

# Pacific West Bancorp ("PWBK") Announces First Quarter Financial Results



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**Pacific West Bancorp** →  
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PORTLAND, Ore., April 25, 2024 /PRNewswire/ -- Pacific West Bancorp, the holding company of Pacific West Bank ("PWB"), today announced a first quarter net loss of (\$251) thousand or (\$0.09) per diluted share.

**Year over year demonstrated continued balance sheet growth while first quarter, 2024 was seasonally quiet.**

- Total deposits grew \$12 million or 5.2% year over year and \$2 million during the quarter.
- Total loans grew \$40 million or 19% year over year and \$770 thousand during the quarter.
- Total interest income grew by 27% or \$873 thousand year over year and \$36 thousand during the quarter.
- Credit quality remained strong with no loans past due greater than 90 days or on nonaccrual.
- The Bank's capital position remained strong and well above regulatory requirements with a leverage ratio of 11.14% at the end of the first quarter.
- Assets ended the quarter at \$315 million.

"We are delighted to celebrate Pacific West Bank's 20th anniversary, marking two decades of dedicated service to our clients and the community. As we look back, we are reminded of our strong foundations and the growth we have achieved together," stated Jason Wessling, PWB's President. "The first quarter demonstrated slower growth, as is typical for our business, while year over year growth remained robust. Over the past year and recent quarter, we continued to be challenged by higher deposit rates compressing our net interest margin. Despite these challenges, we are optimistic about our path ahead as assets reprice higher in the near term and deposit costs continue to stabilize."

In the first quarter of this year, loan interest income expanded by \$844 thousand or 32.4% when compared to the first quarter of 2023, driven by a 49-basis point increase in loan yield. While borrowers experienced increased borrowing costs, loan quality remained strong with no loans past due beyond 90 days or categorized as non-accrual, reflecting sound lending practices. "The growth in our loan pipeline during the first quarter has been substantial, despite depleting it by recording \$17 million in new loans in the fourth quarter of 2023, which increased our interest income quarter over quarter. This momentum is driven by our exceptional team of bankers who continue to deliver outstanding service to our commercial clients in Portland and Southwest Washington," stated Robert Holden, PWB's Chief Credit Officer.

While deposit pricing remained a key factor in maintaining core banking relationships in a high-interest-rate environment, the Bank observed a gradual shift from rate-focused discussions to those centered on service-related opportunities, pointing to a more stable deposit environment. The deposit pipeline for next quarter is robust. The Bank's digital division has carefully brought select brand partners out of their beta phase, and deposits from the Digital Division should represent seven percent of total deposits by the end of third quarter. These deposits add granularity, stability, fee income, and are less sensitive to interest rate changes.

In the first quarter, the Bank's yield on interest-bearing assets remained steady at 5.38%, nearly the same as the prior quarter's 5.39%. However, the cost of funds for these assets rose by 39 basis points to 2.70%. The Bank took borrowings through the Bank Term Funding Program

(BTFFP) in March 2023 at a favorable rate. This borrowing matured and was refinanced at a higher rate, which partly contributed to the increased cost of funds, resulting in a net interest margin (NIM) of 2.69% for the first quarter of 2024.

The Bank's unrealized loss on its available-for-sale (AFS) securities portfolio remained steady at \$4 million in the first quarter, up from \$3.9 million in the previous quarter. This figure included the impact of a fair value hedge contract that the Bank initiated in the second quarter of 2023. Despite the increase in unrealized losses, the hedge contract continued to be profitable, generating \$66,000 in interest income for the Bank in the first quarter of 2024. Moreover, the hedge continues to protect the Bank from further unrealized losses in a rising interest rate environment.

Terry Peterson, PWB's CEO noted, "As we continue growing loans at higher rates combined with repricing of variable rate assets, our net interest margin and profitability will expand during the second half of this year. We currently are liability sensitive, so earnings for our Bank improves significantly with falling interest rates. Strong loan quality and operating efficiencies also allows for continued expansion of profitable business opportunities."

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

Pacific West Bank was formed in 2004 by local 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/ Vancouver Metro area with offices strategically located in Downtown Portland, Lake Oswego, West Linn, and Vancouver, WA.

*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)

	For the Quarter Ended		% Change	03/31/2023	% Change
	03/31/2024	12/31/2023	QOQ		YOY
<b>ASSETS</b>					
Cash & due from banks	\$ 5,150	\$ 10,693	-51.8 %	\$ 27,364	-81.2 %
Investments - CD	747	747	0.0 %	996	-25.0 %
Investments - Debt Securities HTM	7,746	7,746	0.0 %	7,746	0.0 %
Allowance for HTM	(312)	(256)	21.7 %	(324)	-3.8 %
Investments - Debt Securities AFS	39,652	41,053	-3.4 %	43,102	-8.0 %
Net Investments - Debt Securities	47,086	48,543	-3.0 %	50,523	-6.8 %
Investments - Correspondent Stock	1,852	1,424	30.0 %	1,190	55.7 %
Gross loans net of fees	249,172	248,402	0.3 %	208,631	19.4 %
Allowance for Loans and Leases	(3,201)	(3,257)	-1.7 %	(2,804)	14.2 %
Net loans	245,971	245,146	0.3 %	205,827	19.5 %
Premises and equipment, net	4,484	4,629	-3.1 %	4,272	5.0 %
Deferred tax asset, net	1,909	1,806	5.7 %	1,481	28.9 %
BOLI	4,414	4,379	0.8 %	4,272	3.3 %
Other assets	3,245	2,616	24.1 %	2,514	29.1 %
<b>Total Assets</b>	<b>\$ 314,858</b>	<b>\$ 319,983</b>	-1.6 %	<b>\$ 298,438</b>	5.5 %
<b>LIABILITIES</b>					
Deposits	\$ 239,698	\$ 237,470	0.9 %	\$ 227,937	5.2 %
Borrowed funds	38,787	44,782	-13.4 %	33,781	14.8 %
Other liabilities	2,624	3,681	-28.7 %	2,512	4.4 %
<b>Total Liabilities</b>	<b>281,109</b>	<b>285,933</b>	-1.7 %	<b>264,233</b>	6.4 %
<b>STOCKHOLDERS' EQUITY</b>					
	33,750	34,051	-0.9 %	34,205	-1.33 %
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 314,858</b>	<b>\$ 319,983</b>	-1.6 %	<b>\$ 298,438</b>	5.5 %
Shares outstanding at end-of-period	2,682,581	2,676,564		2,671,399	
Book value per share	\$ 12.58	\$ 12.72		\$ 12.80	
Allowance for credit losses to total loans and HTM	1.37 %	1.37 %		1.45 %	
Non-performing assets (non-accrual loans and OREO)	\$ -	\$ -		\$ -	
Leverage Ratio	11.14 %	11.45 %		12.83 %	

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

	For the Quarter Ended			Year to Date		
	03/31/2024	12/31/2023	%	03/31/2024	03/31/2023	% Change
<b>INTEREST INCOME</b>						
Loans Interest Income	\$ 3,449	\$ 3,252	6.1 %	\$ 3,449	\$ 2,605	32.4 %
Investments & due from banks	589	669	-11.9 %	589	535	10.0 %
Loan fee income	39	121	-67.7 %	39	64	-39.4 %
<b>Total interest income</b>	4,077	4,041	0.9 %	4,077	3,204	27.2 %
<b>INTEREST EXPENSE</b>	2,041					
		1,733	17.8 %	2,041	636	220.7 %
<b>NET INTEREST INCOME BEFORE LOAN LOSS PROVISION</b>						
LOSS PROVISION	2,036	2,309	-11.8 %	2,036	2,568	-20.7 %
PROVISION FOR CREDIT LOSSES	-	70	-100.0 %	-	150	-100.0 %
<b>NET INTEREST INCOME AFTER LOAN LOSS PROVISION</b>						
LOSS PROVISION	2,036	2,239	-9.1 %	2,036	2,418	-15.8 %
<b>NON-INTEREST INCOME</b>	152	161	-5.8 %	152	191	-20.5 %
<b>NON-INTEREST EXPENSE</b>	2,517	2,502	0.6 %	2,517	2,277	10.5 %
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>						
FOR INCOME TAXES	(329)	(102)	224.0 %	(329)	332	-199.3 %
<b>PROVISION (BENEFIT) FOR INCOME TAXES</b>	(78)	49	-260.1 %	(78)	97	-181.2 %
<b>NET INCOME (LOSS)</b>	\$ (251)	\$ (151)	66.5 %	\$ (251)	\$ 235	-206.8 %
<b>Earnings per share - Basic</b>	\$ (0.09)	\$ (0.06)		\$ (0.09)	\$ 0.09	
<b>Earnings per share - Diluted</b>	\$ (0.09)	\$ (0.06)		\$ (0.09)	\$ 0.09	
<b>Return on average equity</b>	-3.00 %	-2.42 %		-3.00 %	2.82 %	
<b>Return on average assets</b>	-0.32 %	-0.27 %		-0.32 %	0.34 %	
<b>Net interest margin</b>	2.69 %	3.08 %		2.69 %	3.92 %	
<b>Efficiency ratio</b>	115 %	102 %		115 %	83 %	

SOURCE Pacific West Bancorp

