



FOR IMMEDIATE RELEASE: October 27, 2022

Pacific West Bank (PWBO) Announces Third Quarter 2022 Earnings

Portland, Oregon, October 27, 2022. – Pacific West Bank (“Bank”) today announced third quarter net income of \$523 thousand or \$0.20 per diluted share and net income for the first nine months of the year of \$1.3 million or \$0.48 per diluted share.

Third Quarter 2022 Results:

- Net income grew by \$125 thousand, or 31.5% when compared to prior quarter.
- \$20.1 million in core loan commitments originated during the quarter.
- Deposits grew \$18.5 million, or 7.9%.
- Gross interest income grew by \$284 thousand, or 10.2% compared to prior quarter.
- Total assets as of quarter-end were \$291.3 million.
- There were no non-accrual loans or past-due loans greater than 30-days as of quarter-end.
- Capital levels as of September 30, 2022, remained strong with a leverage ratio of 11.30%.

“Net interest income growth was strong during the third quarter driven by both loan growth and higher interest rates,” said Terry Peterson, Chief Executive Officer. “Our results reflect the accelerating endorsement from the Portland business community that demands local decisioning from experienced bankers, delivering a client-focused service model.”

Loan interest income for the first nine months of 2022 grew by \$1.5 million, or 30.5%, when compared to the same period in 2021. Investment interest income for the first nine months of 2022 grew by \$696 thousand, or 145.3%, when compared to the same period in 2021. Year-to-date loan fees recognized show a negative variance of \$1.0 million, or 53.4%, from 2021 due to non-recurring fees related to the Bank’s participation in the Small Business Administration’s Payment Protection Program (PPP).

Total assets were \$291.3 million as of September 30, 2022, a 6.0% increase compared to year-end 2021. Investments increased by 41.9%, or \$15.1 million, as excess cash balances were deployed into debt securities. Core loans, net of PPP totaled \$196.0 million, an increase of \$22.6 million, or 13.1%, compared to year-end 2021 totals. Loan growth was driven by \$60.3 million in loan commitments originated in the first nine months of 2022. During the third quarter of 2022, core loans grew by \$13.1 million, or by 7.2%. There were no loans past-due greater than 30 days, or on non-accrual status as of September 30, 2022. The Bank continues to diligently monitor the loan portfolio as market interest rates increase.

Third Quarter 2022

As index interest rates have risen, there has been improvement in net interest margin by 52 basis points, from 3.51% for the first nine months of 2021, compared to 4.03% for the first nine months of 2022. The increase in margin was partially driven by earnings from investments, which were up 145.3% when compared to the same period in 2021. While the rise in index interest rates has improved the Bank's earnings and net interest margin, the change has also caused a negative accounting adjustment to equity of \$3.7 million, due to marking the investment portfolio to market value. These adjustments are being experienced industry wide, and the Bank does not expect to realize any losses related to this accounting adjustment.

Deposits totaled \$250.6 million as of September 30, 2022, which represents an increase of \$18.5 million, or 7.9%, compared to \$232.1 million as of June 30, 2022. The Bank continues to focus on growing non-interest-bearing deposits, which grew \$11.7 million, or 13%, during the quarter. Deposit growth for the first nine months of 2022 was 8.37%, or \$19.3 million. Rising market index interest rates have caused headwinds for deposit growth and have caused the cost of funds to increase during the quarter.

"During the quarter we were proud to promote seasoned bankers to leadership positions in the Bank, including Jim Wilcox as Director of Commercial Real Estate, Eric Deisler and Andy Bennett as Commercial Lending Team Leads, and Kyle Baisch as Commercial Banking Team Lead," said Jason Wessling, President and CFO. "Our growth has provided an opportunity to promote talented leaders within our organization."

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.

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.

Third Quarter 2022



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

	September 30		% Change YOY	December 31 2021	% Change YTD
	2022	2021			
ASSETS					
Cash & due from banks	\$ 30,903	\$ 44,456	-30.5%	\$ 28,040	10.2%
Investments - CD	2,485	2,685	-7.4%	2,685	-7.4%
Investments - Debt Securities	51,091	36,236	41.0%	35,994	41.9%
Investments - Correspondent Stock	1,030	954	7.9%	954	7.9%
Gross loans net of fees	196,091	182,957	7.2%	195,527	0.3%
Allowance for loan losses	(2,525)	(1,975)	27.8%	(2,225)	13.5%
Net loans	193,566	180,982	7.0%	193,302	0.1%
Premises and equipment, net	4,140	4,570	-9.4%	4,451	-7.0%
Deferred tax asset, net	1,450	1,337	8.5%	1,525	-4.9%
BOLI	4,208	4,077	3.2%	4,104	2.5%
Other assets	2,415	1,392	73.5%	3,637	-33.6%
Total Assets	\$ 291,288	\$ 276,688	5.3%	\$ 274,693	6.0%
LIABILITIES					
Deposits	\$ 250,623	\$ 233,738	7.2%	\$ 231,263	8.4%
Borrowed funds	5,000	5,000	0.0%	5,000	0.0%
Other liabilities	2,738	2,999	-8.7%	3,306	-17.2%
Total Liabilities	258,361	241,738	6.9%	239,569	7.8%
STOCKHOLDERS' EQUITY					
	32,927	34,951	-5.8%	35,124	-6.3%
Total Liabilities and Stockholders' Equity	\$ 291,288	\$ 276,688	5.3%	\$ 274,693	6.0%
Shares outstanding at end-of-period	2,665,535	2,659,516		2,662,566	
Book value per share	\$ 12.35	\$ 13.14		\$ 13.19	
Allowance for loan losses to total loans	1.29%	1.08%		1.14%	
Non-performing assets (non-accrual loans & OREO)	\$ -	\$ 24		\$ 18	
Leverage Ratio	11.30%	12.55%		12.11%	

Third Quarter 2022



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

	Three Months Ended			Nine Months Ended		
	9/30/2022	6/30/2022	% Change	9/30/2022	9/30/2021	% Change
INTEREST INCOME						
Loans Interest Income	\$ 2,279	\$ 2,146	6.2%	\$ 6,456	\$ 4,949	30.5%
Investments & due from banks	660	312	111.5%	1,175	479	145.3%
Loan fee income	131	328	-60.1%	870	1,868	-53.4%
Total interest income	3,069	2,786	10.2%	8,501	7,297	16.5%
INTEREST EXPENSE	257	122	111.4%	492	426	15.5%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,812	2,664	5.6%	8,009	6,871	16.6%
PROVISION FOR LOAN LOSSES	50	100	-50.0%	300	300	0.0%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	2,762	2,564	7.7%	7,709	6,571	17.3%
NON-INTEREST INCOME	157	71	119.5%	299	207	44.3%
NON-INTEREST EXPENSE	2,172	2,008	8.2%	6,158	5,020	22.7%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	747	628	18.9%	1,851	1,758	5.2%
PROVISION (BENEFIT) FOR INCOME TAXES	224	230	-2.8%	576	453	27.0%
NET INCOME (LOSS)	\$ 523	\$ 398	31.5%	\$ 1,275	\$ 1,305	-2.3%
Earnings per share - Basic	\$ 0.20	\$ 0.15		\$ 0.48	\$ 0.49	
Earnings per share - Diluted	\$ 0.20	\$ 0.15		\$ 0.48	\$ 0.49	
Return on average equity	6.12%	4.71%		4.97%	5.38%	
Return on average assets	0.69%	0.59%		0.61%	0.68%	
Net interest margin	3.96%	4.17%		4.03%	3.51%	
Efficiency ratio	75%	76%		74%	71%	