

*Second Quarter 2024*



**FOR IMMEDIATE RELEASE:** July 25<sup>th</sup>, 2024

## **Pacific West Bancorp (“PWBK”) Announces Second Quarter Financial Results**

Portland, Oregon, July 25<sup>th</sup>, 2024 – Pacific West Bancorp (PWBK), the holding company of Pacific West Bank (“PWB”), today announced a second quarter net loss of (\$230) thousand or (\$0.09) per diluted share, an 8% improvement over the previous quarter.

### **Second quarter demonstrated significant progress in the financial results compared to the first quarter.**

- Total deposits were \$248 million, which was an increase of \$8 million or 3.3% during the second quarter.
- Average deposits increased \$17 million or 7.2% compared to the previous quarter.
- Total gross loans grew by \$5 million or 2.0% during the second quarter.
- Credit quality was stable with no loans past due greater than 30 days and one loan on non-accrual.
- Non-interest expense decreased by \$135 thousand or 5.4% compared to the previous quarter.
- Net loss before tax and provision for credit loss improved by \$94 thousand or 28.6% compared to the previous quarter.
- The Bank’s capital position continued to be strong and well above regulatory requirements with a Tier 1 leverage ratio of 11.02% at the end of the second quarter.
- Assets ended the second quarter at \$321 million.
- The Bank was honored by the Portland Business Journal as one of Portland’s Best Places to Work.

"In the second quarter, the Bank successfully advanced its strategic plan to boost profitability," stated Jason Wessling, PWB’s President and CEO. "We reduced non-interest expense by \$135 thousand, or 5.4%, through improved cost controls and the renegotiation of key vendor contracts. Moreover, our strategic deposit initiatives returned a significant deposit growth during the second quarter and continued to perform well, with core deposits increasing by \$22 million, during the first 18 days of the third quarter. These deposits will help the Bank reduce its reliance on high-cost, non-core funding, further hastening the Bank’s return to profitability."

At quarter end, deposits totaled \$248 million, an increase of \$8 million or 3.3% during the quarter and was driven by a \$5 million or 8.0% increase in non-interest-bearing deposits. "At PWB, we are committed to strategic deposit growth that focuses on increasing non-interest-bearing deposits while leveraging variable rate deposits to strengthen and expand our existing relationships. With a robust deposit pipeline at quarter-end and ongoing initiatives that extend beyond, we are well-positioned to achieve sustainable growth and provide exceptional value to our clients," said Lisa Fajardo Faust PWB’s Chief Banking Officer.

The Bank entered into a new brand partnership with Benepass and a Collaboration Agreement with Interchange.

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These new relationships will continue to provide deposit growth and enhance the Bank's digital division platform. Digital division deposits totaled \$5 million at quarter-end and represented 2.2% of total deposits.

PWB originated \$13 million in loan commitments during the second quarter at a weighted average rate of 7.6% that resulted in \$5 million or 2.0% in gross loan growth. During the quarter, the Bank recognized a full recovery of \$138 thousand that was added to the Bank's allowance for credit losses and moved one real estate secured loan for \$840 thousand to non-accrual. The Bank has no loans past due greater than 30 days. "As we approach the second half of the year, approximately 10% of our loan portfolio is set to mature or reprice. This dynamic presents both opportunities and risks for PWB. While higher interest rates on loans have the potential to increase the Bank's profitability, they also pose a greater expense burden to our borrowers. Our primary focus remains on working closely with our clients to ensure that the revised loan terms are fair and sustainable for both the PWB and the borrowers. We are committed to maintaining strong, supportive relationships as we navigate these financial adjustments together," said Robert Holden, PWB's Chief Credit Officer.

"With deposits continuing to stabilize and interest expense moderating, I am confident that the Bank is well-positioned to further execute our strategic plan and enhance profitability," said Ed Kawasaki, PWB's Board Chairman.

**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 QOQ	12/31/2023	% Change YTD
	06/30/2024	03/31/2024			
<b>ASSETS</b>					
Cash & due from banks	\$ 8,613	\$ 5,150	67.2%	\$ 10,693	-19.5%
Investments - CD	747	747	0.0%	747	0.0%
Investments - Debt Securities HTM	7,746	7,746	0.0%	7,746	0.0%
Allowance for HTM	(301)	(312)	-3.5%	(256)	17.4%
Investments - Debt Securities AFS	37,952	39,652	-4.3%	41,053	-7.6%
Net Investments - Debt Securities	45,397	47,086	-3.6%	48,543	-6.5%
Investments - Correspondent Stock	1,762	1,852	-4.9%	1,424	23.7%
Gross loans net of fees	254,122	249,172	2.0%	248,402	2.3%
Allowance for Loans and Leases	(3,415)	(3,201)	6.7%	(3,257)	4.9%
Net loans	250,707	245,971	1.9%	245,146	2.3%
Premises and equipment, net	4,401	4,484	-1.9%	4,629	-4.9%
Deferred tax asset, net	2,003	1,909	4.9%	1,806	10.9%
BOLI	4,448	4,414	0.8%	4,379	1.6%
Other assets	3,074	3,245	-5.3%	2,616	17.5%
<b>Total Assets</b>	<b>\$ 321,152</b>	<b>\$ 314,858</b>	2.0%	<b>\$ 319,983</b>	0.4%
<b>LIABILITIES</b>					
Deposits	\$ 247,662	\$ 239,698	3.3%	\$ 237,470	4.3%
Borrowed funds	36,841	38,787	-5.0%	44,782	-17.7%
Other liabilities	2,904	2,624	10.7%	3,681	-21.1%
<b>Total Liabilities</b>	<b>\$ 287,407</b>	<b>281,109</b>	2.2%	<b>285,933</b>	0.5%
<b>STOCKHOLDERS' EQUITY</b>					
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 321,152</b>	<b>\$ 314,858</b>	2.0%	<b>\$ 319,983</b>	0.4%
Shares outstanding at end-of-period	2,685,204	2,682,581		2,676,564	
Book value per share	\$ 12.57	\$ 12.58		\$ 12.72	
Allowance for credit losses to total loans and HTM	1.42%	1.37%		1.37%	
Non-performing assets (non-accrual loans and OREO)	\$ 840	\$ -		\$ -	
Leverage Ratio	11.02%	11.14%		11.45%	

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

	For the Quarter Ended		% Change	Year to Date		% Change
	06/30/2024	03/31/2024		06/30/2024	06/30/2023	
<b>INTEREST INCOME</b>						
Loans Interest Income	\$ 3,454	\$ 3,449	0.1%	\$ 6,903	\$ 5,294	30.4%
Investments & due from banks	601	589	2.1%	1,190	1,291	-7.8%
Loan fee income	50	39	28.9%	89	187	-52.3%
<b>Total interest income</b>	<b>4,106</b>	<b>4,077</b>	<b>0.7%</b>	<b>8,183</b>	<b>6,773</b>	<b>20.8%</b>
<b>INTEREST EXPENSE</b>	<b>2,114</b>	<b>2,041</b>	<b>3.6%</b>	<b>4,155</b>	<b>1,864</b>	<b>122.9%</b>
<b>NET INTEREST INCOME BEFORE LOAN LOSS PROVISION</b>	<b>1,992</b>	<b>2,036</b>	<b>-2.2%</b>	<b>4,028</b>	<b>4,909</b>	<b>-18.0%</b>
<b>PROVISION FOR CREDIT LOSSES</b>	<b>65</b>	<b>-</b>	<b>N/A</b>	<b>65</b>	<b>240</b>	<b>-72.9%</b>
<b>NET INTEREST INCOME AFTER LOAN LOSS PROVISION</b>	<b>1,927</b>	<b>2,036</b>	<b>-5.4%</b>	<b>3,963</b>	<b>4,669</b>	<b>-15.1%</b>
<b>NON-INTEREST INCOME</b>	<b>155</b>	<b>152</b>	<b>2.2%</b>	<b>307</b>	<b>273</b>	<b>12.4%</b>
<b>NON-INTEREST EXPENSE</b>	<b>2,382</b>	<b>2,517</b>	<b>-5.4%</b>	<b>4,899</b>	<b>4,773</b>	<b>2.6%</b>
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES</b>	<b>(300)</b>	<b>(329)</b>	<b>-8.9%</b>	<b>(629)</b>	<b>169</b>	<b>-472.0%</b>
<b>PROVISION (BENEFIT) FOR INCOME TAXES</b>	<b>(70)</b>	<b>(78)</b>	<b>-10.9%</b>	<b>(148)</b>	<b>56</b>	<b>-365.0%</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (230)</b>	<b>\$ (251)</b>	<b>-8.2%</b>	<b>\$ (481)</b>	<b>\$ 113</b>	<b>-524.8%</b>
Earnings per share - Basic	\$ (0.09)	\$ (0.09)		\$ (0.18)	\$ 0.04	
Earnings per share - Diluted	\$ (0.09)	\$ (0.09)		\$ (0.18)	\$ 0.04	
Return on average equity	-2.77%	-3.00%		-2.88%	0.67%	
Return on average assets	-0.29%	-0.32%		-0.30%	0.08%	
Net interest margin	2.63%	2.69%		2.66%	3.58%	
Efficiency ratio	111%	115%		113%	92%	