



[HomeStreet]

3rd Quarter 2022

October 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, 2021, 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, 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 clients; the continued impact of COVID-19 on our business, 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 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 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 \$20.4 million, or \$1.08 per share
- ROAE of 13.4%, ROATE of 14.2%⁽¹⁾ and ROAA of 0.91%
- Efficiency ratio of 68.4%⁽¹⁾
- Net interest margin of 3.00%
- Net interest income increased by 5% in the quarter
- Loans held for investment increased by \$453 million or 7% in the quarter
- Yield on loans 4.09% during 2022 third quarter
- Cost of deposits of 0.71% on September 30, 2022
- Total deposits increased by \$617 million, excluding the impact of branch sale
- Nonperforming assets 0.15%
- Book value per share of \$29.53 and tangible book value per share of \$27.92⁽¹⁾ on September 30, 2022

Other Results

- Declared and paid a quarterly cash dividend of \$0.35 per share

Recent Developments

- Entered into agreement to purchase three branches in southern California, expected to close in the first quarter of 2023 (\$490 million of deposits)
- Sale of five branches in eastern Washington closed in the third quarter of 2022 (\$155 million of deposits, net of loans sold)

HomeStreet's results 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
- 55 bank branches and primary offices
- Total assets \$9.1 billion

Tops in the nation in 2022 – Our recent awards



"Best Small Bank"
in Washington State
by Newsweek



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

HomeStreet

Market Focus:

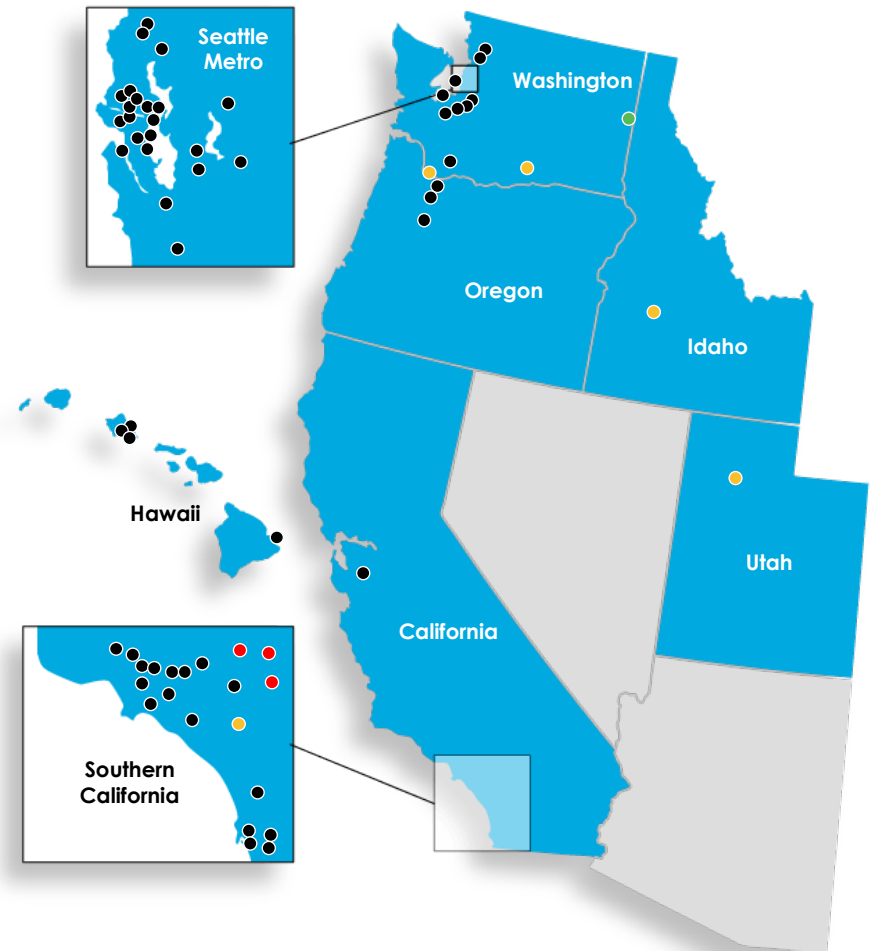
- Seattle / Puget Sound
- Southern California
- Portland, OR
- Hawaiian Islands
- San Francisco / Bay Area, CA

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 (55)
- Pending agreement to purchase branches(3)
- Primary stand-alone lending centers (5)
- Primary stand-alone insurance office (1)

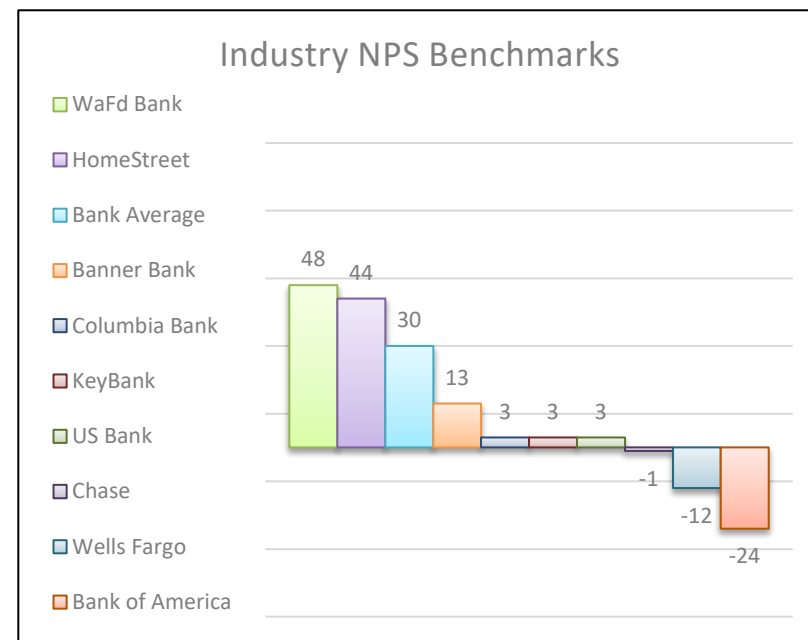
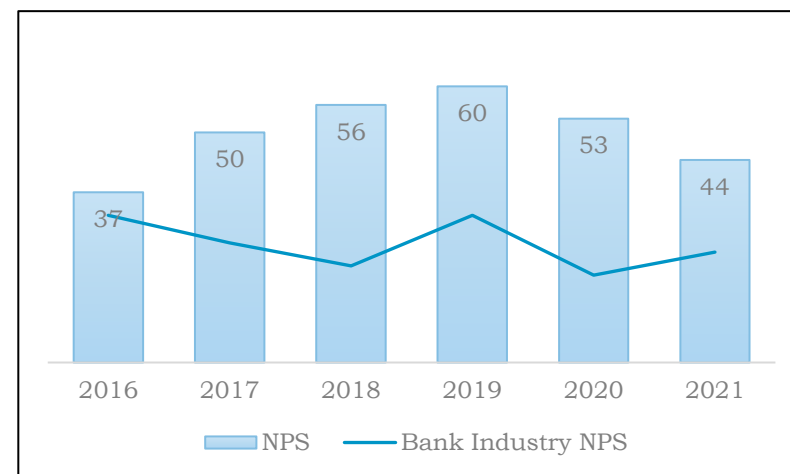


Operational Metrics:

Net Promoter Score

- We are pleased to announce that we achieved a Net Promoter Score (NPS) of 44 in 2021– exceeding the bank industry benchmark for the sixth 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 26,000 checking customers and received more than 1,400 survey responses.
- Our net promoter score is a testament to our ongoing commitment to enrich the financial lives of families and businesses in the communities we serve and great recognition for our frontline employees and support staff, who consistently go above and beyond to deliver exceptional customer service – even when tested in the heart of a global pandemic.

(1) Source of Bank Industry NPS is xminstitute.com



Strategy

- Current year loan growth initially funded by borrowings
- Refunding strategy to replace borrowings with promotional CDs and money market products
- Long term strategy to replace with organic growth and acquisitions
- Demonstrated ability to attract deposits at interest rates meaningfully below wholesale borrowing rates

Loan portfolio composition – as of September 30, 2022

- 18% variable loan rates
- 70% hybrid loans (variable after fixed period): 16% reprice in less than three years, 31% reprice within three to five years
- 12% fixed rate loans

Benefits of our loan production

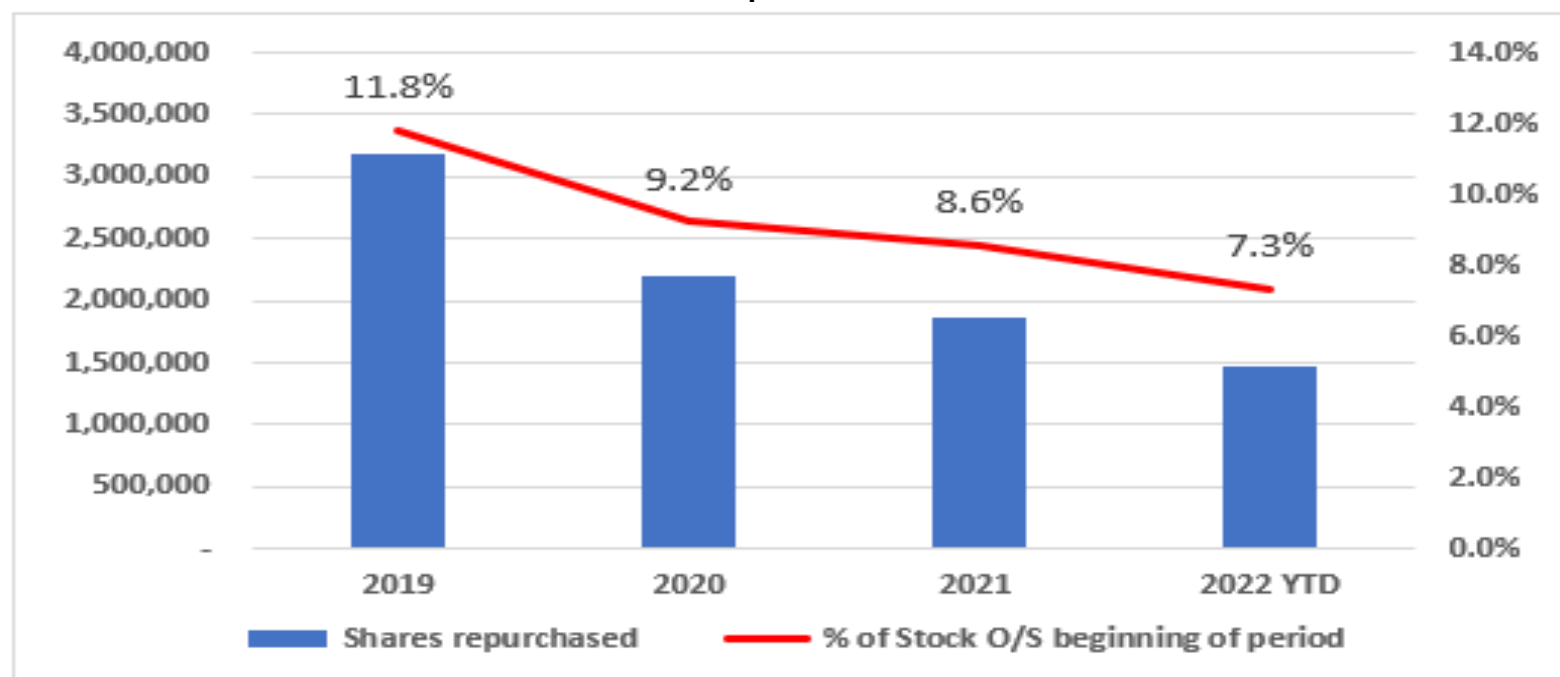
- Portfolio loan production of \$3.0 billion in the first nine months of 2022
- New loan production reflects current market pricing
- Strong loan production mitigates impact of rising funding costs
- Yield on loans increased by 27 basis points during the third quarter of 2022



**Rising
Interest Rate
Environment**

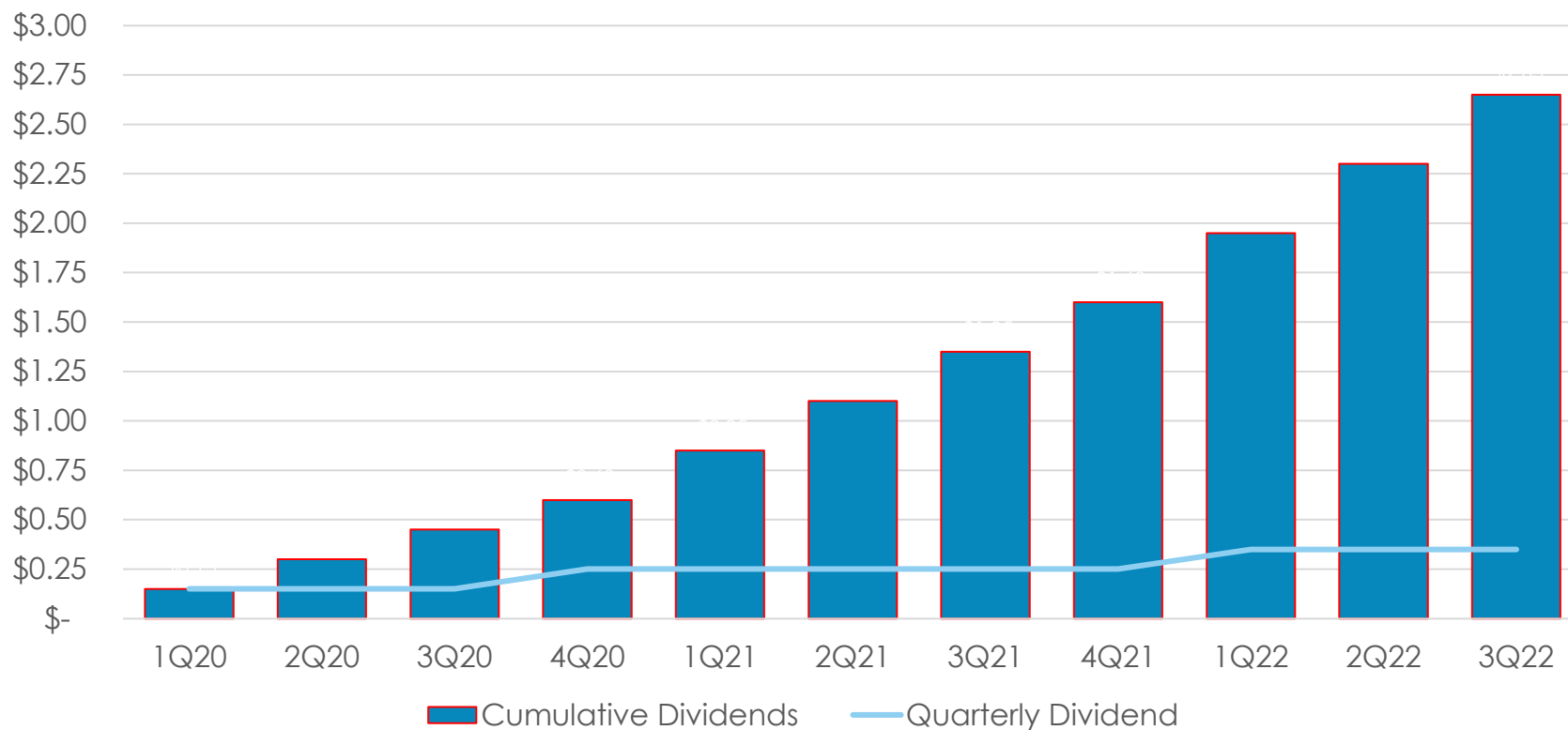
Shareholder Value and Active Capital Management

Share Repurchases



	2019		2020		2021		2022		Total
Total (in 000's)	\$	98,025	\$	58,020	\$	84,154	\$	75,000	\$ 315,199
Average Price	\$	30.76	\$	26.31	\$	44.92	\$	50.97	\$ 36.07

Dividends Paid



Annual dividend yield of 5% at 9/30/2022

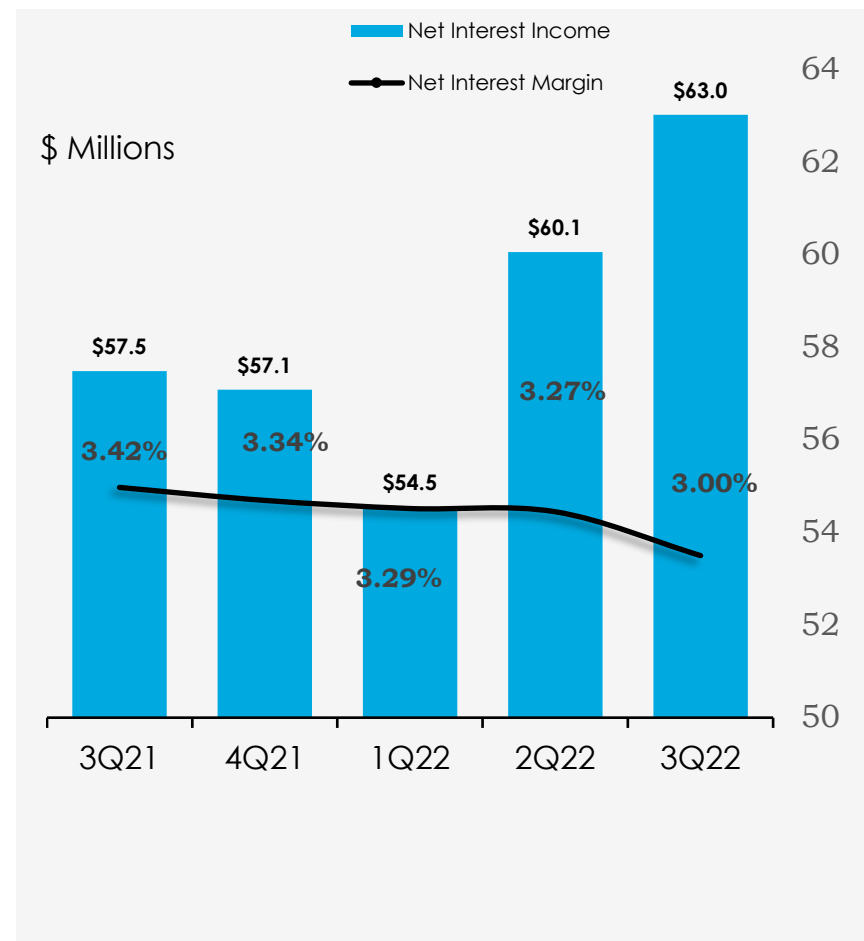
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) PRACTICES

We are committed to our employees, to our communities, and to responsible lending.

Overall	• Nominating and Governance Committee oversees the Company’s ESG programs, policies and practices and may recommend the Board of Directors make changes to the Company’s ESG strategy. • In 2022, established an ESG Management Steering Committee comprised of senior management and included ESG as part of our strategic plan. • Adopted a Company-wide ESG Policy • Currently evaluating disclosure frameworks across all ESG topics. • Conducted initial ESG priorities assessment to begin implementing initial steps.
Environment and Sustainability	• Evaluating disclosure frameworks against which to measure and risk manage our climate and sustainability priorities. • Evaluating disclosure controls and procedures for ESG disclosures. • Conducting proposed SEC climate rule readiness assessment.
Social Responsibility and Human Capital	• Focusing on the safety, health and wellness of our employees through the COVID-19 pandemic by continually monitoring and adapting operations to guidance from the Centers for Disease Control and state/local health authorities, and by providing robust employment protections to employees who are directly or indirectly affected by COVID-19 in a way that may cause them to be unable to work. • Formalized our Diversity, Equity and Inclusion Program, appointed a DE&I Officer, established an employee advisory group and designed Employee Resource Groups along with an Employee Mentorship program. • Provided 1,400 hours of paid Community Service time-off for employees to volunteer in their community. • Donated \$675,000 in the first half of 2022 to local non-profit organizations, and our employees recorded 5,000 hours of volunteer time, including teaching financial education to 630 participants. • Provided 40 Volunteer Grants on behalf of employees who serve as long-term volunteers with a non-profit.
Governance	• Oversight by an engaged Board of Directors who actively monitor the policies and business strategies of the Company and are committed to the interest of the Company, the shareholders, employees and communities where we operate. • Created a Diversity, Equity and Inclusion Director position in 2021 to aid in developing initiatives to help grow company-wide engagement in these areas and to continue to enhance local and regional opportunities across our ESG practices. • Maintain effective governance practices including Principles of Corporate Governance, Committee Charters, Stock Ownership Guidelines, a Code of Ethics and a Whistleblower Policy and other policies.

Net Interest Income & Margin

- Increasing yields on loans
- Increasing yields on securities
- Use of promotional rate deposit products
- Higher proportion of higher cost borrowings to fund loan growth

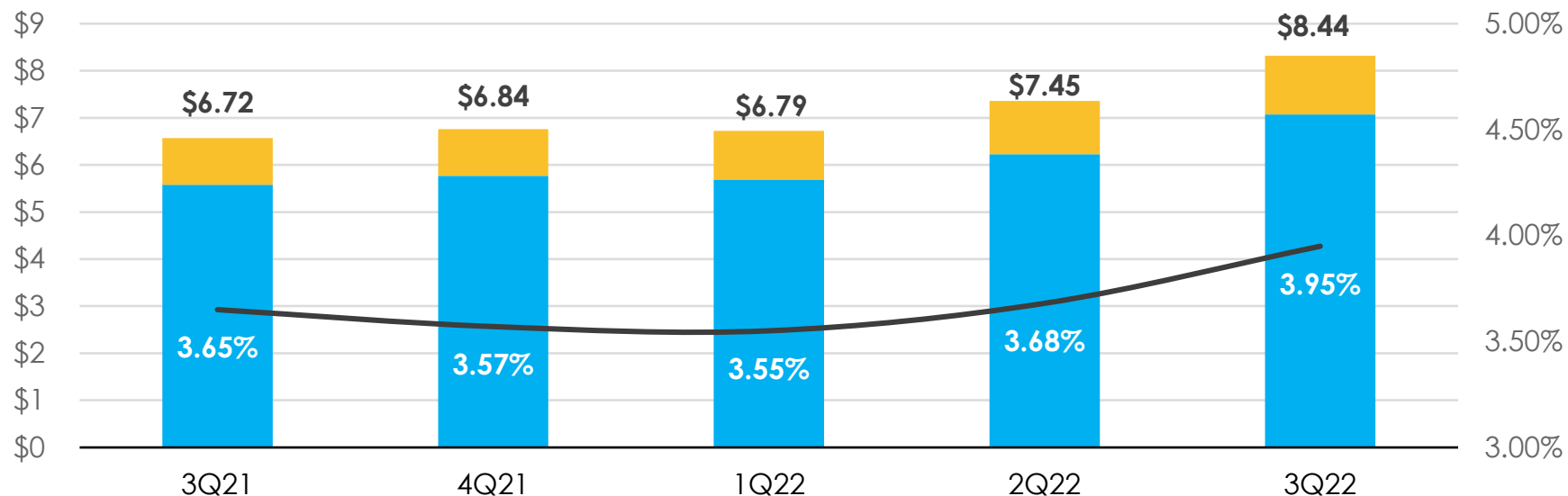


Interest-Earning Assets

Investment Securities
Loans
Average Yield

Average Balances

\$ Billions

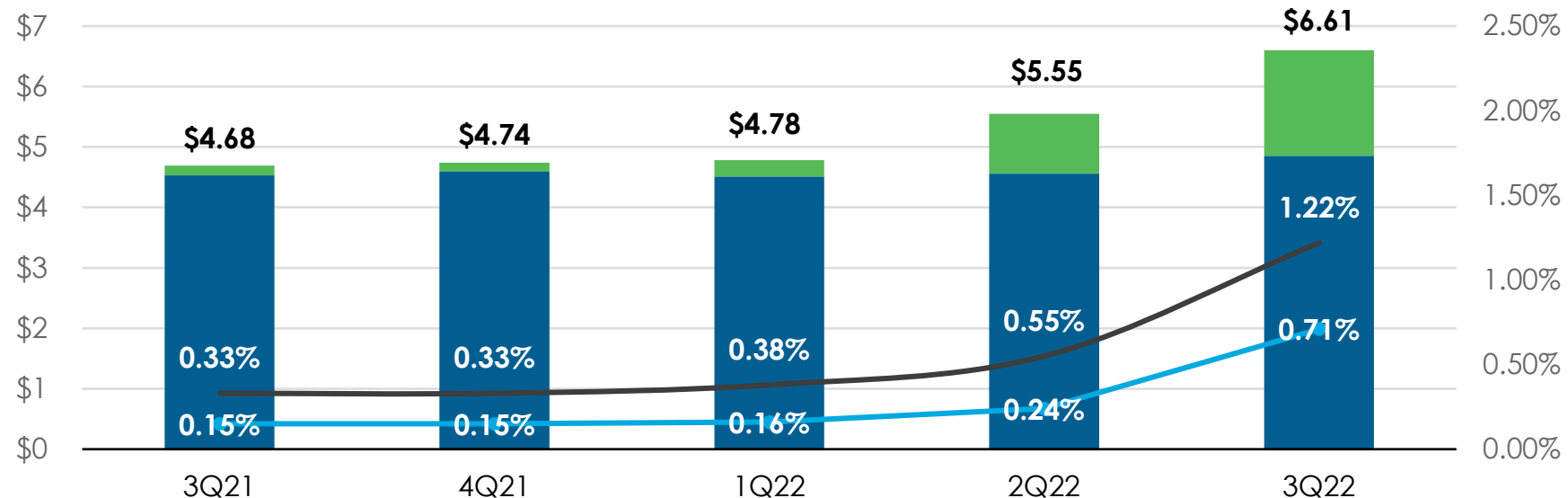


Interest-Bearing Liabilities

- Total Borrowings
- Interest Bearing Deposits
- Average Rate
- Period End Cost of Deposits

Average Balances

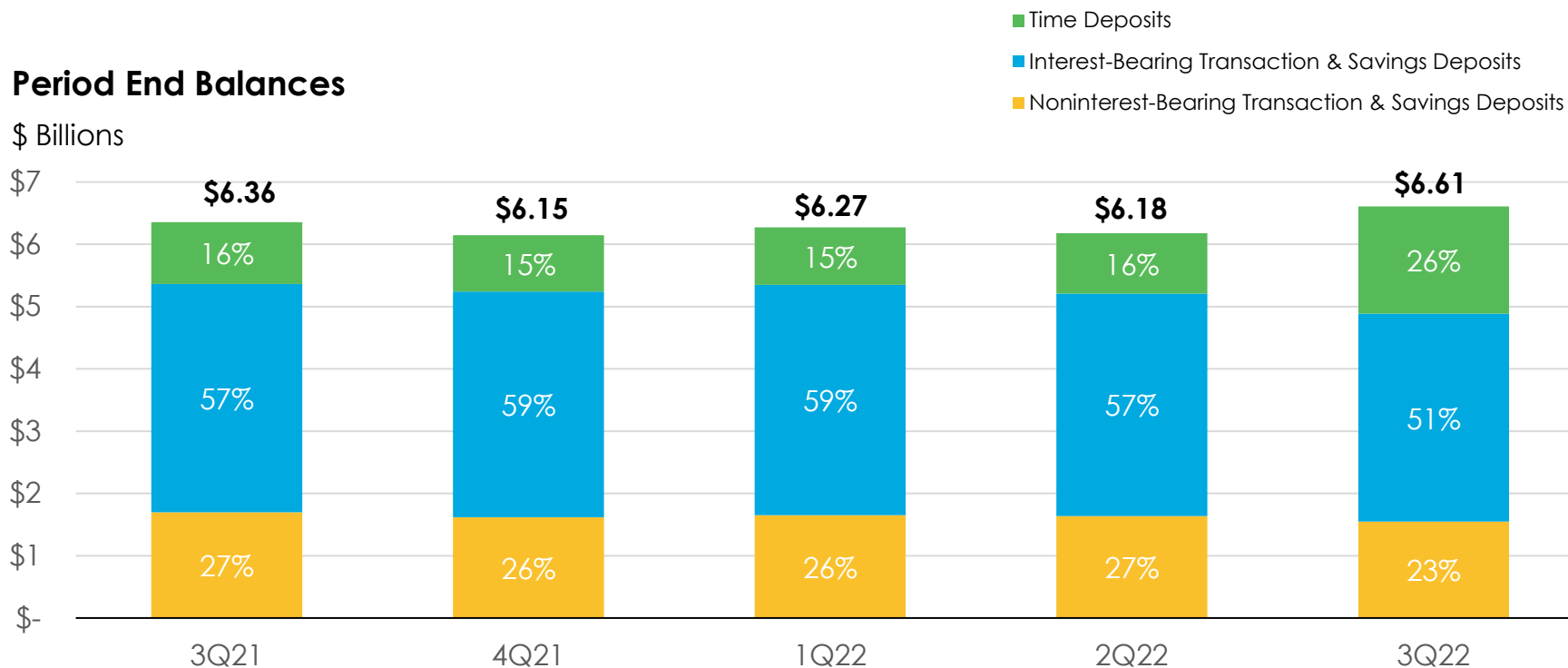
\$ Billions



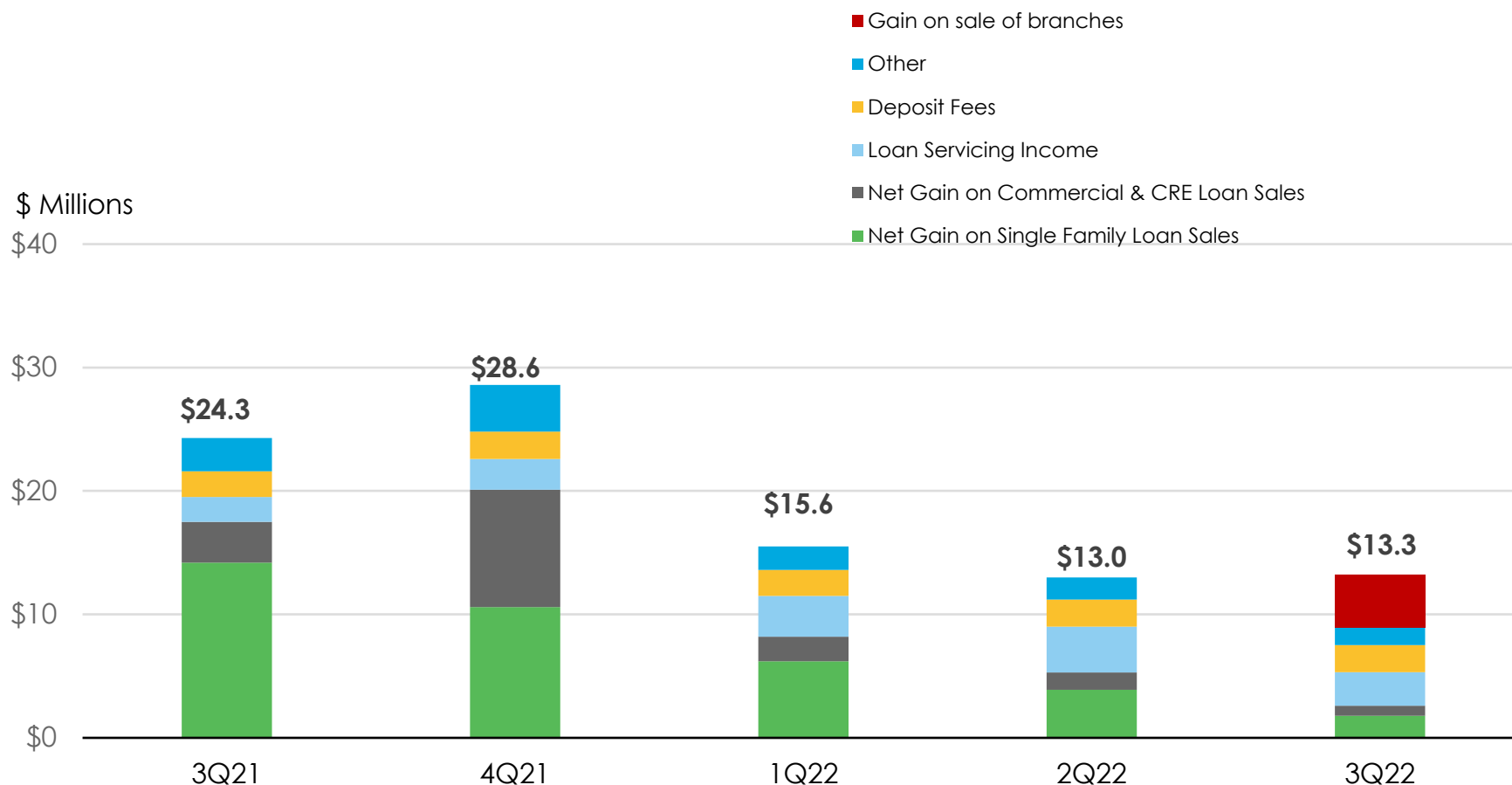
Deposits

Period End Balances

\$ Billions



Noninterest Income

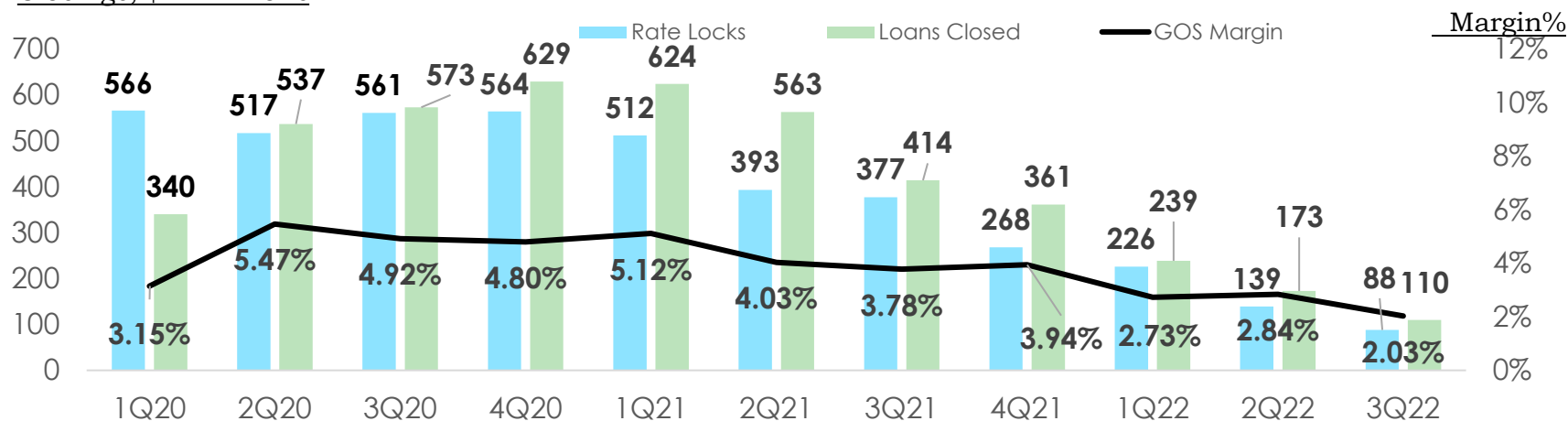


Other consists of insurance agency commissions, swap income, gain (loss) on sale of securities, and other miscellaneous income

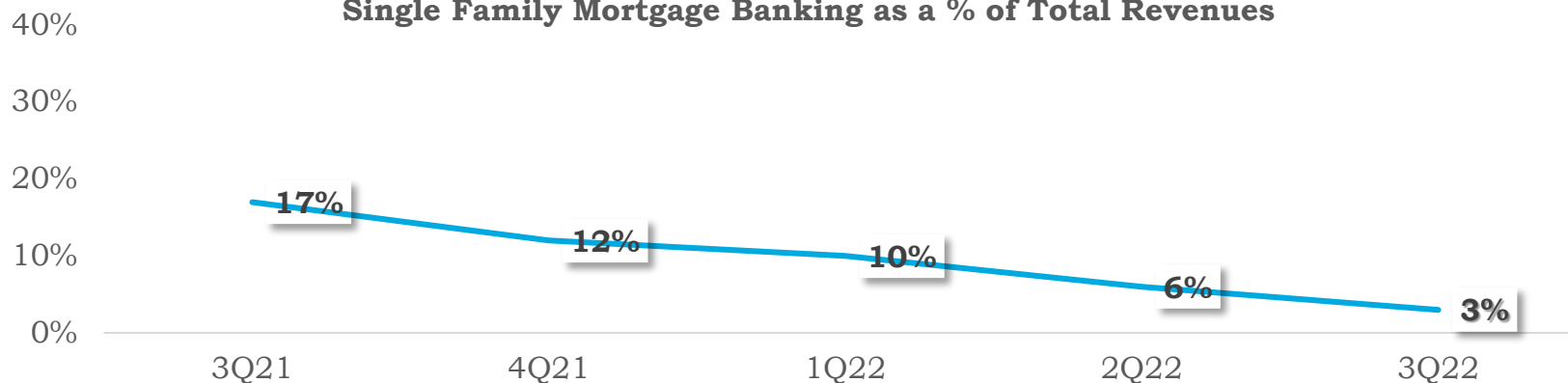
Single Family Mortgage Banking

Rate Locks/Loan
Closings, \$ in millions

Single Family Loan Sales

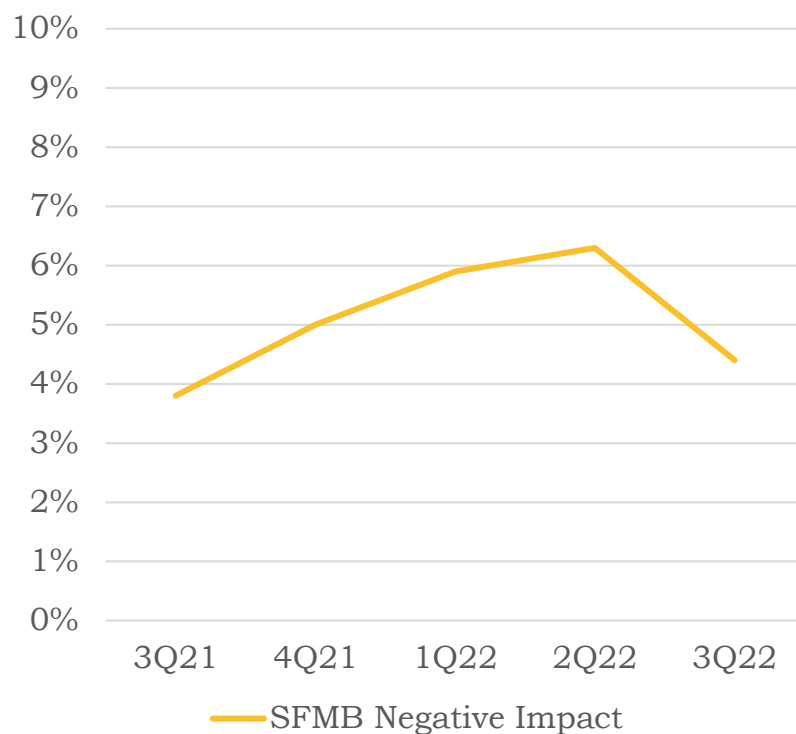


Single Family Mortgage Banking as a % of Total Revenues

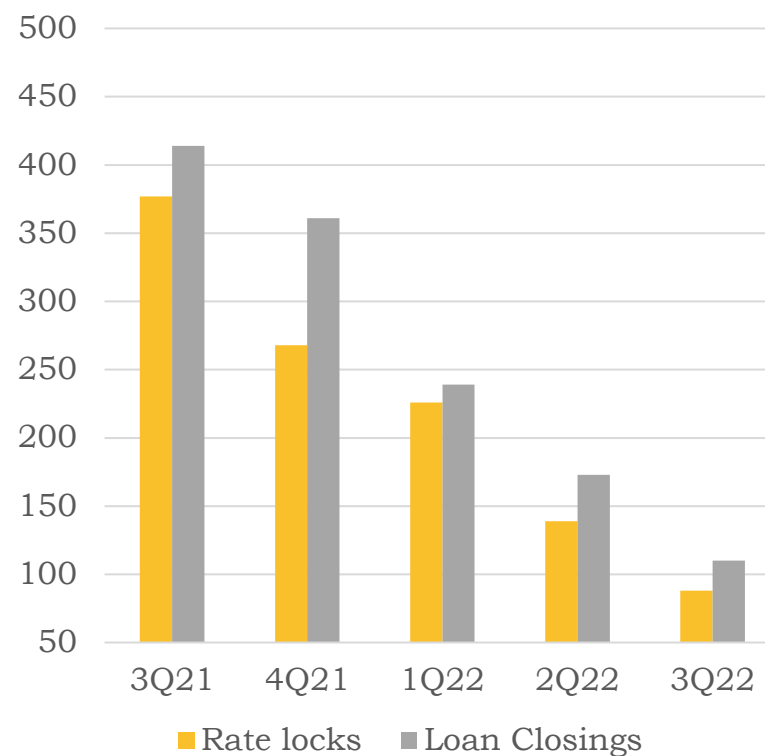


Single Family Mortgage Banking (SFMB) Analysis

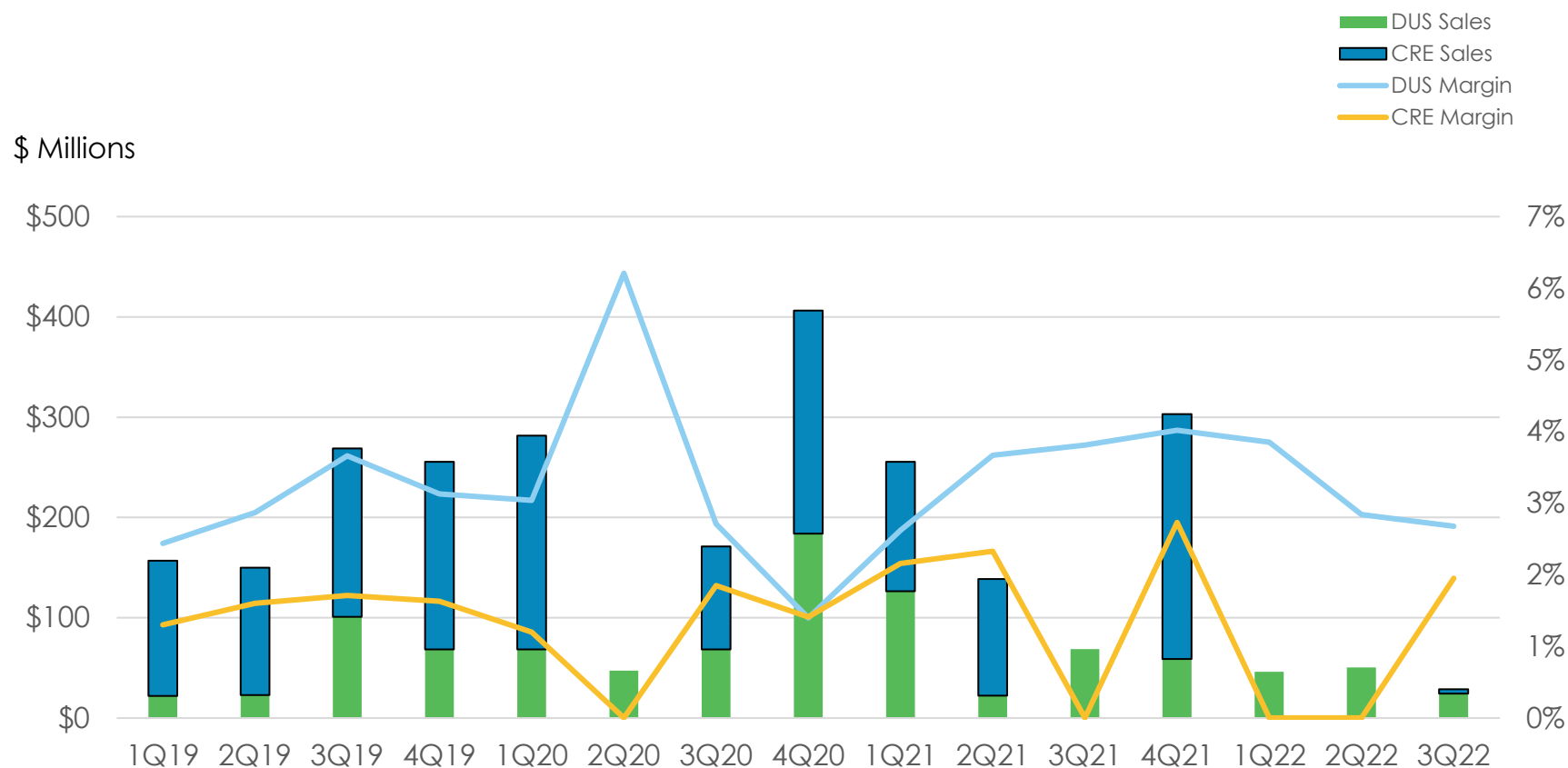
Impact of SFMB Operations on Overall Efficiency Ratio



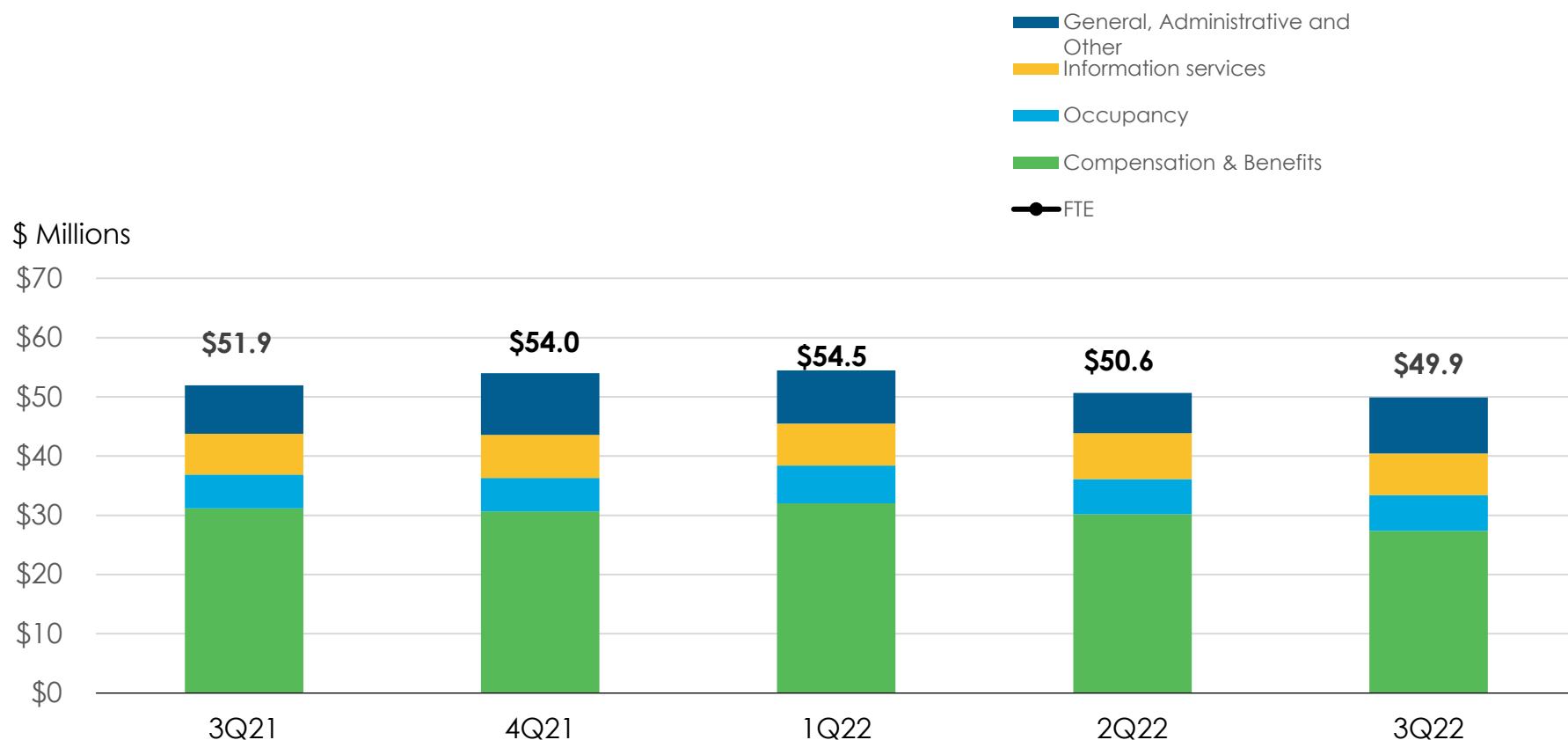
Closings/Locks



Commercial Real Estate Loan Sales

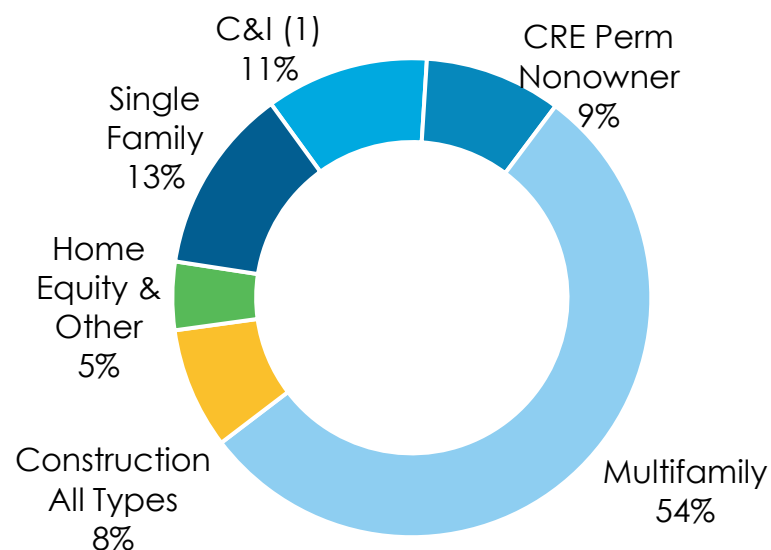


Noninterest Expense



Loan Portfolio

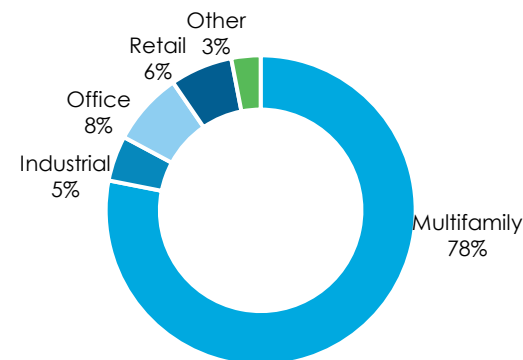
Loan Composition: \$7.2 Billion



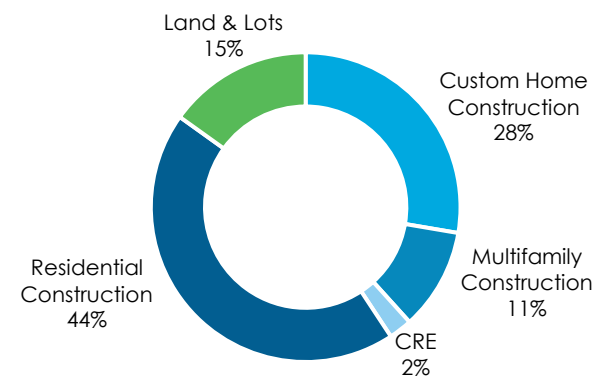
A highly diversified loan portfolio by product and geography.

(1) - Includes owner occupied CRE

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



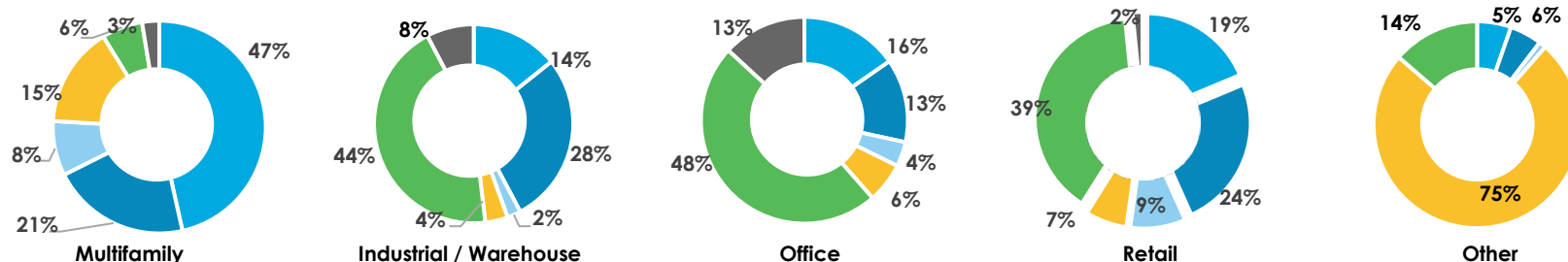
Construction by Property Type: \$590 Million



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. ~ 61%
- Up To 15 Year Term
 - \$30MM Loan Amt. Max
 - ≥ 1.25 DSCR
 - Avg. LTV @ Orig. ~ 60%
- Up To 15 Year Term
 - \$30MM Loan Amt. Max
 - ≥ 1.25 DSCR
 - Avg. LTV @ Orig. ~ 65%
- Up To 15 Year Term
 - \$30MM Loan Amt. Max
 - ≥ 1.25 DSCR
 - Avg. LTV @ Orig. ~ 56%
- Additional property types are reviewed on a case by case basis
 - Includes acquired loan types
 - Examples include: hotels, schools, churches, marinas

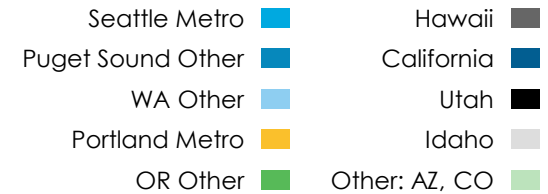
09/30/22 Balances Outstanding Totaling \$5.0 Billion

- Balance: \$3.9B
 - % of Balances: 78%
 - Portfolio Avg. LTV ~ 58%⁽¹⁾
 - Portfolio Avg. DSCR ~ 1.37x
 - Avg. Loan Size: \$5.3M
 - Largest Dollar Loan: \$48.0M
- Balance: \$237M
 - % of Balances: 5%
 - % Owner Occupied: 51%
 - Portfolio LTV ~ 51%⁽¹⁾
 - Portfolio Avg. DSCR ~ 1.63x
 - Avg. Loan Size: \$2.4M
 - Largest Dollar Loan: \$21.3M
- Balance: \$382M
 - % of Balances: 8%
 - % Owner Occupied: 31%
 - Portfolio LTV ~ 57%⁽¹⁾
 - Portfolio Avg. DSCR ~ 1.68x
 - Avg. Loan Size: \$2.4M
 - Largest Dollar Loan: \$23.4M
- Balance: \$327M
 - % of Balances: 6%
 - % Owner Occupied: 20%
 - Portfolio LTV ~ 49%⁽¹⁾
 - Portfolio Avg. DSCR ~ 1.65x
 - Avg. Loan Size: \$2.9M
 - Largest Dollar Loan: \$15.8M
- Balance: \$153M
 - % of Balances: 3%
 - % of Owner Occupied: 82%
 - Portfolio LTV ~ 37%⁽¹⁾
 - Portfolio Avg. DSCR ~ 1.92x
 - Avg. Loan Size: \$3.5M
 - Largest Dollar Loan: \$24.3M

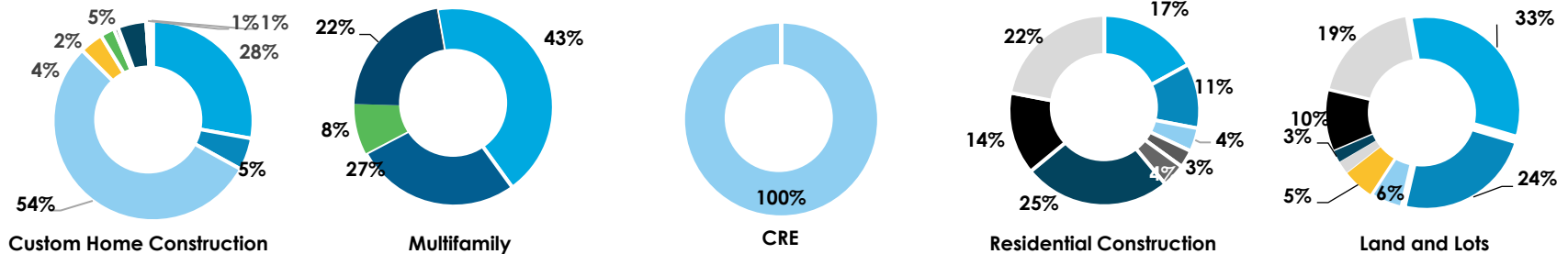
- HomeStreet lends across the full spectrum of commercial real estate lending types, but is deliberate in its effort to achieve diversification among property types and geographic areas to mitigate concentration risk.
- "Other" category includes loans secured by Schools (\$63.0 million), Hotels (\$29.3 million), and Churches (\$13.6 million).

(1) Property values as of origination date.

Construction Lending Overview



Geographical Distribution (Balances)



Loan Characteristics

- | | | | | |
|--|--|---|--|--|
| <ul style="list-style-type: none"> • 12 Month Term • Consumer Owner Occupied • Borrower Underwritten similar to Single Family | <ul style="list-style-type: none"> • 18-36 Month Term • ≤ 80% LTC • Minimum 15% Cash Equity • ≥ 1.20 DSC • Portfolio LTV ~ 30% • Liquidity and DSC covenants | <ul style="list-style-type: none"> • 18-36 Month Term • ≤ 80% LTC • Minimum 15% Cash Equity • ≥ 1.25 DSC • ≥ 50% pre-leased office/retail • Portfolio LTV ~65% • Liquidity and DSC covenants | <ul style="list-style-type: none"> • 12-18 Month Term • LTC: ≤ 95% Presale & Spec • Leverage, Liquid. & Net Worth Covenants as appropriate • Portfolio LTV ~ 69% | <ul style="list-style-type: none"> • 12-24 Month Term • ≤ 50% -80% LTC • Strong, experienced, vertically integrated builders • Portfolio LTV ~ 63% |
|--|--|---|--|--|

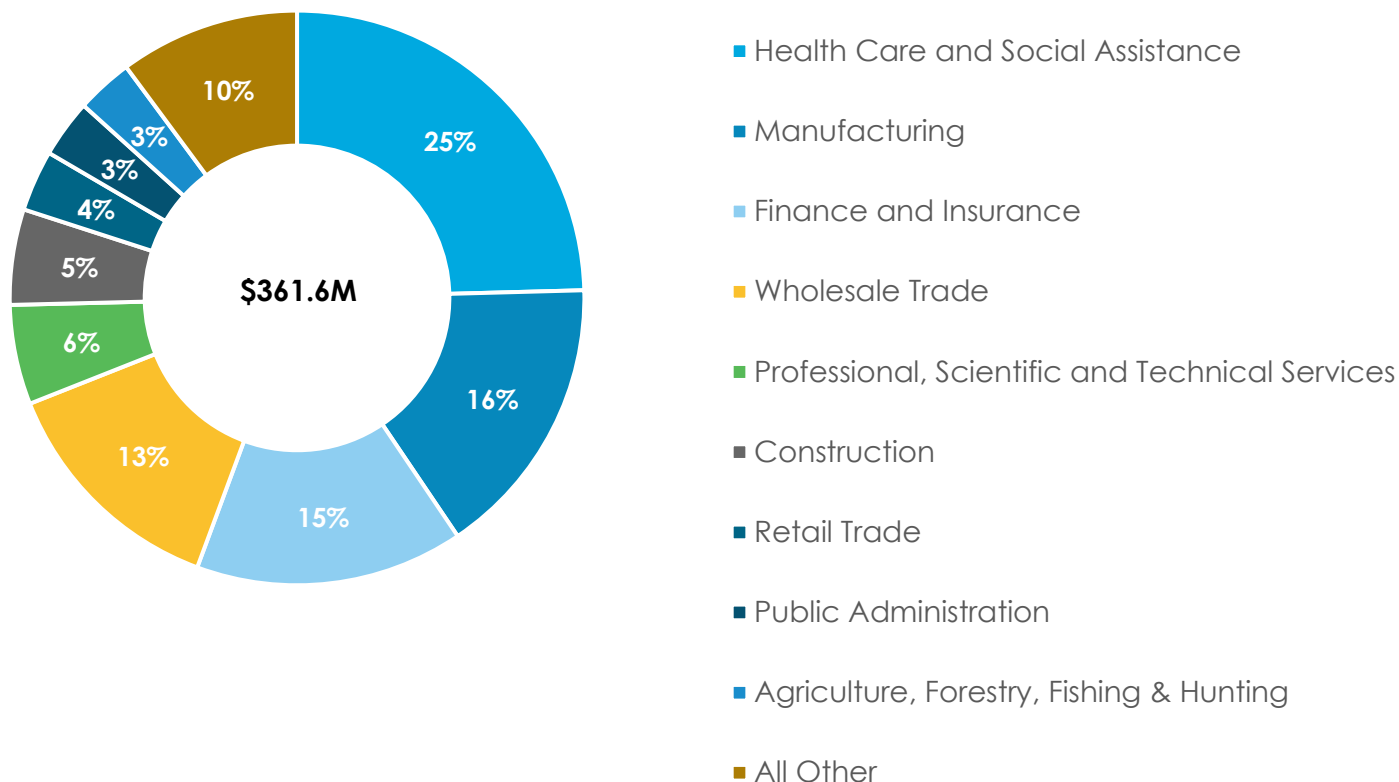
09/30/22 Balances Outstanding Totaling \$590 Million

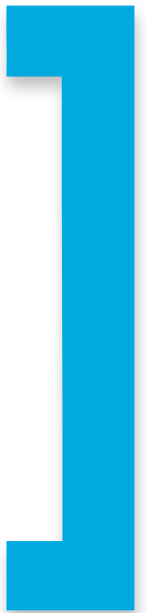
- | | | | | |
|--|--|--|---|---|
| <ul style="list-style-type: none"> • Balance: \$163M • Unfunded Commitments: \$150M • % of Balances: 28% • % of Unfunded Commitments: 27% • Avg. Loan Size: \$552K • Largest Dollar Loan: \$2.0M | <ul style="list-style-type: none"> • Balance: \$63M • Unfunded Commitments: \$148M • % of Balances: 11% • % of Unfunded Commitments: 26% • Avg. Loan Size: \$4.8M • Largest Dollar Loan: \$12.8M | <ul style="list-style-type: none"> • Balance: \$14M • Unfunded Commitments: \$1M • % of Balances: 2% • % of Unfunded Commitments: 0.12% • Avg. Loan Size: \$14.3M • Largest Dollar Loan: \$14.3M | <ul style="list-style-type: none"> • Balance: \$261M • Unfunded Commitments: \$227M • % of Balances: 44% • % of Unfunded Commitments: 40% • Avg. Loan Size: \$512K • Largest Dollar Loan: \$11.1M | <ul style="list-style-type: none"> • Balance: \$89M • Unfunded Commitments: \$37M • % of Balances: 15% • % of Unfunded Commitments: 7% • Avg. Loan Size: \$919K • Largest Dollar Loan: \$4.7M |
|--|--|--|---|---|

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 Sept. 30, 2022





Outlook

Key Drivers Guidance

Metric	2 to 3 Quarter Outlook	Comments
Loans Held for Investment	Increasing	Lower production levels due to uncertainty regarding economy and interest rates, projected growth in 2023: 5% to 10%
Average Deposits	Increasing	- Growth in consumer and business customers - Promotional products implemented to support loan growth
Net Interest Margin	Decreasing	- Current loan production at higher rates - Loan growth funded by borrowings and promotional deposit products at current rates - Expectation of further Fed rate increases - Expectation of deposit betas for interest bearing deposits of less than 40%
Noninterest Income	Stable	- Gain on sale of loans at historically low levels - Consistent servicing income and deposit fees - Excluding impact of gain on sale of branches in third quarter
Noninterest Expense	Stable	- Available operating leverage allows company to maintain current levels - Seasonal increases in compensation and benefits expected in 2023 Q1

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.

[HomeStreet]

Appendix

Results of Operations

\$ Thousands, Except Per Share Data	Quarter Ended				
	Sep. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Net Interest Income	\$63,018	\$60,056	\$54,546	\$57,084	\$57,484
Provision for Credit Losses	-	-	(9,000)	(6,000)	(5,000)
Noninterest Income	13,322	13,013	15,558	28,620	24,298
Noninterest Expense	49,889	50,637	54,473	53,971	51,949
Income					
Before Income Tax	26,451	22,432	24,631	37,733	34,833
Total	20,367	17,721	19,951	29,432	27,170
Income per Share – Diluted	\$1.08	\$0.94	\$1.01	\$1.43	\$1.31
ROAA	0.91%	0.89%	1.10%	1.59%	1.48%
ROAE	13.4%	11.8%	11.6%	16.1%	14.8%
ROATE ⁽¹⁾	14.2%	12.6%	12.2%	17.0%	15.6%
Net Interest Margin	3.00%	3.27%	3.29%	3.34%	3.42%
Efficiency Ratio ⁽¹⁾	68.4%	68.5%	77.0%	62.2%	62.8%
Full-Time-Equivalent Employees	935	956	962	970	983
Tier 1 Leverage Ratio (Bank)	9.14%	9.78%	10.30%	10.11%	10.17%
Total Risk-Based Capital (Bank)	12.56%	12.29%	13.23%	13.77%	13.71%
Tier 1 Leverage Ratio (Company)	7.60%	8.38%	8.99%	9.94%	10.00%
Total Risk-Based Capital (Company)	11.71%	11.49%	12.65%	12.66%	13.01%

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

Selected Balance Sheet and Other Data

\$ Thousands, except per share data	As of:				
	Sep. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Loans Held For Sale	\$13,787	\$47,314	\$59,150	\$176,131	\$395,112
Loans Held for Investment, net	7,175,881	6,722,382	5,826,546	5,495,726	5,299,741
Allowance for Credit Losses	37,606	37,355	37,944	47,123	54,516
Investment Securities	1,311,941	1,237,957	1,083,640	1,006,691	983,038
Total Assets	9,072,887	8,852,886	7,510,894	7,204,091	7,372,451
Deposits	6,610,231	6,183,299	6,270,535	6,146,509	6,359,660
Borrowings	1,569,000	1,458,000	273,000	41,000	-
Long-Term Debt	224,314	224,227	224,137	126,026	125,979
Total Shareholders' Equity	522,789	580,767	601,231	715,339	710,376

Other Data:

Book Value per Share	\$29.53	\$31.04	\$32.15	\$35.61	\$34.74
Tangible Book Value per Share ⁽¹⁾	\$27.92	\$29.37	\$30.47	\$34.04	\$33.18
Shares Outstanding	18,717,5579	18,712,789	18,700,536	20,085,336	20,446,648
Loans to Deposit Ratio	109.3%	110.1%	94.5%	93.0%	90.4%

Asset Quality:

ACL to Total Loans ⁽²⁾	0.53%	0.56%	0.66%	0.88%	1.06%
ACL to Nonaccrual Loans	306.6%	411.3%	320.3%	386.2%	307.8%
Nonaccrual Loans to Total Loans	0.17%	0.13%	0.20%	0.22%	0.33%
Nonperforming Assets to Total Assets	0.15%	0.13%	0.17%	0.18%	0.26%
Nonperforming Assets	\$13,991	\$10,835	\$12,581	\$12,936	\$19,196

(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.

Loans Held for Investment Balance Trend

Balances \$ Millions	Sep. 30, 2022		June 30, 2022		Mar. 31, 2022		Dec. 31, 2021		Sep. 30, 2021	
Non-owner Occupied CRE	\$666	9%	\$711	11%	\$699	12%	\$705	13%	\$754	14%
Multifamily	3,924	54%	3,476	51%	2,730	47%	2,415	44%	2,090	39%
Construction / Land Development	590	8%	570	8%	528	9%	496	9%	514	10%
Total CRE Loans	\$5,180	71%	\$4,757	70%	\$3,957	68%	\$3,617	66%	\$3,358	63%
Owner Occupied CRE	\$432	6%	\$470	7%	\$464	8%	\$458	8%	\$450	8%
Commercial Business	362	5%	394	6%	388	6%	402	7%	436	8%
Total C&I Loans	\$794	11%	\$864	13%	\$852	14%	\$860	15%	\$886	16%
Single Family	\$907	13%	\$822	12%	\$759	13%	\$763	14%	\$794	15%
Home Equity and Other	332	5%	317	5%	296	5%	303	5%	316	6%
Total Consumer Loans	\$1,239	18%	\$1,139	17%	\$1,055	18%	\$1,066	19%	\$1,110	21%
Total Loans Held for Investment	\$7,213	100%	\$6,760	100%	\$5,864	100%	\$5,542	100%	\$5,354	100%

Loan Originations and Advances Trend

Originations and Advances \$ Millions	Sep. 30, 2022		June 30, 2022		Mar. 31, 2022		Dec. 31, 2021		Sep. 30, 2021	
Non-owner Occupied CRE	\$11	1%	\$39	3%	\$23	3%	\$34	4%	\$30	4%
Multifamily	474	52%	822	63%	371	50%	395	50%	408	51%
Construction / Land Development	208	23%	190	14%	175	23%	180	23%	192	24%
Total CRE Loans	\$693	76%	\$1,051	80%	\$569	76%	\$609	77%	\$630	79%
Owner Occupied CRE	\$11	1%	\$22	2%	\$21	3%	\$27	3%	\$12	1%
Commercial Business	36	4%	61	5%	54	7%	50	6%	38	5%
Total C&I loans	\$47	5%	\$83	7%	\$75	10%	\$77	9%	\$50	6%
Single Family	\$119	13%	\$119	9%	\$70	9%	\$73	9%	\$94	11%
Home Equity and Other	55	6%	57	4%	33	5%	36	5%	30	4%
Total Consumer loans	\$174	19%	\$176	13%	\$103	14%	\$109	14%	\$124	15%
Total	\$914	100%	\$1,310	100%	\$747	100%	\$795	100%	\$804	100%

Allowance for Credit Losses by Product Type

\$ Thousands	Sep. 30, 2022		June 30, 2022	
	<u>Reserve Amount</u>	<u>Reserve Rate</u>	<u>Reserve Amount</u>	<u>Reserve Rate</u>
Non-owner Occupied CRE	\$2,106	0.32%	\$2,180	0.31%
Multifamily	11,183	0.29%	10,074	0.29%
Construction/Land Development				
Multifamily Construction	665	1.06%	566	1.30%
CRE Construction	160	0.86%	185	0.90%
Single Family Construction	9,564	2.77%	10,687	3.08%
Single Family Construction to Permanent	<u>1,140</u>	0.70%	<u>1,159</u>	0.73%
Total CRE Loans	<u>24,818</u>	0.48%	<u>24,851</u>	0.52%
Owner Occupied CRE	969	0.23%	1,092	0.23%
Commercial Business	<u>3,719</u>	1.04%	<u>3,578</u>	0.91%
Total C&I	<u>4,688</u>	0.59%	<u>4,670</u>	0.54%
Single Family	4,464	0.56%	4,027	0.56%
Home Equity and Other	<u>3,636</u>	1.09%	<u>3,807</u>	1.20%
Total Consumer Loans	8,100	0.71%	7,834	0.76%
Total Allowance for Credit Losses	\$37,606	0.53%	\$37,355	0.56%

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

Non-GAAP Financial Measures

\$ Thousands, Except Per Share Data	Quarter Ended				
	Sep. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Tangible Book Value per Share					
Shareholders' Equity	\$522,789	\$580,767	\$601,231	\$715,339	\$710,376
Less: Goodwill and Other Intangibles	<u>(30,215)</u>	<u>(31,219)</u>	<u>(31,464)</u>	<u>(31,709)</u>	<u>(32,002)</u>
Tangible Shareholders' Equity	<u>\$522,574</u>	<u>\$549,548</u>	<u>\$569,767</u>	<u>\$683,630</u>	<u>\$678,374</u>
Common Shares Outstanding	<u>18,717,557</u>	<u>18,712,789</u>	<u>18,700,536</u>	<u>20,085,336</u>	<u>20,446,648</u>
Computed Amount	\$27.92	\$29.37	\$30.47	\$34.04	\$33.18
Tangible Common Equity to Tangible Assets					
Tangible Shareholders' Equity	\$522,574	\$549,548	\$569,767	\$683,630	\$678,374
Tangible Assets					
Total Assets	\$9,072,887	\$8,582,886	\$7,510,894	\$7,204,091	\$7,372,451
Less: Goodwill and other intangibles	<u>(30,215)</u>	<u>(31,219)</u>	<u>(31,464)</u>	<u>(31,709)</u>	<u>(32,002)</u>
Net	<u>\$9,042,672</u>	<u>\$8,551,667</u>	<u>\$7,479,430</u>	<u>\$7,172,382</u>	<u>\$7,340,449</u>
Ratio	5.8%	6.4%	7.6%	9.5%	9.2%

Non-GAAP Financial Measures (continued)

\$ Thousands, Except Per Share Data	Quarter Ended				
	Sep. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Return on Average Tangible Equity					
Average Shareholders' Equity	\$603,278	\$603,664	\$698,598	\$726,014	\$726,823
Less: Average Goodwill and Other Intangibles	<u>(30,602)</u>	<u>(31,380)</u>	<u>(31,624)</u>	<u>(31,901)</u>	<u>(32,195)</u>
Average Tangible Equity	\$572,676	\$572,284	\$669,974	\$694,113	\$694,628
Net Income	\$20,367	\$17,721	\$19,951	\$29,432	\$27,170
Amortization of Core Deposit Intangibles (net of tax)	<u>186</u>	<u>191</u>	<u>191</u>	<u>229</u>	<u>229</u>
Tangible Income Applicable to Shareholders	<u>\$20,553</u>	<u>\$17,912</u>	<u>\$20,142</u>	<u>\$29,661</u>	<u>\$27,399</u>
Ratio	14.2%	12.6%	12.2%	17.0%	15.6%
Return on Average Assets					
Average Assets	\$8,899,684	\$7,945,298	\$7,363,589	\$7,356,957	\$7,264,933
Net Income	<u>\$20,367</u>	<u>\$17,721</u>	<u>\$19,951</u>	<u>\$29,432</u>	<u>\$27,170</u>
Ratio	0.91%	0.89%	1.10%	1.59%	1.48%
Effective Tax Rate Used in Computations Above	22.0%	22.0%	22.0%	22.0%	22.0%

Non-GAAP Financial Measures (continued)

\$ Thousands	Quarter Ended				
	Sep. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Efficiency Ratio					
Noninterest Expense	\$49,889	\$50,637	\$54,473	\$53,971	\$51,949
Adjustments					
State of Washington Taxes	<u>(629)</u>	<u>(579)</u>	<u>(506)</u>	<u>(664)</u>	<u>(578)</u>
Adjusted Total	\$49,260	\$50,058	\$53,967	\$53,307	\$51,371
Total Revenues					
Net Interest Income	\$63,018	\$60,056	\$54,546	\$57,084	\$57,484
Noninterest Income	\$13,322	\$13,013	\$15,558	\$28,620	\$24,298
Gain on sale of branches	(4,270)				
Total Revenues	<u>\$72,070</u>	<u>\$73,069</u>	<u>\$70,104</u>	<u>\$85,704</u>	<u>\$81,782</u>
Ratio	68.4%	68.5%	77.0%	62.2%	62.8%
Efficiency Ratio- excluding SFL					
Noninterest Expense (per above)	\$49,260	\$50,058	\$53,967	\$53,307	\$51,371
Less: SFL direct expense*	(4,922)	(7,339)	(8,885)	(10,006)	(11,347)
Net	<u>44,338</u>	<u>42,719</u>	<u>45,082</u>	<u>43,301</u>	<u>40,024</u>
Revenue (per above)	\$72,070	\$73,069	\$70,104	\$85,704	\$81,782
Less: SFL Revenue	<u>(2,660)</u>	<u>(4,393)</u>	<u>(6,735)</u>	<u>(10,047)</u>	<u>(14,002)</u>
Net	69,410	68,676	63,369	75,657	67,780
Ratio	63.9%	62.2%	71.1%	57.2%	59.0%
Efficiency Ratio – SFL*	185.0%	167.1%	131.9%	99.6%	81.0%
*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 excluded intangible assets from the calculation of capital ratios; and (ii) 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. 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.