

Olympic Bancorp

Statement of Condition

September 30, 2019

To Our Shareholders, Customers, and Employees,

Olympic Bancorp has continued its pace of record earnings, recording net income for the first nine months of 2019 of \$12,489,000, an increase of \$1,766,000 or 16.5% from the same period last year.

Our growth in earnings continues to be driven by our growth in loans, which are up \$39,832,000 or 5.5% from September last year. The Bank's loan portfolio remains sound, as we continue to maintain our standards for high quality credits.

In September, we announced plans to relocate our downtown Bremerton retail branch from 607 Pacific Avenue to 1000 Sixth Avenue, at the corner of Sixth and Warren next door to a newly opened Starbucks Coffee. This move allows us to free up much-needed space for administrative personnel at the current building, accommodating future growth of the bank. The new branch will be a significant upgrade over our current facility, and will utilize the latest in banking technology, including cash recyclers and Interactive Teller Service. Tenant improvements are expected to begin within the next several weeks, and we hope to occupy the new retail space by the first of the year.

Now in our 111th year, I am proud to say that Kitsap Bank remains strong and well-positioned for the future. I want to thank our great employees for your consistent hard work and dedication; our customers for your continued trust; and our shareholders for your confidence and support.

Sincerely,



Steve Politakis
President and Chief Executive Officer

Interest Income:		
Loans	\$ 30,550	\$ 26,788
Federal funds sold and deposits in banks	455	200
Securities available for sale and held to maturity		
Taxable	4,903	4,293
Tax-exempt	1,403	2,764
Other interest income	9	7
Total interest income	37,320	34,052
Interest Expense:		
Deposits	1,044	544
Borrowings	10	22
Total interest expense	1,054	566
Net interest income	36,266	33,486
Provision for credit losses	450	360
Net interest income after provision for credit losses	35,816	33,126
Non-interest Income:		
Service charges on deposit accounts	1,946	2,113
Merchant and interchange income	2,583	2,601
Income from investments in life insurance	658	541
Other non-interest income	1,687	1,395
Total non-interest income	6,874	6,650
Non-interest Expenses:		
Salaries and employee benefits	20,225	18,934
Occupancy and equipment	2,386	2,328
Data processing expenses	2,730	2,610
Merchant and interchange expenses	684	728
State and local taxes	562	522
Net losses (gains) from sales of AFS securities	(177)	42
Other	4,034	3,889
Total non-interest expense	30,444	29,053
Income before taxes	12,246	10,723
Federal income tax benefit	243	-
Net Income	\$ 12,489	\$ 10,723

Assets	2019	2018
Cash and due from banks	\$ 21,793	\$ 19,707
Interest bearing deposits in banks	50,637	12,236
Securities available for sale	281,303	321,193
Securities held to maturity	2,797	3,177
Federal Home Loan Bank stock	1,364	1,365
Loans	770,364	730,532
Less: allowance for credit losses	(8,341)	(7,983)
Net loans	762,023	722,549
Premises and fixed assets	23,275	19,944
Other real estate owned	-	22
Goodwill	17,105	17,105
Core deposit intangible	511	715
Accrued interest receivable	3,679	4,137
Bank owned life insurance	24,690	24,122
Other assets	2,759	1,274
Total assets	\$1,191,936	\$1,147,546
Liabilities and Shareholders' Equity		
Deposits		
Non-interest bearing	\$ 353,907	\$ 346,648
Savings and interest bearing demand	611,510	585,484
Time	69,536	74,495
Total deposits	1,034,953	1,006,627
Accrued interest payable	78	62
Other liabilities	18,546	17,708
Total liabilities	1,053,577	1,024,397
Shareholders' Equity		
Common stock	20,132	20,132
Retained earnings	111,103	108,058
Accumulated other comprehensive income (loss)	7,124	(5,041)
Total shareholders' equity	138,359	123,149
Total liabilities and shareholders' equity	\$1,191,936	\$1,147,546