



FOR IMMEDIATE RELEASE –

Liberty Northwest Bancorp, Inc. Earns \$165,000 in Second Quarter 2022

2022 Second Quarter Financial Highlights:

- Net income increased to \$165 thousand, or \$0.10 per share, in the second quarter of 2022, with net interest income of \$1.44 million.
- Total assets grew to \$186 million.
- Total loans grew by 9.6% in the second quarter and 19.5% from prior year.
- Total deposits increased 1.7% in the second quarter 2022, and increased 11.3% compared to the prior year. Demand deposits increased 8% year-over-year.
- Nonperforming assets to total assets remained steady at 0.63%.

POULSBO, WASH. – July 28, 2022 -Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$165 thousand for the second quarter ended June 30, 2022, an increase of \$91 thousand, or 122%, compared to the second quarter ended June 30, 2021.

Return on common shareholders' equity for the second quarter of 2022 was 5.39% compared to 2.40% for the second quarter a year ago. Return on assets for the second quarter of 2022 was 0.35% compared to 0.17% for the same quarter in the prior year.

“We are pleased with the Bank’s progress this year – particularly given the challenging economic environment,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer. “Our second quarter results reflect continued loan growth, increasing 9.6% during the quarter and nearly 20% year-over-year. We are well positioned to capitalize on additional growth opportunities and to benefit from expected future interest rate increases by the Federal Reserve.”

Total assets were \$186.0 million as of June 30, 2022, compared to \$170.3 million at June 30, 2021, primarily due to the \$24.1 million increase in loans receivable funded by continued growth in client deposits and reduction in short-term investments. In addition to growing organic loans, the Bank acquired a pool of residential mortgage loans during the quarter to support strategic initiatives and deploy available liquidity into higher earnings assets. Investment securities increased by \$4.3 million since June 30, 2021.



Total deposits increased 11.3% to \$164.5 million as of June 30, 2022, compared to \$147.9 million a year earlier and \$161.8 million at March 31, 2022. Total demand deposits increased \$6.7 million, or 7.9%, from June 30, 2021.

Credit quality remains strong. At June 30, 2022, non-performing assets remained low at \$1.17 million or 0.63% of total assets corresponding to a single borrower relationship. The allowance for loan losses totaled \$1.615 million as of June 30, 2022, and was 1.10% of total loans outstanding.

The Company recorded a \$75 thousand provision for loan losses in the second quarter of 2022, compared to a \$15 thousand provision for loan losses in the second quarter of 2021. The provision in the second quarter of 2022 was primarily due to growth in loans receivable partially offset by improvements in the credit quality of certain loan segments related to strong real estate markets and collateral conditions.

The Company's net interest margin was 3.28% for the second quarter of 2022, compared to 3.05% for the preceding quarter, and 3.46% for the second quarter of 2021. "Steady loan growth and recent short-term interest rate increases by the Federal Reserve led to improved loan yields and net interest margin expansion," said Darrow. "Earnings over the past two quarters position us well as we head into the second half of 2022."

Total non-interest income was \$36 thousand for the second quarter of 2022 compared to \$63 thousand in the second quarter a year ago. The decrease in non-interest income was primarily due to a slowing of fees earned on brokered mortgage loans due to higher interest rates.

Total noninterest expense was \$1.193 million in the second quarter of 2022, a decrease of \$258 thousand, or 17.8%, from the prior year's quarter. The Company's efficiency ratio in the second quarter of 2022 improved to 80.8%, compared to 93.2% for the same period one year ago due to active management of operating expenses. Compensation and benefits costs decreased by \$238 thousand, or 25.8%, over the prior year quarter primarily due lower staff count.

Capital ratios continue to exceed regulatory requirements, with total risk-based capital substantially above well-capitalized regulatory requirements. Tangible book value per share was \$7.45 at quarter end, compared to \$7.61 a year earlier.

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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.

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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 June 30, 2022	Quarter Ended March 31, 2022	Three Month Change	Quarter Ended June 30, 2021	One Year Change
Interest Income					
Loans	\$ 1,508	\$ 1,347	12%	\$ 1,583	-5%
Interest bearing deposits in banks	16	10	58%	6	174%
Securities	90	90	1%	46	98%
Total interest income	1,614	1,447	12%	1,635	-1%
Interest Expense					
Deposits	74	60	22%	49	52%
Other Borrowings	100	101	-1%	113	-12%
Total interest expense	174	161	8%	161	8%
Net Interest Income	1,441	1,286	12%	1,473	-2%
Provision for Loan Losses	75	15	400%	15	400%
Net interest income after provision for loan losses	1,366	1,271	7%	1,458	-6%
Non-Interest Income					
Service charges on deposit accounts	11	12	-6%	10	11%
Other non-interest income	25	57	-56%	52	-53%
Total non-interest income	36	69	-47%	63	-42%
Non-Interest Expense					
Salaries and employee benefits	683	761	-10%	921	-26%
Occupancy and equipment expenses	141	150	-6%	153	-8%
Other operating expenses	368	380	-3%	377	-2%
Total non-interest expenses	1,193	1,290	-8%	1,451	-18%
Net Income Before Income Tax	209	49	326%	70	198%
Provision for Income Tax	(44)	(10)	326%	(15)	198%
Net Income	\$ 165	\$ 39	326%	\$ 56	198%



BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	June 30, 2022	March 31, 2022	Three Month Change	June 30, 2021	One Year Change
Assets					
Cash and due from Banks	\$ 4,381	\$ 3,766	16%	\$ 4,981	-12%
Interest bearing deposits in banks	4,524	18,013	-75%	20,095	-77%
Securities	24,769	24,391	2%	20,499	21%
Loans	146,375	133,651	10%	122,296	20%
Allowance for loan losses	(1,615)	(1,540)	5%	(1,195)	35%
Net Loans	144,759	132,110	10%	121,101	20%
Premises and fixed assets	5,580	4,543	23%	1,767	216%
Accrued Interest receivable	618	494	25%	507	22%
Intangible assets	78	85	-8%	109	-28%
Other assets	1,316	1,198	10%	1,200	10%
Total Assets	\$ 186,026	\$ 184,599	1%	\$ 170,260	9%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 52,799	\$ 54,906	-4%	\$ 63,551	-17%
Interest Bearing Demand	38,042	39,534	-4%	20,638	84%
Money Market and Savings	59,974	53,406	12%	56,818	6%
Certificates of Deposit	13,700	13,929	-2%	6,862	100%
Total Deposits	164,516	161,776	2%	147,869	11%
Total Borrowing	8,884	10,401	-15%	9,500	-6%
Accrued interest payable	72	7	1002%	70	3%
Other liabilities	348	265	31%	429	-19%
Total Liabilities	173,820	172,448	1%	157,868	10%
Shareholders' Equity					
Common Stock	1,627	1,627	0%	1,620	0%
Additional paid in capital	13,004	12,993	0%	12,822	1%
Retained Earnings	(1,863)	(2,028)		(2,092)	
Other Comprehensive Income	(562)	(441)	27%	43	-1396%
Total Shareholders' Equity	12,206	12,151	0%	12,392	-2%
Total Liabilities and Shareholders' Equity	\$ 186,026	\$ 184,599	1%	\$ 170,260	9%



	June 30, 2022	March 31, 2022	June 30, 2021
Financial Ratios			
Return on Average Assets	0.35%	0.09%	0.17%
Return on Average Equity	5.39%	1.25%	2.40%
Efficiency Ratio	80.8%	95.3%	93.2%
Net Interest Margin	3.28%	3.05%	3.46%
Loan to Deposits	89.0%	82.6%	82.7%
Tangible Book Value per Share	7.45	7.42	7.61
Book Value per Share	7.50	7.47	7.65
Earnings per Share	0.10	0.02	0.05
Asset Quality			
Net Loan Charge-offs (recoveries)	\$ -	-	-
Nonperforming Loans	\$ 1,167	1,178	0
Nonperforming Assets to Total Assets	0.63%	0.64%	0.00%
Allowance for Loan Losses to Total Loans	1.10%	1.15%	0.98%
Other Real Estate Owned	\$ -	-	-
CAPITAL (Bank only)			
Tier 1 leverage ratio	8.60%	8.83%	9.13%
Tier 1 risk-based capital ratio	13.00%	13.64%	16.82%
Total risk-based capital ratio	14.25%	14.89%	18.07%