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The IR Group

SaviBank Earns \$390,000 in Third Quarter of 2018 Loans Grow 17% and Deposits Increase 22% Year-Over-Year

Burlington, WA – October 31, 2018 – Savi Financial Corporation, Inc. (OTC Pink: SVVB), the bank holding company for SaviBank, today reported third quarter 2018 earnings of \$390,000, or \$0.09 per diluted share, compared to \$408,000, or \$0.10 per diluted share in the third quarter of 2017. Profitability was fueled by 17% loan growth and 22% deposit growth year-over-year, excellent asset quality and a strong net interest margin. In the second quarter of 2018, Savi earned \$515,000, or \$0.12 per diluted share, reflecting strong Small Business Administration (SBA) loan sales. All results are unaudited and reflect the 1-for-5 reverse split effected on September 11, 2018.

In the first nine months of 2018, earnings grew 14% to \$1.57 million, or \$0.36 per diluted share, compared to \$1.37 million, or \$0.34 per diluted share, in the first nine months of 2017.

“We continue to execute on our strategy to modernize and expand our branch network in the vibrant Pacific Northwest markets we serve. Consolidation in the Northwest banking industry continues to present opportunities for us to expand our branch footprint and recruit talented bankers,” said Michal D. Cann, Chairman and CEO. “The economy in the state of Washington remains one of the best in the nation, and we believe the return to more rational conditions in our housing markets is a healthy development. Housing in Skagit Island and Whatcom counties remain affordable and inventories are beginning to expand slowly.”

“Our SBA lending team continues to do outstanding work serving the entrepreneurs in our markets,” said Andrew Hunter, President. SBA and USDA loan production for the SBA’s fiscal year in 2018 (October 1, 2017 through September 30, 2018) totaled 27 loans for \$12.02 million, exceeding the fiscal 2017 production of 24 loans for \$11.92 million.

“With the Federal Reserve raising the interest rate on Fed Funds for the sixth time in two years, and with further rate hikes anticipated over the next two years, we are benefiting from the repricing of the 26% of the loan portfolio that carries an adjustable rate,” said Rob Woods, Chief Financial Officer. “Earnings on interest bearing assets are expanding more rapidly than our cost of funds. The changes in the tax law also improved bottom-line results with our marginal tax rate dropping to 21% for both the quarter and the first nine months of 2018.”

Net interest margin continues to expand and remains well above average at 4.48% in the third quarter of 2018, compared to 4.43% in the second quarter and 4.46% in the third quarter a year ago. The net interest margin is significantly better than the peer average of 3.74% posted by the 447 micro-cap banks in the SNL Financials Microcap Bank Index as of June 30, 2018.

Total revenue, consisting of net interest income and non-interest income, increased 10% to \$2.82 million in the third quarter of 2018, compared to \$2.56 million in the third quarter a year ago, and increased slightly from \$2.81 million in the second quarter of 2018, reflecting the strong and variable market for SBA loans. For the first nine months of 2018, total revenue increased 15% to \$8.46 million from \$7.36 million in the like period of 2017.

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Third Quarter 2018 Highlights (at, or for the period September 30, 2018)

- Earnings per diluted share was \$0.09 in the third quarter, compared to \$0.10 in the third quarter of 2017, and \$0.12 in the second quarter of 2018.
- Net interest income increased 16% to \$2.49 million in the third quarter of 2018, compared to \$2.15 million a year ago, and was up 7% from \$2.33 million in the second quarter of 2018.
- Average third quarter total loans increased 16%, to \$200.3 million, compared to \$172.6 million a year ago, and grew 6% from \$188.9 million in the second quarter of 2018. End of quarter total loans increased 17% to \$207.1 million from \$176.8 million a year ago and grew 5% from \$197.9 at the end of the second quarter of 2018.
- Average third quarter total deposits grew 24% to \$194.1 million from \$156.5 million in the third quarter a year ago and increased 3% from \$188.3 million in the second quarter of 2018. End of period deposits grew 22% to \$200.6 million from \$163.8 million a year ago and grew 7% from \$188.4 million at the end of the second quarter of 2018.
- Asset quality remained excellent with nonperforming loans at 0.01% of total loans at September 30, 2018, and 0.02% at September 30, 2017. Nonperforming assets (“NPAs”) were 0.20% at the end of the third quarter, down from 0.24% a year ago. The improvement in NPAs reflects the stability of the loan portfolio and paydowns in principle balances.
- Net charge-offs were \$6,000 in the third quarter of 2018, compared to net recoveries of \$7,000 in the third quarter a year ago.
- Allowance for loan losses, as a percentage of total loans, was 1.00% at September 30, 2018, compared to 1.13%, at September 30, 2017.
- SaviBank capital levels remained above the threshold for well-capitalized institutions. The total risk-based capital ratio was 13.53% and the tier-1 leverage ratio was 11.79%.

“We continue to invest in our franchise and expand into high-growth markets in Western Washington to gain market share,” said Cann. “We broke ground on the new Oak Harbor branch, which is operating in temporary facilities until the new branch is completed. In addition, our main office in Burlington will be moving into a new modern facility in 2019. Further branch expansion is likely, as we continue working to identify locations and seasoned bankers for our growing operations.”

About Northwest Washington

SaviBank operates two branches and one loan production office in Skagit County, two branches in Island County, and one branch in Whatcom County.

According to USNews.com, Washington state ranked 6th overall and came in 3rd for the best economy in the nation. Washington also ranked 2nd in the nation for healthcare, 6th for education and 4th for infrastructure.

The Skagit, Whatcom and Island counties region stretches north from the greater Seattle/Everett/Bellevue metropolis to the Canadian border. Northwest Washington continues to be one of the most vibrant regions in the country, with a solid employment base, moderate climate and a strong housing market.

The housing market in Skagit, Island and Whatcom Counties remains healthy. According the Northwest Multiple Listing Service, the average home in Skagit County sold for \$365,000, up 11.0% in September 2018 compared to a year ago, and there was a 2.87 month supply of homes on the market. For Island County, the average house sold for \$360,000, down 1.3% from a year ago and supply totaled 2.68 months. For Whatcom County, the average home sold for \$368,311, up 11.78% from a year ago and supply totaled 2.33 months

Skagit County’s economy is dominated by manufacturing, which accounts for 33.4% of GDP with food, machinery and oil and petroleum products the leading contributors. Skagit’s population is projected to grow 5.46% from 2019 through 2024, and median household income is projected to increase by 12.54% during the same time frame.

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Whatcom County is home to Western Washington University and is the nation's largest producer of raspberries. Whatcom County's population is projected to grow 6.22% from 2019 through 2024, and median household income is projected to increase by 9.64%.

Island County is home to Naval Air Station Whidbey Island, which supports 8,414 military personnel, with an additional 18,511 family members, 10,000 retirees, 500+ reservists, and 2,100 civilian employees, 37 Canadian Forces and their families and 85 Foreign Nationals and their families. Whidbey Island's population is 85,018, with approximately 23,000 in Oak Harbor. Island County's population is projected to grow 5.07% from 2019 through 2024 and median household income is projected to increase by 13.48%.

Sources:

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About Savi Financial Corporation Inc. and SaviBank –

Savi Financial Corporation is the small bank holding company of SaviBank. The Bank began operations April 11, 2005, and has five branch locations in Burlington, Bellingham, Mount Vernon, Oak Harbor, and Freeland, Washington, and a loan production office in Anacortes, 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, and Whatcom 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 <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					Nine Months Ended		
	September 30, 2018	September 30, 2017	Var %	June 30, 2018	Var %	September 30, 2018	September 30, 2017	Var %
SUMMARY OF OPERATIONS								
Interest income	\$ 2,966	\$ 2,438	22%	\$ 2,732	9%	\$ 8,277	\$ 6,860	21%
Interest expense	(472)	(292)	62	(399)	18	(1,249)	(831)	50
Net interest income	2,494	2,146	16	2,333	7	7,028	6,029	17
Provision for loan losses	(98)	-	N/M	(39)	N/M	(137)	(23)	496
NII after loss provision	2,396	2,146	12	2,294	4	6,891	6,006	15
Non-interest income	329	417	(21)	474	(31)	1,436	1,326	8
Non-interest expense	(2,228)	(1,941)	15	(2,114)	5	(6,337)	(5,533)	15
Income before tax	497	622	(20)	654	(24)	1,990	1,799	11
Federal income tax expense	107	214	(50)	139	(23)	424	428	(1)
Net income	\$ 390	\$ 408	(4)%	\$ 515	(24)%	\$ 1,566	\$ 1,371	14%
PER COMMON SHARE DATA								
Number of shares outstanding (000s)	3,423	3,420	0%	3,423	—%	3,423	3,420	0.09%
Earnings per share, basic	\$ 0.11	\$ 0.12	(4)	\$ 0.15	(24)	\$ 0.46	\$ 0.40	14
Earnings per share, diluted	\$ 0.09	\$ 0.10	(12)	\$ 0.12	(24)	\$ 0.36	\$ 0.34	5
Market value	12.07	8.50	42	12.00	1	12.07	8.50	42
Book value	8.88	8.76	1	8.65	3	8.88	8.76	1
Market value to book value	135.93%	96.99%	40	138.79%	(2)	135.93%	96.99%	40
BALANCE SHEET DATA								
Assets	\$ 247,111	\$ 211,157	17%	\$ 234,364	5%	\$ 247,111	\$ 211,157	17%
Investments securities	9,120	10,140	(10)	9,132	(0)	9,120	10,140	(10)
Total loans	207,129	176,665	17	197,916	5	207,129	176,665	17
Total deposits	200,600	163,818	22	188,350	7	200,600	163,818	22
Borrowings	15,000	16,300	(8)	15,000	-	15,000	16,300	(8)
Shareholders' equity	30,394	29,973	1	29,990	1	30,394	29,973	1
AVERAGE BALANCE SHEET DATA								
Average assets	\$ 237,890	\$ 207,239	15%	\$ 226,280	5%	\$ 227,611	\$ 197,246	15%
Average total loans	200,295	172,631	16	188,904	6	190,669	164,842	16
Average total deposits	194,143	156,546	24	188,268	3	187,477	145,261	29
Average shareholders' equity	30,192	29,991	1	29,734	2	29,450	26,084	13
ASSET QUALITY RATIOS								
Net (charge-offs) recoveries	\$ (6)	\$ 7	N/M	\$ (8)	N/M	\$ (12)	\$ 451	N/M
Net (charge-offs) recoveries to average loans	(0.01)%	0.02%	N/M	(0.02)%	N/M	(0.01)%	0.36%	N/M
Non-performing loans as a % of loans	0.01	0.02	(73)	0.14	(96)	0.01	0.02	(73)
Non-performing assets as a % of assets	0.20	0.24	(19)	0.32	(39)	0.20	0.24	(19)
Allowance for loan losses as a % of total loans	1.00	1.13	(12)	1.00	(0)	1.00	1.13	(12)
Allowance for loan losses as a % of non-performing loans	18,827.27	6,054.55	211	711.87	2,545	18,827.27	6,054.55	211
FINANCIAL RATIOS\STATISTICS								
Return on average equity	5.17%	5.44%	(5)%	6.93%	(25)%	7.09%	7.01%	1%
Return on average assets	0.66	0.79	(17)	0.91	(28)	0.92	0.93	(1)
Net interest margin	4.48	4.46	0	4.43	1	4.41	4.41	-
Efficiency ratio	76.54	76.17	0	74.31	3	73.17	75.60	(3)
Average number of employees (FTE)	75	58	29	69	9	75	58	29
CAPITAL RATIOS								
Tier 1 leverage ratio -- Bank	11.79	12.72	(7)%	12.01	(2)%	11.79	12.72	(7)%
Common equity tier 1 ratio -- Bank	12.56	13.97	(10)	12.77	(2)	12.56	13.97	(10)
Tier 1 risk-based capital ratio -- Bank	12.56	13.97	(10)	12.77	(2)	12.56	13.97	(10)
Total risk-based capital ratio --Bank	13.53	15.09	(10)	13.76	(2)	13.53	15.09	(10)

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