

Q4 2022 Financial Summary



Note: With the establishment of the bank holding company, this is now the Seattle Bancshares, Inc. ("SBI") Financial Summary, reporting on Seattle Bank as a wholly owned subsidiary of the holding company.

Dear Seattle Bank clients and community members:

Seattle Bank brought 2022 to a close on not just a high note, but on a series of high notes that reflects the tremendous year we had increasing service to our clients, community and shareholders.

Our annual results include:

- Record core earnings of \$15.8 million (pre-tax, pre-loan loss provision, net of charge-offs)
- Ranking in the top 20 percent of banks nationwide for return on assets
- Ranking in the top 10 percent in assets per employee for banks nationwide
- Three new product introductions, including the nationwide CD Valet
- New embedded banking partnerships to fuel loan and deposit growth

Profitability

Core earnings for 2022 were \$15.8 million, up from \$12.4 million in 2021. Return on equity for SBI in 2022 equaled 11.91%, versus 9.62% in 2021 for the Bank.

Capital

As of December 31, 2022, Seattle Bank had total equity capital of \$95.2 million on an asset base of \$780.7 million. Our leverage ratio measured 13.1%, over twice the minimum regulatory requirement of five percent and significantly above the regulatory criteria for being "well capitalized."

Assets

The Bank's overall asset size has increased year-over-year, from \$762.1 million at fourth quarter-end 2021 to \$780.7 million in 2022. This primarily reflects an increase in our loans outstanding. Our annualized loan growth rate measured a strong 16% through the end of the year.

Deposits

Total deposits were \$623.9 million at fourth quarter-end 2022, up from \$620.0 million at year-end 2021. With the Federal Reserve raising interest rates eight times in the past 12 months, consumers and businesses can finally earn some yield on their cash, which has not been the case in more than 15 years. To date in 2023, Seattle Bank's highly competitive CD rates have attracted record deposits.

To further support CD investors, Seattle Bank recently launched CD Valet, a consumer-focused website and mobile app highlighting the most relevant and competitive CD rates, unbiased by advertising. Our goals for CD Valet are to:

- 1) create a national platform that serves consumers by providing an unbiased view of relevant CD rates, including promotional offers;
- 2) support community financial institutions with an efficient platform for sharing CD rates to level the playing field with online marketing by large internet banks;
- 3) enable Seattle Bank to generate retail deposits from a broader geographic area. Learn more about our vision for CD Valet in American Banker.

On behalf of the Seattle Bank team, thank you for your continuing support. Please know that our team is always available to assist you by phone, video conference or in person. I welcome your comments or questions at jblizzard@seattlebank.com or 206.568.7805.

John Blizzard
President & CEO

Seattle Bank and Seattle Bancshares, Inc. Consolidated Statement of Financial Condition (Unaudited)

December 31, 2022

Assets

Cash and due from banks	\$ 40,046,320
Securities, at fair value	27,395,649
Federal Home Loan Bank stock	2,933,800
Loans receivable	693,529,368
Allowance for loan losses	(9,962,085)
Net loans	<u>683,567,283</u>
Deferred tax asset	2,612,847
Other real estate owned, net	7,143,321
Right-of-use asset, net	7,503,675
Accrued interest receivable	2,536,660
Furniture, equipment, and leasehold improvements, net	1,233,780
Other assets	<u>5,976,325</u>
Total Assets	<u>\$ 780,949,660</u>

Liabilities and Stockholders' Equity

Demand Accounts	\$ 206,898,191
Savings and Money Market Deposits	127,223,779
Retail CDs	253,527,086
Brokered Deposits	25,000,000
Listing Service CDs	11,231,000
Total customer deposits	<u>623,880,056</u>
Borrowings	50,000,000
Lease liabilities	6,502,581
Accounts payable	1,348,231
Accrued interest payable	870,748
Other liabilities	2,081,531
Total liabilities	<u>684,683,147</u>

Stockholders' Equity

Common stock, \$0.01 par value, – 100,000,000 shares authorized, 7,355,188 issued and outstanding	95,417,968
Accumulated other comprehensive loss, net	(2,722,455)
Retained earnings	3,571,000
Total stockholders' equity	<u>96,266,513</u>

Total Liabilities and Stockholders' Equity

\$ 780,949,660

