



FOR IMMEDIATE RELEASE –

Liberty Northwest Bancorp, Inc. Announces 2023 First Quarter Financial Results

2023 First Quarter Financial Highlights:

- Total assets were \$185.5 million at quarter end.
- Total loans increased 5.6% from a year ago, and decreased 3.5% from the linked quarter.
- Net interest margin of 2.62% for the first quarter.
- Nonperforming assets at 0.35% of total assets at quarter end.

POULSBO, WASH. – April 27, 2023 - Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$9 thousand for the first quarter ended March 31, 2023, compared to \$39 thousand reported in the first quarter ended March 31, 2022.

Total assets increased to \$185.5 million as of March 31, 2023, compared to \$184.6 million at March 31, 2022. The year-over-year increase was primarily due to a \$7.69 million increase in loans receivable funded by deposits, increased borrowings, and a modest reduction in short-term investments.

Total deposits decreased to \$139.1 million at March 31, 2023 compared to \$141.8 million at December 31, 2022 and \$161.8 million a year earlier. Non-interest bearing demand accounts represented 30.4%, interest bearing demand represented 17.1%, money market and savings accounts comprised 26.3% and certificates of deposit made up 26.2% of the total deposit portfolio at March 31, 2023.

At March 31, 2023, non-performing assets remained low at \$647 thousand, or 0.35% of total assets, corresponding to a single borrower relationship. The allowance for credit losses totaled \$1.28 million as of March 31, 2023, and was 0.91% of total loans outstanding.

The Company’s net interest margin was 2.62% for the first quarter of 2023, compared to 3.11% for the preceding quarter, and 3.05% for the first quarter of 2022.

Total non-interest income was \$130 thousand for the first quarter of 2023, compared to \$69 thousand in the first quarter a year ago.

Total noninterest expense was \$1.19 million for the first quarter of 2023, a decrease of \$97 thousand, or 7.6%, from the first quarter a year ago. Compensation and benefits costs decreased by \$69 thousand, or 9.0%, over the prior year quarter. During the fourth quarter of 2022, the Company opened its new headquarters in Poulsbo. The banking center is in a desirable location in Poulsbo and is large enough



to accommodate future growth for the bank well into the next decade. Occupancy costs were down by 8.0% from prior quarter of last year.

Capital ratios continue to exceed regulatory requirements, with a total risk-based capital ratio at 15.28% substantially above well-capitalized regulatory requirements. The tangible book value per share was \$7.59 at quarter end, compared to \$7.42 a year earlier.

“Providing guidance and assurances to our customers during uncertain times is critically important to us. Our management team is working very hard, ensuring risk management oversight, and communicating with clients about deposit coverage and the health of the Bank. We have a diverse deposit and loan portfolio and have stayed clear of concentrating in any one sector and the issues that have affected the banks that were closed by federal regulators last month,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer.

The Company reported the level of uninsured deposits at quarter end was approximately 27%, compared to 33% three months earlier, excluding the collateralized portion of public deposits.

“Throughout the first quarter we increased our available borrowing capacity at the Federal Home Loan Bank (“FHLB”),” said Darrow. “The result is that our borrowing capacity at FHLB more than exceeds the level of uninsured deposits. With a strong capital position, a diversified balance sheet, additional sources of liquidity and pristine credit quality, we believe we have a solid foundation upon which to continue to grow and improve our financial performance in the year ahead.”

About Liberty Northwest Bancorp, Inc.

Liberty Northwest Bancorp, Inc. is the bank holding company for Liberty Bank, a commercial bank chartered in the State of Washington. The Bank began operations June 11, 2009, and operates a full-service branch in Poulsbo, WA in addition to a loan production office in Bellevue, WA. The Bank provides loan and deposit services to predominantly small and middle-sized businesses and individuals in and around Kitsap and King counties. The Bank is subject to regulation by the State of Washington Department of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC). For more information, please visit www.libertybanknw.com. Liberty Northwest Bancorp, Inc. (OTCQX: LBNW), qualified to trade on the OTCQX® Best Market in June 2022. For information related to the trading of LBNW, please visit www.otcmarkets.com.

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Forward-Looking Statement Safe Harbor: This news release contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Forward-looking statements describe Liberty Northwest Bancorp, Inc.'s projections, estimates, plans and expectations of future results and can be identified by words such as "believe," "intend," "estimate," "likely," "anticipate," "expect," "looking forward," and other similar expressions. They are not guarantees of future performance. Actual results may differ materially from the results expressed in these forward-looking statements, which because of their forward-looking nature, are difficult to predict. Investors should not place undue reliance on any forward-looking statement, and should consider factors that might cause differences including but not limited to the degree of competition by traditional and nontraditional competitors, declines in real estate markets, an increase in unemployment or sustained high levels of unemployment; changes in interest rates; greater than expected costs to integrate acquisitions, adverse changes in local, national and international economies; changes in the Federal Reserve's actions that affect monetary and fiscal policies; changes in legislative or regulatory actions or reform, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act; demand for products and services; changes to the quality of the loan portfolio and our ability to succeed in our problem-asset resolution efforts; the impact of technological advances; changes in tax laws; and other risk factors. Liberty Northwest Bancorp, Inc. undertakes no obligation to publicly update or clarify any forward-looking statement to reflect the impact of events or circumstances that may arise after the date of this release.



STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands)

	Quarter Ended March 31, 2023	Quarter Ended Dec 31, 2022	Three Month Change	Quarter Ended March 31, 2022	One Year Change
Interest Income					
Loans	\$ 1,686	\$ 1,707	-1%	\$ 1,347	25%
Interest bearing deposits in banks	41	19	113%	10	298%
Securities	110	103	6%	90	22%
Total interest income	1,837	1,830	0%	1,447	27%
Interest Expense					
Deposits	425	238	78%	60	604%
Other Borrowings	308	242	27%	101	205%
Total interest expense	733	481	52%	161	355%
Net Interest Income	1,104	1,349	-18%	1,286	-14%
Provision for Credit Losses	30	40	-25%	15	100%
Net interest income after provision for credit losses	1,074	1,309	-18%	1,271	-15%
Non-Interest Income					
Service charges on deposit accounts	15	15	2%	12	23%
Other non-interest income	115	30	286%	57	103%
Total non-interest income	130	45	192%	69	89%
Non-Interest Expense					
Salaries and employee benefits	693	634	9%	761	-9%
Occupancy and equipment expenses	141	152	-8%	150	-6%
Other operating expenses	359	382	-6%	380	-5%
Total non-interest expenses	1,193	1,169	2%	1,290	-8%
Net Income Before Income Tax	12	184	-94%	49	-76%
Provision for Income Tax	(2)	(49)	-95%	(10)	-76%
Net Income	\$ 9	\$ 136	-93%	\$ 39	-76%



BALANCE SHEETS (Unaudited)

(Dollars in thousands)

	Mar 31, 2023	Dec 31, 2022	Three Month Change	Mar 31, 2022	One Year Change
Assets					
Cash and due from Banks	\$ 2,574	\$ 2,844	-10%	\$ 3,766	-32%
Interest bearing deposits in banks	9,468	11,480	-18%	18,013	-47%
Securities	23,793	23,682	0%	24,391	-2%
Loans	141,085	146,185	-3%	133,651	6%
Allowance for credit losses	(1,284)	(1,235)	4%	(1,540)	-17%
Net Loans	139,801	144,950	-4%	132,110	6%
Premises and fixed assets	6,689	6,770	-1%	4,543	47%
Accrued Interest receivable	644	699	-8%	494	31%
Intangible assets	59	65	-10%	85	-31%
Other assets	2,429	2,527	-4%	1,198	103%
Total Assets	\$ 185,457	\$ 193,016	-4%	\$ 184,599	0%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 42,214	\$ 46,152	-9%	\$ 54,906	-23%
Interest Bearing Demand	23,733	23,891	-1%	39,534	-40%
Money Market and Savings	36,643	40,438	-9%	53,406	-31%
Certificates of Deposit	36,485	31,286	17%	13,929	162%
Total Deposits	139,074	141,768	-2%	161,776	-14%
Total Borrowing	33,407	38,149	-12%	10,401	221%
Accrued interest payable	108	165	-35%	7	1561%
Other liabilities	413	607	-32%	265	55%
Total Liabilities	173,002	180,690	-4%	172,448	0%
Shareholders' Equity					
Common Stock	1,633	1,633	0%	1,627	0%
Additional paid in capital	13,038	13,019	0%	12,993	0%
Retained Earnings	(1,519)	(1,541)		(2,028)	
Other Comprehensive Income	(697)	(785)	-11%	(441)	58%
Total Shareholders' Equity	12,455	12,326	1%	12,151	2%
Total Liabilities and Shareholders' Equity	\$ 185,457	\$ 193,016	-4%	\$ 184,599	0%



	Quarter Ended Mar 31, 20223	Quarter Ended Dec 31, 2022	Quarter Ended Mar 31, 2022
Financial Ratios			
Return on Average Assets	0.02%	0.30%	0.09%
Return on Average Equity	0.29%	4.41%	1.25%
Efficiency Ratio	96.6%	83.9%	95.3%
Net Interest Margin	2.62%	3.11%	3.05%
Loan to Deposits	100.5%	102.2%	82.6%
 Tangible Book Value per Share	 7.59	 7.51	 7.42
Book Value per Share	7.63	7.55	7.47
Earnings per Share	0.01	0.08	0.02
 Asset Quality			
Net Loan Charge-offs (recoveries)	\$ -	\$ -	-
Nonperforming Loans	\$ 647	\$ 659	\$ 1,178
Nonperforming Assets to Total Assets	0.35%	0.34%	0.64%
Allowance for Credit Losses to Total Loans	0.91%	0.85%	1.15%
Other Real Estate Owned	\$ -	\$ -	-
 CAPITAL (Bank only)			
Tier 1 leverage ratio	9.42%	9.37%	8.83%
Tier 1 risk-based capital ratio	14.21%	13.64%	13.64%
Total risk based capital ratio	15.28%	14.63%	14.89%