



FOR IMMEDIATE RELEASE –

Liberty Northwest Bancorp, Inc. Reports Second Quarter 2024 Earnings, Completes \$1.2 Million Preferred Stock Issuance

2024 Second Quarter Financial Highlights:

- Total assets were \$190.8 million at quarter end.
- Net interest income of \$1.05 million for the second quarter.
- Net interest margin of 2.45% for the second quarter.
- Net loans increased 3% to \$143.2 million at June 30, 2024, compared to \$138.6 million a year ago.
- Asset quality remains pristine.
- Non-interest bearing demand deposits represent 30% of total deposits.
- Tangible book value per share was \$7.79 at quarter end.

POULSBO, WASH. – August 1, 2024 - Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced earnings of \$7 thousand for the second quarter ended June 30, 2024, compared to \$15 thousand reported for the first quarter ended March 31, 2024, and \$18 thousand for the second quarter ended June 30, 2023.

Near the end of the second quarter of 2024, the Company completed the issuance of \$1.2 million of Preferred Stock. Under the terms of the transaction, the Preferred Stock will convert to Common Stock within a 2 year time period.

“The proceeds from this offering will be used to further strengthen our capital position and to support continued growth in our vibrant Pacific Northwest markets,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer.

Total assets were \$190.8 million as of June 30, 2024, compared to \$187.1 million at June 30, 2023. Net loans totaled \$143.2 million as of June 30, 2024, a 1% increase compared to \$141.3 million at March 31, 2024, and a 3% increase compared to \$138.6 million a year ago. Loan demand improved modestly during the quarter but remains impacted by the high interest rate environment.

Asset quality remained pristine during the quarter. The allowance for credit losses totaled \$1.27 million as of June 30, 2024, and was 0.88% of total loans outstanding. The Company recorded net loan recoveries of \$228 thousand during the quarter. The Company has one non-performing loan of \$ 235 thousand.



Due to improved credit quality metrics and net loan recoveries, the Company recorded a \$90 thousand reversal to its provision for credit losses in the second quarter of 2024. This compared to a \$40 thousand reversal to its provision for credit losses in the first quarter of 2024 and a \$50 thousand reversal to its provision for credit losses in the second quarter of 2023.

Total deposits increased 4% to \$145.8 million at June 30, 2024, compared to \$140.5 million at both March 31, 2024, and June 30, 2023. Non-interest bearing demand accounts represented 30%, interest bearing demand represented 28%, money market and savings accounts comprised 17%, and certificates of deposit made up 25% of the total deposit portfolio at June 30, 2024.

Net interest income, before the provision for loan losses, was \$1.05 million for the second quarter of 2024, compared to \$1.11 million in the second 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. For the first six months of 2024, net interest income was \$2.10 million, compared to \$2.22 million for the first six months of 2023.

“As anticipated, our net interest margin showed signs of stabilizing during the second quarter, expanding three basis points compared to the preceding quarter. The growth in our yield on earning assets more than offset the increase in cost of funds,” said Darrow. “Our deposit mix is also improving, which is helping to stabilize our net interest margin.” The Company’s net interest margin was 2.45% for the second quarter of 2024, compared to 2.42% for the preceding quarter, and 2.51% for the second quarter of 2023. For the first six months of 2024, the net interest margin was 2.42%, compared to 2.56% for the first six months of 2023.

Total non-interest income was \$79 thousand for the second quarter of 2024, compared to \$130 thousand for the second quarter a year ago. The decrease compared to the year ago quarter was primarily due to higher referral fee income during the second quarter of 2023, compared to the second quarter of 2024. For the first six months of 2024, non-interest income was \$152 thousand, compared to \$260 thousand for the first six months of 2023.

Total noninterest expense was \$1.21 million for the second quarter of 2024, a decrease of \$55 thousand, or 4%, from the second quarter a year ago. Compensation and benefits costs decreased by \$47 thousand, or 6%, over the year ago quarter, while occupancy costs decreased by \$62 thousand, or 39% from the same quarter a year ago. Year-to-date, total noninterest expense decreased \$106 thousand, or 4%, to \$2.36 million, over the same period in 2023.

Capital ratios continue to exceed regulatory requirements, with a total risk-based capital ratio at 15.26% at quarter end, substantially above well-capitalized regulatory requirements. The tangible book value per share increased to \$7.79 at quarter end, compared to \$7.68 a year earlier.

“Our strong deposit franchise, abundant capital levels, and pristine credit quality put us in an excellent position to continue to expand our client base,” said Darrow. “Our community banking model is being well received in the markets that we serve, and we will continue to work to create value for our clients,



shareholders and communities.”

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.. 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.otcmartets.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 June 30, 2024	Quarter Ended March 31, 2024	Three Month Change	Quarter Ended June 30, 2023	One Year Change	Year to Date June 30, 2024	Year to Date June 30, 2023	One Year Change
Interest Income								
Loans	\$ 1,920	\$ 1,960	-2%	\$ 1,783	8%	\$ 3,881	\$ 3,469	12%
Interest bearing deposits in banks	61	79	-24%	82	-26%	140	123	14%
Securities	119	120	-1%	114	4%	239	224	7%
Total interest income	2,100	2,159	-3%	1,979	6%	4,259	3,816	12%
Interest Expense								
Deposits	785	682	15%	515	52%	1,467	940	56%
Other Borrowings	261	430	-39%	352	-26%	691	660	5%
Total interest expense	1,046	1,112	-6%	867	21%	2,158	1,600	35%
Net Interest Income								
	1,053	1,048	1%	1,112	-5%	2,101	2,216	-5%
Provision for Loan Losses	(90)	(40)	125%	(50)	80%	(130)	(20)	550%
Net interest income after provision for loan losses	1,143	1,088	5%	1,162	-2%	2,231	2,236	0%
Non-Interest Income								
Service charges on deposit accounts	28	21	36%	18	60%	49	33	50%
Other non-interest income	51	52	-2%	112	-55%	103	227	-55%
Total non-interest income	79	73	9%	130	-39%	152	260	-41%
Non-Interest Expense								
Salaries and employee benefits	673	605	11%	720	-6%	1,278	1,412	-9%
Occupancy and equipment expenses	96	129	-25%	158	-39%	241	299	-19%
Other operating expenses	445	407	9%	391	14%	836	751	11%
Total non-interest expenses	1,214	1,141	6%	1,269	-4%	2,355	2,461	-4%
Net Income Before Income Tax	9	19	-56%	23	-63%	28	35	-19%
Provision for Income Tax	2	4	-56%	5	-63%	6	7	-19%
Net Income	\$ 7	\$ 15	-56%	\$ 18	-63%	\$ 22	\$ 27	-19%



BALANCE SHEETS (Unaudited)

(Dollars in thousands)

	June 30, 2024	March 31, 2023	Three Month Change	June 30, 2023	One Year Change
Assets					
Cash and due from Banks	\$ 2,124	\$ 3,583	-41%	\$ 2,352	-10%
Interest bearing deposits in banks	14,625	10,151	44%	12,674	15%
Securities	21,664	22,348	-3%	23,069	-6%
Loans	144,477	142,469	1%	139,844	3%
Allowance for loan losses	(1,266)	(1,128)	12%	(1,252)	1%
Net Loans	143,210	141,341	1%	138,592	3%
Premises and fixed assets	6,219	6,274	-1%	6,615	-6%
Accrued Interest receivable	678	697	-3%	642	6%
Intangible assets	26	33	-20%	52	-50%
Other assets	2,262	2,413	-6%	3,107	-27%
Total Assets	\$ 190,808	\$ 186,840	2%	\$ 187,104	2%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 44,092	\$ 40,900	8%	\$ 43,382	2%
Interest Bearing Demand	40,171	22,773	76%	25,288	59%
Money Market and Savings	24,534	30,107	-19%	37,339	-34%
Certificates of Deposit	36,989	46,698	-21%	34,476	7%
Total Deposits	145,786	140,479	4%	140,486	4%
Total Borrowing	30,446	33,088	-8%	33,415	-9%
Accrued interest payable	244	296	-18%	238	2%
Other liabilities	212	174	22%	365	-42%
Total Liabilities	176,687	174,036	2%	174,504	1%
Shareholders' Equity					
Preferred Stock	1,242	-	***	-	***
Common Stock	1,650	1,650	0%	1,638	1%
Additional paid in capital	13,147	13,128	0%	13,081	1%
Retained Earnings	(1,471)	(1,478)	0%	(1,501)	-2%
Other Comprehensive Income	(447)	(496)	-10%	(619)	-28%
Total Shareholders' Equity	14,121	12,804	10%	12,600	12%
Total Liabilities and Shareholders' Equity	\$ 190,808	\$ 186,840	2%	\$ 187,104	2%



	Quarter Ended June 30, 2024	Quarter Ended March 31, 2024	Quarter Ended June 30, 2023	YTD 2024	YTD 2023
Financial Ratios					
Return on Average Assets	0.01%	0.03%	0.04%	0.02%	0.03%
Return on Average Equity	0.21%	0.48%	0.58%	0.34%	0.44%
Efficiency Ratio	107.2%	101.8%	105.9%	104.5%	99.5%
Net Interest Margin	2.45%	2.42%	2.51%	2.42%	2.56%
Loan to Deposits	99.1%	101.4%	98.7%		
Tangible Book Value per Share	\$ 7.79	\$ 7.74	\$ 7.68		
Book Value per Share	\$ 7.80	\$ 7.76	\$ 7.72		
Earnings per Share	\$ 0.00	\$ 0.01	\$ 0.01	0.01	0.02
Asset Quality					
Net Loan Charge-offs (recoveries)	\$ (228)	\$ (19)	\$ (18)		
Nonperforming Loans	\$ 235	-	-		
Nonperforming Assets to Total Assets	0.12%	0.00%	0.00%		
Allowance for Loan Losses to Total Loans	0.88%	0.79%	0.90%		
Other Real Estate Owned	-	-	-		
CAPITAL (Bank only)					
Tier 1 leverage ratio	9.86%	9.61%	9.54%		
Tier 1 risk-based capital ratio	14.24%	14.36%	14.43%		
Total risk based capital ratio	15.26%	15.29%	15.48%		