



FOR IMMEDIATE RELEASE –

## Liberty Northwest Bancorp, Inc. Earns \$187,000 in Third Quarter 2022

### 2022 Third Quarter Financial Highlights:

- Net income increased to \$187 thousand, or \$0.11 per share, in the third quarter of 2022, with net interest income of \$1.48 million.
- Total assets remained steady at \$186.2 million.
- Total loans grew by 0.8% in the third quarter and 12.4% from prior year.
- Total deposits decreased 5.0% in the third quarter 2022, and increased 5.3% compared to the prior year.
- Nonperforming assets to total assets improved to 0.36%.

POULSBORO, WASH. – October 26, 2022 -Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$187 thousand for the third quarter ended September 30, 2022, an increase of \$26 thousand, or 16%, compared to the third quarter ended September 30, 2021. In the first nine months of 2022, net income increased \$35 thousand, or 10%, compared to the same period in 2021.

In the third quarter of 2022, the Company generated a return on common shareholders' equity of 6.02% and a return on assets of 0.40%, compared to 5.15% and 0.35%, respectively, in the third quarter of 2021. Year-to-date, return on common shareholders' equity was 4.21%, and return on assets was 0.28%, compared to 3.75% and 0.26%, respectively, in the same period a year earlier.

“We continue to generate positive operating results during the current quarter, reflecting the dedicated effort put forth by all of our employees to meet the needs of our community,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer. “Our income increased during the quarter, mainly due to the continued success of our outreach to new and existing customers, while keeping operating expenses in line.”

The Company’s net interest margin was 3.35% for the third quarter of 2022, compared to 3.28% for the preceding quarter, and 3.66% for the third quarter of 2021. “Higher yields on earning assets contributed to net interest margin expansion during the quarter,” said Darrow. “The diversified mix of our deposit portfolio is allowing us to maintain a disciplined deposit pricing approach.” For the first nine months of 2022, the net interest margin was 3.20%, compared to 3.60% for the first nine months of 2021. Excluding PPP fees, the net interest margin expanded 50 basis points in the first nine months of 2022, compared to 2.70% in the first nine months of 2021.



Total assets were \$186.2 million as of September 30, 2022, compared to \$181.6 million at September 30, 2021, primarily due to a \$16.3 million increase in loans receivable funded by growth in client deposits and a reduction in short-term investments.

Total deposits increased 5.3% to \$156.3 million as of September 30, 2022, compared to \$148.5 million a year earlier and decreased 5.0% compared to \$164.5 million at June 30, 2022. Total demand deposits decreased \$10.4 million, or 17.2%, from September 30, 2021. Non-interest bearing demand accounts represented 32.1%, interest bearing demand represented 24.3%, money market and savings accounts comprised 36.4% and certificates of deposit made up 7.2% of the total deposit portfolio at September 30, 2022.

At September 30, 2022, non-performing assets remained low at \$0.67 million, or 0.36% of total assets, corresponding to a single borrower relationship. The allowance for loan losses totaled \$1.190 million as of September 30, 2022, and was 0.81% of total loans outstanding. The Company recorded a \$60 thousand provision for loan losses in the third quarter of 2022, compared to a \$15 thousand provision for loan losses in the third quarter of 2021. "While credit quality remains strong, the Bank did charge-off one loan related to a borrower, in bankruptcy," Darrow said.

Total non-interest income was \$43 thousand for the third quarter of 2022 compared to \$100 thousand in the third quarter a year ago. The decrease in non-interest income was due to lower fee income earned on brokered mortgage loans in 2022. For the first nine months of 2022, non-interest income totaled \$148 thousand, compared to \$236 thousand for the first nine months of 2021.

Total noninterest expense was \$1.23 million for the third quarter of 2022, a decrease of \$226 thousand, or 15.6%, from the prior year's quarter. The Company's efficiency ratio in the third quarter of 2022 improved to 80.4%, compared to 86.9% for the same period one year ago. Compensation and benefits costs decreased by \$261 thousand, or 27.4%, over the prior year quarter primarily due lower staff count. Year-to-date, total noninterest expense decreased \$607 thousand, or 14%, to \$3.7 million, over the same period in 2021.

Capital ratios continue to exceed regulatory requirements, with total risk-based capital substantially above well-capitalized regulatory requirements. Tangible book value per share was \$7.40 at quarter end, compared to \$7.64 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](http://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](http://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 Sept 30, 2022	Quarter Ended June 31, 2022	Three Month Change	Quarter Ended Sept 30, 2021	One Year Change
<b>Interest Income</b>					
Loans	\$ 1,567	\$ 1,508	4%	\$ 1,651	-5%
Interest bearing deposits in banks	22	16	36%	8	168%
Securities	102	90	13%	65	58%
Total interest income	1,692	1,614	5%	1,724	-2%
<b>Interest Expense</b>					
Deposits	105	74	41%	49	114%
Other Borrowings	104	100	4%	102	1%
Total interest expense	208	174	20%	151	38%
<b>Net Interest Income</b>	1,483	1,441	3%	1,573	-6%
Provision for Loan Losses	60	75	-20%	15	300%
Net interest income after provision for loan losses	1,423	1,366	4%	1,558	-9%
<b>Non-Interest Income</b>					
Service charges on deposit accounts	15	11	30%	11	41%
Other non-interest income	28	25	13%	89	-68%
Total non-interest income	43	36	19%	100	-57%
<b>Non-Interest Expense</b>					
Salaries and employee benefits	694	683	2%	956	-27%
Occupancy and equipment expenses	142	141	0%	149	-5%
Other operating expenses	391	368	6%	348	12%
Total non-interest expenses	1,227	1,193	3%	1,453	-16%
Net Income Before Income Tax	239	209	14%	204	17%
Provision for Income Tax	(52)	(44)	19%	(43)	23%
<b>Net Income</b>	\$ 187	\$ 165	13%	\$ 161	16%



**STATEMENTS OF INCOME** (Unaudited)  
(Dollars in thousands)

	Year to Date Sept 30, 2022	Year to Date Sept 30, 2021	One Year Change
<b>Interest Income</b>			
Loans	\$ 4,421	\$ 4,860	-9%
Interest bearing deposits in banks	49	20	149%
Securities	283	145	96%
Total interest income	4,753	5,024	-5%
<b>Interest Expense</b>			
Deposits	239	141	69%
Other Borrowings	304	265	15%
Total interest expense	543	406	34%
<b>Net Interest Income</b>	4,210	4,618	-9%
Provision for Loan Losses	150	85	76%
Net interest income after provision for loan losses	4,060	4,533	-10%
<b>Non-Interest Income</b>			
Service charges on deposit accounts	39	31	26%
Other non-interest income	109	205	-47%
Total non-interest income	148	236	-37%
<b>Non-Interest Expense</b>			
Salaries and employee benefits	2,139	2,787	-23%
Occupancy and equipment expenses	433	464	-7%
Other operating expenses	1,145	1,071	7%
Total non-interest expenses	3,716	4,323	-14%
Net Income Before Income Tax	497	450	11%
Provision for Income Tax	(107)	(94)	13%
<b>Net Income</b>	<b>\$ 391</b>	<b>\$ 355</b>	<b>10%</b>



**BALANCE SHEETS** (Unaudited)  
(Dollars in thousands)

	Sept 30, 2022	June 30, 2022	Three Month Change	Sept 30, 2021	One Year Change
<b>Assets</b>					
Cash and due from Banks	\$ 2,982	\$ 4,381	-32%	\$ 5,541	-46%
Interest bearing deposits in banks	4,470	4,524	-1%	17,198	-74%
Securities	23,620	24,769	-5%	24,902	-5%
Loans	147,497	146,375	1%	131,180	12%
Allowance for loan losses	(1,190)	(1,615)	-26%	(1,210)	-2%
Net Loans	146,307	144,759	1%	129,970	13%
Premises and fixed assets	6,370	5,580	14%	2,206	189%
Accrued Interest receivable	630	618	2%	593	6%
Intangible assets	72	78	-8%	101	-29%
Other assets	1,704	1,316	30%	1,128	51%
<b>Total Assets</b>	<b>\$ 186,154</b>	<b>\$ 186,026</b>	<b>0%</b>	<b>\$ 181,639</b>	<b>2%</b>
<b>Liabilities and Shareholders' Equity</b>					
<b>Deposits</b>					
Demand, non-interest bearing	\$ 50,162	\$ 52,799	-5%	\$ 60,569	-17%
Interest Bearing Demand	37,940	38,042	0%	18,700	103%
Money Market and Savings	56,909	59,974	-5%	60,256	-6%
Certificates of Deposit	11,302	13,700	-18%	8,961	26%
<b>Total Deposits</b>	<b>156,313</b>	<b>164,516</b>	<b>-5%</b>	<b>148,486</b>	<b>5%</b>
Total Borrowing	17,392	8,884	96%	19,938	-13%
Accrued interest payable	3	72	-96%	145	-98%
Other liabilities	341	348	-2%	551	-38%
<b>Total Liabilities</b>	<b>174,048</b>	<b>173,820</b>	<b>0%</b>	<b>169,121</b>	<b>3%</b>
<b>Shareholders' Equity</b>					
Common Stock	1,633	1,627	0%	1,626	0%
Additional paid in capital	13,008	13,004	0%	12,826	1%
Retained Earnings	(1,676)	(1,863)		(1,931)	
Other Comprehensive Income	(859)	(562)	53%	(3)	29056%
<b>Total Shareholders' Equity</b>	<b>12,106</b>	<b>12,206</b>	<b>-1%</b>	<b>12,518</b>	<b>-3%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 186,154</b>	<b>\$ 186,026</b>	<b>0%</b>	<b>\$ 181,639</b>	<b>2%</b>



	Sept 30, 2022	June 31, 2022	Sept 30, 2021	YTD 2022	YTD 2021
<b>Financial Ratios</b>					
Return on Average Assets	0.40%	0.35%	0.35%	0.28%	0.26%
Return on Average Equity	6.02%	5.39%	5.15%	4.21%	3.75%
Efficiency Ratio	80.4%	80.8%	86.9%	85.3%	89.0%
Net Interest Margin	3.35%	3.28%	3.66%	3.20%	3.60%
Loan to Deposits	93.6%	89.0%	88.3%		
Earnings per Share	0.11	0.10	0.10	0.24	0.22
Tangible Book Value per Share	7.40	7.45	7.64		
Book Value per Share	7.44	7.50	7.68		
<b>Asset Quality</b>					
Net Loan Charge-offs (recoveries)	\$ 485	-	-		
Nonperforming Loans	\$ 670	1,167	0		
Nonperforming Assets to Total Assets	0.36%	0.63%	0.00%		
Allowance for Loan Losses to Total Loans	0.81%	1.10%	0.92%		
Other Real Estate Owned	\$ -	-	-		
<b>CAPITAL (Bank only)</b>					
Tier 1 leverage ratio	9.08%	8.60%	9.38%		
Tier 1 risk-based capital ratio	13.46%	13.00%	15.09%		
Total risk-based capital ratio	14.42%	14.25%	16.26%		