

H1 2024 Financial Summary

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

Dear Seattle Bank Clients and Community Members:

2024 has been a year of strong deposit growth – uncommon in the industry today – and with our solid capital position, we are well-prepared to explore lending and asset purchase opportunities as they arise. Our team is hard at work pursuing our goals which include ending the year in the top 5% of the industry for growth and interest rate margin, while also building a valuable fintech in CD Valet.

Here are some highlights from H1 2024:

- Record total deposits of \$813.8 million, increasing by 9% (18% annualized) during H1 2024
- Growth in consumer traffic, financial institution participation, and transaction volumes on CD Valet, reflecting increasing adoption of our online CD marketplace
- Successful launch of two Partner Banking collaborations which are now generating new loans
- Continued strong investment in growth initiatives

Profitability

Seattle Bancshares' H1 2024 pre-tax, pre-provision, net of charge-offs income (or core earnings) was \$870 thousand, down from H1 2023 core earnings of \$4.7 million. For H1 2024, net income was \$120 thousand, versus \$5.1 million in H1 2023. The decrease primarily reflects the impact of our aggressive approach to investing in high-growth opportunities (CD Valet and Partner Banking). The book value of SBI shares stood at \$13.22 at the end of H1 2024 vs. \$13.12 as of year-end 2023.

Capital

As of June 30, 2024, SBI had a total equity capital of \$99.5 million on an asset base of \$925.1 million. Seattle Bank's leverage ratio measured 11.3%, over twice the minimum regulatory requirement of 5% and significantly above the regulatory criteria for being "well capitalized."

Assets

SBI's overall asset size has increased during H1 2024 from \$856.0 million at year-end 2023 to \$925.1 million at the end of June 2024. This reflects our increased cash holdings due to growth in our deposits.

Deposits

Total deposits were \$813.8 million at the end of the first half of 2024, up from \$745.0 million at year-end 2023. We continue to see steady growth in our CD portfolio, and CD Valet has been a tremendous source of business for Seattle Bank as we gain nationwide visibility and offer state-of-the-art digital account opening. We created CD Valet to enable financial institutions like ours to better compete for deposits in the digital marketplace and provide consumers with access to the nation's broadest set of financial institutions, the best rates, and a seamless way to open their CDs.

We continue our digital banking transformation and are now bringing digital account opening for Individual Retirement Account CDs (IRA CDs) online. While IRAs are a very popular retirement savings tool, many consumers are limited to dated methods to open an IRA at a bank – either in person at a branch or through the mail. Digital account openings for IRAs have existed at brokerage houses for a long time, but they are virtually unheard of in the banking sector. We developed the nation's first "Online IRA CD" with digital account opening capability and completed the soft launch at the end of August. We anticipate this offering to be well received by Seattle Bank clients and prospective CD Valet partners, as savers can now open an IRA CD and go from start-to-funded online, in less than 15 minutes.

As always, please contact me at jbizzard@seattlebank.com or 206.568.7805 with your questions and comments. We welcome the opportunity to talk with your personal or business banking needs and answer questions you have about Seattle Bank's financial position and performance.


John Blizzard
President & CEO

Seattle Bank and Seattle Bancshares, Inc. Consolidated Statements of Financial Condition

ASSETS	Jun 30, 2024 (Unaudited)	Dec 31, 2023 (Audited)
Cash and cash equivalents	\$ 127,276,896	\$ 62,482,490
Securities, at fair value	27,318,917	27,230,764
Federal Home Loan Bank stock	528,000	483,700
Loans receivable	764,747,329	772,267,593
Allowance for credit losses	(33,863,133)	(36,468,559)
Net loans	730,884,196	735,799,034
Accrued interest receivable	2,895,196	2,742,819
Furniture, equipment, and leasehold improvements, net	1,104,705	1,158,178
Other real estate owned	18,037,801	9,047,062
Deferred tax asset, net	4,728,750	4,857,033
Right-of-use assets, net	6,427,741	6,791,024
Other assets	5,873,690	5,403,518
Total Assets	\$ 925,075,892	\$ 855,995,622
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand Accounts	\$ 150,900,741	\$ 1 57,459,511
Savings and Money Market Deposits	69,322,185	62,288,627
Consumer CDs	568,613,521	500,219,797
Brokered Time Deposits	24,945,000	25,000,000
Total customer deposits	813,781,447	744,967,935
Accounts payable	1,962,772	2,379,493
Accrued interest payable	3,350,886	2,904,522
Lease liabilities	5,694,684	5,968,621
Other liabilities	752,781	3,178,755
Total liabilities	825,542,570	759,399,326
Stockholders' Equity		
Common stock, \$0.01 par value, 100,000,000 shares authorized, 7,530,986 and 7,363,088 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	99,230,054	96,895,640
Accumulated other comprehensive loss, net	(2,503,658)	(2,986,246)
Retained earnings	2,806,926	2,686,902
Total stockholders' equity	99,533,322	96,596,296
Total Liabilities and Stockholders' Equity	\$ 925,075,892	\$ 855,995,622