

Q1 2021 Financial Summary



Dear Seattle Bank Clients and Community Members:

First quarter 2021 brought us out of the depths of the pandemic, with the vaccine roll-out gaining traction and growing optimism that the economy is on the road to recovery.

We are experiencing the same positive momentum here at Seattle Bank, as our clients and our community are looking forward with greater confidence and seeing a return to pre-pandemic levels of business.

Strong Capital Levels

As of March 31, 2021, Seattle Bank had total equity capital of \$79.6 million on an asset base of \$708.3 million. Our leverage ratio is 11.09%, over twice the minimum regulatory requirement of 5%, and remaining significantly above the regulatory criteria for being "well capitalized."

Assets

The Bank's overall asset size declined slightly year-over-year, from \$709.6 million to \$708.3 million at first quarter-end.

Loan growth was positive year-over-year, resulting in \$632.4 million in total loans, up from \$560.7 million at the same time in 2020. Year-over-year loan growth reflects our participation in the second round of the Paycheck Protection Program, as well as origination and purchase activities.

Loan Quality

Our credit quality remains outstanding. Due to the nature of reverse mortgage loan holdings, Seattle Bank typically reports higher-than-average nonperforming assets (NPAs). At first quarter-end, NPAs were \$30.1 million or 4.25% of assets. However, the majority of these NPAs are government-insured reverse mortgage loans. Our uninsured NPAs were \$8.6 million or 1.21% of assets, with no nonperforming loans in our commercial, commercial real estate, consumer, or forward mortgage portfolios. Uninsured loans past-due more than 30 days totaled \$58,531 or 0.01% of total assets for the same period.

Deposits

Total deposits are up slightly to \$575.4 million from \$571.1 million at first quarter-end 2020. While the economic recovery is certainly uneven, we are seeing an increase in clients looking to manage excess cash. This has helped us reduce wholesale funding while also decreasing our cost of funds.

Liquidity

As of March 31, 2021, we had cash, cash equivalents and investments of \$64.0 million. This is a reduction from last year's first quarter-end cash balance of \$92.4 million. We have access to significant additional funding through the Federal Home Loan Bank of Des Moines, the Federal Reserve Bank, and other sources.

Signaling that our region is heading out of the pandemic, Seattle Bank is one of many companies now returning to in-person collaboration in our downtown office space. In mid-May, fully vaccinated staff began to return to the office on a voluntary basis, in limited numbers. We look forward to reuniting our staff and welcoming more clients, shareholders, partners and prospects back to Seattle Bank's One Union Square office. And, of course, we will continue to be available to everyone in the setting they most prefer.

On behalf of the Seattle Bank team, thank you for your continuing support. As always, please contact me at jbizzard@seattlebank.com or 206.568.7805 with your questions or comments.

John Blizzard
President & CEO

Seattle Bank and Subsidiary Consolidated Statements of Financial Condition (Unaudited)

March 31, 2021

Assets

Cash and due from banks	\$ 63,984,960
Securities available-for-sale, at fair value	2,688,564
Federal Home Loan Bank stock	2,846,000
Loans receivable	632,367,912
Allowance for loan losses	(7,042,436)
Net loans	<u>625,325,476</u>
Deferred tax asset	4,138,601
Other real estate owned, net	4,930,640
Accrued interest receivable	2,005,735
Furniture, equipment, and leasehold improvements, net	707,232
Other assets	<u>1,635,622</u>
Total Assets	<u>\$ 708,262,830</u>

Liabilities and Stockholders' Equity

Demand Accounts	\$ 161,532,844
Savings and Money Market Deposits	96,632,418
Retail CDs	246,724,999
Brokered Deposits	38,000,000
Listing Service CDs	<u>32,505,600</u>
Total customer deposits	575,395,861
Borrowings	50,000,000
Accounts payable	1,193,169
Accrued interest payable	549,576
Other liabilities	<u>1,524,374</u>
Total liabilities	628,662,980
Stockholders' Equity	
Common stock, no par value, – 100,000,000 shares authorized, 7,230,427 and 7,187,927 issued and outstanding at March 31, 2021 and 2020, respectively	93,756,255
Accumulated other comprehensive income, net	(48,883)
Accumulated deficit	<u>(14,107,522)</u>
Total stockholders' equity	<u>79,599,850</u>
Total Liabilities and Stockholders' Equity	<u>\$ 708,262,830</u>

