



July 2020
Earnings Release
Supplemental Information

Portfolios at Risk:	CRE Loans Outstanding	CRE Loans Deferral	C&I Loans Outstanding	C&I Loans Deferral	% Total Loans
Accommodation and Food Service	\$275 million	\$152 million	\$20 million	\$11 million	2.3%
Oil & Gas	---	---	\$294 million	---	2.3%
Retail Trade	\$39 million	\$1 million	\$21 million		0.5%
Arts, Entertainment & Recreation	\$31 million	\$10 million	\$44 million	\$18 million	0.6%
Health Care	\$127 million	\$2 million	\$53 million	\$1 million	1.4%
At Risk Portfolio Total:	\$472 million	\$165 million	\$432 million	\$30 million	7.0%

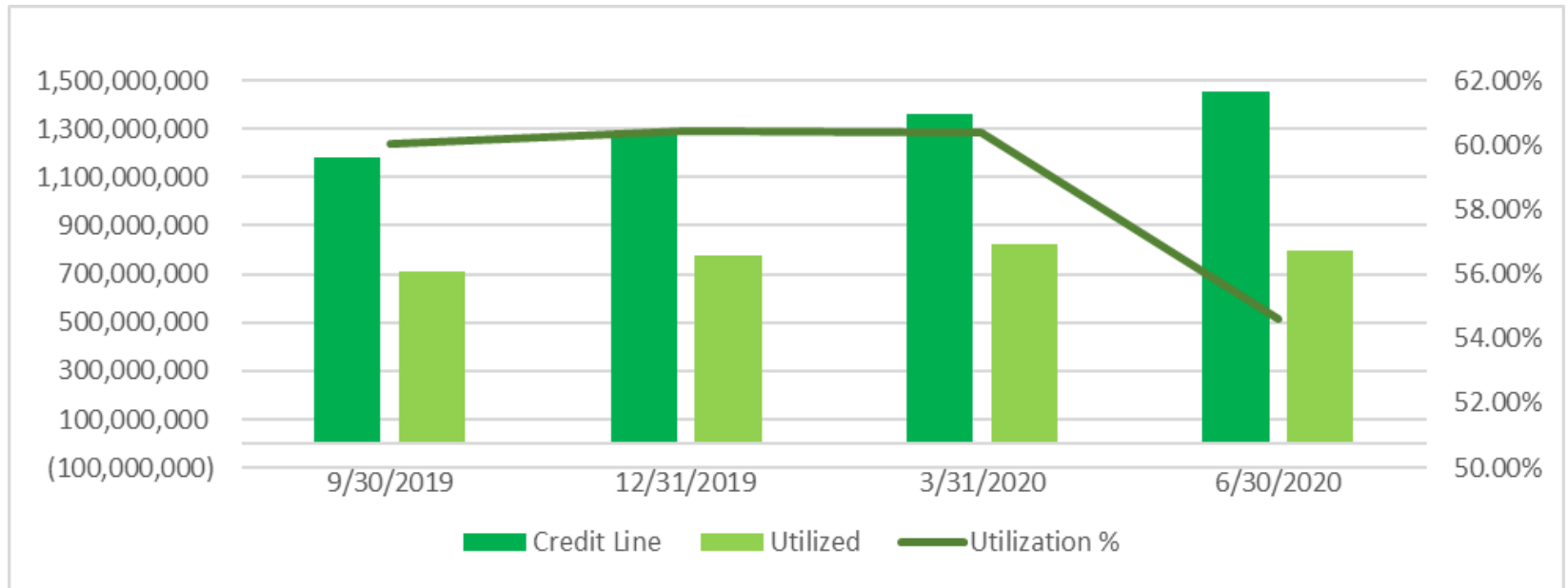
Conducting ongoing reviews of portfolio and monitoring for potential credit impacts from COVID-19.

Loans Receivable By Risk Rating (\$ Amortized Cost)

June 30, 2020

June 30, 2020	Internally Assigned Grade					Total
	Pass	Special mention	Substandard	Doubtful	Loss	
	(In thousands, except ratio data)					
Loan type						
Commercial loans						
Multi-family	\$ 1,478,551	\$ 13,749	\$ 17,537	\$ —	\$ —	\$ 1,509,837
Commercial real estate	1,513,394	117,753	69,421	—	—	1,700,568
Commercial & industrial	1,941,390	59,747	136,344	982	—	2,138,463
Construction	1,217,628	91,519	25,801	—	—	1,334,948
Land - acquisition & development	134,242	15,573	2,418	—	—	152,233
Total commercial loans	6,285,205	298,341	251,521	982	—	6,836,049
Consumer loans						
Single-family residential	5,426,365	—	26,059	—	—	5,452,424
Construction - custom	278,182	—	—	—	—	278,182
Land - consumer lot loans	98,976	—	279	—	—	99,255
HELOC	138,695	—	2,470	—	—	141,165
Consumer	91,685	—	15	—	—	91,700
Total consumer loans	6,033,903	—	28,823	—	—	6,062,726
Total	\$ 12,319,108	\$ 298,341	\$ 280,344	\$ 982	\$ —	\$ 12,898,775
Total grade as a % of total loans	95.51 %	2.31 %	2.17 %	0.01 %	— %	

Line of Credit Utilization



Ready to Help Small Businesses and Individuals:

Paycheck Protection Program (PPP)	6,500 Approved loans	Over \$780 million
Small Business Lifeline	Provided over 300 small business lines of credit	Approximately \$9 million interest free lines of credit for the first 90 days
Mortgage Assistance Programs	Allowing homeowners to defer their payments for 3 - 6 months	Offered at no cost. We are also offering quick refinance programs so borrowers can lower their monthly payments
Processing Payment Deferral Requests	1,192 loans (3.9%) totaling \$346 million (5.7%) Consumer mortgage deferrals are typically granted for 3 months but can be for up to 6 months	196 loans (1.7%) totaling \$416 million (6.1%) Commercial deferral requests for up to 6 months

Capital Management

- 1) Bank is very well capitalized with TCE + ACL to TCA ratio at 10.44%, which would rank us as the **33rd** best capitalized publicly traded bank in the United States
- 2) Current cash dividend is at **\$0.22** per quarter which is a 48% payout ratio of the current quarter's earnings of \$0.46. The Company has paid out a cash dividend for 149 consecutive quarters and believes the current dividend is reasonable based on expected earnings going forward but the Board will act in the long-term interest of shareholders if earnings diminish substantially as a result of COVID-19 credit costs.
- 3) The Company's ongoing share repurchase program remains in place; however, management believes that it is prudent to pause repurchases for the time being as it continues to evaluate the extent of the COVID-19 related economic impact.

Allowance for Credit Losses (CECL Early Adoption)

The Company early adopted CECL in the current quarter. Pursuant to the adoption, a one-time entry to opening retained earnings (October 1, 2019) of \$21.945 million was recorded to increase the allowance for credit losses and decrease retained earnings based on the CECL calculation as of that date.

	September 30, 2019	CECL Adoption Impact	October 1, 2019
		(In thousands)	
Allowance for credit losses:			
Commercial loans			
Multi-family	\$ 7,391	\$ 3,013	\$ 10,404
Commercial real estate	13,170	(146)	13,024
Commercial & industrial	31,450	785	32,235
Construction	32,304	(9,536)	22,768
Land - acquisition & development	9,155	1,749	10,904
Total commercial loans	93,470	(4,135)	89,335
Consumer loans			
Single-family residential	30,988	16,783	47,771
Construction - custom	1,369	1,511	2,880
Land - consumer lot loans	2,143	492	2,635
HELOC	1,103	945	2,048
Consumer	2,461	2,154	4,615
Total consumer loans	38,064	21,885	59,949
Total allowance for loan losses	131,534	17,750	149,284
Reserve for unfunded commitments	6,900	10,750	17,650
Total allowance for credit losses	\$ 138,434	\$ 28,500	\$ 166,934
Retained earnings			
Total pre-tax impact		\$ 28,500	
Tax effect		(6,555)	
Decrease to retained earnings		\$ 21,945	

Allowance for Credit Losses (CECL Early Adoption)

Rollforward of ACL since adoption of CECL:

	October 1, 2019	December 31, 2019	March 31, 2020	June 30, 2020
(In thousands)				
Allowance for credit losses:				
Commercial loans				
Multi-family	\$ 10,404	\$ 10,506	\$ 11,742	\$ 12,088
Commercial real estate	13,024	13,067	14,639	15,807
Commercial & industrial	32,235	33,676	38,576	42,179
Construction	22,768	21,919	23,348	25,693
Land - acquisition & development	10,904	10,413	10,399	10,641
Total commercial loans	89,335	89,581	98,704	106,408
Consumer loans				
Single-family residential	47,771	46,356	46,817	47,149
Construction - custom	2,880	2,930	3,175	3,336
Land - consumer lot loans	2,635	2,567	2,578	2,671
HELOC	2,048	2,034	2,246	2,588
Consumer	4,615	4,045	3,581	3,197
Total consumer loans	59,949	57,932	58,397	58,941
Total allowance for loan losses	149,284	147,513	157,101	165,349
Reserve for unfunded commitments	17,650	18,250	18,650	19,500
Total allowance for credit losses	\$ 166,934	\$ 165,763	\$ 175,751	\$ 184,849
Beginning balance				
	\$ 166,934	\$ 165,763	\$ 175,751	
Net (charge-offs) recoveries		2,579	1,788	(1,702)
Net provision (release)		(3,750)	8,200	10,800
Ending balance	\$ 165,763	\$ 175,751	\$ 184,849	

ALLOWANCE FOR LOAN LOSSES PEER COMPARISON (excluding unfunded commitments)

<u>As of March 31, 2020</u>	<u>ACL as % of Loans</u>
Columbia Bank	1.37%
Western Alliance Bank	1.02%
Umpqua Bank	1.37%
Banner Bank	1.41%
TCBI	0.99%
Glacier Bank	1.49%
Bank of Hawaii	1.22%
Zions Bank	1.46%
Heritage Bank	1.23%
Peer Average	1.28%
WaFd Bank	1.30%