

The background of the slide is a dark night sky filled with several bursts of fireworks in shades of blue, green, and red. The fireworks are scattered across the frame, with some appearing as large, star-like shapes and others as smaller, more delicate trails.

**[ HomeStreet ]**

**WE'RE 100!**

**4th Quarter 2021**

January 24, 2022

# Important Disclosures

## Forward-Looking Statements

This presentation includes forward-looking statements, as that term is defined for purposes of applicable securities laws, about our industry, our future financial performance, business plans and expectations. These statements are, in essence, attempts to anticipate or forecast future events, and thus subject to many risks and uncertainties. These forward-looking statements are based on our management's current expectations, beliefs, projections, and related to future plans and strategies, anticipated events, outcomes, or trends, as well as a number of assumptions concerning future events, are not historical facts and are identified by words such as "will," "may," "could," "should," "would," "believe," "expect," "anticipate" and similar expressions. Forward-looking statements in this presentation include, among other matters, statements regarding our business plans and strategies, share repurchase plans, general economic trends, strategic initiatives we have announced, growth scenarios and performance targets and guidance with respect to loans held for investment, average deposits, net interest margin, noninterest income and noninterest expense. Readers should note, however, that all statements in this presentation other than assertions of historical fact are forward-looking in nature. These statements are subject to risks, uncertainties, assumptions and other important factors set forth in our SEC filings, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2020, and in our subsequent quarterly reports on Form 10-Q and Forms 8-K. Many of these factors and events that affect the volatility in our stock price and shareholders' response to those events and factors are beyond our control. Such factors could cause actual results to differ materially from the results discussed or implied in the forward-looking statements. These risks include, without limitation, the continued impact of COVID-19 on the U.S. and global economies, including business disruptions, reductions in employment and an increase in business failures, specifically among our clients; the continued impact of COVID-19 on our employees and our ability to provide services to our customers and respond to their needs as more cases of COVID-19 may arise in our primary markets; the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control; there may be increases in competitive pressure among financial institutions or from non-financial institutions; changes in the interest rate environment may reduce interest margins; changes in deposit flows, loan demand or real estate values may adversely affect the business of our primary subsidiaries, Bank and Capital, through which substantially all of our operations are carried out; our ability to control operating costs and expenses; our credit quality and the effect of credit quality on our credit losses expense and allowance for credit losses; the adequacy of our allowance for credit losses; changes in accounting principles, policies or guidelines may cause our financial condition to be perceived differently; legislative or regulatory changes that may adversely affect our business or financial condition, including, without limitation, changes in corporate and/or individual income tax laws and policies, changes in privacy laws, and changes in regulatory capital or other rules, and the availability of resources to address or respond to such changes; general economic conditions, either nationally or locally in some or all areas in which we conduct business, or conditions in the securities markets or banking industry, may be less favorable than what we currently anticipate; technological changes may be more difficult or expensive than what we anticipate; a failure in or breach of our operational or security systems or information technology infrastructure, or those of our third-party providers and vendors, including due to cyber-attacks; success or consummation of new business initiatives may be more difficult or expensive than what we anticipate; our ability to grow efficiently both organically and through acquisitions and to manage our growth and integration costs; our ability to attract and retain key members of our senior management team; staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges; litigation or other matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than what we anticipate; our ability to obtain regulatory approvals or non-objection to take various capital actions, including the payment of dividends by us or the Bank, or repurchases of our common stock; and our use of the net proceeds from this offering. Actual results may fall materially short of our expectations and projections, and we may be unable to execute on our strategic initiatives, or we may change our plans or take additional actions that differ in material ways from our current intentions. Accordingly, we can give no assurance of future performance, and you should not rely unduly on forward-looking statements. All forward-looking statements are based on information available to us as of the date hereof, and we do not undertake to update or revise any forward-looking statements for any reason. As used in this presentation, "HMST," "HomeStreet," the "Company," "we," "us," "our," or similar references refer to HomeStreet, Inc., a Washington corporation, and its consolidated subsidiaries, HomeStreet Bank (the "Bank") and HomeStreet Capital Corporation ("Capital").

## Non-GAAP Financial Measures

This presentation contains supplemental financial information determined by methods other than in accordance with U.S. generally accepted accounting principles ("GAAP"). Information on any non-GAAP financial measures such as core measures or tangible measures referenced in this presentation, including a reconciliation of those measures to GAAP measures, may also be found in the appendix, our SEC filings, and in the earnings release available on our web site.



# Highlights and Developments

## Quarterly Results

- Net income of \$29.4 million, or \$1.43 per share
- ROAE of 16.1%, ROATE of 17.0%<sup>(1)</sup> and ROAA of 1.59%
- Efficiency ratio of 62.2%<sup>(1)</sup>
- Net interest margin of 3.34%
- Cost of deposits of 0.15% on December 31, 2021
- Noninterest bearing deposits: 26% of total deposits on December 31, 2021
- Book Value per share of \$35.61 and tangible book value per share of \$34.04<sup>(1)</sup> on December 31, 2021

## Year to Date Results

- Net income of \$115.4 million, or \$5.46 per share
- ROAE of 15.9%, ROATE of 16.8%<sup>(1)</sup> and ROAA of 1.58%
- Efficiency ratio of 61.9%<sup>(1)</sup>

## Other Results

- Repurchased a total of 374,320 shares at an average price of \$51.17 per share during the quarter. 9% of shares repurchased since beginning of the year.
- Declared and paid a quarterly cash dividend of \$0.25 per share

## Recent Developments

- Completed \$100 million subordinated notes offering in January 2022, proceeds to be used to expand our share repurchase program and support our future growth.

HomeStreet's results during 2021 reflect its diversified business model, the benefits of its conservative credit culture and continuing focus on operating efficiency.

(1) See appendix for reconciliation of non-GAAP financial measures.

## Nasdaq: HMST

**Focus on growth,  
profitability and  
efficiency while**

**emerging as a  
leading western  
regional bank**

- Seattle-based diversified commercial & consumer bank – company founded in 1921
- Serving customers throughout the western United States
- 65 bank branches and primary offices
- Total assets \$7.2 billion

## **HomeStreet Bank Transformation**

**Since the early 2010's, HomeStreet has been executing a strategy to convert from a legacy thrift to a full-service commercial and consumer bank. This conversion focused on the development of commercial lending and deposit product lines and reducing the size of our single family mortgage operations.**

**S & P has recently recognized our successful conversion and HomeStreet's Global Industry Classification Standard ("GICS") code is now Regional Bank. (GICS Code 40101015)**

Currently, HomeStreet is included in the following indices:

- S&P Regional Banks Select Industry Index
- S&P United States BMI Banks Index
- S&P U.S. BMI Banks - Western Region
- Russell 3000
- Nasdaq Composite Index

As a result of the change in classification, HomeStreet may qualify for inclusion in other bank-only indices after the effective date.



## Tops in the nation in 2022 – Our recent awards



"Best Small Bank"  
in Washington State  
by Newsweek



#8 "Best Small Regional Bank"  
in the U.S. by Bank Director



#8 "Best Board of Directors"  
in the U.S. of banks of all sizes by  
Bank Director

# HomeStreet

## Market Focus:

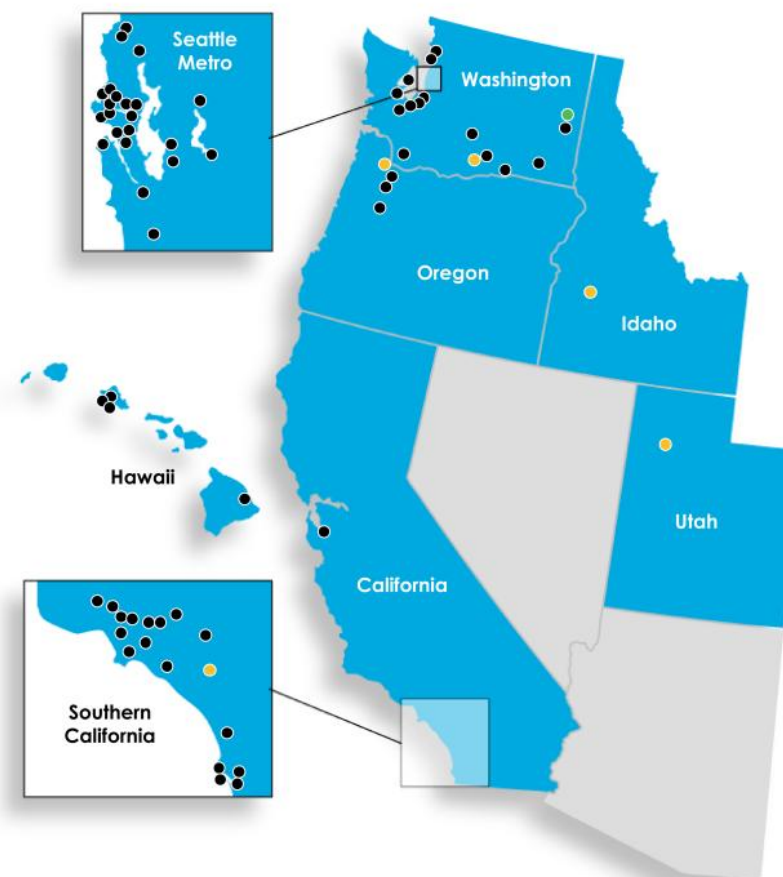
- Seattle / Puget Sound & Eastern WA
- Southern California
- Portland, OR
- Hawaiian Islands
- San Francisco / Bay Area, CA

## Strategy:

- Grow loan and core deposit portfolios
- Optimize capitalization
- Grow market share in highly attractive metropolitan markets
- Improve operating efficiency
- Introduce smart product offerings – fast follower of technology

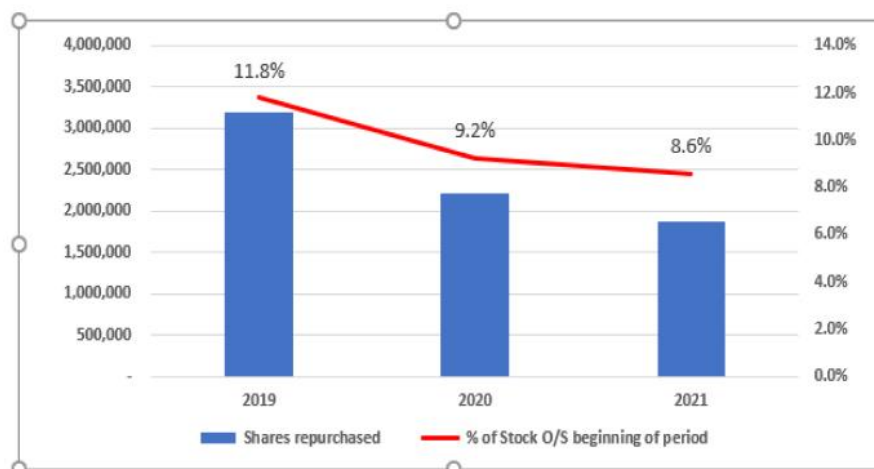
The number of offices depicted does not include satellite offices that have a limited number of staff which report to a manager located in a separate primary office.

- Retail deposit branches (60)
- Primary stand-alone lending centers (5)
- Primary stand-alone insurance office (1)



# Shareholder Value and Active Capital Management

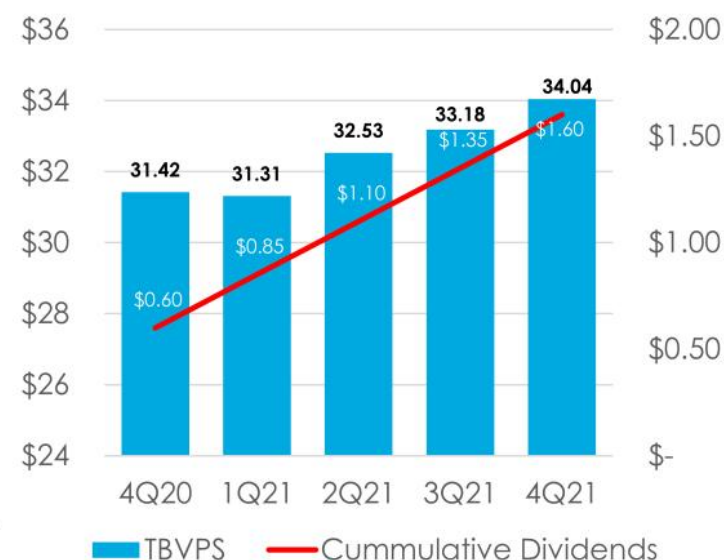
## Share Repurchases



	2019		2020		2021		Total
Total (in 000's)	\$	98,025	\$	58,020	\$	84,154	\$ 240,199
Average Price	\$	30.76	\$	26.31	\$	44.92	\$ 33.06

## Growth in Tangible Book Value per Share ("TBVPS")<sup>(1)</sup>

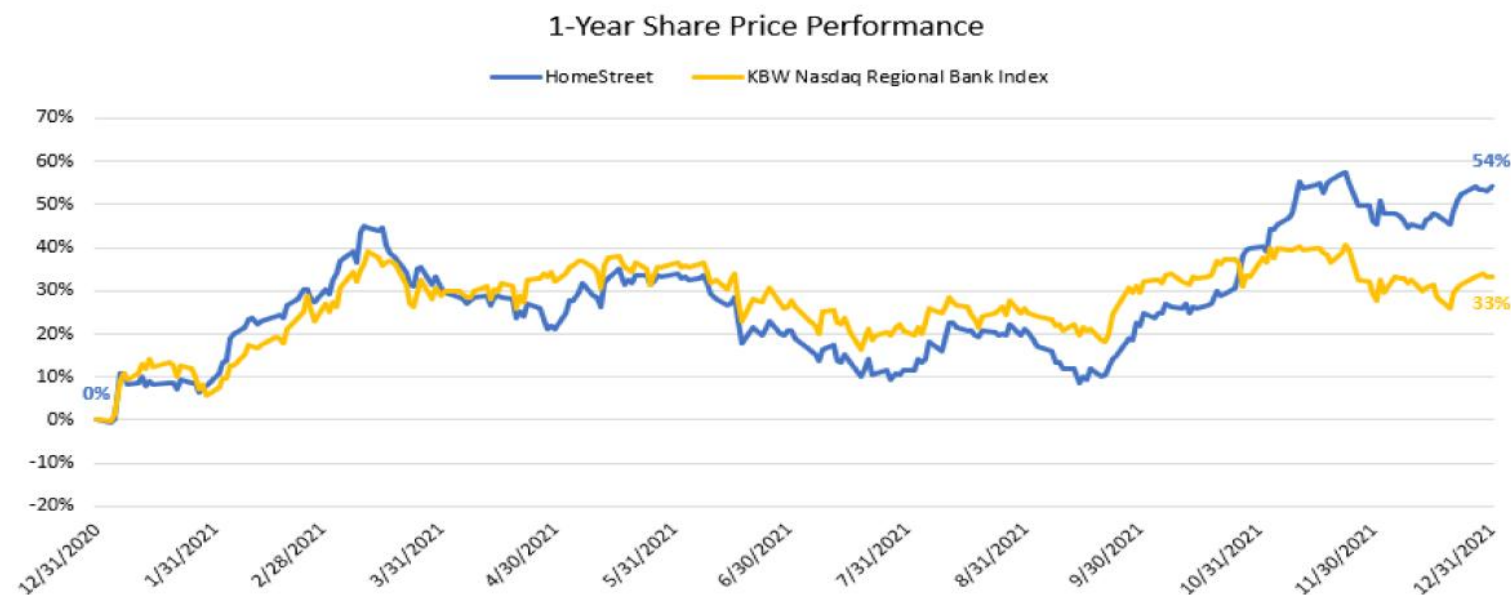
- TBVPS increased 29% since June 30, 2019



(1) See appendix for reconciliation of non-GAAP financial measures.



# Shareholder Returns



## Total Shareholder Returns <sup>(1)</sup> (TSR) at a Glance

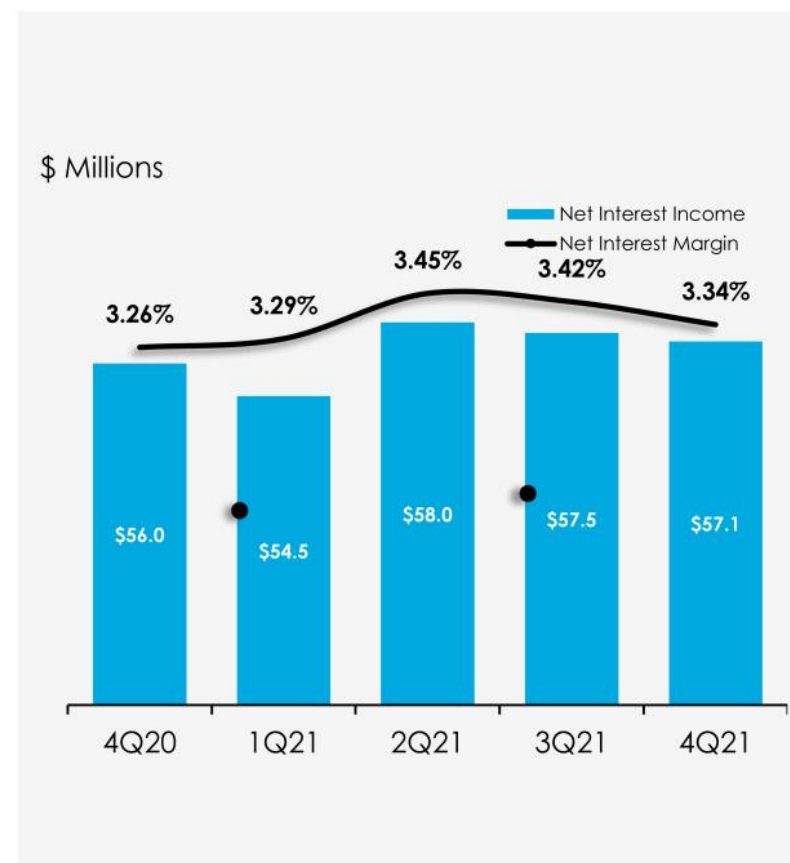
	Since IPO	5-Year	3-Year	1-Year
HomeStreet	405%	72%	156%	58%
KBW Regional Banking Index (KRX)	203%	30%	55%	37%
Above / (Below) KRX	202 PPT	42 PPT	101 PPT	21 PPT

(1) Source: Bloomberg

# Net Interest Income & Margin

- Stable net interest margin <sup>(1)</sup>
- Stable funding costs
- PPP loan forgiveness (3 basis point impact in 2021 Q4)

(1) excluding PPP loans



# Interest-Earning Assets

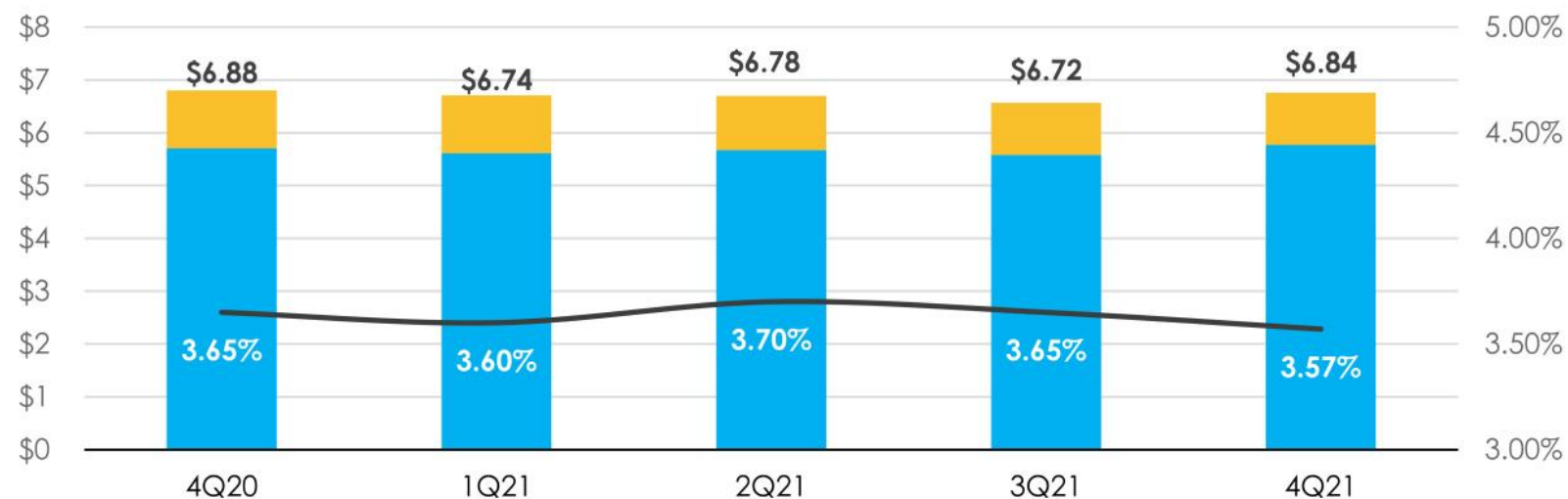
Investment Securities  
Loans  
Average Yield

## Average Balances

\$ Billions

## Average Rate

Percent





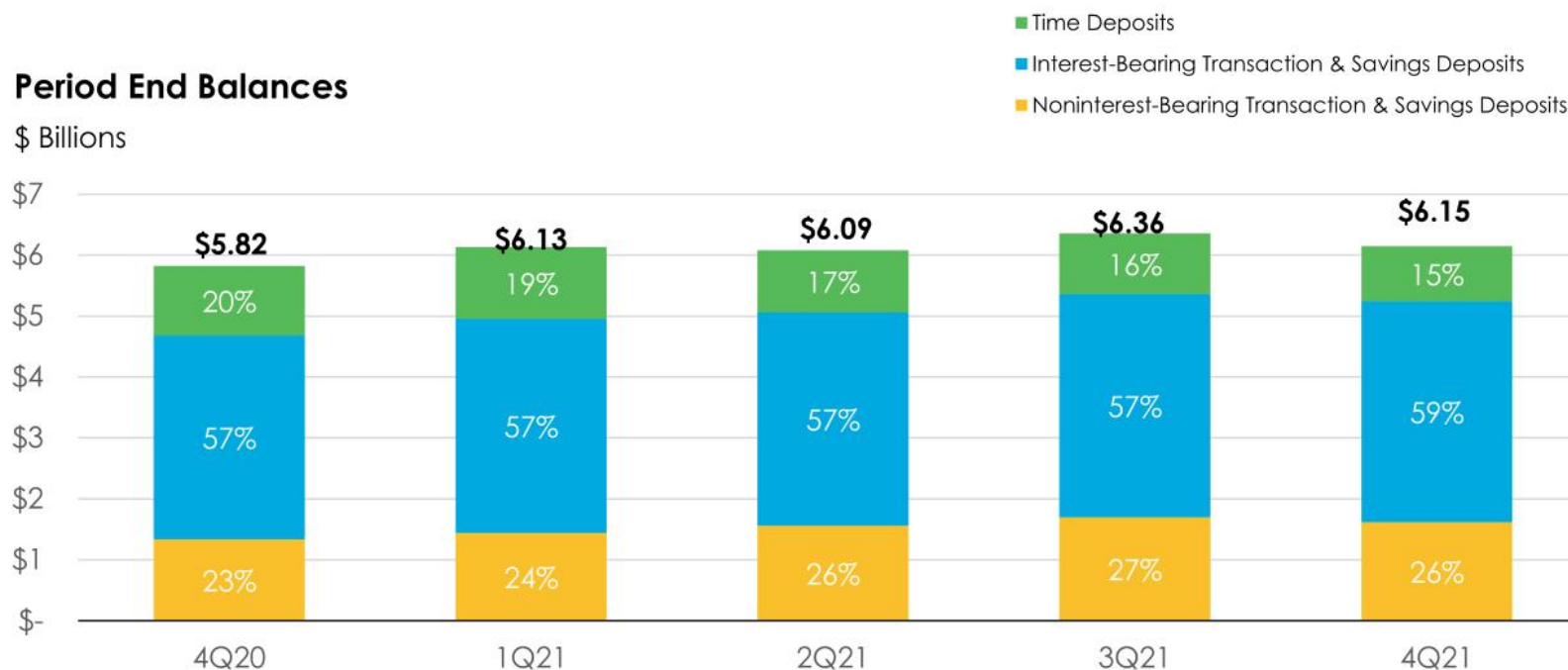
# Interest-Bearing Liabilities



# Deposits

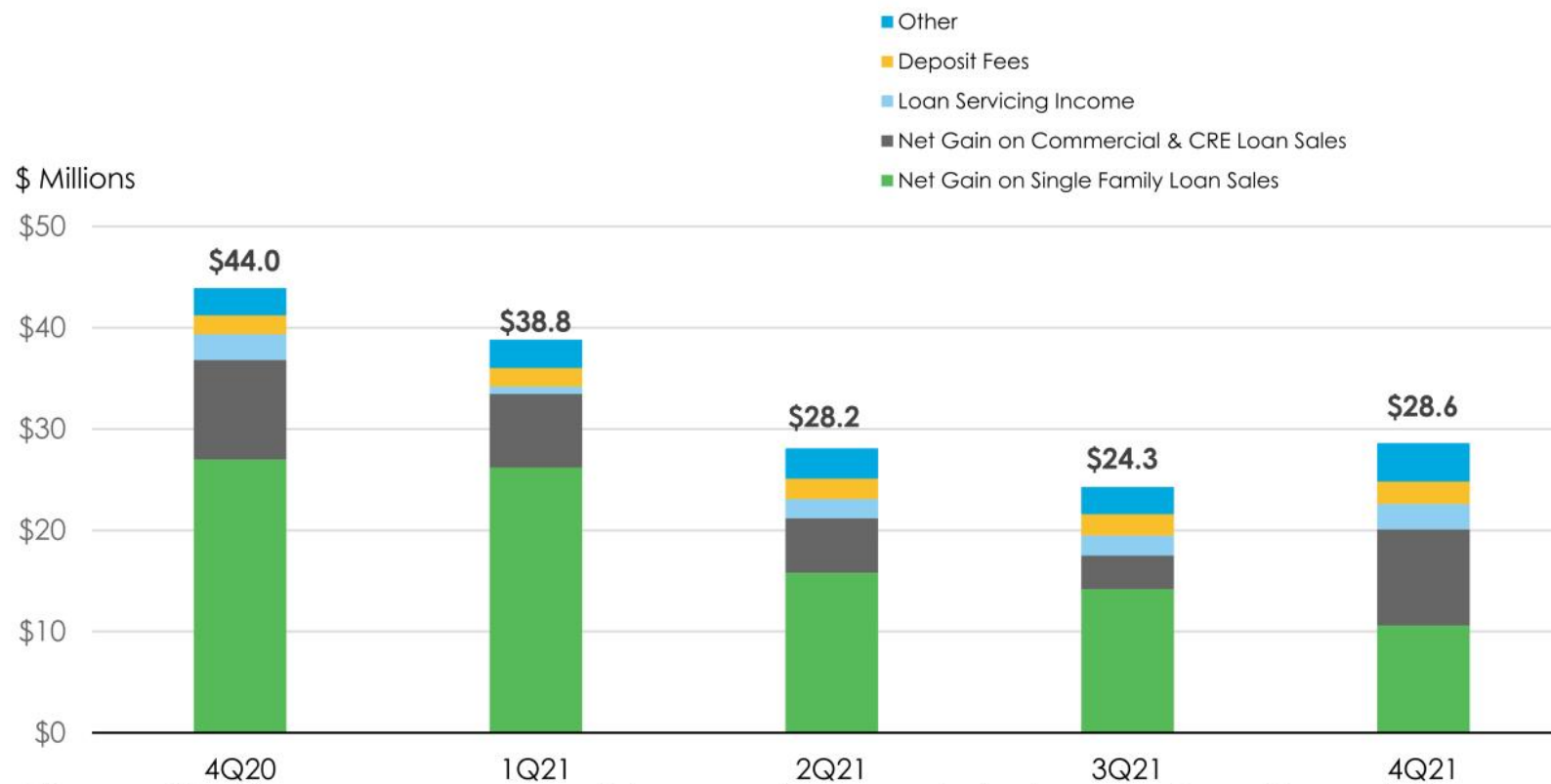
## Period End Balances

\$ Billions



During the fourth quarter of 2021, consumer and business noninterest-bearing deposit accounts grew by 21% compared to the fourth quarter of 2020

# Noninterest Income

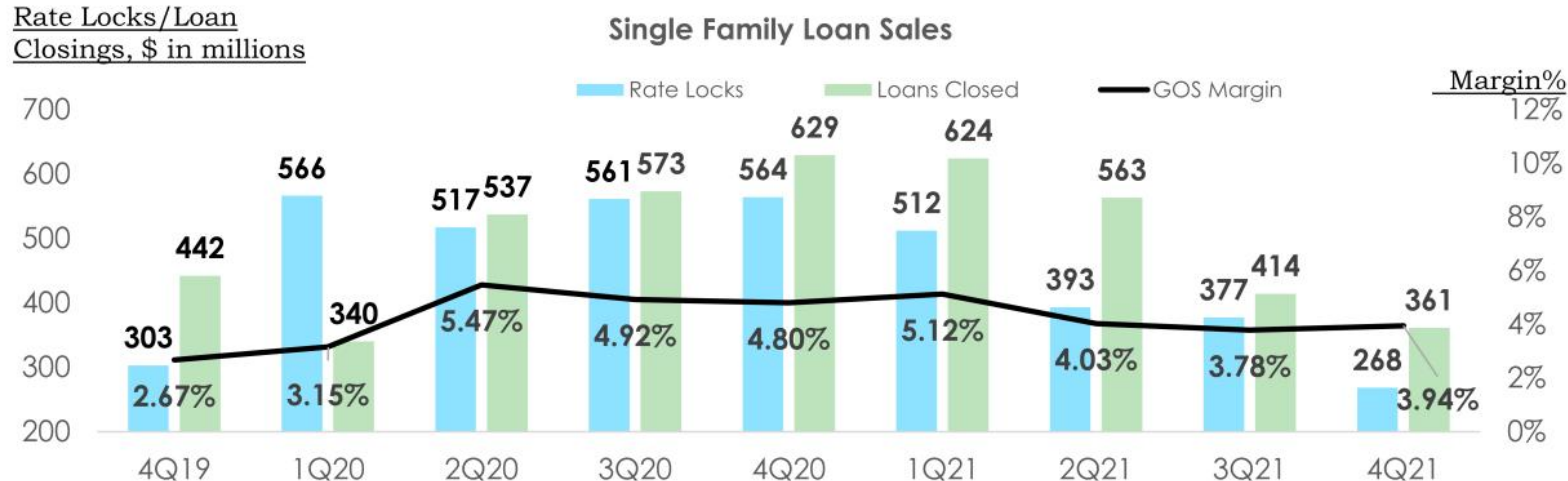


Other consists of insurance agency commissions, swap income, gain (loss) on sale of securities, and other miscellaneous income

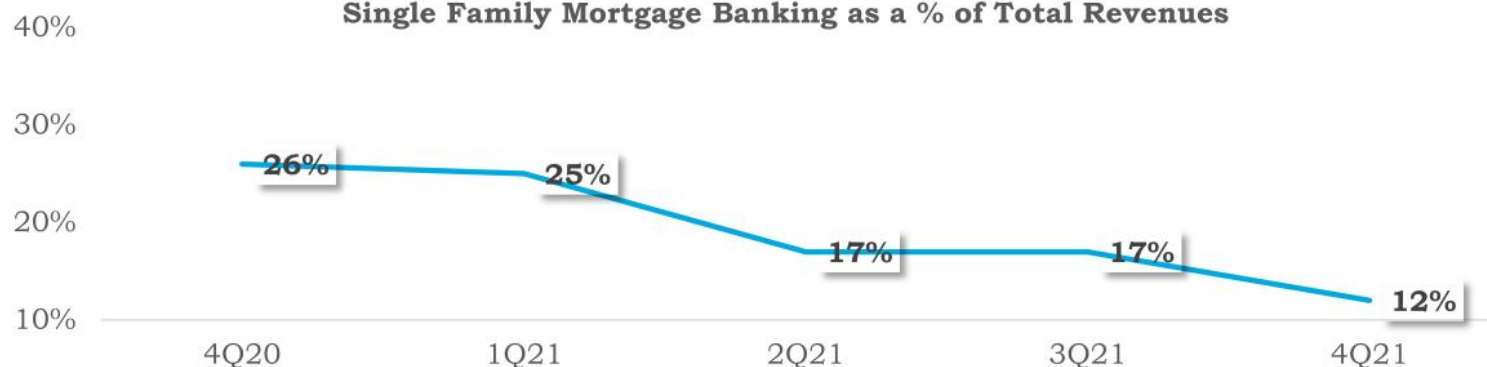


# Single Family Mortgage Banking

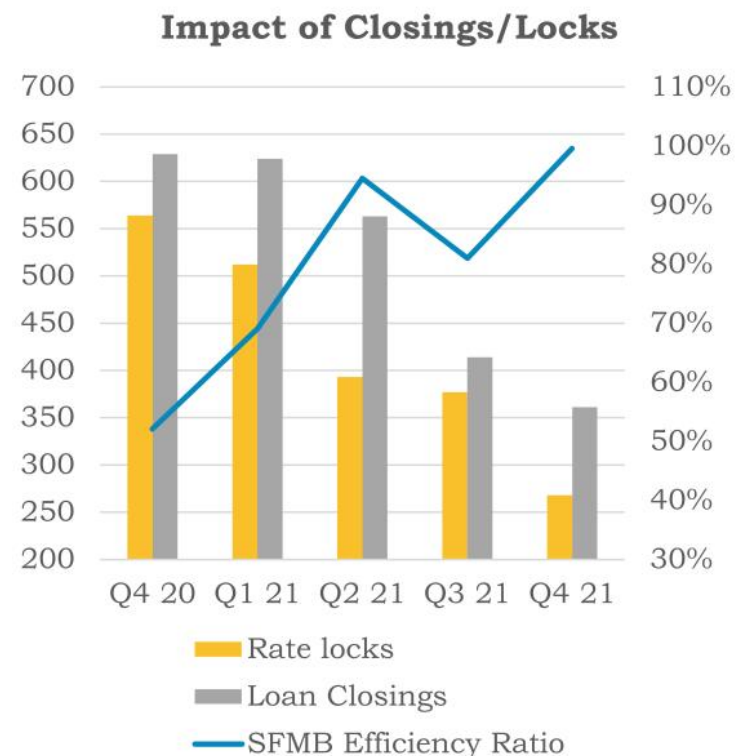
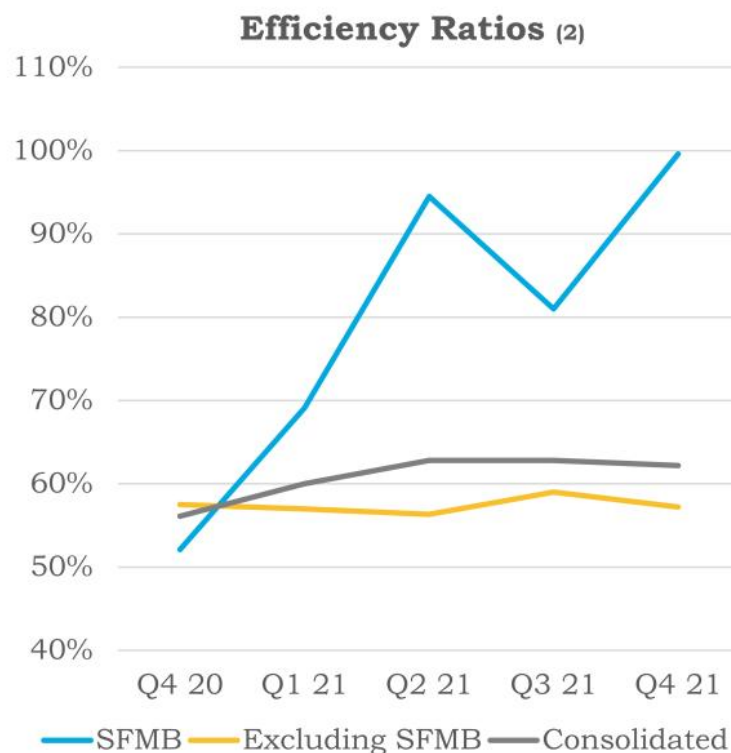
Rate Locks/Loan  
Closings, \$ in millions



Single Family Mortgage Banking as a % of Total Revenues

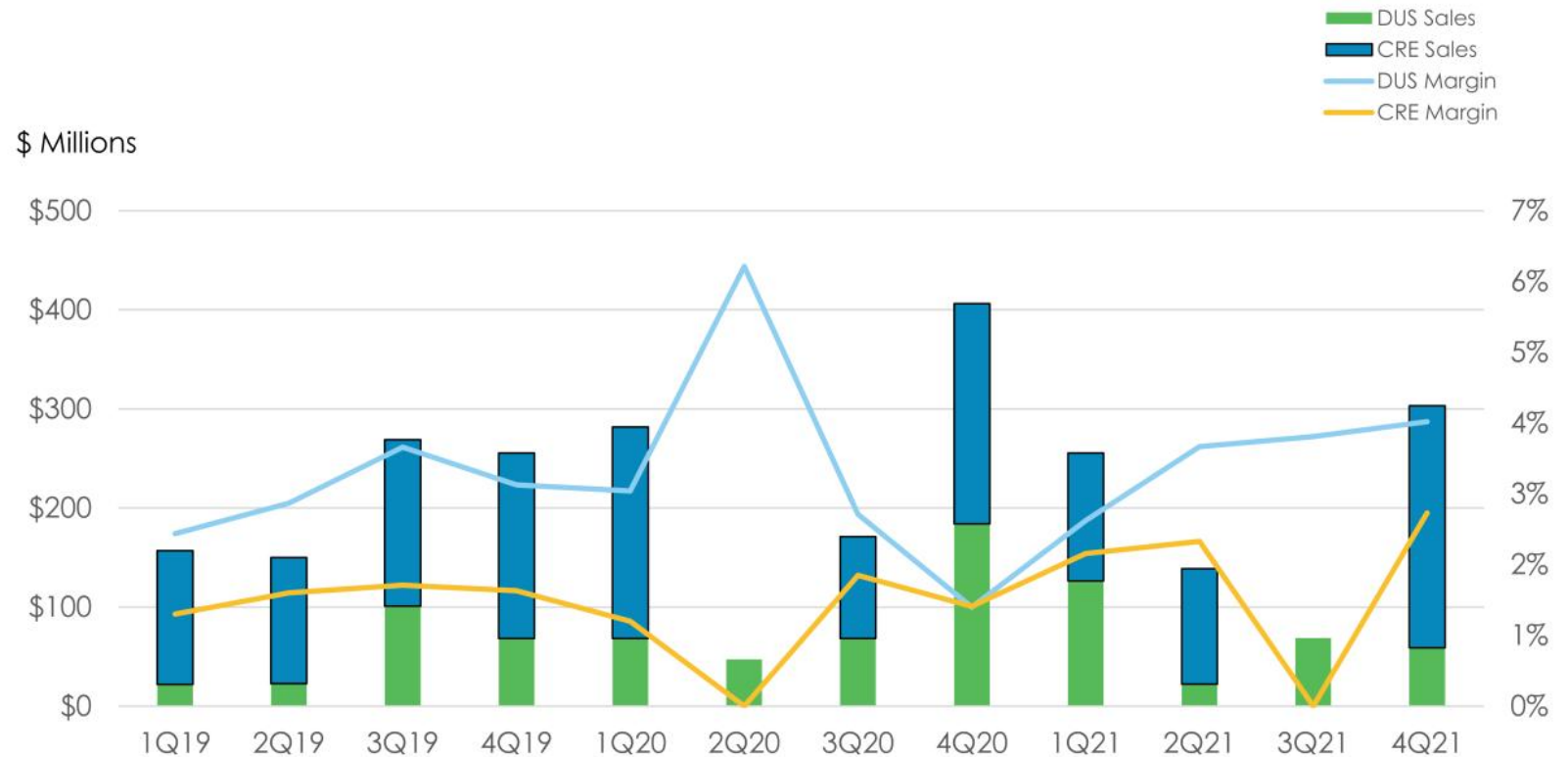


## Single Family Mortgage Banking (SFMB) Analysis



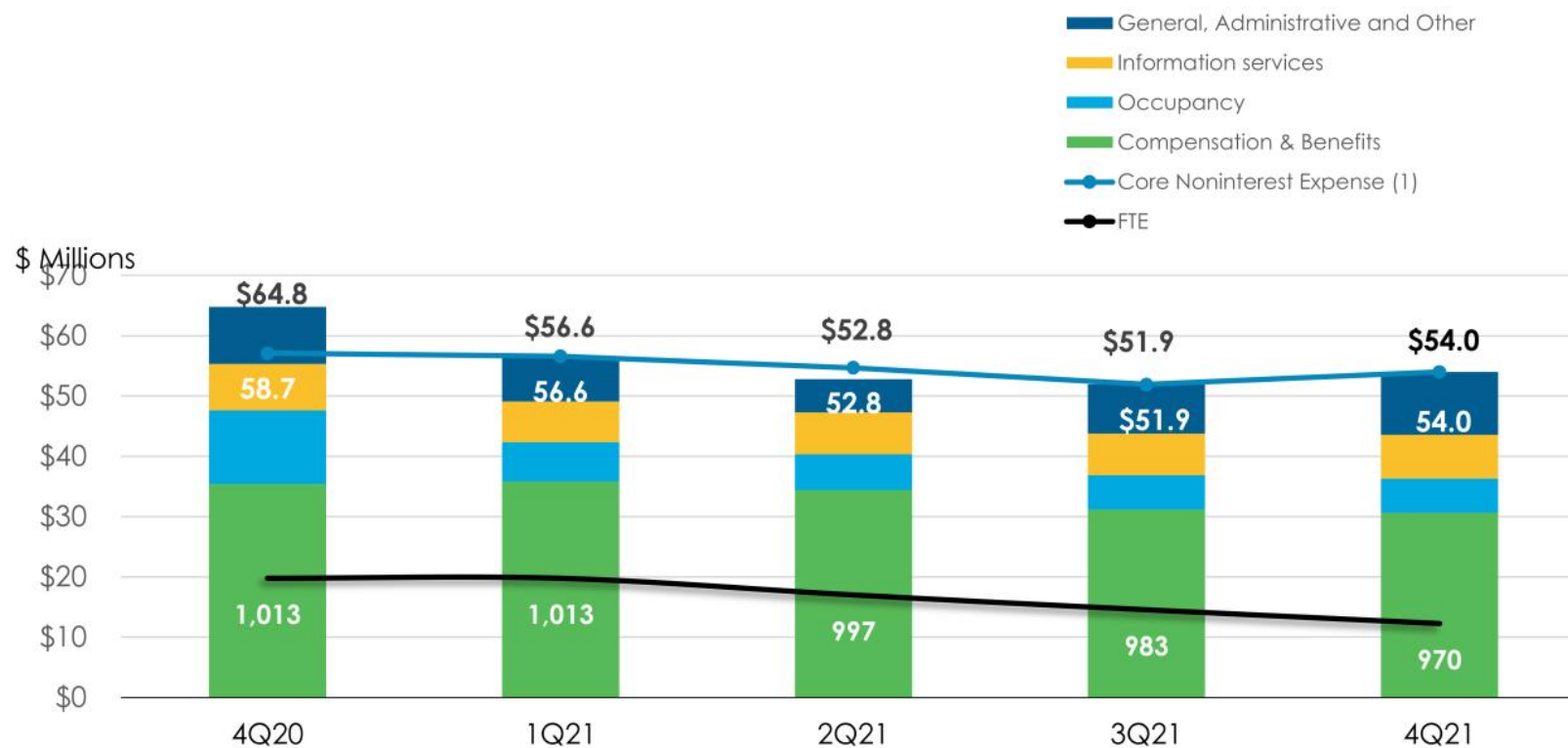
- (1) SFMB expenses do not include allocation of indirect expenses.  
 (2) See appendix for reconciliation of Non-GAAP measures.

# Commercial Real Estate Loan Sales





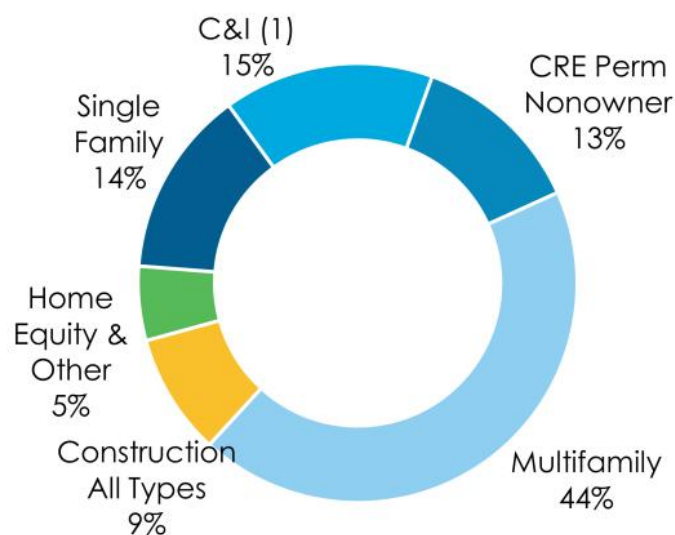
# Noninterest Expense



(1) See appendix for reconciliation of non-GAAP financial measures.

# Loan Portfolio

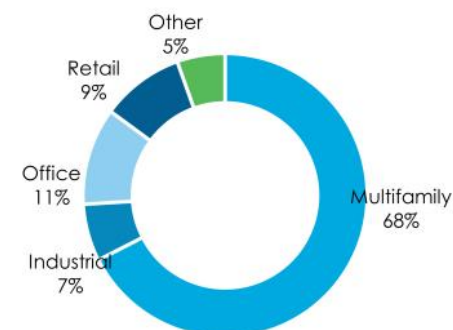
## Loan Composition: \$5.5 Billion



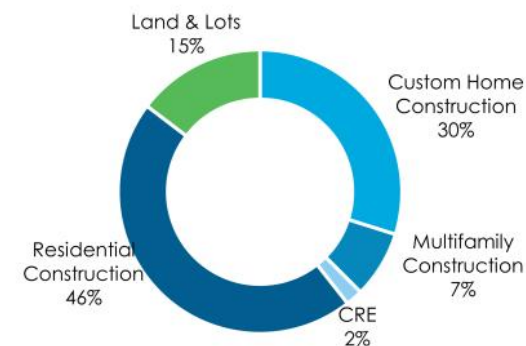
[ A highly diversified loan portfolio by product and geography. ]

(1) - Includes owner occupied CRE

## Permanent CRE by Property Type: \$3.6 Billion <sup>(1)</sup>



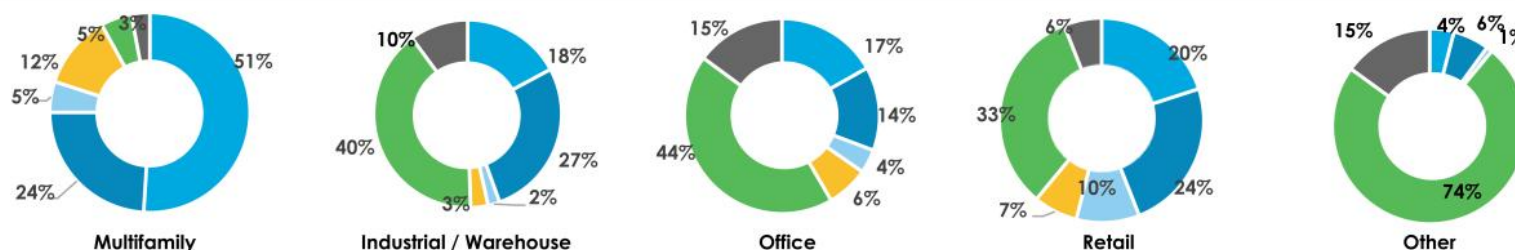
## Construction by Property Type: \$496 Million



# Permanent Commercial Real Estate Lending Overview



Geographical Distribution (Balances)



Loan Characteristics

- Up To 30 Year Term
  - \$30MM Loan Amt. Max
  - ≥ 1.15 DSCR
  - Avg. LTV @ Orig. ~ 70%
- Up To 15 Year Term
  - \$30MM Loan Amt. Max
  - ≥ 1.25 DSCR
  - Avg. LTV @ Orig. ~ 59%
- Up To 15 Year Term
  - \$30MM Loan Amt. Max
  - ≥ 1.25 DSCR
  - Avg. LTV @ Orig. ~ 67%
- Up To 15 Year Term
  - \$30MM Loan Amt. Max
  - ≥ 1.25 DSCR
  - Avg. LTV @ Orig. ~ 61%
- Additional property types are reviewed on a case by case basis
  - Includes acquired loan types
  - Examples include: hotels, schools, churches, marinas

12/31/21 Balances Outstanding Totaling \$3.6 Billion

- Balance: \$2.4B
  - % of Balances: 68%
  - Portfolio Avg. LTV ~ 66%<sup>(1)</sup>
  - Portfolio Avg. DSCR ~ 1.36x
  - Avg. Loan Size: \$4.3M
  - Largest Dollar Loan: \$34.5M
- Balance: \$233M
  - % of Balances: 7%
  - % Owner Occupied: 54%
  - Portfolio LTV ~ 48%<sup>(1)</sup>
  - Portfolio Avg. DSCR ~ 1.61x
  - Avg. Loan Size: \$2.0M
  - Largest Dollar Loan: \$18.7M
- Balance: \$396M
  - % of Balances: 11%
  - % Owner Occupied: 28%
  - Portfolio LTV ~ 57%<sup>(1)</sup>
  - Portfolio Avg. DSCR ~ 1.68x
  - Avg. Loan Size: \$2.2M
  - Largest Dollar Loan: \$23.4M
- Balance: \$339M
  - % of Balances: 9%
  - % Owner Occupied: 23%
  - Portfolio LTV ~ 53%<sup>(1)</sup>
  - Portfolio Avg. DSCR ~ 1.60x
  - Avg. Loan Size: \$5.1M
  - Largest Dollar Loan: \$16.1M
- Balance: \$196M
  - % of Balances: 5%
  - % of Owner Occupied: 74%
  - Portfolio LTV ~ 36%<sup>(1)</sup>
  - Portfolio Avg. DSCR ~ 1.79x
  - Avg. Loan Size: \$2.7M
  - Largest Dollar Loan: \$25.0M

- HomeStreet lends across the full spectrum of commercial real estate lending types, but is deliberate in its effort to achieve diversification among property types and geographic areas to mitigate concentration risk.
- "Other" category includes loans secured by Schools (\$65.2 million), Hotels (\$31.1 million), and Churches (\$23.3 million)

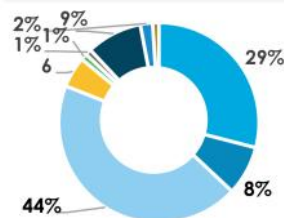
(1) Property values as of origination date.



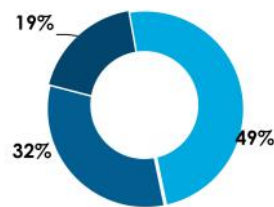
# Construction Lending Overview



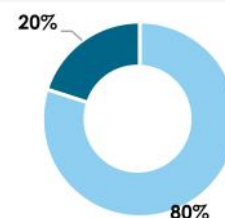
Geographical Distribution (Balances)



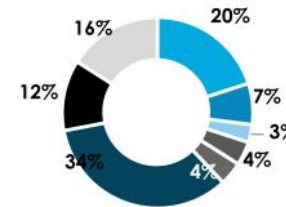
Custom Home Construction



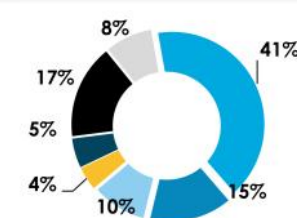
Multifamily



CRE



Residential Construction



Land and Lots

Loan Characteristics

- 12 Month Term
- Consumer Owner Occupied
- Borrower Underwritten similar to Single Family

- 18-36 Month Term
- ≤ 80% LTC
- Minimum 15% Cash Equity
- ≥ 1.20 DSC
- Portfolio LTV ~ 42%
- Liquidity and DSC covenants

- 18-36 Month Term
- ≤ 80% LTC
- Minimum 15% Cash Equity
- ≥ 1.25 DSC
- ≥ 50% pre-leased office/retail
- Portfolio LTV ~44%
- Liquidity and DSC covenants

- 12-18 Month Term
- LTC: ≤ 95% Presale & Spec
- Leverage, Liquid. & Net Worth Covenants as appropriate
- Portfolio LTV ~ 71%

- 12-24 Month Term
- ≤ 50% -80% LTC
- Strong, experienced, vertically integrated builders
- Portfolio LTV ~ 65%

12/31/21 Balances Outstanding Totaling \$496 Million

- Balance: \$148M
- Unfunded Commitments: \$141M
- % of Balances: 30%
- % of Unfunded Commitments: 24%
- Avg. Loan Size: \$486K
- Largest Dollar Loan: \$2.0M

- Balance: \$38M
- Unfunded Commitments: \$144M
- % of Balances: 7%
- % of Unfunded Commitments: 25%
- Avg. Loan Size: \$3.4M
- Largest Dollar Loan: \$12.2M

- Balance: \$9M
- Unfunded Commitments: \$7M
- % of Balances: 2%
- % of Unfunded Commitments: 1%
- Avg. Loan Size: \$4.8M
- Largest Dollar Loan: \$7.7M

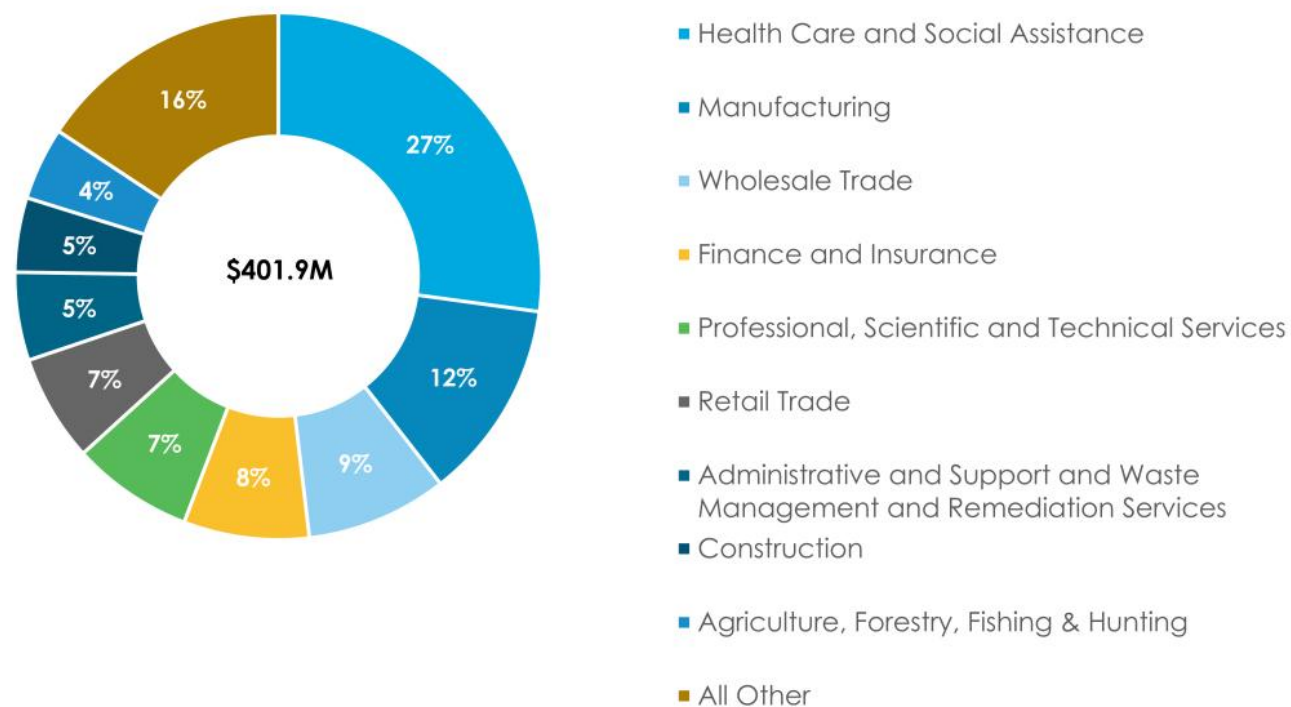
- Balance: \$228M
- Unfunded Commitments: \$267M
- % of Balances: 46%
- % of Unfunded Commitments: 46%
- Avg. Loan Size: \$379K
- Largest Dollar Loan: \$11.8M

- Balance: \$73M
- Unfunded Commitments: \$25M
- % of Balances: 15%
- % of Unfunded Commitments: 4%
- Avg. Loan Size: \$958K
- Largest Dollar Loan: \$4.0M

Construction lending is a broad category that includes many different loan types, which possess different risk profiles. HomeStreet lends across the full spectrum of construction lending types. Additionally, our expansion into additional markets has provided an opportunity to increase geographic diversification

# Commercial Business Lending Overview

Commercial Business Balances by Industry Type as of December 31, 2021



## Allocation of Allowance by Product Type

\$ Thousands	December 31, 2021		December 31, 2020	
	Reserve Amount	Reserve Rate	Reserve Amount	Reserve Rate
Allowance for Credit Losses				
Non-owner Occupied CRE	\$7,509	1.06%	\$8,845	1.07%
Multifamily	5,854	0.24%	6,072	0.43%
Construction/Land Development				
Multifamily Construction	507	1.34%	4,903	4.25%
Commercial RE Construction	150	1.06%	1,670	6.12%
Single Family Construction	6,411	2.16%	5,130	1.98%
Single Family Construction to Permanent	<u>1,055</u>	0.71%	<u>1,315</u>	0.87%
<b>Total CRE Loans</b>	<u>21,486</u>	0.59%	<u>27,935</u>	0.99%
Owner Occupied CRE	5,006	1.10%	4,994	1.08%
Commercial Business	<u>12,273</u>	3.39%	<u>17,043</u>	4.72%
<b>Total C&amp;I</b>	<u>17,279</u>	2.11%	<u>22,037</u>	2.67%
Single Family	4,394	0.68%	6,906	0.85%
Home Equity and Other	<u>3,964</u>	1.31%	<u>7,416</u>	1.83%
<b>Total Consumer Loans</b>	<b>8,358</b>	<b>0.88%</b>	<b>14,322</b>	<b>1.18%</b>
<b>Total Allowance for Credit Losses</b>	<b>\$47,123</b>	<b>0.88%</b>	<b>\$64,294</b>	<b>1.33%</b>

The reserve rate is calculated excluding balances related to loans that are insured by the FHA or guaranteed by the VA or SBA, including PPP loans

[HomeStreet]



Outlook

# Key Drivers Guidance

Metric	2 to 3 Quarter Outlook	Comments
Loans Held for Investment	Increasing	<ul style="list-style-type: none"> <li>Increases in commercial real estate - multifamily</li> <li>Lower prepayment expectations</li> </ul>
Average Deposits	Increasing	<ul style="list-style-type: none"> <li>Growth in consumer and business customers</li> </ul>
Net Interest Margin	Stable	<ul style="list-style-type: none"> <li>PPP loan forgiveness impact excluded</li> <li>Impact of \$100 million subordinated debt excluded</li> </ul>
Noninterest Income	Decreasing	<ul style="list-style-type: none"> <li>Lower single family volume</li> <li>Lower levels of CRE loan sales</li> </ul>
Noninterest Expense	Slightly Increasing	<ul style="list-style-type: none"> <li>Expenses incurred to support loan portfolio growth</li> <li>Raises in 2022, seasonality of benefit costs</li> </ul>

The information in this presentation, particularly including but not limited to that presented on this slide, is forward-looking in nature, and you should review Item 1A, "Risk Factors," in our most recent SEC filings including our Annual Report on Form 10-K, and our quarterly reports on Form 10-Q, for a list of factors that may cause us to deviate from our plans or to fall short of our expectations.





## Appendix

# Loans Held for Investment Balance Trend

Balances \$ Millions	Dec. 31, 2021		Sep. 30, 2021		June 30, 2021		Mar. 31, 2021		Dec. 31, 2020	
Non-owner Occupied CRE	\$705	13%	\$754	14%	\$762	14%	\$766	14%	\$830	16%
Multifamily	2,415	44%	2,090	39%	1,967	37%	1,521	29%	1,428	27%
Construction / Land Development	496	9%	514	10%	484	9%	532	10%	554	11%
<b>Total CRE Loans</b>	<b>\$3,617</b>	<b>66%</b>	<b>\$3,358</b>	<b>63%</b>	<b>\$3,213</b>	<b>60%</b>	<b>\$2,819</b>	<b>53%</b>	<b>\$2,811</b>	<b>54%</b>
Owner Occupied CRE	\$458	8%	\$450	8%	\$458	8%	\$473	9%	\$467	9%
Commercial Business	402	7%	436	8%	575	11%	758	14%	646	12%
<b>Total C&amp;I Loans</b>	<b>\$860</b>	<b>15%</b>	<b>\$886</b>	<b>16%</b>	<b>\$1,033</b>	<b>19%</b>	<b>\$1,231</b>	<b>23%</b>	<b>\$1,113</b>	<b>21%</b>
Single Family	\$763	14%	\$794	15%	\$812	15%	\$875	17%	\$915	17%
Home Equity and Other	303	5%	316	6%	335	6%	366	7%	405	18%
<b>Total Consumer Loans</b>	<b>\$1,066</b>	<b>19%</b>	<b>\$1,110</b>	<b>21%</b>	<b>\$1,147</b>	<b>21%</b>	<b>\$1,242</b>	<b>24%</b>	<b>\$1,320</b>	<b>25%</b>
<b>Total Loans Held for Investment</b>	<b>\$5,542</b>	<b>100%</b>	<b>\$5,354</b>	<b>100%</b>	<b>\$5,393</b>	<b>100%</b>	<b>\$5,292</b>	<b>100%</b>	<b>\$5,244</b>	<b>100%</b>

# Loan Originations and Advances Trend

Originations and Advances \$ Millions	Dec. 31, 2021		Sep. 30, 2021		June 30, 2021		Mar. 31, 2021		Dec. 31, 2020	
Non-owner Occupied CRE	\$34	4%	\$30	4%	\$14	2%	\$8	1%	\$18	2%
Multifamily	395	50%	408	51%	514	56%	283	37%	354	48%
Construction / Land Development	180	23%	192	24%	184	20%	166	22%	172	23%
<b>Total CRE Loans</b>	<b>\$609</b>	<b>77%</b>	<b>\$630</b>	<b>79%</b>	<b>\$711</b>	<b>78%</b>	<b>\$457</b>	<b>59%</b>	<b>\$544</b>	<b>74%</b>
Owner Occupied CRE	\$27	3%	\$12	1%	\$9	1%	\$33	4%	\$21	3%
Commercial Business	50	6	38	5%	83	9%	164	22%	41	6%
<b>Total C&amp;I loans</b>	<b>\$77</b>	<b>9%</b>	<b>\$50</b>	<b>6%</b>	<b>\$92</b>	<b>10%</b>	<b>\$197</b>	<b>26%</b>	<b>\$62</b>	<b>9%</b>
Single Family	\$73	9%	\$94	11%	\$78	9%	\$95	12%	\$103	14%
Home Equity and Other	36	5%	30	4%	30	3%	20	3%	25	3%
<b>Total Consumer loans</b>	<b>\$109</b>	<b>14%</b>	<b>\$124</b>	<b>15%</b>	<b>\$108</b>	<b>12%</b>	<b>\$115</b>	<b>15%</b>	<b>\$128</b>	<b>17%</b>
<b>Total</b>	<b>\$795</b>	<b>100%</b>	<b>\$804</b>	<b>100%</b>	<b>\$912</b>	<b>100%</b>	<b>\$769</b>	<b>100%</b>	<b>\$734</b>	<b>100%</b>

# Results of Operations

\$ Thousands, Except Per Share Data	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Net Interest Income	\$57,084	\$57,484	\$57,972	\$54,517	\$56,048
Provision for Credit Losses	(6,000)	(5,000)	(4,000)	-	-
Noninterest Income	28,620	24,298	28,224	38,833	43,977
Noninterest Expense	53,971	51,949	52,815	56,608	64,770
Income					
Before Income Tax	37,733	34,833	37,381	36,742	35,255
Total	29,432	27,170	29,157	29,663	27,598
Income per Share – Diluted	\$1.43	\$1.31	\$1.37	\$1.35	\$1.25
Core Net Income <sup>(1)</sup>					
Total	29,432	27,170	29,157	29,663	32,384
Income per Share – Diluted	\$1.43	\$1.31	\$1.37	\$1.35	\$1.47
ROAA	1.59%	1.48%	1.59%	1.65%	1.47%
Core ROAA <sup>(1)</sup>	1.59%	1.48%	1.59%	1.65%	1.73%
ROAE	16.1%	14.8%	16.3%	16.4%	15.3%
ROATE <sup>(1)</sup>	17.0%	15.6%	17.2%	17.3%	16.2%
Core ROATE <sup>(1)</sup>	17.0%	15.6%	17.2%	17.3%	19.0%
Net Interest Margin	3.34%	3.42%	3.45%	3.29%	3.26%
Efficiency Ratio <sup>(1)</sup>	62.2%	62.8%	62.8%	60.0%	56.1%
Full-Time-Equivalent Employees	970	983	997	1,013	1,013
Tier 1 Leverage Ratio (Bank)	10.11%	10.17%	9.95%	10.01%	9.79%
Total Risk-Based Capital (Bank)	13.83%	13.71%	14.36%	14.84%	14.76%
Tier 1 Leverage Ratio (Company)	9.94%	10.00%	9.78%	9.83%	9.65%
Total Risk-Based Capital (Company)	12.71%	13.01%	13.59%	14.05%	14.00%

(1) See appendix for reconciliation of these non-GAAP financial measures.

# Selected Balance Sheet and Other Data

\$ Thousands, except per share data	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Loans Held For Sale	\$176,131	\$395,112	\$225,241	\$390,223	\$361,932
Loans Held for Investment, net	5,495,726	5,299,741	5,332,626	5,227,727	5,179,886
Allowance for Credit Losses	47,123	54,516	59,897	64,047	64,294
Investment Securities	1,006,691	983,038	1,007,658	1,049,105	1,076,364
<b>Total Assets</b>	<b>7,204,091</b>	<b>7,372,451</b>	<b>7,167,951</b>	<b>7,265,191</b>	<b>7,237,091</b>
Deposits	6,146,509	6,359,660	6,086,527	6,131,233	5,821,559
Borrowings	41,000	-	50,000	84,500	322,800
Long-Term Debt	126,026	125,979	125,932	125,885	125,838
<b>Total Shareholders' Equity</b>	<b>715,339</b>	<b>710,376</b>	<b>708,731</b>	<b>701,463</b>	<b>717,750</b>
Other Data:					
Book Value per Share	\$35.61	\$34.74	\$34.09	\$32.84	\$32.93
Tangible Book Value per Share <sup>(1)</sup>	\$34.04	\$33.18	\$32.53	\$31.31	\$31.42
Shares Outstanding	20,085,336	20,446,648	20,791,659	21,360,514	21,796,904
Loans to Deposit Ratio	93.0%	90.4%	92.3%	92.7%	96.3%
Asset Quality:					
ACL to Total Loans <sup>(2)</sup>	0.88%	1.06%	1.18%	1.34%	1.33%
ACL to Nonaccrual Loans	386.2%	307.8%	287.5%	297.3%	310.3%
Nonaccrual Loans to Total Loans	0.22%	0.33%	0.39%	0.41%	0.40%
Nonperforming Assets to Total Assets	0.18%	0.26%	0.31%	0.32%	0.31%
Nonperforming Assets	\$12,936	\$19,196	\$22,319	\$23,025	\$22,097

(1) See appendix for reconciliation of these non-GAAP financial measures.

(2) The reserve ratio is calculated excluding balances related to loans that are insured by the FHA or guaranteed by the VA or SBA, including PPP loans



# Non-GAAP Financial Measures

\$ Thousands, Except Per Share Data	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Tangible Book Value per Share					
Shareholders' Equity	\$715,339	\$710,376	\$708,731	\$701,463	\$717,750
Less: Goodwill and Other Intangibles	<u>(31,709)</u>	<u>(32,002)</u>	<u>(32,295)</u>	<u>(32,587)</u>	<u>(32,880)</u>
Tangible Shareholders' Equity	<u>\$683,630</u>	<u>\$678,374</u>	<u>\$676,436</u>	<u>\$668,876</u>	<u>\$684,870</u>
Common Shares Outstanding	<u>20,085,336</u>	<u>20,446,648</u>	<u>20,791,659</u>	<u>21,360,514</u>	<u>21,796,904</u>
Computed Amount	\$34.04	\$33.18	\$32.53	\$31.31	\$31.42
Tangible Common Equity to Tangible Assets					
Tangible Shareholders' Equity	\$683,630	\$678,374	\$676,436	\$668,876	\$684,870
Tangible Assets					
Total Assets	\$7,204,091	\$7,372,451	\$7,167,951	\$7,265,191	\$7,237,091
Less: Goodwill and other intangibles	<u>(31,709)</u>	<u>(32,002)</u>	<u>(32,295)</u>	<u>(32,587)</u>	<u>(32,880)</u>
Net	<u>\$7,172,382</u>	<u>\$7,340,449</u>	<u>\$7,135,656</u>	<u>\$7,232,604</u>	<u>\$7,204,211</u>
Ratio	9.5%	9.2%	9.5%	9.2%	9.5%
Core Net Income					
Net Income	\$29,432	\$27,170	\$29,157	\$29,663	\$27,598
Adjustments (tax effected)					
Restructuring and Related Charges	=	=	=	=	<u>4,786</u>
Total	\$29,432	\$27,170	\$29,157	\$29,663	\$32,384

## Non-GAAP Financial Measures (continued)

\$ Thousands, Except Per Share Data	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Return on Average Tangible Equity					
Average Shareholders' Equity	\$726,014	\$726,823	\$718,838	\$731,719	\$717,666
Less: Average Goodwill and Other Intangibles	<u>(31,901)</u>	<u>(32,195)</u>	<u>(32,487)</u>	<u>(32,777)</u>	<u>(33,103)</u>
Average Tangible Equity	\$694,113	\$694,628	\$686,351	\$698,942	\$684,563
Net Income	\$29,432	\$27,170	\$29,157	\$29,663	\$27,598
Amortization of Core Deposit Intangibles	<u>229</u>	<u>229</u>	<u>229</u>	<u>236</u>	<u>267</u>
Tangible Income Applicable to Shareholders	<u>\$29,661</u>	<u>\$27,399</u>	<u>\$29,386</u>	<u>\$29,899</u>	<u>\$27,865</u>
Ratio	17.0%	15.6%	17.2%	17.3%	16.2%
Return on Average Tangible Equity - Core					
Average Tangible Equity	\$694,113	\$694,628	\$686,351	\$698,942	\$684,563
Core Net Income	\$29,432	\$27,170	\$29,157	\$29,663	\$32,384
Adjustments					
Amortization of Core Deposit Intangibles	<u>229</u>	<u>229</u>	<u>229</u>	<u>236</u>	<u>267</u>
Tangible Core Net Income	<u>\$29,661</u>	<u>\$27,399</u>	<u>\$29,386</u>	<u>\$29,899</u>	<u>\$32,651</u>
Ratio	17.0%	15.6%	17.2%	17.3%	19.0%
Return on Average Assets - Core					
Average Assets	\$7,356,957	\$7,264,933	\$7,342,275	\$7,310,408	\$7,463,702
Core Net Income	<u>\$29,432</u>	<u>\$27,170</u>	<u>\$29,157</u>	<u>\$29,663</u>	<u>\$32,384</u>
Ratio	1.59%	1.48%	1.59%	1.65%	1.73%

## Non-GAAP Financial Measures (continued)

\$ Thousands	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Efficiency Ratio					
Noninterest Expense	\$53,971	\$51,949	\$52,815	\$56,608	\$64,770
Adjustments					
Restructuring Related Charges	-	-	-	-	(6,112)
Prepayment of FHLB Advance	-	-	-	-	(1,492)
Legal fees recovery	-	-	1,900	-	-
State of Washington Taxes	(664)	(578)	(602)	(579)	(1,056)
Adjusted Total	\$53,307	\$51,371	\$54,113	\$56,029	\$56,110
Total Revenues					
Net Interest Income	\$57,084	\$57,484	\$57,972	\$54,517	\$56,048
Noninterest Income	\$28,620	\$24,298	\$28,224	\$38,833	\$43,977
Total Revenues	<u>\$85,704</u>	<u>\$81,782</u>	<u>\$86,196</u>	<u>\$93,350</u>	<u>\$100,025</u>
Ratio	62.2%	62.8%	62.8%	60.0%	56.1%
Core Diluted Earnings per Share					
Core Net Income	\$29,432	\$27,170	\$29,157	\$29,663	\$32,384
Fully Diluted Shares	<u>20,522,475</u>	<u>20,819,601</u>	<u>21,287,974</u>	<u>21,961,828</u>	<u>22,103,902</u>
Ratio	\$1.43	\$1.31	\$1.37	\$1.35	\$1.47
Effective Tax Rate Used in Computations Above	22.0%	22.0%	22.0%	19.3%	21.7%
Core Noninterest expense					
Noninterest Expense	\$53,971	\$51,949	\$52,815	\$56,608	\$64,770
Adjustments: Restructuring Related Charges	—	—	—	—	(6,112)
Total	<u>\$53,971</u>	<u>\$51,949</u>	<u>\$52,815</u>	<u>\$56,608</u>	<u>\$58,658</u>

# Non-GAAP Financial Measures (continued)

\$ Thousands	Quarter Ended				
	Dec. 31, 2021	Sep. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Efficiency Ratio- excluding SFL					
Noninterest Expense (per above)	\$53,971	\$51,371	\$54,113	\$56,029	\$56,110
Less: SFL direct expense*	(10,006)	(11,347)	(13,823)	(16,105)	(13,730)
Net	<u>43,965</u>	<u>40,024</u>	<u>40,290</u>	<u>39,924</u>	<u>42,380</u>
Revenue (per above)	\$85,704	\$81,782	\$86,196	\$93,350	\$100,025
Less: SFL Revenue	<u>(10,047)</u>	<u>(14,002)</u>	<u>(14,630)</u>	<u>(23,301)</u>	<u>(26,343)</u>
Net	75,657	67,780	71,566	70,049	73,682
Ratio	58.1%	59.0%	56.3%	57.0%	57.5%
Efficiency Ratio – SFL*	99.6%	81.0%	94.5%	69.1%	52.1%
*excludes allocations of indirect expenses					



## Non-GAAP Financial Measures (continued)

To supplement our unaudited condensed consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP measures of financial performance.

In this presentation, we use the following non-GAAP measures: (i) tangible common equity and tangible assets as we believe this information is consistent with the treatment by bank regulatory agencies, which excluded intangible assets from the calculation of capital ratios; (ii) core earnings which exclude certain charges primarily related to our discontinued operations and restructuring activities as we believe this measure is a better comparison to be used for projecting future results; and (iii) an efficiency ratio which is the ratio of noninterest expenses to the sum of net interest income and noninterest income, excluding certain items of income or expense and excluding taxes incurred and payable to the state of Washington as such taxes are not classified as income taxes and we believe including them in noninterest expenses impacts the comparability of our results to those companies whose operations are in states where assessed taxes on business are classified as income taxes.

These supplemental performance measures may vary from, and may not be comparable to, similarly titled measures provided by other companies in our industry. Non-GAAP financial measures are not in accordance with, or an alternative for, GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. A non-GAAP financial measure may also be a financial metric that is not required by GAAP or other applicable requirements. We believe that these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provide meaningful supplemental information regarding our performance by providing additional information used by management that is not otherwise required by GAAP or other applicable requirements.

Our management uses, and believes that investors benefit from referring to, these non-GAAP financial measures in assessing our operating results and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate a comparison of our performance to prior periods. We believe these measures are frequently used by securities analysts, investors and other parties in the evaluation of companies in our industry. Rather, these non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures prepared in accordance with GAAP. In the information below, we have provided reconciliations of, where applicable, the most comparable GAAP financial measures to the non-GAAP measures used in this press release, or a reconciliation of the non-GAAP calculation of the financial measure.