

November 13, 2023

To Our Shareholders,

Thank you for your continued interest in Summit State Bank. We generated net income of \$1.8 million, or \$0.27 per diluted share, for the third quarter of 2023, reflecting strong non-interest income resulting from increased gain on sale of loans. However, lower net interest income resulting from an increase in interest expense on deposits offset the aforementioned increase in non-interest income. We are encouraged that loan demand continues to hold up despite the higher rate environment and we continue to aggressively seek out core lending opportunities. Total deposits increased 19% compared to a year ago, and declined 2% during the quarter, with the growth occurring in interest bearing demand and money market accounts compared to the prior quarter end. While the net interest margin decrease was primarily related to pressure from the funding side of the balance sheet, we remain prudent with all new loan pricing. New customer relationships are fueling loan and deposit growth, and we expect that to continue as we grow the Bank organically.

In addition to reporting earnings, the Board of Directors declared a quarterly cash dividend of \$0.12 per share, payable November 16, 2023 to shareholders of record on October 24, 2023. The payment of this quarterly cash dividend highlights the commitment we have to our shareholders in providing consistent returns on your investment and building upon shareholder value.

During the third quarter, we were honored to rank 52nd on the San Francisco Business Times' 2023 Bay Area Corporate Philanthropists List which was published in a supplement in the San Francisco Business Times on July 28, 2023. The Corporate Philanthropy Awards list and supplement celebrates the Bay Area's most generous corporate citizens and recognizes those companies that also give their time, talent and resources. The annual list recognizes 100 top corporate philanthropists ranked by local cash giving. It includes for-profit companies and nonprofit health care organizations that made contributions to Bay Area based charitable organizations in the following counties: San Francisco, San Mateo, Alameda, Contra Costa, Marin, Napa, Santa Clara, Solano and Sonoma. The Bank's inclusion on this list helps raise the bar on corporate philanthropy and shows our support of our communities during all economic cycles.

Enclosed please find our latest Investor Fact Sheet that supplements our third quarter 2023 earnings results published last month. On behalf of the Board of Directors and our executive management team, we want to thank you for your support and continued investment in Summit State Bank.

Sincerely,



Brian Reed
President & CEO



 707.568.6000

 500 Bicentennial Way, Santa Rosa, CA 95403

 summitstatebank.com



NASDAQ: SSBI / \$12.70
November 3, 2023

FACT SHEET

3Q23 FINANCIAL HIGHLIGHTS

- Net income was \$1,821,000, or \$0.27 per diluted share, compared to \$3,979,000, or \$0.59 per diluted share, in the third quarter of 2022 and \$2,985,000, or \$0.45 per diluted share, for the quarter ended June 30, 2023.
- Reversal of net credit losses was \$5,000, compared to a provision for net credit losses of \$770,000 in the third quarter a year ago.
- Net interest margin was 2.80%, compared to 3.44% in the preceding quarter and 4.42% in the third quarter a year ago.
- Third quarter revenues (interest income plus noninterest income) increased 20.8% to \$16,427,000, compared to \$13,596,000 in the third quarter a year ago.
- Annualized return on average assets was 0.63%, compared to 1.56% in the third quarter of 2022.
- Annualized return on average equity was 7.59%, compared to 18.12% in the third quarter a year ago.
- Net loans increased \$38,619,000 to \$932,199,000 at September 30, 2023, compared to \$893,580,000 one year earlier.
- Net loans increased \$7,393,000 during the quarter to \$932,199,000 at September 30, 2023, compared to \$924,806,000 three months earlier.
- Total deposits increased 19% to \$1,030,836,000 at September 30, 2023 compared to \$868,912,000 at September 30, 2022 and decreased 2% when compared to the prior quarter end.
- The Bank's nonperforming loans to gross loans increased to 3.72% at September 30, 2023 compared to 2.65% at June 30, 2023 and 0.43% at September 30, 2022. Additionally, nonperforming assets to total assets increased to 3.09%, at September 30, 2023 compared to 2.14% at June 30, 2023 and 0.38% at September 30, 2022.
- Tangible book value was \$13.77 per share, compared to \$12.62 per share a year ago.
- Declared a quarterly cash dividend of \$0.12 per share for the three months ended September 30, 2023, June 30, 2023 and September 30, 2022.

ABOUT SUMMIT STATE BANK

Founded in 1982 and headquartered in Sonoma County, Summit State Bank (Nasdaq: SSBI), is an award-winning community bank servicing the North Bay. The Bank serves small businesses, nonprofits, and the community, with total assets of \$1,142 million and total equity of \$93 million at September 30, 2023. The Bank has built its reputation over the past 40 years by specializing in providing exceptional customer service and customized financial solutions to aid in the success of its customers.

Summit State Bank is dedicated to investing in and celebrating the diverse backgrounds, cultures and talents of its employees to create high performance and support the evolving needs of its customers and community it serves. The Bank has been consistently recognized for its achievements and has been awarded Best Places to Work in the North Bay, Top Community Bank Loan Producer, Raymond James Bankers Cup, Super Premier Performing Bank, the Piper Sandler SM-ALL Star Award, and the Independent Community Bankers of America's Best-Performing Community Banks. For more information, visit www.summitstatebank.com.

Stock Price (11/03/23)	\$12.70
Shares Outstanding	6.784M
Market Cap	86.2 M
TTM EPS	\$2.03
Price/TTM EPS	6.26x
Book Value/Share	\$13.77
Price/ Book Value	0.92x
NIM (annualized)	2.80%
ROAA (3Q23)	0.63%
ROAE (3Q23)	7.59%
Dividend Yield	3.97%

Corporate Information

Summit State Bank

500 Bicentennial Way
Santa Rosa, CA 95403
Phone: 707.568.6000

Executive Management

Brian Reed

President & CEO

Camille Kazarian

EVP & Chief Financial Officer

Genie Del Secco

EVP & Chief Operating Officer

Brandy Seppi

EVP & Chief Lending Officer

Michael Castlio

EVP & Chief Credit Officer

FINANCIAL HIGHLIGHTS

(\$ in thousands, except per share data)

Income Statement

(unaudited)

	30-Sep-23	Three Months Ended 30-Jun-23	30-Sep-22
Total interest income	\$ 14,931	\$ 15,625	\$ 12,541
Total interest expense	6,999	5,961	1,549
Net interest income	7,932	9,664	10,992
Reversal of (provision for) credit losses on loans	(27)	-	753
Reversal of (provision for) credit losses on unfunded loan commitments	(5)	35	17
Provision for credit losses on investments	27	-	-
Net interest income after provision	7,937	9,629	10,222
Total non-interest income	1,496	1,449	1,055
Total non-interest expense	6,926	6,822	5,533
Income before provision for income taxes	2,507	4,256	5,744
Provision for income taxes	686	1,271	1,765
Net income	\$ 1,821	\$ 2,985	\$ 3,979

Selected per Common Share Data

	30-Sep-23	30-Jun-23	30-Sep-22
Diluted EPS (4)	\$ 0.27	\$ 0.45	\$ 0.59
Dividends per share (4)	\$ 0.12	\$ 0.12	\$ 0.12
Book value per common share (1)(4)	\$ 13.77	\$ 13.92	\$ 12.62

Balance Sheet

	30-Sep-23	30-Jun-23	30-Sep-22
Total assets	\$ 1,142,174	\$ 1,161,409	\$ 1,043,812
Total shareholders' equity	\$ 93,439	\$ 94,435	\$ 84,421
Total deposits	\$ 1,030,836	\$ 1,048,316	\$ 868,912
Loans receivable, net	\$ 932,199	\$ 924,806	\$ 893,580

Select Financial Ratios

	30-Sep-23	Three Months Ended 30-Jun-23	30-Sep-22
Return on average assets (2)	0.63%	1.03%	1.56%
Return on average common shareholders' equity (2)	7.59%	12.69%	18.12%
Efficiency ratio (3)	73.46%	61.39%	45.93%
Net interest margin (2)	2.80%	3.44%	4.42%

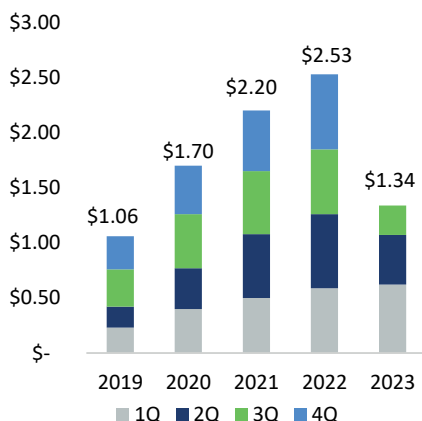
(1) Total shareholders' equity divided by total common shares outstanding.

(2) Annualized.

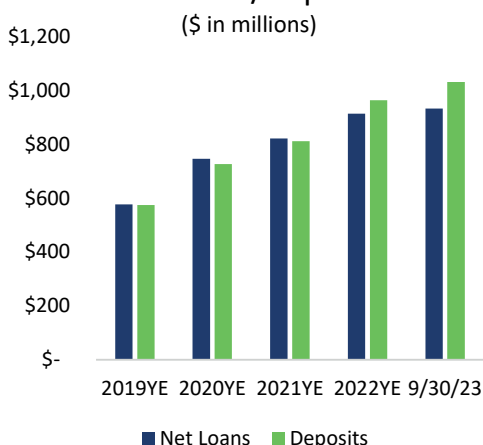
(3) Non-interest expenses to net interest and non-interest income, net of securities gains.

(4) Adjusted for 10% stock dividend declared; effective October 29, 2021.

Diluted EPS



Net Loans/Deposits



Total Revenue

