

Third Quarter 2024



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Pacific West Bancorp (“PWBK”) Announces Third Quarter Financial Results

Portland, Oregon, October 29th, 2024 – Pacific West Bancorp (PWBK), the holding company of Pacific West Bank (“PWB”), today announced a third quarter net loss of (\$12) thousand.

Third Quarter Highlights:

- Net deposits grew by \$27.9 million, an 11.3% increase during the third quarter, consisting of a \$52.2 million growth in Core Deposits offset by a \$24.3 million retirement of non-core deposits.
- Loans grew by \$2.3 million or 1% during the third quarter.
- Interest income increased by \$478 thousand or 11.6%.
- Borrowings decreased by \$4 million or 10.9%.
- Assets at the end of the third quarter were \$345 million, an increase of \$24.2 million or 7.5%, compared to the prior quarter-end.
- Net interest margin increased by 13 basis points.

"Our third-quarter results highlight our ongoing efforts and achievements, with increased core deposits, reductions in higher-cost non-core deposits, and the retirement of borrowings. These strategic moves strengthened our financial position by increasing our net interest margin and bringing PWB's income close to breakeven," said Jason Wessling, PWB's President and CEO. "Additionally, operational efficiencies have improved by reducing non-interest expense during the quarter by \$174 thousand or 6.9%, when compared to the first quarter of 2024."

Total deposits at the end of the quarter were \$275 million, an overall increase of 11.3% or \$27.9 million. Expensive non-core deposits were reduced by \$24.3 million, and borrowings were paid down. Additional strategic balance sheet repositioning and loan repricing resulted in increase in average asset yield by 13 basis points during the quarter from 5.41% to 5.54%. Net interest margin increased by 13 basis points to 2.76% compared to the previous quarter. "Our solid deposit growth this quarter is a testament to our team's dedication to exceptional service and the hard work that has propelled our brand forward in the market. Our continued momentum is a direct result of coordinated efforts from all areas of the Bank, demonstrating our commitment to building strong client relationships and delivering value at every touchpoint," said Lisa Fajardo-Faust, PWB's Chief Banking Officer.

At the end of the third quarter, total loans were \$256 million, an increase of \$2.3 million or 1%, when compared to the end of the second quarter. The quarter-end loan to deposit ratio improved to 93%, compared to prior quarter-end ratio of 103%. The Bank originated \$8 million in new loan commitments during third quarter with

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a weighted average rate of 7.96%. Loan quality remained consistent with no loans past due greater than 30 days and one loan on non-accrual status. Loan yield continues to increase as 15% of PWB's fixed-rate commercial real estate portfolio is set to mature or reprice over the next two quarters.

"Our Bank is well-positioned to benefit from potential rate cuts while improving earnings momentum. The market's demand for consultative banking relationships aligns perfectly with our Bank's core values. These relationships are the cornerstone of our approach, enabling us to deliver tailored financial solutions that meet our business clients' evolving needs," said Ed Kawasaki, PWB's Chairman.

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 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 |
|--|-----------------------|-------------------|-----------------|-------------------|-----------------|
| | 09/30/2024 | 06/30/2024 | | | |
| ASSETS | | | | | |
| Cash & due from banks | \$ 23,599 | \$ 8,613 | 174.0% | \$ 10,693 | 120.7% |
| Investments - CD | 498 | 747 | -33.3% | 747 | -33.3% |
| Investments - Debt Securities HTM | 7,746 | 7,746 | 0.0% | 7,746 | 0.0% |
| Allowance for HTM | (284) | (301) | -5.7% | (256) | 10.8% |
| Investments - Debt Securities AFS | 45,456 | 37,952 | 19.8% | 41,053 | 10.7% |
| Net Investments - Debt Securities | 52,919 | 45,397 | 16.6% | 48,543 | 9.0% |
| Investments - Correspondent Stock | 2,032 | 1,762 | 15.3% | 1,424 | 42.7% |
| Gross loans net of fees | 256,402 | 254,122 | 0.9% | 248,402 | 3.2% |
| Allowance for Loans and Leases | (3,533) | (3,415) | 3.5% | (3,257) | 8.5% |
| Net loans | 252,869 | 250,707 | 0.9% | 245,146 | 3.2% |
| Premises and equipment, net | 4,259 | 4,401 | -3.2% | 4,629 | -8.0% |
| Deferred tax asset, net | 2,012 | 2,003 | 0.5% | 1,806 | 11.4% |
| BOLI | 4,487 | 4,448 | 0.9% | 4,379 | 2.5% |
| Other assets | 2,692 | 3,074 | -12.4% | 2,616 | 2.9% |
| Total Assets | \$ 345,367 | \$ 321,152 | 7.5% | \$ 319,983 | 7.9% |
| LIABILITIES | | | | | |
| Deposits | \$ 275,561 | \$ 247,662 | 11.3% | \$ 237,470 | 16.0% |
| Borrowed funds | 32,838 | 36,841 | -10.9% | 44,782 | -26.7% |
| Other liabilities | 2,743 | 2,904 | -5.5% | 3,681 | -25.5% |
| Total Liabilities | \$ 311,142 | 287,407 | 8.3% | 285,933 | 8.8% |
| STOCKHOLDERS' EQUITY | | | | | |
| Total Liabilities and Stockholders' Equity | \$ 345,367 | \$ 321,152 | 7.5% | \$ 319,983 | 7.9% |
| Shares outstanding at end-of-period | 2,685,943 | 2,685,204 | | 2,676,564 | |
| Book value per share | \$ 12.74 | \$ 12.57 | | \$ 12.72 | |
| Allowance for credit losses to total loans and HTM | 1.45% | 1.42% | | 1.37% | |
| Non-performing assets (non-accrual loans and OREO) | \$ 840 | \$ 840 | | \$ - | |
| Leverage Ratio | 10.16% | 11.02% | | 11.45% | |

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

| | For the Quarter Ended | | | Year to Date | | |
|--|-----------------------|-----------------|---------------|-----------------|----------------|---------------|
| | 09/30/2024 | 6/30/2024 | % Change | 09/30/2024 | 09/30/2023 | % Change |
| INTEREST INCOME | | | | | | |
| Loans Interest Income | \$ 3,616 | \$ 3,454 | 4.7% | \$ 10,519 | \$ 8,236 | 27.7% |
| Investments & due from banks | 881 | 601 | 46.5% | 2,072 | 2,006 | 3.3% |
| Loan fee income | 87 | 50 | 72.5% | 176 | 229 | -23.1% |
| Total interest income | 4,584 | 4,106 | 11.6% | 12,767 | 10,471 | 21.9% |
| INTEREST EXPENSE | 2,303 | 2,114 | 9.0% | 6,459 | 3,368 | 91.8% |
| NET INTEREST INCOME BEFORE LOAN LOSS PROVISION | 2,280 | 1,992 | 14.5% | 6,308 | 7,103 | -11.2% |
| PROVISION FOR CREDIT LOSSES | 101 | 65 | 55.4% | 166 | 465 | -64.3% |
| NET INTEREST INCOME AFTER LOAN LOSS PROVISION | 2,179 | 1,927 | 13.1% | 6,142 | 6,638 | -7.5% |
| NON-INTEREST INCOME | 167 | 155 | 7.5% | 474 | 458 | 3.5% |
| NON-INTEREST EXPENSE | 2,343 | 2,382 | -1.7% | 7,242 | 7,203 | 0.5% |
| INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES | 3 | (300) | 101.2% | (626) | (107) | 482.9% |
| PROVISION (BENEFIT) FOR INCOME TAXES | 15 | (70) | 121.4% | (133) | (16) | 739.0% |
| NET INCOME (LOSS) | \$ (12) | \$ (230) | 95.0% | \$ (493) | \$ (91) | 438.3% |
| Earnings per share - Basic | \$ (0.004) | \$ (0.09) | | \$ (0.18) | \$ (0.03) | |
| Earnings per share - Diluted | \$ (0.004) | \$ (0.09) | | \$ (0.18) | \$ (0.03) | |
| Return on average equity | -0.14% | -2.77% | | -1.96% | -0.36% | |
| Return on average assets | -0.01% | -0.29% | | -0.20% | -0.04% | |
| Net interest margin | 2.76% | 2.63% | | 2.69% | 3.42% | |
| Efficiency ratio | 96% | 111% | | 107% | 95% | |