

# Q1 2023 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:

I'm very pleased to share Seattle Bank's financial results for the first quarter of 2023. Recent bank takeovers have been a jolt to the banking system and it's important for our clients and partners to understand the strength of our financial fundamentals and how they compare to peers in the industry. Based on Q1 2023 performance data, Seattle Bank:

- Ranked in the 97th percentile for our net interest rate margin, a key indicator of profitability
- Ranked in the 91st percentile for our efficiency, reflecting the performance of our business model
- Experienced core deposit growth of 15% (60% annualized)
- Held insured deposits of approximately 80%, significantly above the industry average

We are in a position of strength and are on the offense in all areas of our business as we move forward in 2023.

## Profitability

Seattle Bank's 1Q 2023 net income was \$3.0 million, up more than 50% from 1Q 2022's net income of \$1.9 million. Seattle Bank's 1Q 2023 pre-tax, pre-provision income was \$4.4 million, up from 1Q 2022's earnings of \$3.9 million.

## Capital

As of March 31, 2023, Seattle Bank had total equity of \$89.7 million on an asset base of \$826.9 million. Our leverage ratio measured 12.36%, over twice the minimum regulatory requirement of 5% and significantly above the regulatory criteria for being "well capitalized."

## Assets

Seattle Bank's overall asset size has increased year-over-year, from \$780.9 million at year-end 2022 to \$826.9 million in 2023. This primarily reflects an increase of \$62 million in cash holdings from our deposit growth. Seattle Bank continues

to have no nonperforming loans in our commercial, commercial real estate, or forward mortgage portfolios. Our loan quality remains outstanding, as uninsured loans past-due more than 30 days totaled \$2.6 million or 0.32% of total assets as of Q1 2023.

## Deposits

Total deposits were \$675.8 million at first quarter-end 2023, up from \$623.9 million at year end 2022. Offering savers attractive deposit rates is a fundamental tenet of our business model and we have continued to garner new private and commercial banking clients and have aggressively priced and advertised our certificates of deposit (CDs) to raise longer-term funds in the retail market. During 1Q 2023 alone, client deposits grew by more than \$82 million, through existing clients increasing their deposits during the recent turmoil, the addition of new clients, and our five-year CD attracting savers from all over the nation. We continue to adjust our rates in response to our funding needs and the Federal Reserve Board's actions, and you can always find our current rates on our [website](#).

Our strong deposit growth, in particular, reflects our clients' confidence in Seattle Bank and their appreciation of our prudent financial and risk management strategies. We recognize the high degree of trust that people place in us when they choose Seattle Bank and we will continue to earn your business, first and foremost, by providing you with peace of mind.

If you or your advisors would benefit from a more detailed discussion about Seattle Bank's financial position and performance, we welcome the opportunity to talk with you. Please contact me directly at [jbizzard@seattlebank.com](mailto:jbizzard@seattlebank.com) or 206.568.7805.

John Blizzard  
President & CEO

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

March 31, 2023

## Assets

Cash and cash equivalents	\$ 102,306,454
Securities, at fair value	26,671,335
Federal Home Loan Bank stock	2,955,700
Loans receivable	686,435,798
Allowance for credit losses	(20,181,233)
Net loans	<u>666,254,565</u>
Accrued interest receivable	2,610,162
Furniture, equipment, and leasehold improvements, net	1,160,044
Other real estate owned	7,425,056
Deferred tax asset, net	5,261,028
Right-of-use assets, net	7,327,227
Other assets	<u>4,888,544</u>
<b>Total Assets</b>	<b><u>\$ 826,860,115</u></b>

## Liabilities and Stockholders' Equity

Demand Accounts	\$ 223,426,211
Savings and Money Market Deposits	69,758,128
Retail CDs	346,641,733
Brokered Deposits	25,000,000
Listing Service CDs	10,982,000
Total customer deposits	<u>675,808,072</u>
Borrowings	50,000,000
Accounts payable	1,509,794
Accrued interest payable	1,442,309
Lease liabilities	6,370,806
Other liabilities	2,000,693
Total liabilities	<u>737,131,674</u>

## Stockholders' Equity

Common stock, \$0.01 par value, 100,000,000 shares authorized, 7,360,188 shares issued and outstanding	95,877,562
Accumulated other comprehensive loss, net	(3,228,359)
Accumulated deficit	(2,920,762)
Total stockholders' equity	<u>89,728,441</u>

## Total Liabilities And Stockholders' Equity

**\$ 826,860,115**

