HomeStreet

3rd Quarter 2023

October 30, 2023

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 “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “should,” “will,” “would” and similar expressions. Forward-looking statements in this presentation include, among other matters, statements regarding our business plans and strategies, general economic trends, strategic initiatives we have announced, growth scenarios and performance targets and key drivers 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, 2022, and in our subsequent quarterly reports on Forms 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, changes in the U.S. and global economies, including business disruptions, reductions in employment, inflationary pressures and an increase in business failures, specifically among our customers; 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 the Bank, through which substantially all of our operations are carried out; there may be increases in competitive pressure among financial institutions or from non-financial institutions; our ability to attract and retain key members of our senior management team; the timing and occurrence or non-occurrence of events may be subject to circumstances beyond our control; 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 or interpreted 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; challenges our customers may face in meeting current underwriting standards may adversely impact all or a substantial portion of the value of our rate-lock loan activity we recognize; 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; staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our work force and potential associated charges; litigation, investigations 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 the consummation of our transaction to purchase three branches in southern California. 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 subsidiary, HomeStreet Bank (the "Bank").

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

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Quarterly Results

- Net income of $2.3 million, or $0.12 per share
- Net interest margin of 1.74%
- Loans held for investment remained stable
- Excluding broker deposits, total deposits decreased $137 million to $5.8 billion
- Uninsured deposits were $535 million as of September 30, 2023 (8% of total deposits)
- Nonperforming assets to total assets 0.42% on September 30, 2023
- Book value per share of $26.74 and tangible book value per share of $26.18[1] on September 30, 2023

Year to date results

- Net loss of $24.1 million, or $1.28 per share
- Core net income of $10.5 million[1], or $0.56 per share
- Net interest margin of 1.96%

Other Results

- Declared and paid a quarterly cash dividend of $0.10 per share

HomeStreet's results reflect the challenges of rising interest rates and competition for deposits.

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

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Nasdaq: HMST

Managing through challenging times

- Seattle-based diversified commercial & consumer bank – company founded in 1921
- Serving customers throughout the western United States
- 58 bank branches
- Total assets $9.5 billion

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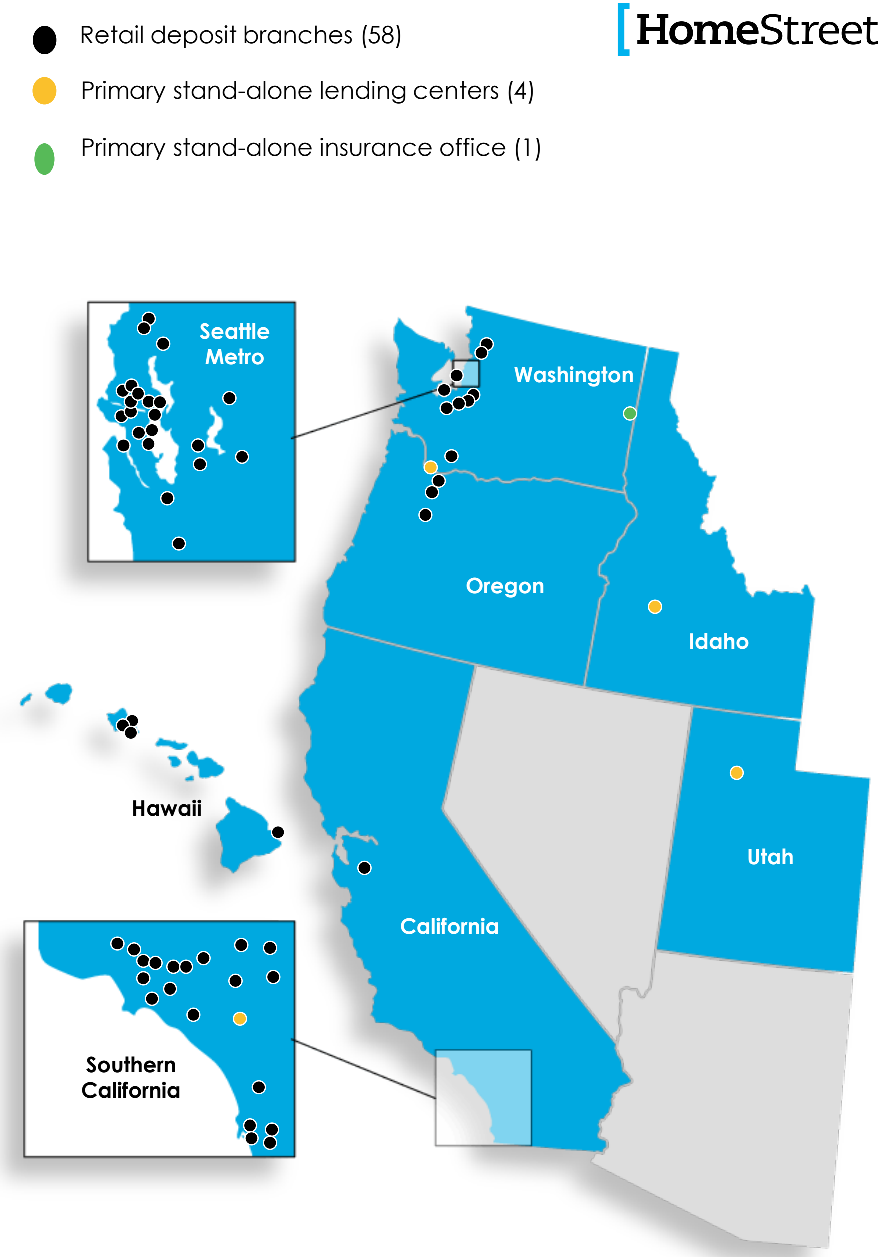
Market Focus:

- Seattle / Puget Sound
- Southern California
- Portland, OR
- Hawaiian Islands
- Idaho/Utah(Single Family Construction Lending)



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.

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Higher Interest Rate Environment

Strategy

- Long term strategy to replace borrowings and certificates of deposit with transaction accounts through organic growth and acquisitions
- Demonstrated ability to attract deposits at interest rates meaningfully below wholesale borrowing rates
- Hedged borrowings ($1.6 billion) to mitigate risk of continued increases in interest rates

Current loan production strategy

- Substantially reduced production levels in 2023
- Focus on variable rate loan production

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- Low level of uninsured deposits
- Diversified deposit base
- Continuing ability to attract new deposit clients
- Strong on balance sheet and contingent Liquidity
- New loan originations focus is on variable rate products
- Incentivizing multifamily borrowers to refinance loans, resulting in higher current yields

Funding Overview

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Liquidity Considerations

Diversified Deposit Base:

- The average balance of our noninterest-bearing consumer deposit accounts as of September 30, 2023, was $8,000 and overall average consumer deposit account balance was $29,000.
- The average balance of our noninterest-bearing business deposit accounts as of September 30, 2023, was $72,000 and overall average business deposit account balance was $100,000.
- As a percentage of our deposit portfolio, our top ten customers make up only 4.4% of our total deposit balances.
- Uninsured deposits of $535 million as of September 30, 2023 (8% of total deposits)

Continuing ability to attract new deposit clients

- Our branch system added 445 new business customers in the first nine months of 2023.
- Commercial banking added 86 new customers in the first nine months of 2023.

Liquidity:

- Our on-balance sheet liquidity as of September 30, 2023, was 13%.
- Our available contingent liquidity borrowing sources ($5.1 billion) equal to 76% of the total amount of deposits outstanding as of September 30, 2023.
- Optimizing funding costs by utilizing least cost option (borrowings / brokered deposits)

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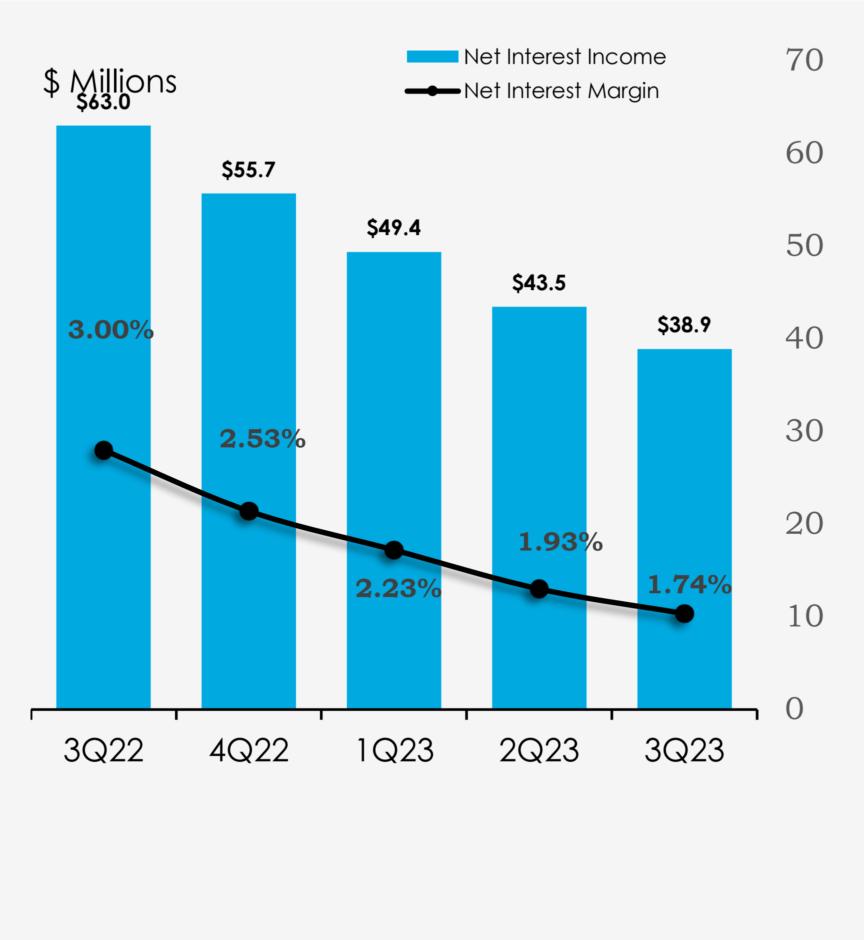
Net Interest Income & Margin

- **Higher funding costs:**
  - Rising interest rates
  - Increased competition
  - Migration of low-cost deposits to higher cost deposits
- **Use of promotional rate deposit products**
- **Increasing yields on loans**



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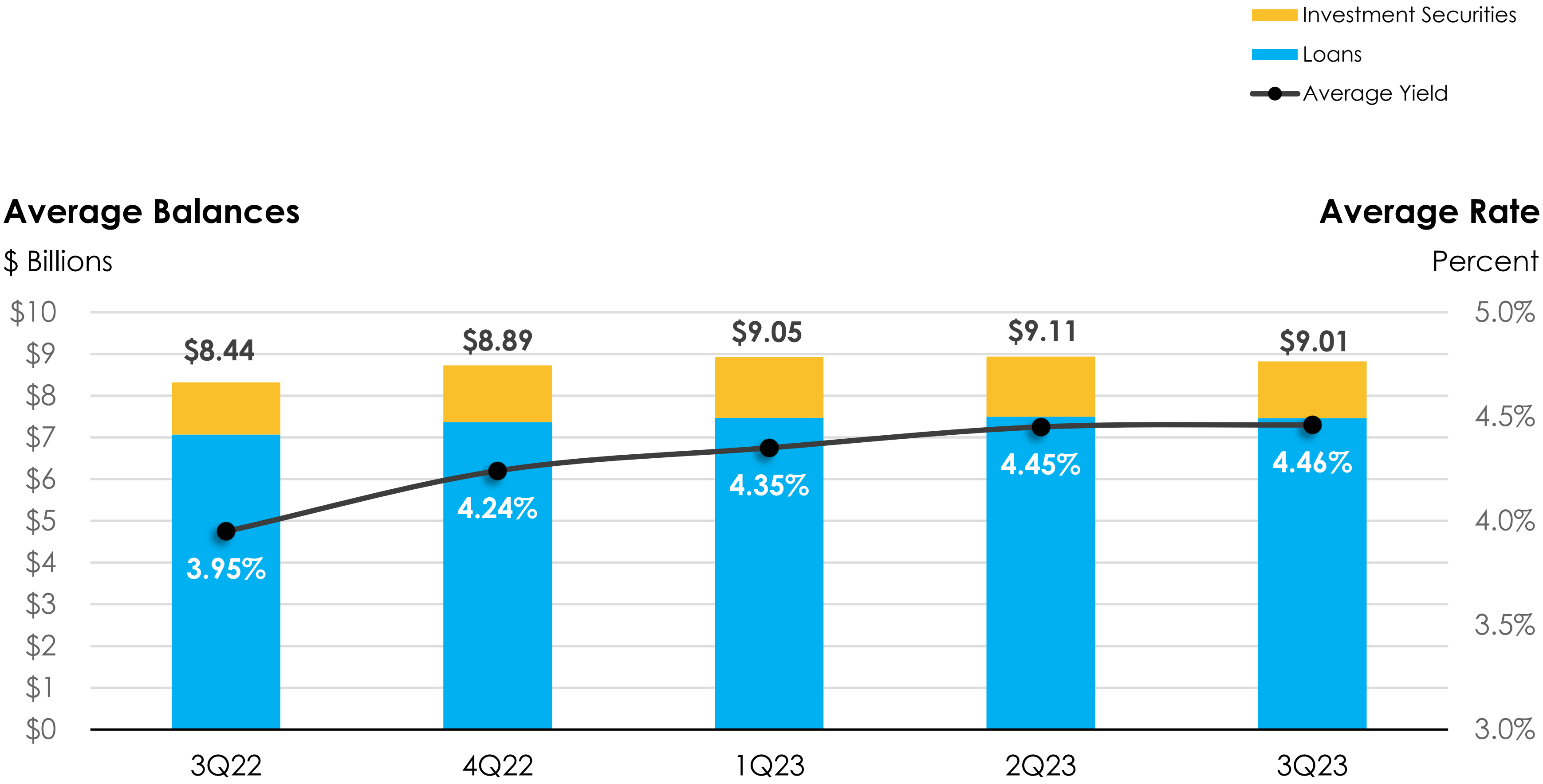
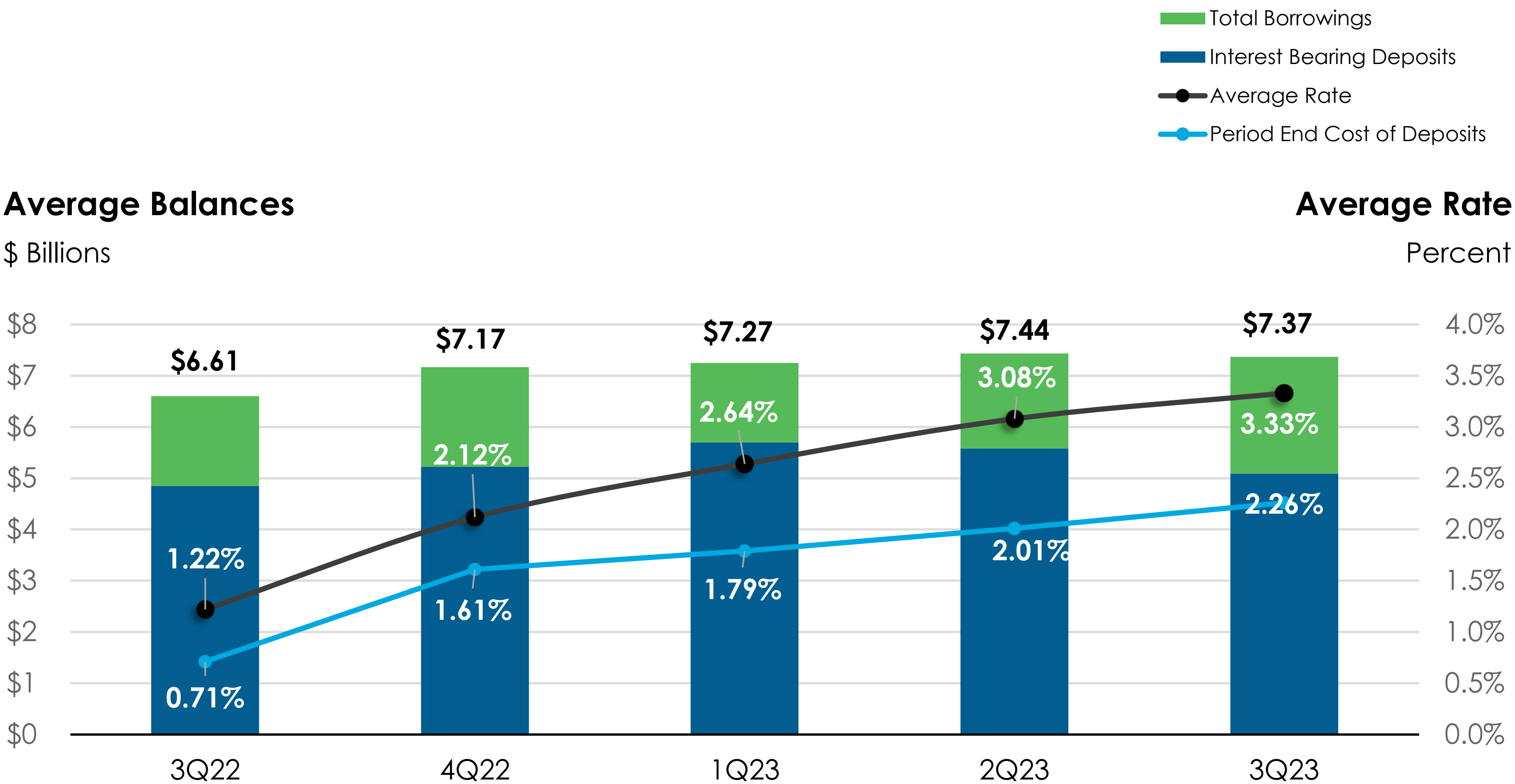
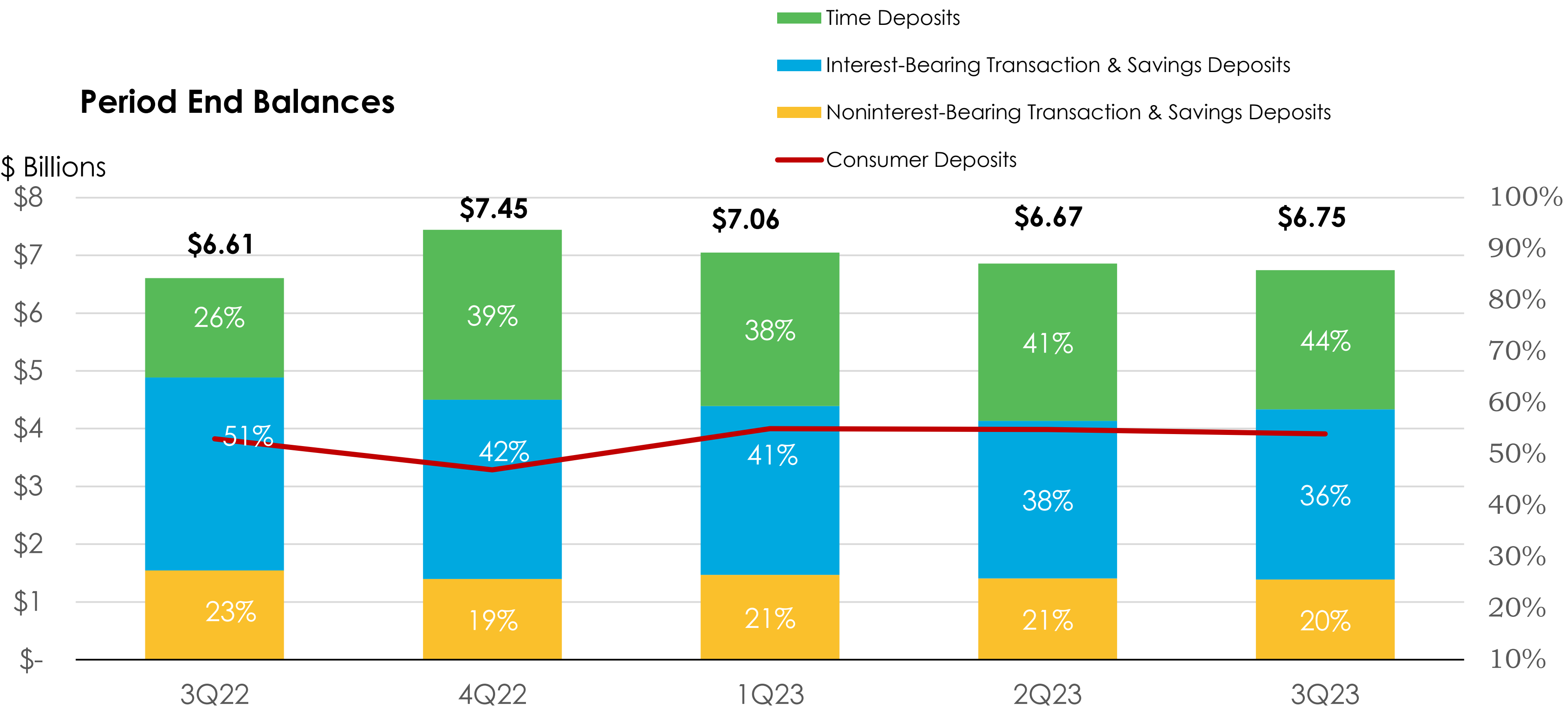
Interest-Earning Assets



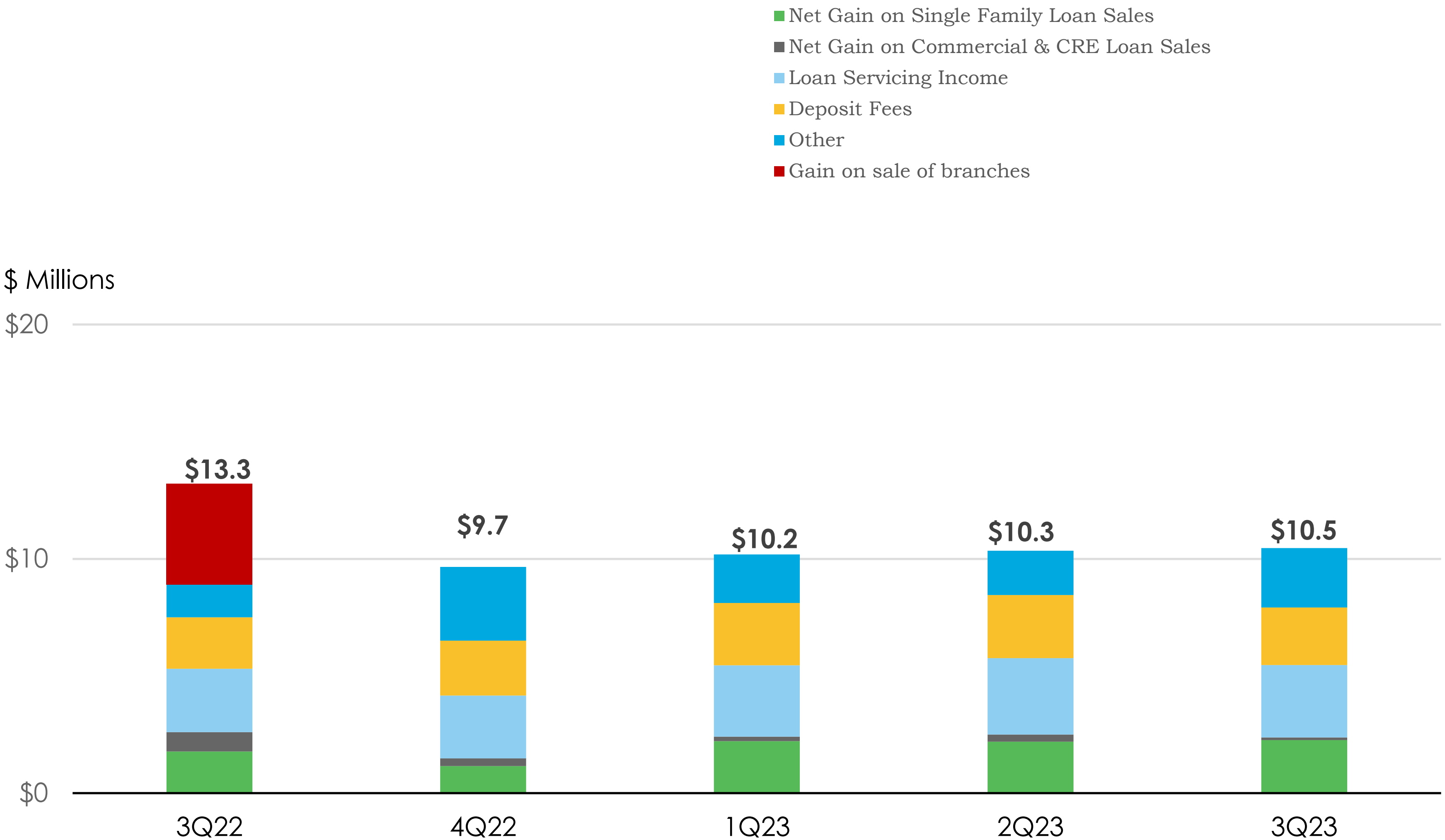
Interest-Bearing Liabilities



Deposits

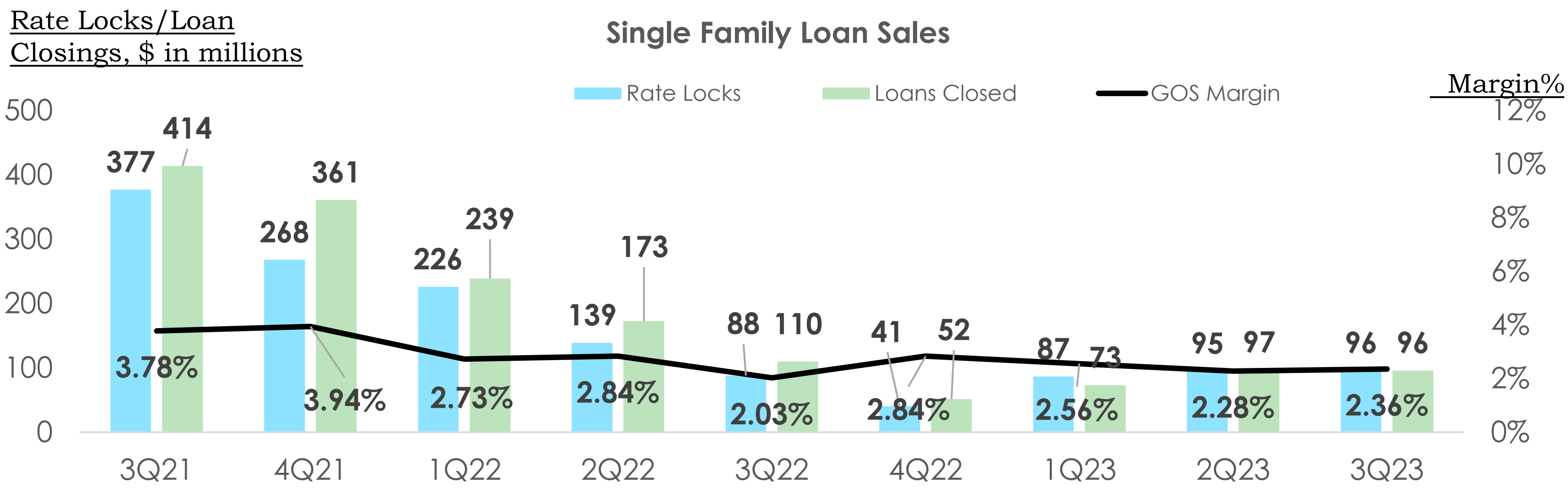

Period End Balances
$ Billions
Time Deposits
Interest-Bearing Transaction & Savings Deposits
Noninterest-Bearing Transaction & Savings Deposits
Consumer Deposits
$8
$7
$6
$5
$4
$3
$2
$1
$-
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
$6.61
$7.45
$7.06
$6.67
$6.75
26%
39%
38%
41%
44%
51%
42%
41%
38%
36%
23%
19%
21%
21%
20%
3Q22
4Q22
1Q23
2Q23
3Q23

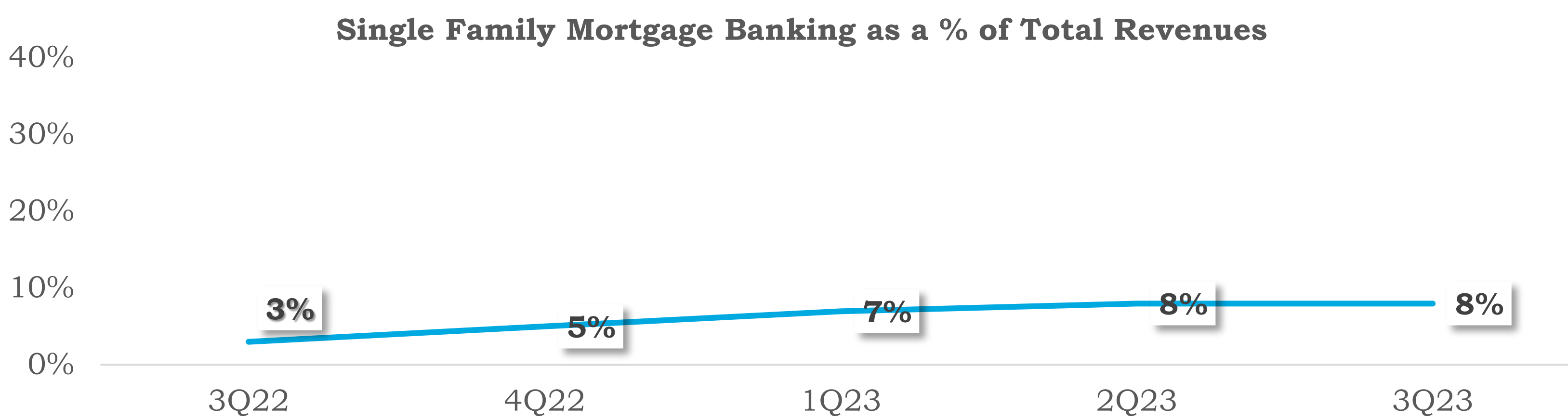
Noninterest Income



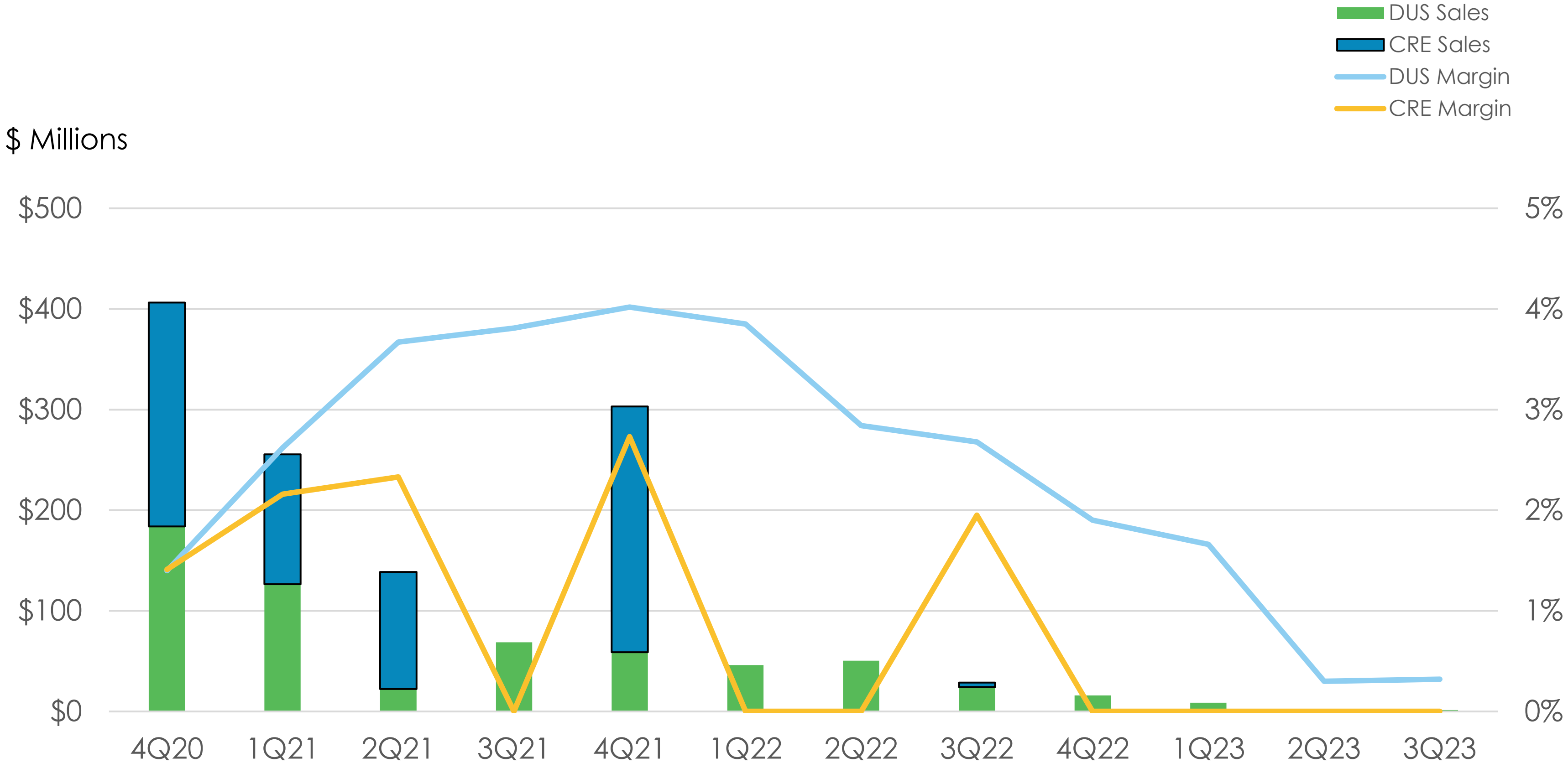
Other consists of insurance agency commissions, swap income, gain (loss) on sale of securities, and other miscellaneous income

Single Family Mortgage Banking

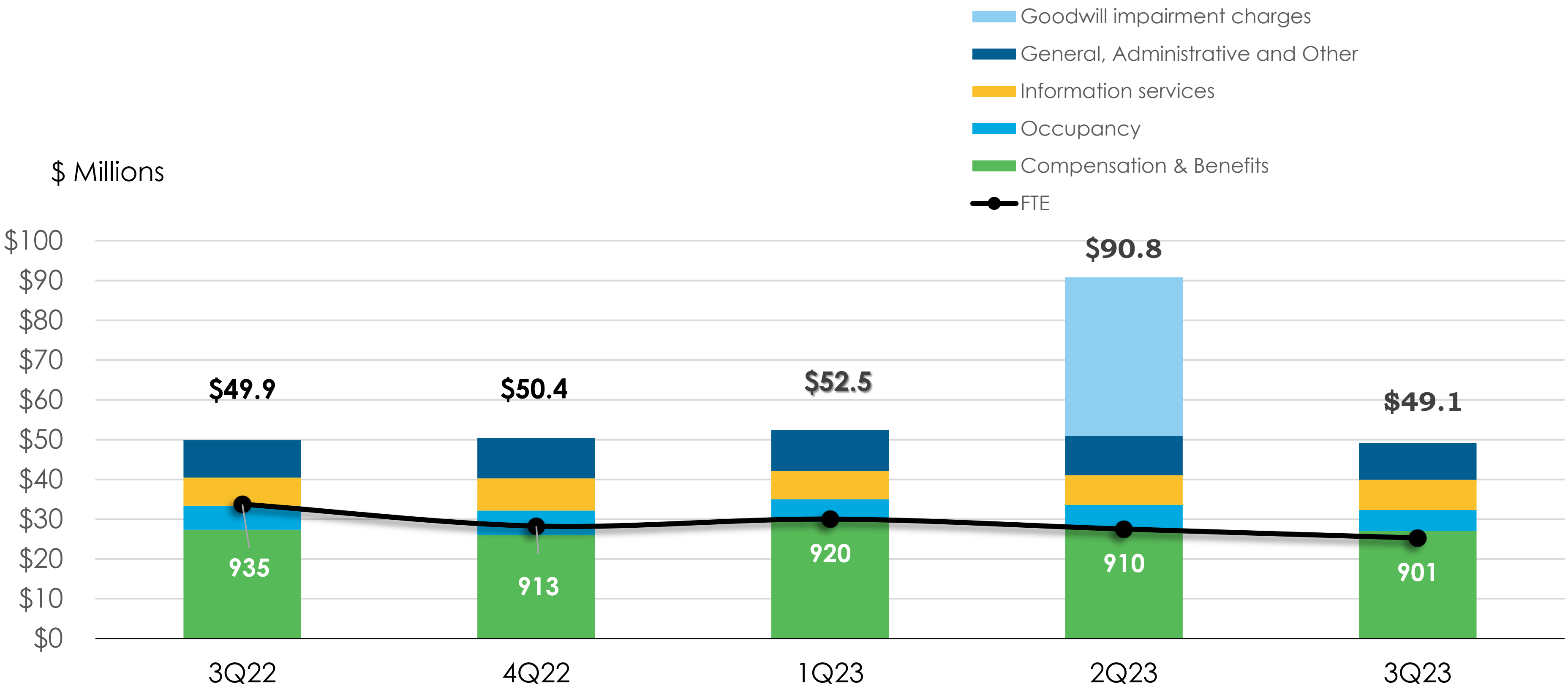




Commercial Real Estate Loan Sales

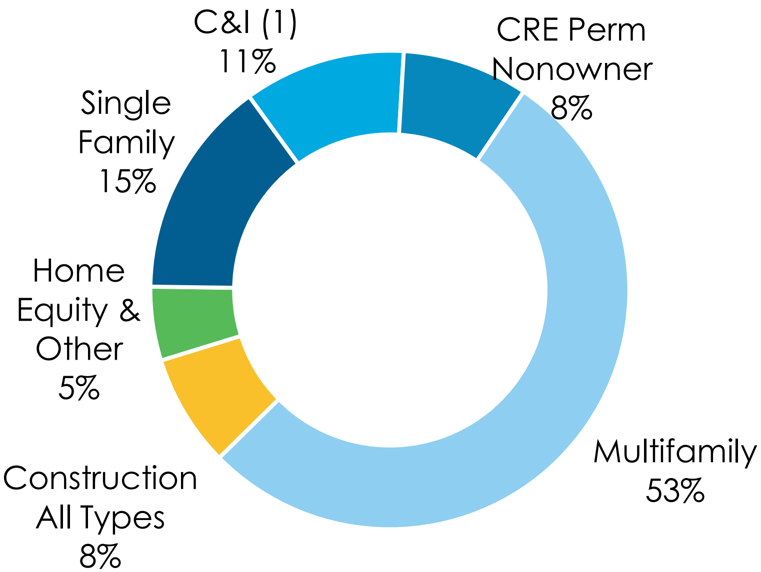


Noninterest Expense



Loan Portfolio

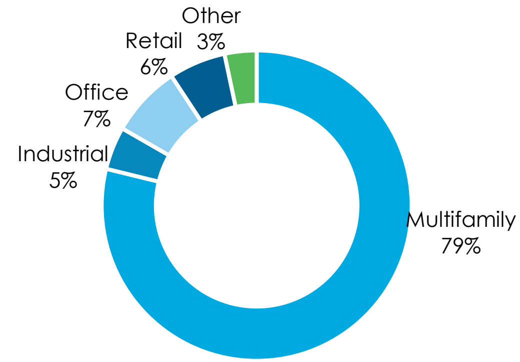
Loan Composition: $7.4 Billion



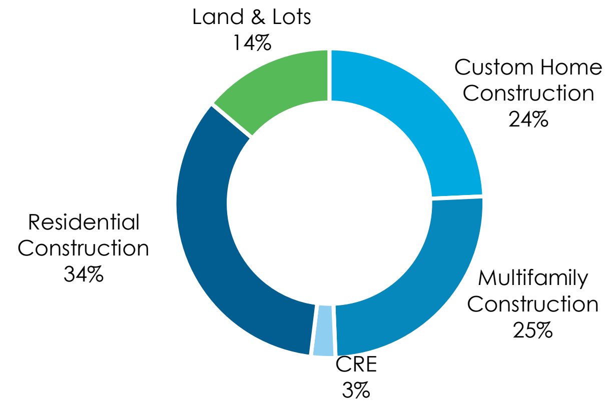
A highly diversified loan portfolio by product and geography.

(1) - Includes owner occupied CRE

Permanent CRE by Property Type: $5.0 Billion (1)



Construction by Property Type: $566 Million



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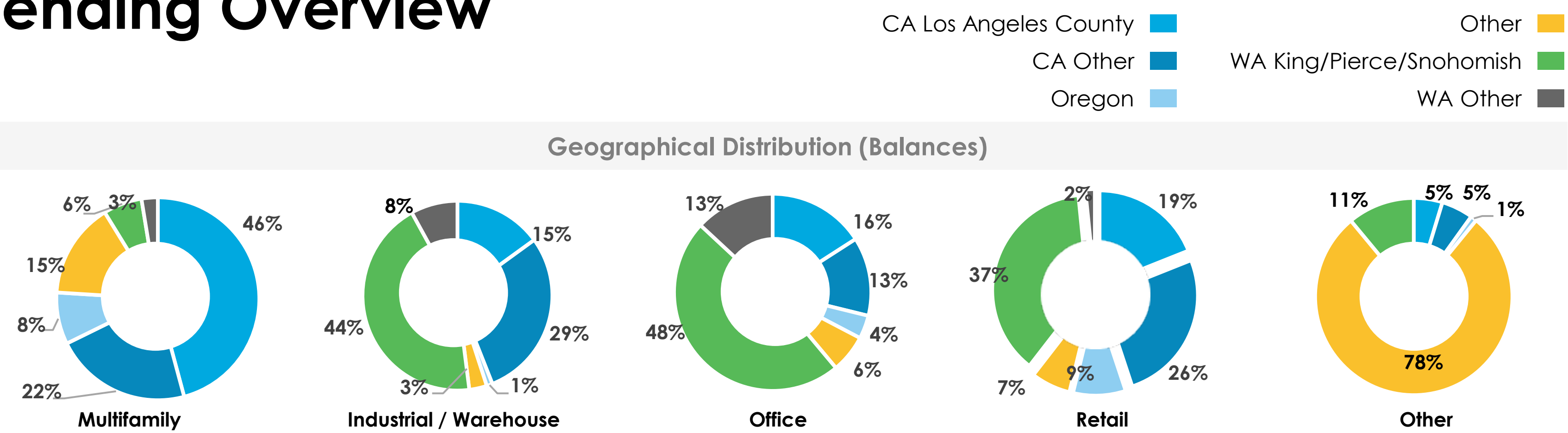
Permanent Commercial Real Estate Lending Overview

Geographical Distribution (Balances)



Loan Characteristics

- Up To 30 Year Term
- $30MM Loan Amt. Max
- ≥ 1.15 DSCR
- Avg. LTV @ Orig. ~ 60%

- 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. ~ 61%

- Up To 15 Year Term
- $30MM Loan Amt. Max
- ≥ 1.25 DSCR
- Avg. LTV @ Orig. ~ 54%

- Additional property types are reviewed on a case by case basis
- Includes acquired loan types
- Examples include: hotels, schools, churches, marinas

09/30/23 Balances Outstanding Totaling $5.0 Billion

- Balance: $4.0B
- % of Balances: 79%
- Portfolio Avg. LTV ~ 57%(1)
- Portfolio Avg. DSCR ~ 1.38x
- Avg. Loan Size: $5.4M
- Largest Dollar Loan: $48.0M

- Balance: $224M
- % of Balances: 5%
- % Owner Occupied: 51%
- Portfolio LTV ~ 48%(1)
- Portfolio Avg. DSCR ~ 1.90x
- Avg. Loan Size: $2.5M
- Largest Dollar Loan: $21.3M

- Balance: $374M
- % of Balances: 7%
- % Owner Occupied: 30%
- Portfolio LTV ~ 51%(1)
- Portfolio Avg. DSCR ~ 1.69x
- Avg. Loan Size: $2.4M
- Largest Dollar Loan: $23.4M

- Balance: $298M
- % of Balances: 6%
- % Owner Occupied: 20%
- Portfolio LTV ~ 46%(1)
- Portfolio Avg. DSCR ~ 1.70x
- Avg. Loan Size: $2.9M
- Largest Dollar Loan: $15.4M

- Balance: $167M
- % of Balances: 3%
- % of Owner Occupied: 84%
- Portfolio LTV ~ 36%(1)
- Portfolio Avg. DSCR ~ 2.14x
- Avg. Loan Size: $3.7M
- Largest Dollar Loan: $23.3M

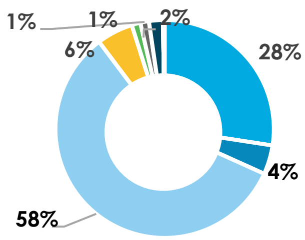
- **HomeStreet lends across the full spectrum of commercial real estate lending types, but is deliberate in its effort to achieve diversification among property types and geographic areas to mitigate concentration risk.**
- **"Other" category includes loans secured by Schools ($80.0 million), Hotels ($28.4 million), and Churches ($11.4 million).**

(1) Property values as of origination date.

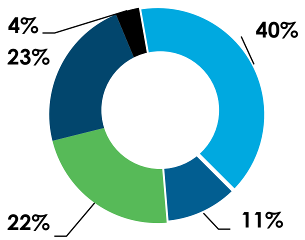
Construction Lending Overview

Seattle Metro
Puget Sound Other
WA Other
Portland Metro
OR Other
Hawaii
California
Utah
Idaho
Other: AZ, CO

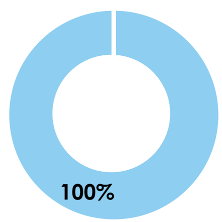
Geographical Distribution (Balances)



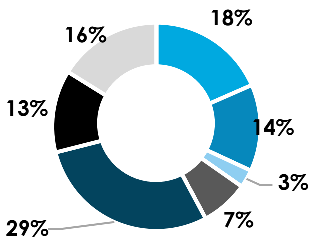
Custom Home Construction



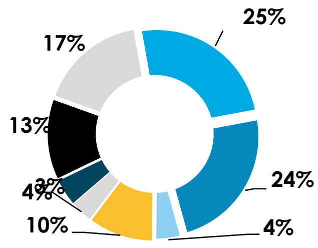
Multifamily



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 ~ 39%
- Liquidity and DSC covenants

- 18-36 Month Term
- ≤ 80% LTC
- Minimum 15% Cash Equity
- ≥ 1.25 DSC
- ≥ 50% pre-leased office/retail
- Portfolio LTV ~66%
- Liquidity and DSC covenants

- 12-18 Month Term
- LTC: ≤ 95% Presale & Spec
- Leverage, Liquid. & Net Worth Covenants as appropriate
- Portfolio LTV ~ 69%

- 12-24 Month Term
- ≤ 50% -80% LTC
- Strong, experienced, vertically integrated builders
- Portfolio LTV ~ 67%

09/30/23 Balances Outstanding Totaling $566 Million

- Balance: $138M
- Unfunded Commitments: $75M
- % of Balances: 24%
- % of Unfunded Commitments: 17%
- Avg. Loan Size: $724K
- Largest Dollar Loan: $2.2M

- Balance: $142M
- Unfunded Commitments: $114M
- % of Balances: 25%
- % of Unfunded Commitments: 26%
- Avg. Loan Size: $10.1M
- Largest Dollar Loan: $24.6M

- Balance: $14M
- Unfunded Commitments: $10M
- % of Balances: 3%
- % of Unfunded Commitments: 2%
- Avg. Loan Size: $7.2M
- Largest Dollar Loan: $14.5M

- Balance: $194M
- Unfunded Commitments: $228M
- % of Balances: 34%
- % of Unfunded Commitments: 52%
- Avg. Loan Size: $472K
- Largest Dollar Loan: $10.4M

- Balance: $78M
- Unfunded Commitments: $11M
- % of Balances: 14%
- % of Unfunded Commitments: 3%
- Avg. Loan Size: $833K
- Largest Dollar Loan: $3.9M

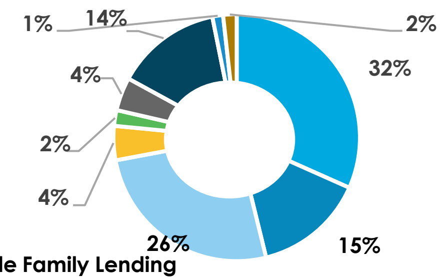
[**Construction lending is a broad category that includes many different loan types, which possess different risk profiles. HomeStreet lends across the full spectrum of construction lending types.**]

Single Family Lending and Home Equity Line of Credit (HELOC) Overview

HomeStreet

Seattle Metro		Hawaii	
Puget Sound Other		California	
WA Other		Utah	
Portland Metro		Idaho	
OR Other		Other: AZ, CO	

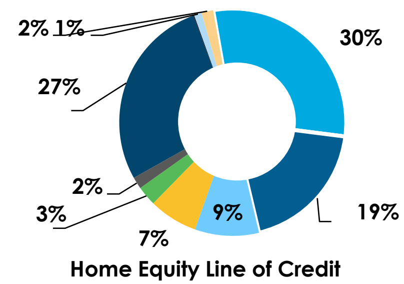
Single Family Geographical Distribution (Balances)



Single family Loan Characteristics

- Balance: $1.1B
- $94.3M Gov't Guaranteed
- $314.4M Conventional Fixed Rate
- $691.2M Conventional Variable Rate
- Average Term Remaining: 299 Months
- Average Term Remaining Conventional Variable Rate: 313 Months
- Average Current LTV: 65.01%
- DTI Initial: 29.28%
- Average Loan Size: $522 thousand
- Largest Dollar Loan: $4.1M
- Average Current Interest Rate 4.03%

HELOC Geographical Distribution (Balances)

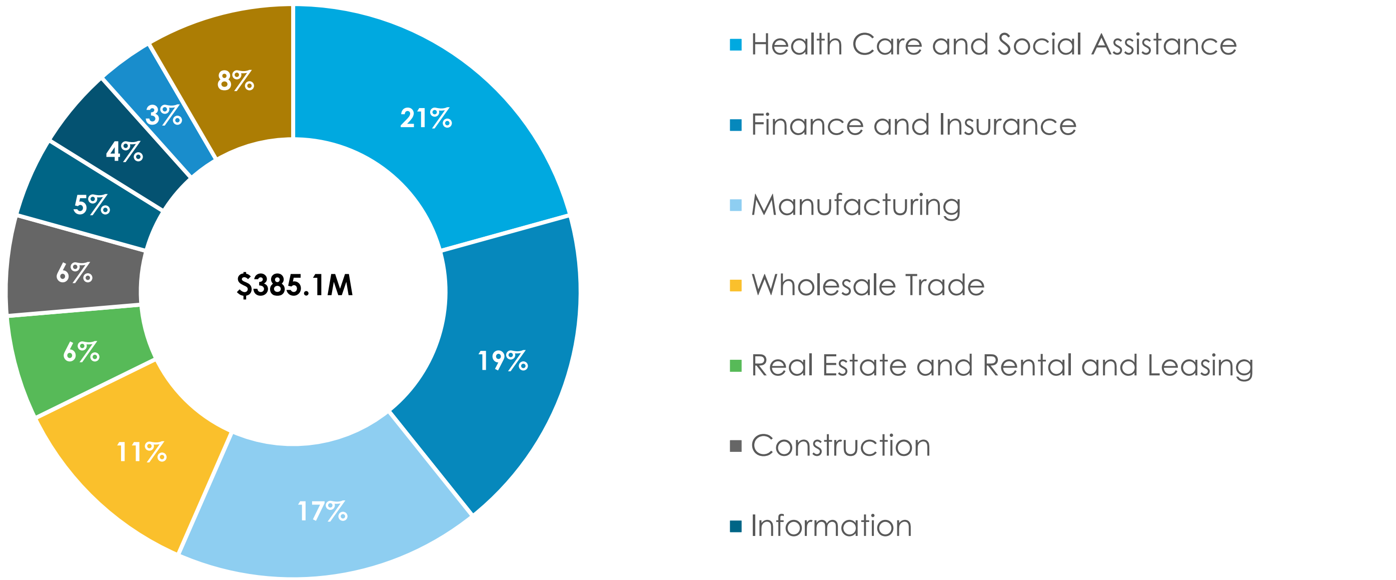


HELOC Loan Characteristics

- Balance: $362.2M
- Available Line: $565.0M
- Average Loan Size: $66K
- Largest Loan Size: $1M
- Average FICO: 769
- Portfolio CLTV: 63.43%
- Average Current Interest Rate: 9.41%

Commercial Business Lending Overview

Commercial Business Balances by Industry Type as of Sept. 30, 2023



Tops in the nation – Our recent awards

Ranked #8 among all U.S. Banks and #6 in the $5-50 billion in assets category by Bank Director.

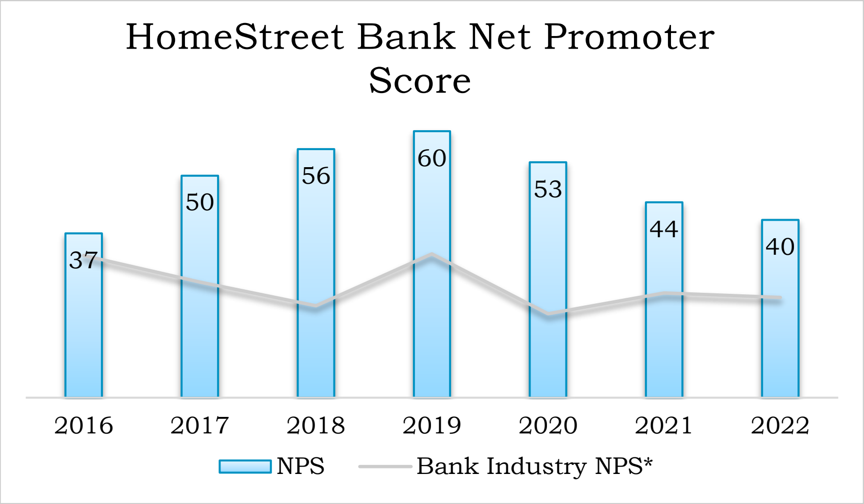
Ranked #1 in Depository Segment:

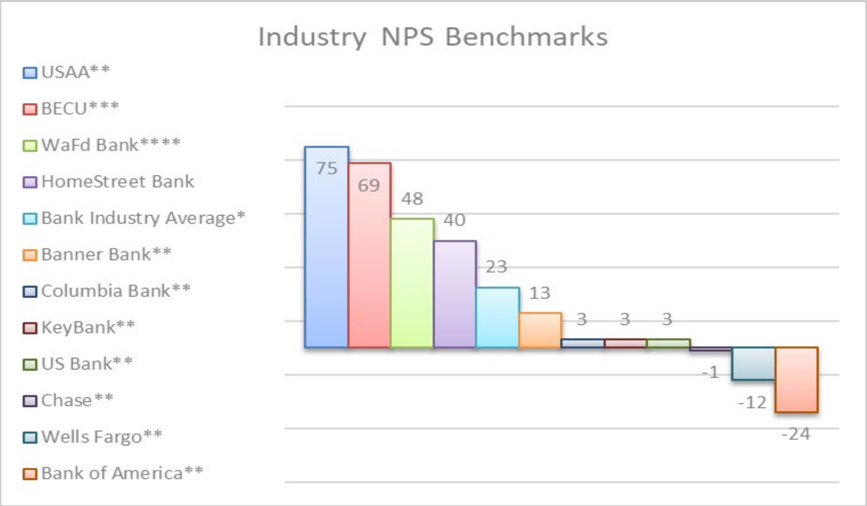
- Overall Satisfaction
- Net Promoter Score
- Likelihood to Use Again
- Loan Officer
- Processor
- Application Process
- Products and Costs

The MortgageCX Borrower Satisfaction Program is recognized as the industry benchmark for mortgage borrower satisfaction. Being named a Best-in-Class lender means we've received outstanding ratings from the borrowers our team served in 2022.

Operational Metric: Net Promotor Score

- We are pleased to announce that we achieved a Net Promoter Score (NPS) of 40 in 2022– exceeding the bank industry benchmark for the seventh consecutive year.
- The NPS is a measure of customer satisfaction calculated based on responses to a single question: How likely is it that you would recommend HomeStreet Bank to a friend or colleague? To calculate the bank's latest NPS rating, we surveyed 33,200 checking customers and received more than 2,500 survey responses.





Sources: *Qualtrics XM institute, **Customer Guru, ***BECU Annual Report Summary 2021, and ****WaFD Bank Investor Presentation 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PRACTICES

We are committed to our employees, to our communities, and to responsible banking practices.

Overall	• **Nominating and Governance Committee oversees the Company's ESG programs, policies and practices and may recommend changes to the Company's ESG strategy to the Board of Directors.** • **In 2022, the Company established an ESG Management Steering Committee comprised of senior management and included ESG as part of our strategic plan.** • **In 2023, we adopted a Company-wide ESG Policy.** • **Currently evaluating disclosure frameworks across all ESG topics.** • **Conducting ESG priorities assessment refresh to further execute our ESG Program.** • **Inaugural ESG Report published Q2 2023 to the Company's website.**
Environment and Sustainability	• Continued evaluation of disclosure frameworks against which to measure and risk manage our ESG Program priorities. • Continued evaluation of disclosure controls and procedures for ESG disclosures. • Conducting proposed SEC climate rule readiness assessment. • Monitoring SEC proposed ESG rules, including on our climate disclosures.
Social Responsibility and Human Capital	• Continued attention to the safety, health and wellness of our employees as COVID-19 resurges. • Continuing supporting 3 Employee Resource Groups (ERGs): African American, Culture, and Pride. • Continued expansion of employee learning resources to increase awareness around DE&I throughout employee population. • Continuing hybrid and remote work for many workers and continue to provide paid parking for employees at home office who are not yet comfortable returning to the workplace using public transportation. • 62% of employees are female and 38% male. 59% White, 14% Asian, 12% Hispanic/Latino, 9% additional ethnicities combined and 7% decline to identify. • Expanding focus around succession planning to support opportunities to promote diverse talent. • So far in 2023, we provided over 1,500 hours of paid Community Service time-off for employees to volunteer in their community. • We have donated $496,000 year to date to local non-profit organizations, and our employees recorded over 5,000 hours of volunteer time. • In 2023, we have funded 18 Volunteer Grants on behalf of employees who serve as long-term volunteers with a non-profit organization.
Governance	• Oversight by an engaged Board of Directors who actively monitor the policies and business strategies of the Company and are committed to the interests of the Company, the shareholders, employees and communities where we operate. • Maintain effective governance practices including Articles of Incorporation, Bylaws, Principles of Corporate Governance, Committee Charters, Stock Ownership Guidelines, a Code of Ethics, a Whistleblower Policy and other policies.


HomeStreet
HomeStreet Bank
4036
Monday - Friday
9am to 6pm
Saturday
9am to 2pm

Outlook

Key Drivers Guidance

Metric	2 to 3 Quarter Outlook	Comments
The expectations being provided below are subject to substantial uncertainty due to potential changes in macroeconomic conditions including the timing of any future Fed Funds target rate increases and ending high point.		
Loans Held for Investment	Stable	• Lower production levels • Focus on variable rate products • Low prepayment speeds
Average Deposits	Stable	• Excluding impact of brokered deposits • Continuing migration of lower cost deposits to higher-cost products • Growth in consumer and business customers • Promotional CD products utilized to raise new money
Net Interest Margin	Stable	• Impact of Fed rate increases on deposit and borrowing costs • High level of wholesale funding • Current loan production at higher rates
Noninterest Income	Increasing	• Higher levels of Fannie Mae DUS loan sales • Seasonal increases in single family mortgage banking in 2024 • Consistent servicing income and deposit fees
Noninterest Expense	Stable then Increasing	• Seasonal increase in compensation benefit costs in 2024 Q1 • Compensation impacted by single family mortgage production • Other noninterest expense maintained at current levels

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. Please refer to our cautionary notes on forward looking statements at the beginning of this presentation.

Appendix

Results of Operations

HomeStreet

$ Thousands, Except Per Share Data	Quarter Ended Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Net Interest Income	$38,912	$43,476	$49,376	$55,687	$63,018
Provision for Credit Losses	(1,110)	(369)	593	3,798	-
Noninterest Income	10,464	10,311	10,190	9,677	13,322
Noninterest Expense	49,089	90,781	52,491	50,420	49,889
Income (loss)					
Before Income Tax	1,397	(36,625)	6,482	11,146	26,451
Total	2,295	(31,422)	5,058	8,501	20,367
Income per Share – Diluted	$0.12	$(1.67)	$0.27	$0.45	$1.08
Core Net Income (1)					
Total	$2,295	$3,180	$5,058	$8,501	$20,367
Income per share - diluted	$0.12	$0.17	$0.27	$0.45	$1.08
ROAA	0.10%	(1.32)%	0.22%	0.36%	0.91%
Core ROAA (1)	0.10%	0.13%	0.22%	0.36%	0.91%
ROAE	1.7%	(21.7)%	3.5%	6.0%	13.4%
ROATE(1)	2.2%	2.9%	4.1%	6.4%	14.2%
Net Interest Margin	1.74%	1.93%	2.23%	2.53%	3.00%
Efficiency Ratio (1)	98.3%	93.7%	87.2%	76.2%	68.4%
Full-Time-Equivalent Employees	901	910	920	913	935
Tier 1 Leverage Ratio (Bank)	8.51%	8.43%	8.47%	8.63%	9.15%
Total Risk-Based Capital (Bank)	14.03%	13.49%	12.37%	12.59%	12.57%
Common Equity Tier 1 Capital (Bank)	13.32%	12.78%	11.71%	11.92%	11.96%
Tier 1 Leverage Ratio (Company)	7.03%	6.93%	6.92%	7.25%	7.61%
Total Risk-Based Capital (Company)	12.67%	12.16%	11.16%	11.53%	11.43%
Common Equity Tier 1 Capital (Company)	9.55%	9.14%	8.36%	8.72%	8.66%

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

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Selected Balance Sheet and Other Data

	As of:				
$ Thousands, except per share data	Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Loans Held For Sale	$33,879	$31,873	$24,253	$17,327	$13,787
Loans Held for Investment, net	7,400,501	7,395,151	7,444,882	7,384,820	7,175,881
Allowance for Credit Losses	40,000	41,500	41,500	41,500	37,606
Investment Securities	1,294,634	1,397,051	1,477,004	1,400,212	1,311,941
Total Assets	**9,458,751**	**9,501,475**	**9,858,889**	**9,364,760**	**9,072,887**
Deposits	6,745,551	6,670,033	7,056,603	7,451,919	6,610,231
Borrowings	1,873,000	1,972,000	1,878,000	1,016,000	1,569,000
Long-Term Debt	224,671	224,583	224,492	224,404	224,314
Total Shareholders' Equity	**502,487**	**527,623**	**574,994**	**562,147**	**522,789**
Other Data:					
Book Value per Share	$26.74	$28.10	$30.64	$30.01	$29.53
Tangible Book Value per Share[(1)]	$26.18	$27.50	$27.87	$28.41	$27.92
Shares Outstanding	18,794,030	18,776,597	18,767,811	18,730,380	18,717,557
Loans to Deposit Ratio	110.8%	112.0%	106.4%	99.9%	109.3%
Asset Quality:					
ACL to Total Loans[(2)]	0.55%	0.57%	0.56%	0.57%	0.53%
ACL to Nonaccrual Loans	103.2%	104.3%	318.1%	412.7%	306.6%
Nonaccrual Loans to Total Loans	0.52%	0.54%	0.17%	0.14%	0.17%
Nonperforming Assets to Total Assets	0.42%	0.44%	0.15%	0.13%	0.15%
Nonperforming Assets	$39,749	$41,469	$14,886	$11,893	$13,991

(1) See appendix for reconciliation of this non-GAAP financial measure.
(2) This ratio excludes balances insured by the FHA or guaranteed by the VA or SBA.

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Loans Held for Investment Balance Trend

$ Millions	Sep. 30, 2023		June 30, 2023		Mar. 31, 2023		Dec. 31, 2022		Sep. 30, 2022	
Non-owner Occupied CRE	$633	*9%*	$651	*9%*	$652	*9%*	$658	*9%*	$666	*9%*
Multifamily	3,957	*52%*	3,967	*53%*	3,976	*53%*	3,976	*54%*	3,924	*54%*
Construction / Land Development	567	*8%*	576	*8%*	607	*8%*	627	*8%*	590	*8%*
Total CRE Loans	**$5,157**	***69%***	**$5,194**	***70%***	**$5,235**	***70%***	**$5,261**	***71%***	**$5,180**	***71%***
Owner Occupied CRE	$428	*6%*	$434	*6%*	$438	*6%*	$443	*6%*	$432	*6%*
Commercial Business	385	*5%*	372	*5%*	393	*5%*	360	*5%*	362	*5%*
Total C&I Loans	**$813**	***11%***	**$806**	***11%***	**$831**	***11%***	**$803**	***11%***	**$794**	***11%***
Single Family	$1,100	*15%*	$1,068	*14%*	$1,058	*14%*	$1,009	*13%*	$907	*13%*
Home Equity and Other	371	*5%*	368	*5%*	362	*5%*	353	*5%*	332	*5%*
Total Consumer Loans	**$1,471**	***20%***	**$1,436**	***19%***	**$1,420**	***19%***	**$1,362**	***18%***	**$1,239**	***18%***
Total Loans Held for Investment	**$7,441**	***100%***	**$7,437**	***100%***	**$7,486**	***100%***	**$7,426**	***100%***	**$7,213**	***100%***

Loan Originations and Advances Trend

$ Millions	Sep. 30, 2023		June 30, 2023		Mar. 31, 2023		Dec. 31, 2022		Sep. 30, 2022	
Non-owner Occupied CRE	$2	1%	$2	1%	$3	1%	$1	0%	$11	1%
Multifamily	44	13%	66	20%	18	5%	188	31%	474	52%
Construction / Land Development	156	47%	153	46%	153	44%	186	30%	208	23%
Total CRE Loans	**$202**	**61%**	**$221**	**67%**	**$174**	**50%**	**$375**	**61%**	**$693**	**76%**
Owner Occupied CRE	$2	1%	$9	3%	$7	2%	$21	3%	$11	1%
Commercial Business	34	10%	14	4%	58	17%	41	7%	36	4%
Total C&I loans	**$36**	**11%**	**$23**	**7%**	**$65**	**19%**	**$62**	**10%**	**$47**	**5%**
Single Family	$58	18%	$45	14%	$67	20%	$129	21%	$119	13%
Home Equity and Other	33	10%	39	12%	39	11%	46	8%	55	6%
Total Consumer loans	**$91**	**28%**	**$84**	**26%**	**$106**	**31%**	**$175**	**29%**	**$174**	**19%**
Total	**$329**	**100%**	**$328**	**100%**	**$345**	**100%**	**$612**	**100%**	**$914**	**100%**

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Allowance for Credit Losses by Product Type

$ Thousands	Sep. 30, 2023		June 30, 2023	
	Reserve Amount	Reserve Rate	Reserve Amount	Reserve Rate
Non-owner Occupied CRE	$2,365	0.37%	$2,242	0.34%
Multifamily	10,706	0.27%	9,695	0.24%
Construction/Land Development				
Multifamily Construction	1,592	1.12%	1,566	1.29%
CRE Construction	153	0.83%	169	0.84%
Single Family Construction	9,745	3.63%	11,067	4.02%
Single Family Construction to Permanent	991	0.72%	1,421	0.89%
Total CRE Loans	**25,552**	**0.50%**	**26,160**	**0.50%**
Owner Occupied CRE	1,102	0.26%	930	0.21%
Commercial Business	3,601	0.94%	3,837	1.04%
Total C&I	**4,703**	**0.58%**	**4,767**	**0.60%**
Single Family	5,783	0.58%	6,617	0.68%
Home Equity and Other	3,962	1.07%	3,956	1.07%
Total Consumer Loans	**9,745**	**0.71%**	**10,573**	**0.79%**
Total Allowance for Credit Losses	**$40,000**	**0.55%**	**$41,500**	**0.57%**

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

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Non-GAAP Financial Measures

$ Thousands, Except Per Share Data	Quarter Ended Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	YTD Sep. 30, 2023
Tangible Book Value per Share						
Shareholders' Equity	$502,487	$527,623	$574,994	$562,147	$552,789	
Less: Goodwill and Other Intangibles	(10,429)	(11,217)	(51,862)	(29,980)	(30,215)	
Tangible Shareholders' Equity	$492,508	$516,406	$523,132	$532,167	$522,574	
Common Shares Outstanding	18,794,030	18,776,597	18,767,811	18,730,380	18,717,557	
Computed Amount	**$26.18**	**$27.50**	**$27.87**	**$28.41**	**$27.92**	
Tangible Common Equity to Tangible Assets						
Tangible Shareholders' Equity	$492,058	$516,406	$523,132	$532,167	$522,574	
Tangible Assets						
Total Assets	$9,458,751	$9,501,475	$9,858,889	$9,364,760	$9,072,887	
Less: Goodwill and other intangibles	(10,429)	(11,217)	(51,862)	(29,980)	(30,215)	
Net	$9,448,322	$9,490,258	$9,807,027	$9,334,780	$9,042,672	
Ratio	**5.2%**	**5.4%**	**5.3%**	**5.7%**	**5.8%**	
Core net income						
Net income (loss)	$2,295	$(31,422)	$5,058	$8,501	$20,367	$(24,089)
Adjustments (tax effected)						
Goodwill impairment	-	34,622	-	-	-	34,622
Total	**$2,295**	**$3,180**	**$5,058**	**$8,501**	**$20,367**	**$10,533**
Fully diluted shares	18,792,893	18,775,022	18,771,899	18,753,147	18,796,737	18,774,593
Ratio	**$0.12**	**$0.17**	**$0.27**	**$0.45**	**$1.08**	**$0.56**

Non-GAAP Financial Measures (continued)

$ Thousands, Except Per Share Data	Quarter Ended Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Return on Average Tangible Equity					
Average Shareholders' Equity	$535,369	$582,172	$578,533	$565,950	$603,278
Less: Average Goodwill and Other Intangibles	(10,917)	(51,138)	(30,969)	(30,133)	(30,602)
Average Tangible Equity	**$524,452**	**$531,034**	**$547,564**	**$535,817**	**$572,676**
Core Net Income (per above)	$2,295	$3,180	$5,058	$8,501	$20,367
Amortization of Core Deposit Intangibles (net of tax)	614	614	459	183	186
Tangible Income Applicable to Shareholders	$2,909	$3,794	$5,517	$8,684	$20,553
Ratio	**2.2%**	**2.9%**	**4.1%**	**6.4%**	**14.2%**
Return on Average Assets - Annualized core					
Average Assets	$9,433,648	$9,562,817	$9,530,705	$9,348,396	$8,899,684
Core Net Income (per above)	$2,295	$3,180	$5,058	$8,501	$20,367
Ratio	**0.10%**	**0.13%**	**0.22%**	**0.36%**	**0.91%**
Effective Tax Rate Used in Computations Above (1)	22.0%	22.0%	22.0%	22.0%	22.0%

(1) Effective tax rate indicated is used for all adjustment except the goodwill impairment charge as a portion of this charge was not deductible for tax purposes. Instead a computed effective rate of 13.1% was used for the goodwill impairment charge.

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Non-GAAP Financial Measures (continued)

$ Thousands	Quarter Ended Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
Efficiency Ratio					
Noninterest Expense	$49,089	$90,781	$52,491	$50,420	$49,889
Adjustments:					
Goodwill impairment	-	(39,857)	-	-	-
State of Washington Taxes	(572)	(526)	(555)	(597)	(629)
Adjusted Total	$48,517	$50,398	$51,936	$49,823	$49,260
Total Revenues					
Net Interest Income	$38,912	$43,476	$49,376	$55,687	$63,018
Noninterest Income	10,464	10,311	10,190	9,677	13,322
Gain on sale of branches	-	-	-	-	(4,270)
Total Revenues	$49,376	$53,787	$59,566	$65,364	$72,070
Ratio	**98.3%**	**93.7%**	**87.2%**	**76.2%**	**68.4%**
Efficiency Ratio- excluding SFL					
Noninterest Expense (per above)	$48,517	$50,398	$51,936	$49,823	$49,260
Less: SFL direct expense*	(5,668)	(5,607)	(5,446)	(3,845)	(4,922)
Net	42,849	44,791	46,490	45,978	44,338
Revenue (per above)	$49,376	$53,787	$59,566	$65,364	$72,070
Less: SFL Revenue	(4,181)	(4,141)	(4,065)	(3,002)	(2,660)
Net	45,195	49,646	55,501	62,362	69,410
Ratio	**94.8%**	**90.2%**	**83.8%**	**73.7%**	**63.9%**
Efficiency Ratio – SFL*	**135.6%**	**135.4%**	**134.0%**	**128.1%**	**185.0%**

*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 exclude intangible assets from the calculation of capital ratios; (ii) core income which excludes goodwill impairment charges as we believe this is a better comparison to be used in projecting future results and (iii)an efficiency ratio, which is the ratio of noninterest expense 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 expense 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. We have provided reconciliations of, where applicable, the most comparable GAAP financial measures to the non-GAAP measures used in this presentation, or a reconciliation of the non-GAAP calculation of the financial measure.