



March 13, 2023

## MESSAGE FROM THE CEO

Dear Valued Customer,

As many of you know, a couple of banks failed this weekend. This incident has caused much concern with depositors of all banks. The two banks that failed did not utilize the typical bank business model. Both banks were heavily exposed to cryptocurrency, investments in high tech startups, as well as poor risk management. These two bank failures have caused much nationwide fear regarding the stability of all banks. Please rest assured that our bank business model has never exposed itself to such practices and remains strong and solid.

As a community bank, Bank of the West remains well capitalized and well positioned to continue to serve our customers and community. We were chartered 37 years ago and remain a stable financial institution rooted in your community.

The speed and magnitude of Federal Reserve rate hikes has been unprecedented, and banks must balance their funding costs. The enormous increase in funding costs in less than a year claimed its first notable casualty Friday in the form of Silicon Valley Bank (SVB), an institution built on funding from venture capital firms related to cryptocurrency startups and tech-related ventures. Unlike traditional community banks and most notably, unlike your Bank of the West community bank, SVB had very little funding from traditional customer “core deposits” or solid legacy community-based accounts. Instead, they relied on volatile liabilities from high-risk commercial accounts and very rate sensitive funding. That business model was doomed but was unlike traditional banking. For over 37 years, Bank of the West has purposely maintained a very conservative risk profile.

Bank of the West’s business model is based on being a part of the communities we serve and invest in every day. Most community banks represent a haven of quality for our depositors and businesses, alike.

We will continue to serve our communities with traditional financial services, experience and commitment. We remain a solid footprint and take pride in our relationship-based business model focused on building long term trust with our customers. After all, we live in your community too, and your success is our success.

Please do not hesitate to contact one of your friends at the bank should you have any questions.

Feel free to contact us at any time,

*H. Gary Blankenship*  
Chairman and CEO

*Cynthia L. Blankenship*  
Corporate President and Vice Chairman