



FOR IMMEDIATE RELEASE: July 27, 2022

Pacific West Bank (PWBO) Announces Second Quarter 2022 Earnings

West Linn, Oregon, July 27, 2022. – Pacific West Bank (“Bank”) today announced second quarter net income of \$398 thousand or \$0.15 per diluted share and net income for the first half of the year of \$752 thousand or \$0.28 per diluted share.

Second Quarter 2022 Results:

- Net income of \$398 thousand, or \$0.15 per diluted share.
- \$16.8 million in core loan commitments originated during the quarter.
- Deposits grew \$13.1 million, or 6%.
- Loan interest income grew by \$115 thousand, or 5.7% compared to prior quarter.
- Investment interest income grew by \$108 thousand or 52.8% compared to prior quarter.
- Total assets as of quarter-end were \$274.5 million.
- There were no non-accrual loans or past due loans greater than 30-days as of quarter-end.
- Payroll Protection Plan (“PPP”) loan forgiveness was concluded during the quarter.
- Capital levels as of March 31, 2022, remained strong with a leverage ratio of 12.62%.

“The second quarter of 2022 marks another historic milestone for the Bank and its commitment to the Portland business community with the appointment of two prominent business leaders to our Board of Directors and the approval of a bank holding company by our shareholders,” said Ed Kawasaki, Chairman of the Board. “The business community responded enthusiastically to the announcement that Terri Sorensen and Erin Hubert had joined our Board.”

First Six Months 2022 Results: Net income grew for the first half of the year by 7.8% when compared to the same six-month period of 2021. Interest income grew by \$957 thousand (an increase of 30%), and investment interest income grew by \$226 thousand (an increase of 78%). The net income growth percentage was tempered by the strong PPP interest and fee income achieved in the first half of last year.

Total assets were \$274.5 million as of June 30, 2022, roughly the same as year-end 2021. While total assets remained level, asset mix improved with cash being deployed into core loans and investments. Core loans increased \$17.0 million, or 10%, and investment in debt securities increased \$10.6 million, or 30% from year end. This change in asset mix combined with rising interest rates has improved the Bank’s yield on earning assets from 3.47% for the first half of 2021, to 4.25% for the first half of 2022. The Bank’s net interest margin increased eighty-two basis points from 3.25% in the first half of 2021, to 4.07% in the first half of 2022. While the deployment of cash into investments has improved the Bank’s earnings and net interest margins, it also caused an unrealized loss of \$2.6 million within the investment portfolio due to mark-to-market accounting valuation

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adjustments, which are being experienced industry-wide as interest rates rise. The Bank does not expect to realize this loss caused by accounting adjustments as most, if not all, of the portfolio will be held until maturity.

Credit quality remains strong, with no loans greater than 30-days past due, and no loans on non-accrual status. The Bank continues to diligently monitor the loan portfolio as market interest rates fluctuate, causing uncertainty in the economic landscape.

Deposits totaled \$232.1 million as of June 30, 2022, which represents an increase of \$13.1 million, or 6% over the prior quarter. “The granularity of our deposit portfolio has improved as larger, potentially volatile, deposit accounts have been replaced with relationship business accounts, as we continue to grow a stable deposit base,” said Lisa Faust, Senior Vice President.

“We are proud to announce “mission accomplished” on the PPP Loan Program. We successfully guided 669 loans, totaling \$124.3 million, through the PPP loan program, from origination to forgiveness. We were the number one bank in Oregon and Washington when measured by PPP loans to total assets. Our team of bankers stepped up to serve our community during the pandemic and proved that local matters, when it matters most,” said the Bank’s CEO Terry Peterson.

About Pacific West Bank: Information about the Bank’s stock is available 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.

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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)

	June 30,		% Change	December 31		% Change
	2022	2021	YOY	2021	2021	YTD
ASSETS						
Cash & due from banks	\$ 24,141	\$ 43,472	-44.5%	\$ 28,040		-13.9%
Investments - CD	2,485	2,685	-7.4%	2,685		-7.4%
Investments - Debt Securities	46,625	37,355	24.8%	35,994		29.5%
Investments - Correspondent Stock	1,030	954	7.9%	954		7.9%
Gross loans net of fees	190,957	189,827	0.6%	195,527		-2.3%
Allowance for loan losses	(2,475)	(1,825)	35.6%	(2,225)		11.2%
Net loans	188,482	188,002	0.3%	193,302		-2.5%
Premises and equipment, net	4,229	4,672	-9.5%	4,451		-5.0%
Deferred tax asset, net	2,371	1,525	55.4%	1,525		55.4%
BOLI	4,176	4,048	3.2%	4,104		1.8%
Other assets	1,008	1,278	-21.1%	3,637		-72.3%
Total Assets	\$ 274,546	\$ 283,991	-3.3%	\$ 274,693		-0.1%
LIABILITIES						
Deposits	\$ 232,054	\$ 226,217	2.6%	\$ 231,263		0.3%
Borrowed funds	5,000	20,209	-75.3%	5,000		0.0%
Other liabilities	4,018	3,221	24.7%	3,306		21.6%
Total Liabilities	241,073	249,647	-3.4%	239,569		0.6%
STOCKHOLDERS' EQUITY						
	33,473	34,344	-2.5%	35,124		-4.7%
Total Liabilities and Stockholders' Equity	\$ 274,546	\$ 283,991	-3.3%	\$ 274,693		-0.1%
Shares outstanding at end-of-period	2,665,535	2,658,051		2,662,566		
Book value per share	\$ 12.56	\$ 12.92		\$ 13.19		
Allowance for loan losses to total loans	1.30%	0.96%		1.14%		
Non-performing assets (non-accrual loans & OREO)	\$ -	\$ 27		\$ 18		
Leverage Ratio	12.62%	12.03%		12.11%		

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

	Three Months Ended			Six Months Ended		
	6/30/2022	3/31/2022	% Change	6/30/2022	6/30/2021	% Change
INTEREST INCOME						
Loans Interest Income	\$ 2,146	\$ 2,031	5.7%	\$ 4,177	\$ 3,220	29.7%
Investments & due from banks	312	204	52.8%	516	290	77.9%
Loan fee income	328	411	-20.3%	739	936	-21.0%
Total interest income	2,786	2,646	5.3%	5,432	4,446	22.2%
INTEREST EXPENSE	122	113	7.4%	235	292	-19.5%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,664	2,533	5.2%	5,197	4,154	25.1%
PROVISION FOR LOAN LOSSES	100	150	-33.3%	250	150	66.7%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	2,564	2,383	7.6%	4,947	4,004	23.6%
NON-INTEREST INCOME	71	71	0.6%	143	142	0.4%
NON-INTEREST EXPENSE	2,008	1,978	1.5%	3,986	3,208	24.2%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	628	476	32.0%	1,104	938	17.7%
PROVISION (BENEFIT) FOR INCOME TAXES	230	122	88.4%	352	241	46.1%
NET INCOME (LOSS)	\$ 398	\$ 354	12.5%	\$ 752	\$ 697	7.8%
Earnings per share - Basic	\$ 0.15	\$ 0.13		\$ 0.28	\$ 0.26	
Earnings per share - Diluted	\$ 0.15	\$ 0.13		\$ 0.28	\$ 0.26	
Return on average equity	4.71%	4.09%		4.40%	4.58%	
Return on average assets	0.59%	0.53%		0.56%	0.89%	
Net interest margin	4.17%	3.97%		4.07%	3.25%	
Efficiency ratio	76%	76%		76%	75%	