



FOR IMMEDIATE RELEASE: January 27, 2023

Pacific West Bancorp (PWBK) Announces Fourth Quarter and Full-Year 2022 Earnings

Portland, Oregon, January 27, 2023. – Pacific West Bancorp (PWBK) the holding company of Pacific West Bank “Bank,” today announced fourth quarter net income of \$561 thousand or \$0.21 per diluted share and full-year net income of \$1.8 million or \$0.69 per diluted share.

Fourth Quarter 2022 Results:

- Record operating net income of \$561 thousand or \$0.21 per diluted share.
- Interest income increased by \$174 thousand or 5.7% compared to the prior quarter.
- Originated \$17.7 million in total loan commitments during the quarter.
- Total assets as of quarter-end were \$281.9 million.
- There were no non-accrual loans or past-due loans greater than 30-days as of quarter-end.
- Capital levels as of December 31, 2022, remained strong with a leverage ratio of 12.59%.

Full-year 2022 Results:

- Record operating net income of \$1.8 million or \$0.69 per diluted share.
- Loan interest income grew by \$2.2 million or 31.6% when compared to 2021.
- Non-interest income grew by \$222 thousand or 82.6% compared to 2021.
- Net income grew by \$322 thousand or 21.3% compared to 2021.

“Record setting operating profits were driven by our team of experienced bankers that grew the Bank’s brand in the Portland Business community in 2022,” said Jason Wessling, President and Chief Financial Officer. “We continue our growth journey with the formation of a Bank Holding Company as of January 1st, 2023, which will allow us to support our mission of growth as Portland’s Business Bank.”

Net interest margin for 2022 was 4.12%, which was an increase of 50 basis points when compared to 3.62% in 2021. Fourth quarter 2022 net interest margin of 4.15% increased 19 basis points when compared to 3.96% for third quarter 2022. Net interest margin expansion is a function of asset yield increasing at a faster pace than the Bank’s cost of funds. Asset yield increased 41 basis points during the fourth quarter while the cost of funds increased only 22 basis points. The Bank continues to be asset rate sensitive and well positioned to take advantage of future rate increases. However, market rate competition for deposits increased during the quarter due to the dramatic increase in market interest rates during 2022. Loan interest income increased by 31.6%, from \$6.8 million in 2021 to \$8.9 million in 2022. Investment interest income grew by \$1.2 million or 172.4%, compared to 2021.

Fourth Quarter and Full-Year 2022

Non-interest income grew \$222 thousand or 82.6% during 2022 driven primarily by fees related to the Bank's participation in a deposit network program which helps depositors receive supplemental FDIC insurance on larger deposit relationships. More depositors took advantage of this program as economic uncertainty increased.

Asset quality remains strong as there were no loans past-due greater than 30 days, or on non-accrual status as of December 31, 2022. The Bank continues to diligently monitor the loan portfolio as economic circumstances remain uncertain. As of December 31, 2022, allowance for loans and leases was \$2.6 million, which is 1.27% of net loans. In the first quarter of 2023, the Bank will implement the Current Expected Credit Loss (CECL) methodology for calculating the allowance for credit losses going forward.

Deposits totaled \$240.1 million as of December 31, 2022, which represented an increase of \$8.8 million, or 3.8%, compared to year-end 2021 and a decrease of (\$10) million from third quarter. Contracting deposits from third quarter created muted deposit growth in 2022 as economic changes caused deposits to leave the banking system. Also, during 2022, the Bank diversified concentrated deposit relationships by allowing large and expensive deposits to leave and be replaced by more granular deposit relationships.

Accounting rules required the Bank to mark investments held for sale to their market price which caused an adjustment to equity of (\$3.2) million. This adjustment is due to fluctuations in market interest rates and the Bank does not expect to take a loss on these securities.

About Pacific West Bancorp: Information about the Holding Company's stock is available through the over-the-counter marketplace at www.otcmarkets.com (symbol PWBK).

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.

Fourth Quarter 2022



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

	12/31/2022	09/30/2022	% Change QOQ	December 31 2021	% Change YTD
ASSETS					
Cash & due from banks	\$ 13,999	\$ 30,903	-54.7%	\$ 28,040	-50.1%
Investments - CD	2,485	2,485	0.0%	2,685	-7.4%
Investments - Debt Securities	50,822	51,091	-0.5%	35,994	41.2%
Investments - Correspondent Stock	1,030	1,030	0.0%	954	7.9%
Gross loans net of fees	203,666	196,091	3.9%	195,527	4.2%
Allowance for loan losses	(2,585)	(2,525)	2.4%	(2,225)	16.2%
Net loans	201,081	193,566	3.9%	193,302	4.0%
Premises and equipment, net	4,175	4,140	0.9%	4,451	-6.2%
Deferred tax asset, net	1,559	1,450	7.5%	1,493	4.4%
BOLI	4,239	4,208	0.7%	4,104	3.3%
Other assets	2,475	2,415	2.5%	3,669	-32.6%
Total Assets	\$ 281,866	\$ 291,288	-3.2%	\$ 274,693	2.6%
LIABILITIES					
Deposits	\$ 240,090	\$ 250,623	-4.2%	\$ 231,263	3.8%
Borrowed funds	5,000	5,000	0.0%	5,000	0.0%
Other liabilities	2,746	2,738	0.3%	3,306	-16.9%
Total Liabilities	247,836	258,361	-4.1%	239,569	3.5%
STOCKHOLDERS' EQUITY	34,030	32,927	3.4%	35,124	-3.1%
Total Liabilities and Stockholders' Equity	\$ 281,866	\$ 291,288	-3.2%	\$ 274,693	2.6%
Shares outstanding at end-of-period	2,667,633	2,665,535		2,662,566	
Book value per share	\$ 12.76	\$ 12.35		\$ 13.19	
Allowance for loan losses to total loans	1.27%	1.29%		1.14%	
Non-performing assets (non-accrual loans & OREO)	\$ -	\$ -		\$ 18	
Leverage Ratio	12.59%	11.30%		12.11%	

Fourth Quarter 2022



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

	Quarter Ended			Twelve Months Ended		
	12/31/2022	9/30/2022	% Change	12/31/2022	12/31/2021	% Change
INTEREST INCOME						
Loans Interest Income	\$ 2,540	\$ 2,279	11.5%	\$ 8,996	\$ 6,836	31.6%
Investments & due from banks	656	660	-0.5%	1,832	672	172.4%
Loan fee income	47	131	-64.3%	916	2,578	-64.5%
Total interest income	3,243	3,069	5.7%	11,744	10,086	16.4%
INTEREST EXPENSE	399	257	55.1%	891	543	64.1%
NET INTEREST INCOME BEFORE LOAN LOSS PROVISION	2,844	2,812	1.1%	10,853	9,543	13.7%
PROVISION FOR LOAN LOSSES	60	50	20.0%	360	550	-34.5%
NET INTEREST INCOME AFTER LOAN LOSS PROVISION	2,784	2,762	0.8%	10,493	8,993	16.7%
NON-INTEREST INCOME	192	157	22.4%	491	269	82.6%
NON-INTEREST EXPENSE	2,292	2,172	5.5%	8,450	7,076	19.4%
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	684	747	-8.5%	2,534	2,187	15.9%
PROVISION (BENEFIT) FOR INCOME TAXES	122	224	-45.3%	698	673	3.8%
NET INCOME (LOSS)	\$ 561	\$ 523	7.3%	\$ 1,836	\$ 1,514	21.3%
Earnings per share - Basic	\$ 0.21	\$ 0.20		\$ 0.69	\$ 0.57	
Earnings per share - Diluted	\$ 0.21	\$ 0.20		\$ 0.69	\$.57	
Return on average equity	6.66%	6.12%		5.39%	4.40%	
Return on average assets	0.77%	0.69%		0.65%	0.56%	
Net interest margin	4.15%	3.96%		4.12%	3.62%	
Efficiency ratio	76%	74%		75%	72%	