



FOR IMMEDIATE RELEASE –

Liberty Northwest Bancorp, Inc. Reports First Quarter 2024 Financial Results

2024 First Quarter Financial Highlights:

- Total assets were \$186.8 million at quarter end.
- Asset quality remains pristine with zero nonperforming assets at quarter end.
- Net interest income of \$1.05 million for the first quarter.
- Net interest margin of 2.42% for the first quarter.
- Total deposits increased modestly to \$140.5 million at March 31, 2024, compared to \$139.1 million a year ago.
- Tangible book value per share increased to \$7.74 at quarter end.

POULSBO, WASH. – April 29, 2024 - Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$15 thousand for the first quarter ended March 31, 2024, compared to \$1 thousand reported for the fourth quarter ended December 31, 2023, and \$9 thousand for the first quarter ended March 31, 2023.

Total assets were \$186.8 million as of March 31, 2024, compared to \$185.5 million at March 31, 2023. Net loans totaled \$141.3 million as of March 31, 2024, compared to \$142.8 million at December 31, 2023, and \$139.8 million a year ago. Loan demand weakened modestly compared to a year ago, primarily due to the high interest rate environment.

Asset quality remained pristine during the quarter, with no non-performing assets as of March 31, 2024, or as of December 31, 2023. The allowance for credit losses totaled \$1.13 million as of March 31, 2024, and was 0.79% of total loans outstanding. The Company recorded net loan recoveries of \$19 thousand during the quarter.

Due to improved credit quality metrics, the Company recorded a \$40 thousand reversal to its provision for credit losses in the first quarter of 2024, compared to a \$60 thousand reversal to its provision for credit losses in the fourth quarter of 2023 and a \$30 thousand provision for credit losses in the first quarter of 2023.



Total deposits decreased 1% to \$140.5 million at March 31, 2024, compared to \$142.2 million at December 31, 2023, and increased 1% compared to \$139.1 million a year earlier. Non-interest bearing demand accounts represented 29%, interest bearing demand represented 16%, money market and savings accounts comprised 21%, and certificates of deposit made up 33% of the total deposit portfolio at March 31, 2024.

Net interest income, before the provision for loan losses, was \$1.05 million for the first quarter of 2024, compared to \$1.10 million in the first quarter of 2023. The decrease in net interest income year-over-year was primarily due to the increase in interest expense on deposits and other borrowings resulting from the higher interest rate environment.

“Our net interest margin contracted six basis points during the first quarter, compared to the preceding quarter, as the increase in cost of funds more than offset the growth in our yields on earning assets. However, the pace of net interest margin contraction has begun to moderate, and we anticipate stabilization or improvement in our net interest margin over the next few quarters,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer. The Company’s net interest margin was 2.42% for the first quarter of 2024, compared to 2.48% for the preceding quarter, and 2.62% for the first quarter of 2023.

Total non-interest income was \$73 thousand for the first quarter of 2024, compared to \$130 thousand for the first quarter a year ago. The decrease compared to the year ago quarter was primarily due to higher referral fee income during the first quarter of 2023, compared to the first quarter of 2024.

Total noninterest expense was \$1.14 million for the first quarter of 2024, a decrease of \$52 thousand, or 4%, from the first quarter a year ago. Compensation and benefits costs decreased by \$88 thousand, or 13%, over the year ago quarter, while occupancy costs increased by 2% from the like quarter of last year.

Capital ratios continue to exceed regulatory requirements, with a total risk-based capital ratio at 15.29% at quarter end, substantially above well-capitalized regulatory requirements. The tangible book value per share increased to \$7.74 at quarter end, compared to \$7.59 a year earlier.

“The recent market disruptions in our Pacific Northwest markets are affording us opportunities to take advantage of and expand our client base,” said Darrow. “Although economic uncertainty persists, and unusual challenges presented to us by the higher for longer interest rate environment continues, we believe that with our strong deposit franchise, solid capital levels, and excellent credit quality we are well positioned to grow and prosper.”



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.otcm Markets.com.

For further discussion, please contact:

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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, 2024	Quarter Ended Dec 31, 2023	Three Month Change	Quarter Ended March 31, 2023	Quarter over Quarter - One Year Change
Interest Income					
Loans	\$ 1,960	\$ 1,890	4%	\$ 1,686	16%
Interest bearing deposits in banks	79	101	-21%	41	93%
Securities	120	140	-14%	110	9%
Total interest income	2,159	2,112	2%	1,837	18%
Interest Expense					
Deposits	682	656	4%	425	60%
Other Borrowings	430	384	12%	308	40%
Total interest expense	1,112	1,040	7%	733	52%
Net Interest Income					
	1,048	1,072	-2%	1,104	-5%
Provision for Loan Losses	(40)	(60)	-33%	30	-233%
Net interest income after provision for loan losses	1,088	1,132	-4%	1,074	1%
Non-Interest Income					
Service charges on deposit accounts	5	17	-68%	15	-64%
Other non-interest income	67	61	11%	115	-42%
Total non-interest income	73	78	-6%	130	-44%
Non-Interest Expense					
Salaries and employee benefits	605	705	-14%	693	-13%
Occupancy and equipment expenses	144	151	-5%	141	2%
Other operating expenses	392	367	7%	359	9%
Total non-interest expenses	1,141	1,223	-7%	1,193	-4%
Net Income Before Income Tax	19	2	933%	12	67%
Provision for Income Tax	4	(0)	-1133%	(2)	-267%
Net Income	\$ 15	\$ 1	933%	\$ 9	67%



BALANCE SHEETS (Unaudited)

(Dollars in thousands)

	March 31, 2024	Dec 31, 2023	Three Month Change	March 31, 2023	One Year Change
Assets					
Cash and due from Banks	\$ 3,583	\$ 1,817	97%	\$ 2,574	39%
Interest bearing deposits in banks	10,151	7,896	29%	9,468	7%
Securities	22,348	23,034	-3%	23,793	-6%
Loans	142,469	143,913	-1%	141,085	1%
Allowance for loan losses	(1,128)	(1,150)	-2%	(1,284)	-12%
Net Loans	141,341	142,763	-1%	139,801	1%
Premises and fixed assets	6,274	6,418	-2%	6,689	-6%
Accrued Interest receivable	697	765	-9%	644	8%
Other assets	2,446	2,031	20%	2,488	-2%
Total Assets	\$ 186,840	\$ 184,724	1%	\$ 185,457	1%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 40,900	\$ 42,803	-4%	\$ 42,214	-3%
Interest Bearing Demand	22,773	23,528	-3%	23,733	-4%
Money Market and Savings	30,107	26,667	13%	36,643	-18%
Certificates of Deposit	46,698	49,200	-5%	36,485	28%
Total Deposits	140,479	142,198	-1%	139,074	1%
Total Borrowing	33,088	29,430	12%	33,407	-1%
Accrued interest payable	296	335	-12%	108	174%
Other liabilities	174	214	-19%	413	-58%
Total Liabilities	174,036	172,177	1%	173,002	1%
Shareholders' Equity					
Common Stock	1,650	1,650	0%	1,633	1%
Additional paid in capital	13,128	13,108	0%	13,038	1%
Retained Earnings	(1,478)	(1,493)	-1%	(1,519)	-3%
Other Comprehensive Income	(496)	(718)	-31%	(697)	-29%
Total Shareholders' Equity	12,804	12,547	2%	12,455	3%
Total Liabilities and Shareholders' Equity	\$ 186,840	\$ 184,724	1%	\$ 185,457	1%



	Quarter Ended March 31, 2024	Quarter Ended Dec 31, 2023	Quarter Ended Mar 31, 2023
Financial Ratios			
Return on Average Assets	0.03%	0.00%	0.02%
Return on Average Equity	0.48%	0.03%	0.29%
Efficiency Ratio	101.8%	106.4%	96.6%
Net Interest Margin	2.42%	2.48%	2.62%
Loan to Deposits	101.4%	101.2%	100.5%
Tangible Book Value per Share	\$ 7.74	\$ 7.58	\$ 7.59
Book Value per Share	\$ 7.76	\$ 7.60	\$ 7.63
Earnings per Share	\$ 0.01	\$ -	\$ 0.01
Asset Quality			
Net Loan Charge-offs (recoveries)	\$ (19)	-	-
Nonperforming Loans	-	-	\$ 647
Nonperforming Assets to Total Assets	-	-	0.35%
Allowance for Loan Losses to Total Loans	0.79%	0.80%	0.91%
Other Real Estate Owned	-	-	-
CAPITAL (Bank only)			
Tier 1 leverage ratio	9.61%	9.56%	9.43%
Tier 1 risk-based capital ratio	14.36%	14.14%	14.22%
Total risk based capital ratio	15.29%	15.07%	15.29%