



FOR IMMEDIATE RELEASE –

Liberty Northwest Bancorp, Inc. Reports Third Quarter 2024 Earnings

2024 Third Quarter Financial Highlights:

- Total assets were \$183.7 million at quarter end.
- Net interest income of \$1.01 million for the third quarter.
- Net interest margin of 2.37% for the third quarter.
- Total deposits increased 2% to \$146.4 million at September 30, 2024, compared to \$143.1 million a year ago.
- Net loans increased 1% to \$140.0 million at September 30, 2024, compared to \$139.2 million a year ago.
- Asset quality remains pristine.
- Non-interest bearing demand deposits represent 27% of total deposits.
- Tangible book value per share was \$7.67 at quarter end.

POULSBO, WASH. – November 1, 2024 - Liberty Northwest Bancorp, Inc. (OTCQX: LBNW) (the “Company”) and its wholly-owned subsidiary Liberty Bank today announced net income of \$25 thousand for the third quarter ended September 30, 2024, compared to \$7 thousand for the second quarter ended June 30, 2024, and \$6 thousand for the third quarter ended September 30, 2023. In the first nine months of 2024, net income increased 41% to \$47 thousand, compared to \$33 thousand the same period in 2023.

Total assets were \$183.7 million as of September 30, 2024, compared to \$188.3 million at September 30, 2023. Net loans totaled \$140.0 million as of September 30, 2024, a 2% decrease compared to \$143.2 million at June 30, 2024, and a 1% increase compared to \$139.2 million a year ago. Loan demand was muted during the quarter largely due to the high interest rate environment.

Asset quality remained pristine during the quarter. The allowance for credit losses totaled \$1.17 million as of September 30, 2024, and was 0.83% of total loans outstanding. The Company recorded net loan charge-offs of \$4 thousand during the quarter. The Company has one non-performing loan of \$235 thousand as of September 30, 2024.

Due to strong credit quality metrics and muted loan growth, the Company recorded a \$95 thousand reversal to its provision for credit losses in the third quarter of 2024. This compared to a \$90 thousand reversal to its provision for credit losses in the second quarter of 2024 and a \$25 thousand reversal to its provision for credit losses in the third quarter of 2023.



Total deposits increased 2% to \$146.4 million at September 30, 2024, compared to \$143.1 million at September 30, 2023, and increased modestly compared to \$145.8 million three months earlier. Non-interest bearing demand accounts represented 27%, interest bearing demand represented 28%, money market and savings accounts comprised 19%, and certificates of deposit made up 26% of the total deposit portfolio at September 30, 2024.

“We continue to take advantage of our strong local economy, with a growing deposit base and loan pipeline,” said Rick Darrow, Liberty Northwest Bancorp, Inc. President and Chief Executive Officer. “While the high-interest rate environment continues to be a challenge, we believe we are well positioned with a strong balance sheet and ample capital to continue to grow.”

Net interest income, before the provision for loan losses, was \$1.01 million for the third quarter of 2024, compared to \$1.14 million in the third 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 nine months of 2024, net interest income was \$3.11 million, compared to \$3.35 million for the first nine months of 2023.

“Higher yields on earning assets during the quarter were more than offset by the increase in cost of funds, resulting in net interest margin compression during the quarter,” said Darrow. The Company’s net interest margin was 2.37% for the third quarter of 2024, compared to 2.45% for the preceding quarter, and 2.64% for the third quarter of 2023. For the first nine months of 2024, the net interest margin was 2.40%, compared to 2.62% for the first nine months of 2023.

Total non-interest income was \$74 thousand for the third quarter of 2024, compared to \$111 thousand for the third quarter a year ago. The decrease compared to the year ago quarter was primarily due to higher referral fee income during the third quarter of 2023, compared to the third quarter of 2024. For the first nine months of 2024, non-interest income was \$226 thousand, compared to \$371 thousand for the first nine months of 2023.

Total noninterest expense was \$1.14 million for the third quarter of 2024, a decrease of \$121 thousand, or 10%, from the third quarter a year ago. Compensation and benefits costs decreased by \$69 thousand, or 9%, over the year ago quarter, while occupancy costs decreased by \$57 thousand, or 40% from the same quarter a year ago. Year-to-date, total noninterest expense decreased \$228 thousand, or 6%, to \$3.50 million, over the same period in 2023.

“We have done a good job of managing operating expenses over the last several quarters, reducing total noninterest expense by 10% over the third quarter a year ago,” said Darrow. “Our operating performance is expected to continue to improve, as we improve our margin, and continue to keep operating expenses in check. We are well positioned for continued growth in our core business operations and remain focused on creating value for all of our customers, employees and shareholders.”

Capital ratios continue to exceed regulatory requirements, with a total risk-based capital ratio at



15.97% at quarter end, substantially above well-capitalized regulatory requirements. The tangible book value per share was \$7.67 at quarter end, compared to \$7.71 a year earlier.

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 loan growth in our vibrant Pacific Northwest markets,” said Darrow.

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 Sept 30, 2024	Quarter Ended June 30, 2024	Three Month Change	Quarter Ended Sept 30, 2023	One Year Change	Year to Date Sept 30, 2024	Year to Date Sept 30, 2023	One Year Change
Interest Income								
Loans	\$ 1,994	\$ 1,920	4%	\$ 1,814	10%	\$ 5,875	\$ 5,283	11%
Interest bearing deposits in banks	83	61	38%	99	-16%	223	222	0%
Securities	114	119	-4%	119	-4%	352	343	3%
Total interest income	2,192	2,100	4%	2,032	8%	6,451	5,848	10%
Interest Expense								
Deposits	903	785	15%	544	66%	2,370	1,484	60%
Other Borrowings	283	261	9%	352	-20%	975	1,012	-4%
Total interest expense	1,186	1,046	13%	896	32%	3,345	2,497	34%
Net Interest Income								
	1,005	1,053	-5%	1,136	-11%	3,106	3,352	-7%
Provision for Loan Losses	(95)	(90)	6%	(25)	280%	(225)	(45)	400%
Net interest income after provision for loan losses	1,100	1,143	-4%	1,161	-5%	3,331	3,397	-2%
Non-Interest Income								
Service charges on deposit accounts	28	28	-3%	17	60%	77	50	53%
Other non-interest income	46	51	-9%	94	-51%	149	321	-54%
Total non-interest income	74	79	-7%	111	-34%	226	371	-39%
Non-Interest Expense								
Salaries and employee benefits	668	673	-1%	737	-9%	1,946	2,149	-9%
Occupancy and equipment expenses	88	96	-9%	145	-40%	329	444	-26%
Other operating expenses	387	445	-13%	382	1%	1,223	1,133	8%
Total non-interest expenses	1,143	1,214	-6%	1,264	-10%	3,498	3,726	-6%
Net Income Before Income Tax	31	9	268%	8	311%	59	42	41%
Provision for Income Tax	7	2	268%	2	311%	12	9	41%
Net Income	\$ 25	\$ 7	268%	\$ 6	311%	\$ 47	\$ 33	41%



BALANCE SHEETS (Unaudited)

(Dollars in thousands)

	Sept 30, 2024	June 30, 2024	Three Month Change	Sept 30, 2023	One Year Change
Assets					
Cash and due from Banks	\$ 2,408	\$ 2,124	13%	\$ 3,359	-28%
Interest bearing deposits in banks	11,262	14,625	-23%	11,635	-3%
Securities	21,225	21,664	-2%	24,316	-13%
Loans	141,206	144,477	-2%	140,467	1%
Allowance for loan losses	(1,167)	(1,266)	-8%	(1,227)	-5%
Net Loans	140,038	143,210	-2%	139,240	1%
Premises and fixed assets	6,161	6,219	-1%	6,512	-5%
Accrued Interest receivable	668	678	-2%	678	-2%
Intangible assets	19	26	-27%	46	-58%
Other assets	1,897	2,262	-16%	2,534	-25%
Total Assets	\$ 183,678	\$ 190,808	-4%	\$ 188,320	-2%
Liabilities and Shareholders' Equity					
Deposits					
Demand, non-interest bearing	\$ 39,669	\$ 44,092	-10%	\$ 43,702	-9%
Interest Bearing Demand	40,764	40,171	1%	30,865	32%
Money Market and Savings	27,419	24,534	12%	27,207	1%
Certificates of Deposit	38,507	36,989	4%	41,317	-7%
Total Deposits	146,359	145,786	0%	143,091	2%
Total Borrowing	22,454	30,446	-26%	31,923	-30%
Accrued interest payable	238	244	-2%	303	-21%
Other liabilities	704	212	233%	316	123%
Total Liabilities	169,756	176,687	-4%	175,633	-3%
Shareholders' Equity					
Preferred Stock	1,242	1,242	0%		***
Common Stock	1,650	1,650	0%	1,644	0%
Additional paid in capital	13,138	13,147	0%	13,095	0%
Retained Earnings	(1,447)	(1,471)	2%	(1,495)	3%
Other Comprehensive Income	(661)	(447)	-48%	(557)	-19%
Total Shareholders' Equity	13,922	14,121	-1%	12,687	10%
Total Liabilities and Shareholders' Equity	\$ 183,678	\$ 190,808	-4%	\$ 188,320	-2%



	Quarter Ended Sept 30, 2024	Quarter Ended June 30, 2024	Quarter Ended Sept 30, 2023	YTD 2024	YTD 2023
Financial Ratios					
Return on Average Assets	0.06%	0.01%	0.01%	0.03%	0.02%
Return on Average Equity	0.70%	0.21%	0.19%	0.47%	0.35%
Efficiency Ratio	105.9%	107.2%	101.4%	105.0%	99.7%
Net Interest Margin	2.37%	2.45%	2.64%	2.40%	2.62%
Loan to Deposits	96.5%	99.1%	97.3%		
Tangible Book Value per Share	\$ 7.67	\$ 7.79	\$ 7.71		
Book Value per Share	\$ 7.68	\$ 7.80	\$ 7.74		
Earnings per Share	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.02
Asset Quality					
Net Loan Charge-offs (recoveries)	\$ 4	\$ (228)	\$ -		
Nonperforming Loans	\$ 235	\$ 235	\$ -		
Nonperforming Assets to Total Assets	0.13%	0.12%	0.00%		
Allowance for Loan Losses to Total Loans	0.83%	0.88%	0.87%		
Other Real Estate Owned	-	-	-		
CAPITAL (Bank only)					
Tier 1 leverage ratio	10.23%	9.86%	9.63%		
Tier 1 risk-based capital ratio	15.00%	14.24%	14.46%		
Total risk based capital ratio	15.97%	15.26%	15.48%		