

Q3 2023 Financial Summary



Note: With the establishment of the bank holding company, this is now 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 pleased to share Seattle Bancshares' financial results for the third quarter of 2023. It has been a pivotal year for our company as we've continued to grow and outperform our peers in the industry. Given the unexpected bank closures in the first half of the year that caused concern amongst consumers and the industry, Seattle Bank's strong performance and financial stability provide clients and partners with every confidence to bank with us. With an annualized return on equity of 9.6% through Q3 2023, Seattle Bank:

- Ranks in the 95th percentile for our net interest margin, a key indicator of profitability
- Ranks in the 95th percentile for our yield on loans, a key indicator of both profitability and our discipline in loan origination.
- Ranks in the 80th percentile for assets per employee, reflecting our productivity, efficiency, and business model.

Profitability

Seattle Bancshares' Q3 2023 net income was \$1.4 million, down from Q3 2022's net income of \$3.1 million. Seattle Bancshares' Q3 2023 pre-tax, pre-provision income was \$4.3 million, down from Q3 2022's \$5.1 million. While our net interest margin remains high, our lower net income is the result of our aggressive investments in supporting the growth of CD Valet and Partner Banking, which are driving growth and positioning Seattle Bancshares for future success.

CD Valet is our online marketplace connecting consumers with financial institutions to compare and open Certificates of Deposit (CDs) with the best rates and terms nationwide. With more than one million visitors and growing recognition in the financial services industry, we recently signed our first financial institution partners to utilize CD Valet's lead gen and digital account opening capabilities thus creating the nation's first transactional, two-sided CD marketplace.

Capital

As of September 30, 2023, Seattle Bank's leverage ratio measured 12%, over twice the minimum regulatory requirement of 5% and significantly above the regulatory criteria for being "well capitalized."

Assets

At the third-quarter end, Seattle Bancshares' assets totaled \$797.7 million, an increase of \$16.7 million from year end. This primarily reflects the continued growth in our Partner Banking and reverse mortgage loan portfolios. Partner Banking has proven to be a highly effective channel of loan origination and we will launch new collaborations in 2024 that we expect will significantly scale up this business line.

Deposits

Total deposits were \$661.7 million at the third quarter-end 2023, up from \$623.9 million at year-end 2022, for an annualized increase of 8.0%. Maintaining deposit levels has become the biggest challenge for most of the industry, however, Seattle Bank is continuing to see deposits grow. Seattle Bank's client deposit growth rate is 10.3% through Q3 2023 due to our Private Banking focus and aggressive strategy with CDs.

I welcome your questions about our results and our prospects for the year ahead. As always, we appreciate your support of Seattle Bank and welcome the opportunity to serve you, your family, your friends, and your professional network.

John Blizzard
President & CEO

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

September 30, 2023

Assets

Cash and cash equivalents	\$ 43,791,459
Securities, at fair value	29,016,478
Federal Home Loan Bank stock	2,154,800
Loans receivable	717,665,806
Allowance for credit losses	(23,428,228)
Net loans	<u>694,237,578</u>
Accrued interest receivable	2,857,693
Furniture, equipment, and leasehold improvements, net	1,212,616
Other real estate owned	5,118,493
Deferred tax asset, net	5,328,631
Right-of-use assets, net	6,970,911
Other assets	<u>6,993,501</u>

Total Assets

\$ 797,682,160

Liabilities And Stockholders' Equity

Demand Accounts	\$ 175,331,811
Savings and Money Market Deposits	98,443,287
Retail CDs	360,954,702
Brokered Deposits	25,000,000
Listing Service CDs	1,984,000
Total customer deposits	<u>661,713,800</u>
Borrowings	30,000,000
Accounts payable	1,903,901
Accrued interest payable	2,003,448
Lease liabilities	6,103,836
Other liabilities	2,441,206
Total liabilities	<u>704,166,191</u>

Stockholders' Equity

Common stock, \$0.01 par value, 100,000,000 shares authorized, 7,363,088 shares issued and outstanding.	96,414,372
Accumulated other comprehensive loss, net	(3,482,677)
Retained earnings	584,274
Total stockholders' equity	<u>93,515,969</u>

Total Liabilities and Stockholders' Equity

\$ 797,682,160

