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**The IR Group**

**Savi Financial Corporation Earns Record \$3.64 Million for the Year 2021 and \$322,000 for the Fourth Quarter; Results Highlighted by 17% Non-PPP Loan Growth Year Over Year**

**Mount Vernon, WA – January 20, 2022 – Savi Financial Corporation, Inc. (OTC Pink: SVVB)**, the bank holding company for SaviBank, today reported net income increased 169% to \$3.64 million, or \$0.83 per diluted share, for the year 2021, compared to \$1.35 million, or \$0.31 per diluted share, in 2020. The record results for the year were driven by higher revenue from Small Business Administration (SBA) loan sales, Paycheck Protection Program (PPP) origination fees earned on PPP loans, and contributions from the mortgage lending division. Additionally, strong non-PPP loan growth and record deposit growth contributed to fourth quarter and year end results. Net income for the fourth quarter of 2021 was \$322,000, or \$0.07 per diluted share, compared to \$490,000, or \$0.11 per diluted share, in the fourth quarter of 2020.

“We delivered strong earnings for the fourth quarter and record profits for the year 2021, generated by meaningful revenue growth from PPP loan forgiveness, SBA premium income, along with contributions from our new mortgage lending division,” said Michal D. Cann, Chairman and President of Savi Financial Corporation. “Earlier in 2021 we hired a team of seasoned bankers to establish a mortgage lending division, and their efforts are already paying off, contributing \$254,600 to earnings for the year. Northwest Washington continues to be one of the most vibrant regions of the country, with a solid employment base and a robust housing market. We believe these conditions bring opportunities for excellent mortgage revenue generation in 2022 and beyond.”

“Another highlight of the year was the forming of a new lending team located in Friday Harbor,” added Cann. “This new lending team presents a fantastic opportunity for Savi to serve the business and personal lending needs in San Juan County, including San Juan, Orcas and Lopez islands, which will help with the expansion of our loan and deposit portfolios.”

“During the year, we worked hard to make the second round of relief from the PPP available to community businesses,” said Andrew Hunter, President and CEO of SaviBank. “Consistent with the first round, our team of lenders rose to the challenge. Our participation in the second round of PPP helped our business communities, driving PPP loan originations over \$94.4 million in total in 2020 and 2021 to approximately 1,003 customers. We established many new customer relationships with solid future growth opportunities, generating receivables of approximately \$4.2 million in total PPP loan fees. As of December 31, 2021, we had received forgiveness from the SBA for 988 borrowers totaling \$89.2 million. Approximately \$400,000 of the income recorded during the fourth quarter of 2021 was related to recognizing origination fees for PPP loan payoffs, compared to \$683,000 during the third quarter of 2021.”

“Our team of lenders did an excellent job of replacing the \$47.1 million in PPP loan forgiveness during 2021 with new loan originations,” continued Hunter. “Net loan growth excluding PPP loans was strong, increasing \$50.7 million, or 17.3% year-over-year. Additionally, the loan pipeline remains healthy.”

“The contraction in our net interest margin (NIM) during the quarter was largely due to lower PPP loan origination fees compared to the preceding quarter. However, our yield on earning assets is helping to keep our NIM above

industry averages,” said Rob Woods, Chief Financial Officer of SaviBank. The Company’s NIM was 3.84% in the fourth quarter of 2021, compared to 4.02% in both the preceding quarter, and in the fourth quarter a year ago. The NIM remains higher than their peer average of 3.20% posted by the 157 banks that comprised the Dow Jones U.S. Microcap Bank Index at September 30, 2021. For the year 2021, the NIM was 3.99% compared to 3.82% in 2020.

#### **Full Year and Fourth Quarter 2021 Highlights:**

- Net income increased 169% to \$3.64 million for the year 2021, compared to \$1.35 million in 2020. Net income was \$322,000 in the fourth quarter of 2021, compared to \$490,000 in the fourth quarter of 2020, and \$1.09 million in the third quarter of 2021.
- Earnings per diluted share were \$0.83 in 2021, compared to \$0.31 in 2020. Earnings per share were \$0.07 in the fourth quarter, compared to \$0.11 in the fourth quarter a year ago, and \$0.25 in the preceding quarter.
- Net interest income increased 24% to \$16.8 million in 2021, compared to \$13.5 million in 2020. Net interest income increased 11% to \$4.19 million in the fourth quarter of 2021, compared to \$3.76 million in the fourth quarter a year ago, and decreased modestly from \$4.27 million in the third quarter of 2021.
- Total revenue, consisting of net interest income and non-interest income, increased 50% to \$22.5 million for the year, compared to \$15.0 million for 2020. Total revenue increased 41% to \$5.78 million in the fourth quarter of 2021, compared to \$4.11 million in the fourth quarter a year ago and decreased 7% compared to \$6.22 million in the preceding quarter.
- Non-interest expense totaled \$17.1 million for the year, compared to \$12.1 million for 2020. Non-interest expense was \$4.90 million in the fourth quarter compared to \$3.12 million in the fourth quarter a year ago and \$4.69 million in the preceding quarter. Noninterest expense for the fourth quarter of 2021 included a \$164,000 prepayment penalty for a paydown on FHLB borrowings.
- Average fourth quarter 2021 total loans increased 2% to \$340.3 million, compared to \$332.5 million in the fourth quarter a year ago, and increased 1% from \$338.0 million in the third quarter of 2021. Total loans at December 31, 2021, increased 2% to \$352.2 million from \$345.8 million a year ago and increased 4% compared to \$339.5 million at September 30, 2021. The loan portfolio increased compared to the prior quarter, even with the \$9.9 million in PPP loan forgiveness during the fourth quarter of 2021.
- SBA and USDA loan production for the twelve months ended December 31, 2021, totaled 27 loans for \$32.82 million, compared to production of 19 loans for \$29.30 million in the year-ago period.
- Average fourth quarter 2021 total deposits grew 26% to \$425.9 million from \$338.6 million, in the fourth quarter a year ago, and increased 4% from \$411.3 million in the third quarter of 2021. Total deposits grew 24% to \$432.7 million, at December 31, 2021, from \$348.9 million a year ago, and increased 3% from \$419.1 million at September 30, 2021.
- The provision for loan losses was \$491,000 in the fourth quarter of 2021, compared to \$356,000 in the fourth quarter of 2020, and \$150,000 in the third quarter of 2021. For 2021, the provision for loan losses was \$819,000, compared to \$1.23 million for 2020.
- Allowance for loan losses, as a percentage of total loans, increased to 1.20% at December 31, 2021, compared to 1.07% at December 31, 2020, and 1.17% at September 30, 2021. The allowance for loan losses, excluding PPP loans that are 100% secured by the SBA, was 1.26% of total loans, as of December 31, 2021.
- Nonperforming loans, as a percentage of total loans, was 0.40% at December 31, 2021, compared to 0.36% at December 31, 2020, and 0.50% at September 30, 2021.
- Nonperforming assets, as a percentage of total assets, was 0.49% at December 31, 2021, compared to 0.43% a year ago and 0.56% three months earlier.
- Net charge-offs were \$242,000 in the fourth quarter of 2021, compared to net charge-offs of \$45,000 in the fourth quarter of 2020, and net recoveries of \$18,000 in the third quarter of 2021. The current quarter included one loan charge-off of \$250,000 that was recorded near the end of the year.
- The Company offered loan accommodation options to support its clients affected by the economic impacts of COVID-19 during 2020 & 2021. As of December 31, 2021, the Company had no loans on deferral.

- SaviBank capital levels remained above the threshold for well-capitalized institutions with a tier-1 leverage ratio of 7.91% at December 31, 2021.

“Over the past few years, we have been actively growing the company and expanding our bank presence in and around the Northwest Washington communities we serve,” said Cann. “In 2021, we expanded into the Friday Harbor market, completed the Freeland branch purchase on Whidbey Island from Coastal Community Bank, relocated from our existing Freeland branch to the new location, and formed our mortgage lending division. All of these efforts complement our expansion efforts established in 2019, when we opened our full-service branches in Concrete, Sedro-Woolley and Mount Vernon, relocated our loan production office into a full-service branch in Anacortes, and relocated our Oak Harbor branch and our main Burlington branch. We will continue to search for opportunities to expand our company franchise while supporting our customers and communities.”

### **About Northwest Washington**

SaviBank currently operates six branches in Skagit County, two branches in Island County, and one branch in Whatcom County. In addition, the Company has a loan production team located 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. According to the Northwest Multiple Listing Service, the average home in Skagit County sold for \$510,000, up 18.33% in December 2021, compared to a year ago, and there was a 0.59 month supply of homes on the market. For Island County, the average house sold for \$501,000, up 18.30% from a year ago and supply totaled 0.29 months. For Whatcom County, the average home sold for \$535,000, up 14.81% from a year ago and supply totaled 0.58 months. For San Juan County, the average home sold for \$823,000, up 22.88% from a year ago and supply totaled 2.23 months.

Skagit’s population is projected to grow 5.74% from 2022 through 2027, and median household income is projected to increase by 11.63% during the same time frame. Whatcom County’s population is projected to grow 6.20% from 2022 through 2027, and median household income is projected to increase by 17.13%. Island County’s population is projected to grow 11.53% from 2022 through 2027 and median household income is projected to increase by 13.08%. San Juan County’s population is projected to grow 5.53% from 2022 through 2027 and median household income is projected to increase by 9.39%.

Sources:

<http://www.northwestmls.com/library/CorporateContent/statistics/Recaps.pdf>

<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 9 branch locations in Anacortes, Burlington, Bellingham, Concrete, Mount Vernon (2), Oak Harbor, Freeland and Sedro-Woolley, 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. Call us or stop by one of our branches and we’ll show you how to bank Savi. For additional information about SaviBank, visit; [www.SaviBank.com](http://www.SaviBank.com).

## **Forward Looking Statement**

This release may contain “forward-looking statements” that are subject to risks and uncertainties. Readers should not place undue reliance on forward-looking statements, which reflect management’s views only as of the date hereof. All statements, other than statements of historical fact, regarding our financial position, business strategy and management’s plans and objectives for future operations are forward-looking statements. When used in this report, the words “anticipate,” “believe,” “estimate,” “expect,” and “intend” and words or phrases of similar meaning, as they relate to SaviBank or management, are intended to help identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that management’s expectations as reflected in forward-looking statements are reasonable, we cannot assure readers that those expectations will prove to be correct. Forward-looking statements are subject to various risks and uncertainties that may cause our actual results to differ materially and adversely from our expectations as indicated in the forward-looking statements. These risks and uncertainties include our ability to maintain or expand our market share or net interest margins, and to implement our marketing and growth strategies. Further, actual results may be affected by our ability to compete on price and other factors with other financial institutions; customer acceptance of new products and services; the regulatory environment in which we operate; and general trends in the local, regional and national banking industry and economy, as those factors relate to our cost of funds and return on assets. In addition, there are risks inherent in the banking industry relating to collectability of loans and changes in interest rates. Many of these risks, as well as other risks may have a material adverse impact on our operations and business.

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SELECTED FINANCIAL DATA

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

Unaudited

	Three Months Ended				Year Ended			
	December 31, 2021	December 31, 2020	Var %	September 30, 2021	Var %	December 31, 2021	December 31, 2020	Var %
<b>SUMMARY OF OPERATIONS</b>								
Interest income	\$ 4,474	\$ 4,302	4%	\$ 4,634	(3)%	\$ 18,366	\$ 16,171	14%
Interest expense	(289)	(546)	(47)	(365)	(21)	(1,555)	(2,661)	(42)
Net interest income	4,185	3,756	11	4,269	(2)	16,811	13,510	24
Provision for loan losses	(491)	(356)	38	(150)	227	(819)	(1,225)	(33)
NII after loss provision	3,694	3,400	9	4,119	(10)	15,992	12,285	30
Non-interest income	1,590	351	353	1,951	(19)	5,677	1,493	280
Non-interest expense	(4,902)	(3,119)	57	(4,693)	4	(17,091)	(12,065)	42
Income before tax	382	632	(40)	1,377	(72)	4,578	1,713	167
Federal income tax expense	60	142	(58)	291	(79)	941	363	159
Net income	\$ 322	\$ 490	(34)%	\$ 1,086	(70)%	\$ 3,637	\$ 1,350	169%
<b>PER COMMON SHARE DATA</b>								
Number of shares outstanding (000s)	3,439	3,434	0%	3,439	—%	3,439	3,434	0.15%
Earnings per share, diluted	\$ 0.07	\$ 0.11	(35)	\$ 0.25	(70)	\$ 0.83	\$ 0.31	167
Market value	10.70	8.00	34	9.91	8	10.70	8.00	34
Book value	10.94	9.97	10	10.94	0	10.94	9.97	10
Market value to book value	97.77%	80.25%	22	90.62%	8	97.77%	80.25%	22
<b>BALANCE SHEET DATA</b>								
Assets	\$ 479,564	\$ 409,379	17%	\$ 476,313	1%	\$ 479,564	\$ 409,379	17%
Investments securities	34,267	9,216	272	33,163	3	34,267	9,216	272
Total loans	352,231	345,810	2	339,500	4	352,231	345,810	2
Total deposits	432,743	348,926	24	419,066	3	432,743	348,926	24
Borrowings	7,500	25,000	(70)	17,500	(57)	7,500	25,000	(70)
Shareholders' equity	37,638	34,233	10	37,609	0	37,638	34,233	10
<b>AVERAGE BALANCE SHEET DATA</b>								
Average assets	\$ 477,939	\$ 398,745	20%	\$ 472,675	1%	\$ 444,472	\$ 360,951	23%
Average total loans	340,313	332,470	2	338,024	1	346,160	313,747	10
Average total deposits	425,905	338,595	26	411,292	4	390,835	298,777	31
Average shareholders' equity	37,624	33,488	12	37,078	1	35,936	33,510	7
<b>ASSET QUALITY RATIOS</b>								
Net (charge-offs) recoveries	\$ (242)	\$ (45)	N/M	\$ 18	N/M	\$ (283)	\$ (166)	N/M
Net (charge-offs) recoveries to average loans	(0.07)%	(0.01)%	N/M	0.01%	N/M	(0.08)%	(0.05)%	N/M
Non-performing loans as a % of loans	0.40	0.36	10	0.50	(20)	0.40	0.36	10
Non-performing assets as a % of assets	0.49	0.43	14	0.56	(13)	0.49	0.43	14
Allowance for loan losses as a % of total loans	1.20	1.07	12	1.17	3	1.20	1.07	12
Allowance for loan losses as a % of non-performing loans	300.50	294.67	2	234.73	28	300.50	294.67	2
<b>FINANCIAL RATIOS\STATISTICS</b>								
Return on average equity	3.42%	5.85%	(42)%	11.72%	(71)%	10.12%	4.03%	151%
Return on average assets	0.27	0.49	(45)	0.92	(71)	0.82	0.37	119
Net interest margin	3.84	4.02	(4)	4.02	(4)	3.99	3.82	4
Efficiency ratio	81.57	75.28	8	73.56	11	73.77	79.57	(7)
Average number of employees (FTE)	128	99	29	122	5	117	96	22
<b>CAPITAL RATIOS</b>								
Tier 1 leverage ratio -- Bank	7.91	8.16	(3)%	8.00	(1)%	7.91	8.16	(3)%
Common equity tier 1 ratio -- Bank	10.05			9.88	2%	10.05		
Tier 1 risk-based capital ratio -- Bank	10.05			9.88	2%	10.05		
Total risk-based capital ratio --Bank	11.21			10.97	2%	11.21		

\* The bank had opted into the CBLR during the quarters where the risk-based capital ratios are missing.

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