

Q4 2021 Financial Summary



Dear Seattle Bank Clients and Community Members:

At Seattle Bank, we aim to simplify people's lives and provide peace of mind through highly personalized and trusted banking services. Maintaining strong capital and consistent profitability is an important way we provide peace of mind to our clients and community, especially in times of economic uncertainty.

In this regard, our 2021 financial results will earn your confidence. Seattle Bank is in the top ten percent of banks in the nation based on the key profitability metric of net-interest-income-over-average-assets. Seattle Bank's total-assets-per-full-time-employee ratio also ranked in the top ten percent of banks nationwide, reflecting the strength of our business model and efficient operations.

Capital

As of December 31, 2021, Seattle Bank had total equity capital of \$87.8 million on an asset base of \$762.0 million. Our leverage ratio measured 11.98%, over twice the minimum regulatory requirement of 5%, and remaining significantly above the regulatory criteria for being "well capitalized."

Assets

Our overall asset size increased year-over-year, from \$679.0 million to \$762.0 million at the end of 2021. The growth reflects larger holdings of cash and investments resulting from increased levels of customer deposits in 2021. Overall loan growth was constrained during the year as Small Business Administration Paycheck Protection Program loans were forgiven, and we experienced anticipated loan runoff in our reverse mortgage portfolio. To counter these factors, we purchased consumer loans that offer high credit quality and strong risk-adjusted returns, allowing us to efficiently deploy capital in a market with modest loan demand and continued excess liquidity.

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 year-end 2021, NPAs were \$20.6 million or

2.70% of assets. However, the vast majority of these NPAs are government-insured reverse mortgage loans. Our uninsured NPAs were \$7.2 million or 0.94% of assets, with no nonperforming loans in our commercial, commercial real estate, or forward mortgage portfolios. Uninsured loans past-due more than 30 days totaled \$4.9 million or 0.64% of total assets for the same period, yet have subsequently declined to less than \$400,000 during the first quarter 2022.

Deposits

Total deposits are up to \$620.0 million from \$546.5 million at fourth quarter-end 2020. This sizable deposit growth is fueled by growing relationships with key commercial clients that rely on Seattle Bank to help them with short-term funds management.

Liquidity

At the end of fourth quarter 2021, our cash and due from banks totaled \$126.4 million versus \$68.2 million at year-end 2020. The larger cash holdings reflect higher than normal customer deposit balances at year-end. We have access to significant additional funding through the Federal Home Loan Bank of Des Moines, the Federal Reserve Bank, and other sources.

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 Subsidiary Consolidated Statements of Financial Condition (Unaudited)

December 31, 2021

Assets

Cash and due from banks	\$ 126,400,239
Securities available-for-sale, at fair value	24,003,411
Federal Home Loan Bank stock	2,840,900
Loans receivable	599,032,356
Allowance for loan losses	(8,133,232)
Net loans	<u>590,899,124</u>
Deferred tax asset	2,231,287
Other real estate owned, net	6,909,735
Accrued interest receivable	2,423,918
Furniture, equipment, and leasehold improvements, net	1,273,664
Other assets	<u>5,042,731</u>

Total Assets

\$ 762,025,009

Liabilities and Stockholders' Equity

Demand Accounts	\$ 267,292,139
Savings and Money Market Deposits	110,919,724
Retail CDs	199,419,491
Brokered Deposits	25,000,000
Listing Service CDs	17,366,600
Total customer deposits	<u>619,997,954</u>
Borrowings	50,000,000
Accounts payable	2,253,452
Accrued interest payable	361,995
Other liabilities	1,583,394
Total liabilities	<u>674,196,795</u>

Stockholders' Equity

Common stock, no par value, - 100,000,000 shares authorized, 7,317,053 and 7,189,927 issued and outstanding at December 31, 2021 and 2020, respectively	80,200,069
Accumulated other comprehensive income, net	(315,967)
Accumulated deficit	7,944,112
Total stockholders' equity	<u>87,828,214</u>

Total Liabilities and Stockholders' Equity

\$ 762,025,009

