



April 19, 2018

Greetings:

We are pleased to report our first quarter results for 2018 and provide you with our outlook for the remainder of the year. Income wise the first quarter is historically our lowest of the year and that appears to be the case this year as well. We have roughly \$20 million in our loan pipeline that is slowly moving along and some unanticipated loan payoffs have occurred so the effects of the loan increases will be later in the year.

Here are the first quarter totals along with the last two years for comparison purposes – 000's omitted except for the net income amounts:

	03-31-16	03-31-17	03-31-18
Assets	\$166,300	\$165,200	\$186,900
Deposits	139,600	139,900	160,700
Loans	111,400	123,200	120,700
Net Income	\$393,300	\$475,000	\$445,000

We have seen a good deposit surge in the past few months. About \$10 million is short term in nature but the totals are still increasing at a good pace. Loans should exceed \$130 million by year-end and our business development folks are very busy in this competitive environment.

The local economy is robust and according to most commercial realtors we work with there seems to be more buyers than sellers. The credit for that and for overall (positive) consumer confidence is a combination of supply & demand, low unemployment and the new tax laws. In short, business is good in most sectors.

Our new website has been live for a couple of weeks. We are happy with it and hope you are as well. Please check it out if you haven't logged on lately. Our electronic banking manager, Brenda Gisse and her team have done an excellent job updating our site in a very technically demanding process.

Information will be coming out soon on our annual shareholders meeting and stock evaluation. Meanwhile, for any stock related questions please contact our CFO, Steve Hanson at 360-528-3679 or [steveh@southsoundbank.com](mailto:steveh@southsoundbank.com).

Thank you for your continued support and please consider South Sound Bank for any of your banking needs.

Sincerely,

Dan Yerrington  
President/CEO

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