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## Liberty Northwest Bancorp, Inc. Reports 2023 Third Quarter Financial Results

### 2023 Third Quarter Financial Highlights:

- Total assets were \$188.3 million at quarter end.
- Asset quality is excellent with zero nonperforming assets at quarter end.
- Total deposits increased to \$ 143.1 million at quarter end.
- Net interest margin of 2.64% for the third quarter.
- Tangible book value per share increased to \$7.71 at quarter end.

POULSBO, WASH. – October 27, 2023 - Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$6 thousand for the third quarter ended September 30, 2023, compared to \$18 thousand reported in the second quarter ended June 30, 2023, and \$187 thousand in the third quarter ended September 30, 2022. In the first nine months of 2023, net income was \$33 thousand, compared to \$391 thousand the same period in 2022.

Total assets increased to \$188.3 million as of September 30, 2023, compared to \$186.2 million at September 30, 2022. Net loans totaled \$139.2 million as of September 30, 2023, compared to \$139.0 million at June 30, 2023 and \$146.3 million a year ago. Loan demand has tapered off modestly compared to a year ago primarily due to the high interest rate environment.

Asset quality remained strong during the quarter, with no non-performing assets as of September 30, 2023, or as of June 30, 2023. The allowance for credit losses totaled \$1.23 million as of September 30, 2023, and was 0.87% of total loans outstanding. The Company recorded no net loan charge-offs during the quarter.

The Company recorded a \$25 thousand reversal to its provision for credit losses in the third quarter of 2023, compared to a \$50 thousand reversal to its provision for credit losses in the second quarter of 2023 and a \$60 thousand provision for loan losses in the third quarter of 2022, as a result of improved credit metrics and performance.

Total deposits increased to \$143.1 million at September 30, 2023 compared to \$140.5 million at June 30, 2023 and decreased compared to \$156.3 million a year earlier. Non-interest bearing demand accounts represented 30.5%, interest bearing demand represented 21.6%, money market and savings accounts comprised 19.0% and certificates of deposit made up 28.9% of the total deposit portfolio at September 30, 2023.



“At a time of margin compression across the banking industry, we were effective at expanding our net interest margin during the third quarter, compared to the preceding quarter. This was driven by several actions we implemented earlier in the year to mitigate net interest margin compression against higher interest rates,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer.

The Company’s net interest margin was 2.64% for the third quarter of 2023, compared to 2.51% for the preceding quarter, and 3.35% for the third quarter of 2022. For the first nine months of 2023, the net interest margin was 2.62%, compared to 3.20% for the first nine months of 2022.

Total non-interest income was \$111 thousand for the third quarter of 2023, compared to \$43 thousand in the third quarter a year ago. The year-over-year 159% increase was primarily due to an increase in referral income. For the first nine months of 2023, non-interest income increased to \$371 thousand, compared to \$148 thousand for the first nine months of 2022, an increase of \$223 thousand or 151%.

Total noninterest expense was \$1.26 million for the third quarter of 2023, an increase of \$37 thousand, or 3%, from the third quarter a year ago. Compensation and benefits costs increased by \$43 thousand, or 6%, over the prior year quarter. During the third quarter of 2022, the Company moved into 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 increased by 2% from prior quarter of last year. Year-to-date, total noninterest expense increased \$19 thousand, or 1.0%, to \$3.73 million, over the same period in 2022.

Capital ratios continue to exceed regulatory requirements, with a total risk-based capital ratio at 15.48% at quarter end, substantially above well-capitalized regulatory requirements. The tangible book value per share increased to \$7.71 at quarter end, compared to \$7.40 a year earlier.

The Company reported the level of uninsured deposits at quarter end was approximately 30% at September 30, 2023, compared to 29% three months earlier, excluding the collateralized portion of public deposits.

“We remain focused on being a reliable resource for our customers and communities through all economic cycles,” said Darrow. “As we look to the remainder of the year and into 2024, we will continue to look for opportunities to grow our client base and take advantage of recent market disruptions in our Pacific Northwest markets.”

**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, 2023	Quarter Ended June 30, 2023	Three Month Change	Quarter Ended Sept 30, 2022	One Year Change	Year to Date Sept 30, 2023	Year to Date Sept 30, 2022	One Year Change
<b>Interest Income</b>								
Loans	\$ 1,814	\$ 1,783	2%	\$ 1,567	16%	\$ 5,283	\$ 4,421	19%
Interest bearing deposits in banks	99	82	21%	22	348%	222	49	356%
Securities	119	114	4%	102	16%	343	283	21%
Total interest income	2,032	1,997	2%	1,692	20%	5,867	4,753	23%
<b>Interest Expense</b>								
Deposits	544	515	6%	105	420%	1,484	239	521%
Other Borrowings	352	352	0%	104	240%	1,012	304	233%
Total interest expense	896	867	3%	208	330%	2,497	543	360%
<b>Net Interest Income</b>	1,136	1,130	1%	1,483	-23%	3,370	4,210	-20%
Provision for Loan Losses	(25)	(50)	-50%	60	-142%	(45)	150	-130%
Net interest income after provision for loan losses	1,161	1,180	-2%	1,423	-18%	3,415	4,060	-16%
<b>Non-Interest Income</b>								
Service charges on deposit accounts	17	18	-3%	15	15%	50	39	29%
Other non-interest income	94	112	-16%	28	235%	321	109	194%
Total non-interest income	111	130	-14%	43	159%	371	148	151%
<b>Non-Interest Expense</b>								
Salaries and employee benefits	737	720	2%	694	6%	2,149	2,139	0%
Occupancy and equipment expenses	145	158	-8%	142	2%	444	433	3%
Other operating expenses	382	391	-2%	391	-2%	1,136	1,139	0%
Total non-interest expenses	1,264	1,269	0%	1,227	3%	3,729	3,710	1%
Net Income Before Income Tax	8	23	-67%	239	-97%	42	497	-92%
Provision for Income Tax	(2)	(5)	-67%	(52)	-97%	(9)	(107)	-92%
<b>Net Income</b>	\$ 6	\$ 18	-67%	\$ 187	-97%	\$ 33	\$ 391	-91%



**BALANCE SHEETS (Unaudited)**

(Dollars in thousands)

	Sept 30, 2023	June 30, 2023	Three Month Change	Sept 30, 2022	One Year Change
<b>Assets</b>					
Cash and due from Banks	\$ 3,359	\$ 2,352	43%	\$ 2,982	13%
Interest bearing deposits in banks	11,635	12,674	-8%	4,470	160%
Securities	24,316	23,069	5%	23,620	3%
Loans	140,467	139,844	0%	147,497	-5%
Allowance for loan losses	(1,227)	(1,252)	-2%	(1,190)	3%
Net Loans	139,240	138,592	0%	146,307	-5%
Premises and fixed assets	6,512	6,615	-2%	6,370	2%
Accrued Interest receivable	678	642	6%	630	8%
Intangible assets	46	52	-13%	72	-36%
Other assets	2,534	3,107	-18%	1,704	49%
Total Assets	\$ 188,320	\$ 187,104	1%	\$ 186,154	1%
<b>Liabilities and Shareholders' Equity</b>					
Deposits					
Demand, non-interest bearing	\$ 43,702	\$ 43,382	1%	\$ 50,162	-13%
Interest Bearing Demand	30,865	25,288	22%	37,940	-19%
Money Market and Savings	27,207	37,339	-27%	56,909	-52%
Certificates of Deposit	41,317	34,476	20%	11,302	266%
Total Deposits	143,091	140,486	2%	156,313	-8%
Total Borrowing	31,923	33,415	-4%	17,392	84%
Accrued interest payable	303	238	27%	3	10604%
Other liabilities	316	365	-13%	341	-7%
Total Liabilities	175,633	174,504	1%	174,048	1%
<b>Shareholders' Equity</b>					
Common Stock	1,644	1,638	0%	1,633	1%
Additional paid in capital	13,095	13,081	0%	13,008	1%
Retained Earnings	(1,495)	(1,501)	0%	(1,676)	-11%
Other Comprehensive Income	(557)	(619)	-10%	(859)	-35%
Total Shareholders' Equity	12,687	12,600	1%	12,106	5%
Total Liabilities and Shareholders' Equity	\$ 188,320	\$ 187,104	1%	\$ 186,154	1%



	Sept 30, 2023	June 30, 2023	Sept 30, 2022	YTD 2023	YTD 2022
<b>Financial Ratios</b>					
Return on Average Assets	0.01%	0.04%	0.40%	0.02%	0.28%
Return on Average Equity	0.19%	0.58%	6.02%	0.35%	4.21%
Efficiency Ratio	101.4%	105.9%	80.4%	99.7%	85.3%
Net Interest Margin	2.64%	2.51%	3.35%	2.62%	3.20%
Loan to Deposits	97.3%	98.7%	93.6%		
Tangible Book Value per Share	7.71	7.68	7.40		
Book Value per Share	7.74	7.72	7.44		
Earnings per Share	0.00	0.01	0.11	0.02	0.24
<b>Asset Quality</b>					
Net Loan Charge-offs (recoveries)	\$ -	(18)	\$ 485		
Nonperforming Loans	-	-	\$ 670		
Nonperforming Assets to Total Assets	0.00%	0.00%	0.36%		
Allowance for Credit Losses to Total Loans	0.87%	0.90%	0.81%		
Other Real Estate Owned	\$ -	\$ -	\$ -		
<b>CAPITAL (Bank only)</b>					
Tier 1 leverage ratio	9.63%	9.54%	9.08%		
Tier 1 risk-based capital ratio	14.46%	14.43%	13.46%		
Total risk based capital ratio	15.48%	15.48%	14.42%		