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**The IR Group**

## Savi Financial Corporation Reports Second Quarter 2024 Results

**Mount Vernon, WA – July 30, 2024 – Savi Financial Corporation, Inc. (OTC Pink: SVVB)**, the bank holding company for SaviBank, today announced a net loss of \$5,000, or a loss of \$0.00 per diluted share, for the second quarter of 2024, compared to a net loss of \$416,000, or a loss of \$0.09 per diluted share, in the first quarter of 2024. In the second quarter a year ago, the Company recorded net income of \$561,000, or \$0.13 per diluted share. In the first six months of 2024, the Company reported a net loss of \$421,000, or a loss of \$0.10 per diluted share, compared to net income of \$1.03 million, or \$0.23 per diluted share, in the first six months of 2023. All results are unaudited.

“Our second quarter results reflected strong loan and deposit growth and net interest margin expansion. While we generated an increase in net interest income and non-interest income compared to the preceding quarter, our net income was impacted by a larger provision for loan losses due to strong loan growth as well as higher noninterest expenses,” said Michal D. Cann, Chairman and President of Savi Financial Corporation. “We are encouraged by our strong pipeline of SBA loans and anticipate an improvement in our non-interest income in future quarters. Further, we continue to have access to funds at the holding company which can be used to maintain strong capital ratios, and our credit quality remains strong.”

“Loan growth continues to be solid, increasing 3% from the preceding quarter and 10% compared to a year ago,” said Andrew Hunter, President and CEO of SaviBank. “We continue to seek out lending opportunities from new and existing customers and anticipate slightly slower than historic loan growth in the year ahead.”

“The increase in loan yields during the quarter, as well as a decrease in funding costs, contributed to net interest margin (NIM) expansion of eight basis points during the current quarter,” said Rob Woods, Chief Financial Officer of SaviBank. “We anticipate funding costs will continue to stabilize over the next few quarters.” The Company’s NIM was 3.48% in the second quarter of 2024, compared to 3.40% in the preceding quarter, and 3.66% in the second quarter a year ago. The NIM remains higher than the peer average of 3.14% posted by the 175 banks that comprised the Dow Jones U.S. Microcap Bank Index as of June 30, 2024. The cost of funds decreased to 238 basis points during the second quarter of 2024, compared to 242 basis points in the preceding quarter.

### Merger

On March 22, 2024, the Company announced that it had signed a Purchase and Assumption agreement whereby Lakewood, WA. based Harborstone Credit Union will acquire SaviBank in an all-cash transaction. The transaction is structured as a purchase agreement with Harborstone Credit Union purchasing substantially all assets and assuming substantially all liabilities of SaviBank. The transaction is anticipated to be completed in the first quarter of 2025, subject to receiving all regulatory approvals, approval by the stockholders of Savi Financial, and other customary closing conditions.

“We look forward to working with Harborstone Credit Union to continue our tradition of fostering meaningful customer relationships while having a positive impact in our local communities,” said Cann. “We are deeply focused on providing resources and services for our customers to succeed, and believe that the additional services, products and locations Harborstone Credit Union provides will help us continue to meet the financial needs of our customers. Through the unique structure of this acquisition by Harborstone Credit Union, we believe we are maximizing value to our shareholders who have supported us over the years.”

### **Second Quarter 2024 Highlights:**

- The Company reported a net loss of \$5,000 for the second quarter of 2024, compared to net loss of \$416,000 for the first quarter of 2024, and net income of \$561,000 for the second quarter of 2023.
- Losses per diluted share were \$0.00 in the second quarter of 2024, compared to losses per diluted share of \$0.09 in the preceding quarter, and earnings per diluted share of \$0.13 in the second quarter of 2023.
- Net interest income was \$4.86 million in the second quarter of 2024, compared to \$4.63 million in the first quarter of 2024, and \$4.85 million in the second quarter of 2023.
- Total revenue, consisting of net interest income and non-interest income, increased 16% to \$6.04 million in the second quarter of 2024, compared to \$5.21 million in the preceding quarter and increased 4% compared to \$5.82 million in the second quarter a year ago.
- Non-interest expense was \$5.82 million in the second quarter of 2024, compared to \$5.53 million in the preceding quarter, and \$5.33 million in the second quarter a year ago.
- Average second quarter 2024 total loans increased 2% to \$503.8 million, compared to \$491.1 million in the first quarter of 2024, and increased 9% from \$461.1 million in the second quarter of 2023. Total loans at June 30, 2024, increased 3% to \$512.1 million from \$497.3 million at March 31, 2024, and increased 10% compared to \$467.6 million at June 30, 2023.
- SBA and USDA loan production for the twelve months ended June 30, 2024, totaled 10 loans for \$6.64 million, compared to production of 24 loans for \$23.65 million in the year-ago period.
- Average second quarter 2024 total deposits grew 1% to \$490.8 million, from \$486.6 million in the preceding quarter, and increased 5% from \$467.1 million in the second quarter of a year ago. Total deposits increased 1% to \$492.1 million, at June 30, 2024, compared to \$489.4 million at March 31, 2024, and increased 5% compared to \$466.7 million at June 30, 2023.
- The Company recorded a \$255,000 provision for credit losses in the second quarter of 2024, compared to a \$237,000 provision in the first quarter of 2024, and a \$189,000 credit to the provision in the second quarter of 2023.
- Allowance for loan losses, as a percentage of total loans, was 1.19% at June 30, 2024, compared to 1.17% at March 31, 2024, and at June 30, 2023.
- Nonperforming loans, as a percentage of total loans, was 0.24% at June 30, 2024, compared to 0.35% at March 31, 2024, and 0.02% at June 30, 2023.
- Nonperforming assets, as a percentage of total assets, was 0.20% at June 30, 2024, compared to 0.40% at March 31, 2024, and 0.13% a year ago.
- Net charge-offs were \$35,000 in the second quarter of 2024, compared to \$173,000 in the first quarter of 2024, and \$107,000 in the second quarter a year ago.
- SaviBank capital levels remained above the threshold for well-capitalized institutions with a tier-1 leverage ratio of 8.27% at June 30, 2024.

### **About Northwest Washington**

SaviBank currently operates six branches in Skagit County, two branches in Island County, one branch in Whatcom County and one branch in San Juan County. The Skagit, Whatcom, Island and San Juan counties region stretches north from the greater Seattle/Everett/Bellevue metropolis to the Canadian border.

The housing market in Skagit, Island, Whatcom and San Juan counties remains healthy, although it has fallen off the record high levels from the past few years. According to the Northwest Multiple Listing Service, the average home in Skagit County sold for \$590,000, up 7.18% in June 30, 2024, compared to a year ago, and there was a 2.65 month supply of homes on the market. For Island County, the average house sold for \$622,000, up 8.26% from a year ago and supply totaled 2.55 months. For Whatcom County, the average home sold for \$599,000, up 4.26% from a year ago and supply totaled 2.60 months. For San Juan County, the average home sold for \$950,000, up from 2.93% from a year ago and supply totaled 8.32 months.

Skagit's population is projected to grow 3.84% from 2024 through 2029, and median household income is projected to increase by 11.41% during the same time frame. Whatcom County's population is projected to grow 4.97% from 2024 through 2029, and median household income is projected to increase by 10.99%. Island County's population is projected to grow 2.24% from 2024 through 2029, and median household income is projected to increase by 12.83%. San Juan County's population is projected to grow 6.78% from 2024 through 2029, and median household income is projected to increase by 10.88%.

Sources:

<https://www.nwmls.com/real-estate-news/monthly-market-snapshot/>

<https://www.capitaliq.spglobal.com/>

### **About Savi Financial Corporation Inc. and SaviBank**

Savi Financial Corporation is the bank holding company which owns SaviBank. The Bank began operations April 11, 2005, and has 10 branch locations in Anacortes, Burlington, Bellingham, Concrete, Mount Vernon (2), Oak Harbor, Freeland, Sedro-Woolley, and Friday Harbor, Washington. The Bank provides loan and deposit services to customers who are predominantly small and middle-market businesses and individuals in and around Skagit, Island, Whatcom and San Juan counties. As a locally-owned community bank, we believe that when everyone becomes Savi about their finances, our entire community benefits. For additional information about SaviBank, visit: [www.SaviBank.com](http://www.SaviBank.com).

### **About Harborstone Credit Union**

Harborstone Credit Union is a Washington-chartered and federally insured credit union headquartered in Lakewood, Washington. Founded in 1955 as McChord Federal Credit Union, serving airmen on McChord Air Force Base (now Joint Base Lewis McChord), Harborstone Credit Union has grown to become one of the largest credit unions in Washington State with over 90,000 members and approximately \$2.18 billion in total assets. Harborstone Credit Union has sixteen branches located throughout King, Pierce, and Thurston counties and offers members a full range of products and services with the aim to assist members in achieving financial well-being through innovative financial solutions that foster thriving communities and economic vitality. For more information, please visit [www.harborstone.com](http://www.harborstone.com).

## **Forward Looking Statements**

Certain statements in this news release contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties, and other factors, such as the businesses of Harborstone Credit Union and SaviBank may not be integrated successfully or such integration may take longer to accomplish than expected, the expected cost savings and any revenue synergies from the acquisition may not be fully realized within the expected timeframes, disruption from the acquisition may make it more difficult to maintain relationships with customers, associates, or suppliers, the required governmental approvals of the acquisition may not be obtained on the proposed terms and schedule, or Savi Financial shareholders may not approve the acquisition, any of which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the companies or any person that the future events, plans, or expectations contemplated by the companies will be achieved. All subsequent written and oral forward-looking statements concerning the companies or any person acting on their behalf is expressly qualified in its entirety by the cautionary statements above. None of Harborstone Credit Union, Savi Financial or SaviBank undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, to reflect circumstances or events that occur after the date the forward-looking statements are made.

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## SELECTED FINANCIAL DATA

(In thousands of dollars, except for ratios and per share amounts)  
Unaudited

|  | Three Months Ended |                  |        |                   |       | Six Months Ended |                  |        |
|--|--------------------|------------------|--------|-------------------|-------|------------------|------------------|--------|
|  | June 30,<br>2024   | June 30,<br>2023 | Var %  | March 31,<br>2024 | Var % | June 30,<br>2024 | June 30,<br>2023 | Var %  |
| <b>SUMMARY OF OPERATIONS</b>                             |                    |                  |        |                   |       |                  |                  |        |
| Interest income  | \$ 8,371           | \$ 6,946         | 21%    | \$ 7,835          | 7%    | \$ 16,206        | \$ 13,519        | 20%    |
| Interest expense   | (3,509)            | (2,097)          | 67     | (3,204)           | 10    | (6,713)          | (3,553)          | 89     |
| Net interest income                                      | 4,862              | 4,849            | 0      | 4,631             | 5     | 9,493            | 9,966            | (5)    |
| Provision for loan losses                                | (255)              | 189              | (235)  | (237)             | 8     | (492)            | 189              | (360)  |
| NII after loss provision                                 | 4,607              | 5,038            | (9)    | 4,394             | 5     | 9,001            | 10,155           | (11)   |
| Non-interest income                                      | 1,181              | 970              | 22     | 581               | 103   | 1,762            | 1,944            | (9)    |
| Non-interest expense                                     | (5,823)            | (5,327)          | 9      | (5,531)           | 5     | (11,354)         | (10,856)         | 5      |
| Income before tax  | (35)               | 681              | (105)  | (556)             | (94)  | (591)            | 1,243            | (148)  |
| Federal income tax expense                               | (30)               | 120              | (125)  | (140)             | (79)  | (170)            | 214              | (179)  |
| Net income   | \$ (5)             | \$ 561           | (101)% | \$ (416)          | (99)% | \$ (421)         | \$ 1,029         | (141)% |
| <b>PER COMMON SHARE DATA</b>                             |                    |                  |        |                   |       |                  |                  |        |
| Number of shares outstanding (000s)                      | 3,465              | 3,459            | 0%     | 3,465             | —%    | 3,465            | 3,459            | 0.17%  |
| Earnings per share, basic                                | \$ (0.00)          | \$ 0.16          | (101)  | \$ (0.12)         | (99)  | \$ (0.12)        | \$ 0.30          | (141)  |
| Earnings per share, diluted                              | \$ (0.00)          | \$ 0.13          | (101)  | \$ (0.09)         | (99)  | \$ (0.10)        | \$ 0.23          | (141)  |
| Market value   | 14.79              | 6.90             | 114    | 14.60             | 1     | 14.79            | 6.90             | 114    |
| Book value   | 10.61              | 10.91            | (3)    | 10.56             | 1     | 10.61            | 10.91            | (3)    |
| Market value to book value                               | 139.35%            | 63.25%           | 120    | 138.30%           | 1     | 139.35%          | 63.25%           | 120    |
| <b>BALANCE SHEET DATA</b>                                |                    |                  |        |                   |       |                  |                  |        |
| Assets   | \$ 621,191         | \$ 576,458       | 8%     | \$ 603,333        | 3%    | \$ 621,191       | \$ 576,458       | 8%     |
| Investments securities                                   | 34,698             | 36,074           | (4)    | 36,548            | (5)   | 34,698           | 36,074           | (4)    |
| Total loans  | 512,080            | 467,624          | 10     | 497,290           | 3     | 512,080          | 467,624          | 10     |
| Total deposits   | 492,140            | 466,675          | 5      | 489,366           | 1     | 492,140          | 466,675          | 5      |
| Borrowings   | 72,000             | 52,500           | 37     | 57,500            | 25    | 72,000           | 52,500           | 37     |
| Sub Debt - Savi Financial Only                           | 17,000             | 17,000           | -      | 17,000            | -     | 17,000           | 17,000           | -      |
| Shareholders' equity                                     | 36,777             | 37,737           | (3)    | 36,579            | 1     | 36,777           | 37,737           | (3)    |
| <b>AVERAGE BALANCE SHEET DATA</b>                        |                    |                  |        |                   |       |                  |                  |        |
| Average assets   | \$ 612,262         | \$ 569,891       | 7%     | \$ 598,407        | 2%    | \$ 607,336       | \$ 549,987       | 10%    |
| Average total loans                                      | 503,793            | 461,062          | 9      | 491,928           | 2     | 498,760          | 452,738          | 10     |
| Average total deposits                                   | 490,753            | 467,091          | 5      | 486,600           | 1     | 487,987          | 448,692          | 9      |
| Average shareholders' equity                             | 36,678             | 37,590           | (2)    | 36,883            | (1)   | 36,982           | 37,007           | (0)    |
| <b>ASSET QUALITY RATIOS</b>                              |                    |                  |        |                   |       |                  |                  |        |
| Net (charge-offs) recoveries                             | \$ (35)            | \$ (107)         | N/M    | \$ (173)          | N/M   | \$ (208)         | \$ (189)         | N/M    |
| Net (charge-offs) recoveries to average loans            | (0.03)%            | (0.09)%          | N/M    | (0.14)%           | N/M   | (0.08)%          | (0.08)%          | N/M    |
| Non-performing loans as a % of loans                     | 0.24               | 0.02             | 1,105  | 0.35              | (31)  | 0.24             | 0.02             | 1,105  |
| Non-performing assets as a % of assets                   | 0.20               | 0.13             | 53     | 0.40              | (50)  | 0.20             | 0.13             | 53     |
| Allowance for loan losses as a % of total loans          | 1.19               | 1.17             | 1      | 1.17              | 1     | 1.19             | 1.17             | 1      |
| Allowance for loan losses as a % of non-performing loans | 492.30             | 6,412.94         | (92)   | 333.12            | 48    | 492.30           | 6,412.94         | (92)   |
| <b>FINANCIAL RATIOS/STATISTICS</b>                       |                    |                  |        |                   |       |                  |                  |        |
| Return on average equity                                 | -0.05%             | 5.97%            | (101)% | -4.51%            | (99)% | -2.28%           | 5.56%            | (141)% |
| Return on average assets                                 | (0.00)             | 0.39             | (101)  | (0.28)            | (99)  | (0.14)           | 0.37             | (137)  |
| Net interest margin                                      | 3.48               | 3.66             | (5)    | 3.40              | 2     | 3.46             | 3.85             | (10)   |
| Efficiency ratio   | 83.37              | 91.51            | (9)    | 106.12            | (21)  | 87.59            | 91.41            | (4)    |
| Average number of employees (FTE)                        | 140                | 149              | (6)    | 146               | (4)   | 140              | 147              | (5)    |
| <b>CAPITAL RATIOS</b>                                    |                    |                  |        |                   |       |                  |                  |        |
| Tier 1 leverage ratio -- Bank                            | 8.27               | 8.32             | (1)%   | 8.06              | 3%    | 8.27             | 8.32             | (1)%   |
| Common equity tier 1 ratio -- Bank                       | 9.36               | 8.92             | 5      | 8.93              | 5     | 9.36             | 8.92             | 5      |
| Tier 1 risk-based capital ratio -- Bank                  | 9.36               | 8.92             | 5      | 8.93              | 5     | 9.36             | 8.92             | 5      |
| Total risk-based capital ratio --Bank                    | 10.56              | 10.14            | 4      | 10.10             | 5     | 10.56            | 10.14            | 4      |

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