan growth created a provision for loan loss of \$250 thousand during the quarter, while loan quality metrics remain strong. There were no charge-offs in 2021 and no loans past due greater than 30 days as of December 31, 2021. The allowance for loan losses to total core loans (excluding PPP loans) was 1.27% as of December 31, 2021.

“As the Portland economy emerges from the pandemic headwinds and business activity increases, we are experiencing accelerating loan growth as our experienced lending team continues to find quality opportunities. We anticipate on-going merger announcements will help to fuel our momentum,” said Alex Gosline SVP, and Lending Team Lead.

Deposits as of December 31, 2021, totaled \$231.3 million. Deposit growth in 2021 totaled \$61.2 million or 36.0% when compared to prior year end. Total deposit balances decreased slightly in the fourth quarter, as a result of a decrease in concentrated deposits balances, which were offset by increased volume in individual deposit relationships. Additionally, the Bank continues to grow full relationships with local businesses by offering a broad range of treasury products.

“2021 was a challenging year for our local businesses, and an opportunity for Pacific West Bank to claim our leadership position in the communities we serve,” said Ed Kawasaki, Board Chairman. “We rose to the challenge and proved to our community that local matters when it matters most. Our momentum will continue into 2022 and beyond,” he continued.

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

Pacific West Bank was formed in 2004 by Portland 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 strategically located 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)

	12/31/2021	9/30/2021	% Change Quarter	12/31/2020	% Change YTD
ASSETS					
Cash & due from banks	\$ 28,040	\$ 44,456	-36.9%	\$ 26,904	4.2%
Investments - CD	2,685	2,685	0.0%	2,685	0.0%
Investments - Debt Securities	35,994	36,236	-0.7%	21,866	64.6%
Investments - Correspondent Stock	954	954	0.0%	851	12.1%
Gross loans net of fees	195,527	182,957	6.9%	149,536	30.8%
Allowance for loan losses	(2,225)	(1,975)	12.7%	(1,675)	32.8%
Net loans	193,302	180,982	6.8%	147,861	30.7%
Premises and equipment, net	4,451	4,570	-2.6%	4,904	-9.2%
Deferred tax asset, net	1,493	1,337	11.7%	1,661	-10.1%
BOLI	4,104	4,077	N/A	3,968	3.4%
Other assets	3,669	1,392	163.7%	1,084	238.5%
Total Assets	\$ 274,693	\$ 276,688	-0.7%	\$ 211,784	29.7%
LIABILITIES					
Deposits	\$ 231,263	\$ 233,738	-1.1%	\$ 170,095	36.0%
Borrowed funds	5,000	5,000	0.0%	5,000	0.0%
Other liabilities	3,306	2,999	10.2%	2,914	13.4%
Total Liabilities	239,569	241,738	-0.9%	178,009	34.6%
STOCKHOLDERS' EQUITY					
	35,124	34,951	0.5%	33,775	4.0%
Total Liabilities and Stockholders' Equity	\$ 274,693	\$ 276,688	-0.7%	\$ 211,784	29.7%
Shares outstanding at end-of-period	2,662,566	2,659,516		2,657,254	
Book value per share	\$ 13.19	13.14		\$ 12.71	
Allowance for loan losses to total loans	1.14%	1.08%		1.12%	
Non-performing assets (non-accrual loans & OREO)	\$ 18	\$ 24		\$ 51	
Leverage Ratio	12.11%	12.55%		15.86%	

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

	Three Months Ended			Twelve Months Ended		
	12/31/2021	9/30/2021	% Change	12/31/2021	12/31/2020	% Change
INTEREST INCOME						
Loans Interest Income	\$ 1,887	\$ 1,729	9.2%	\$ 6,836	\$ 4,993	36.9%
Investments & due from banks	193	190	1.8%	672	385	74.6%
Loan fee income	710	932	-23.9%	2,578	1,165	121.3%
Total interest income	2,790	2,850	-2.1%	10,086	6,543	54.2%
INTEREST EXPENSE	117	134	-12.3%	543	714	-23.9%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,673	2,717	-1.6%	9,543	5,829	63.7%
PROVISION FOR LOAN LOSSES	250	150	66.7%	550	777	-29.2%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	2,423	2,567	-5.6%	8,993	5,052	78.0%
NON-INTEREST INCOME	62	66	-6.1%	269	186	44.7%
NON-INTEREST EXPENSE	2,056	1,812	13.5%	7,076	6,041	17.1%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	428	821	-47.8%	2,187	(802)	372.6%
PROVISION (BENEFIT) FOR INCOME TAXES	219	212	3.3%	673	(180)	473.7%
NET INCOME (LOSS)	\$ 209	\$ 609	-65.6%	\$ 1,514	\$ (622)	343.4%
Earnings per share - Basic	\$ 0.08	\$ 0.23		\$ 0.57	\$ (0.23)	
Earnings per share - Diluted	\$ 0.08	\$ 0.23		\$ 0.57	\$ (0.23)	
Return on average equity	2.40%	6.93%		4.40%	-1.88%	
Return on average assets	0.30%	0.87%		0.56%	-0.35%	
Net interest margin	3.95%	4.01%		3.62%	3.47%	
Efficiency ratio	75%	65%		72%	103%	