



A Better Sonoma County.
That's Our Business.

Member FDIC

Annual Report 2024

Devoted to our community
for over 40 years.



Letter to our Shareholders

This past year we faced several challenges including a continued high-interest rate environment which affected funding costs, decreased deal volume, and increased competition. Also, the Bank took significant charge offs and provisions for credit losses in the fourth quarter of 2024 as a proactive step towards resolving its problem loans. As a result, our net income was impacted, and we experienced a decline in financial performance, generating a net loss of \$4.2 million, or \$.62 loss per diluted share.

Despite the loss, the Bank ended the year with improved regulatory capital ratios. We continue to focus on maintaining strong capital levels and did that effectively in 2024 by strategically managing the balance sheet and suspending cash dividends. As such, the Board determined it will also suspend cash dividends in the first quarter of 2025 so that we can build capital, increase liquidity, and position the Bank to create long-term value for our shareholders.

The largest impediment to the Bank's performance in 2024 was a result of the heightened level of non-performing assets. We have been aggressively pursuing solutions and have reduced our non-performing loans by \$9.2 million in the fourth quarter of 2024. In addition, collateral on two of the three non-performing loans are in contract to be sold in the first six months of 2025, which will further reduce non-performing loans by \$18.2 million.

The Bank remains committed to driving cost efficiencies and improving our operational effectiveness. As part of this commitment, we have implemented numerous cost-saving initiatives. This includes reducing headcount at the Bank, leveraging existing staff and technologies to reduce third-party expenses, suspending bonuses, re-structuring employee benefits Bank-wide, decreasing director fees, and reducing the size of the board. These measures will contribute to our financial recovery and long-term growth.



Letter to our Shareholders

As we head into 2025, we feel positive about our prospects based on our notable progress in resolving problem loans. We continue to maintain our well capitalized status and sufficient liquidity after having realized successive quarters of improved net operating income results. The Bank is also focused on expanding net interest margin in 2025. With the Federal Reserve rate cuts in late 2024, we have experienced a decline in the cost of funds and many deposits have yet to be repriced. In addition, significant loan repricings to higher rates are scheduled to begin occurring in 2025.

On behalf of the Board of Directors and our executive management team, we thank you for your support and continued investment in Summit State Bank.

Dawn M. Ross
Interim Chair of the Board

Brian J. Reed
President and CEO



Executive Leadership



Genie Del Secco, Brian Reed and Michael Floyd accept the Hall of Fame Award from the Northbay Biz Magazine.

Our experienced Executive Leadership Team led through some challenging times this year, having to make difficult decisions that affected our employees, customers, community and shareholders. Drawing on more than 170 years of collective experience, they guided the strategic vision and maintained transparent communication with employees to ensure alignment toward the Bank's common goals.

As a community bank, decisions are made locally, and we remain steadfast to uphold the Bank's core values which guides our attitudes, actions, and decision-making. Our core values support both our mission and vision and shape our company culture. These guiding principles are Integrity, Collaboration, Respect, Adaptability, and having a Can-Do Attitude.

The Executive Leadership Team is engaged in the community by volunteering, serving on local nonprofit boards and providing financial expertise. Each leader brings their diverse expertise and knowledge, both inside and outside the Bank, to collaboratively create a strong and versatile Executive Leadership Team.

Executive Leadership



Brian Reed
President and Chief Executive Officer

Brian has over 40 years of industry experience.
9 years at Summit State Bank.

Brian serves on the Board of Directors of Free to Be, Children & Family Circle and is a Rotarian.



Genie Del Secco
**Executive Vice President and
Chief Operating Officer**

Genie has 35 years of industry experience.
10 years at Summit State Bank.

Genie serves as the Vice President of the Board of Directors of Our Village Closet.



Camille Kazarian
**Executive Vice President and
Chief Financial Officer**

Camille has 26 years of industry experience.
7 years at Summit State Bank.

Camille serves on the Board of Directors for Committee on the Shelterless (COTS).



Michael Floyd
**Executive Vice President and
Chief Credit Officer**

Michael has over 40 years of industry experience and joined the Bank in 2024.

Michael served on the Loan Committee of California Community Reinvestment Corporation and the Housing Trust for Santa Barbara County.



Brandy Seppi
**Executive Vice President and
Chief Lending Officer**

Brandy has over 30 years of experience in the industry.
10 years at Summit State Bank.

Brandy is a member of the North Bay Angels, St. John the Baptist Catholic Church and the Italian Catholic Federation in Healdsburg.

Board of Directors

Our board members are selected not only for their expertise and business acumen but also for their unwavering ethical standards and integrity. These core values shape our decision-making processes and ensure that our actions align with the Bank's mission statement.

Each member contributes a unique perspective, valuable insight, and distinct skillset, all of which play a vital role in achieving our business objectives. Their diverse viewpoints and collective commitment are fundamental to the continued success of our organization.



Dawn M. Ross

Interim Chair of the Board
Former Managing Partner

Carle, Mackie, Power & Ross LLP



Todd R. Fry

Interim Vice Chair of the Board
Chief Accounting Officer

Installed Building Products, Inc.



Brian J. Reed

President and CEO
Summit State Bank



Nick J. Rado

President
Rado Consulting



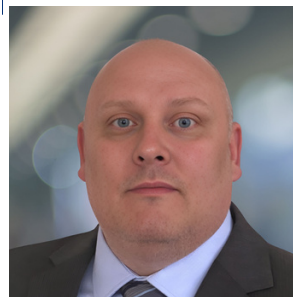
Douglas V. Reynolds

President and CEO
Energy Services of America



Sharon S. Wright

Governmental Affairs and
Public Relations Consultant



James A. Finley

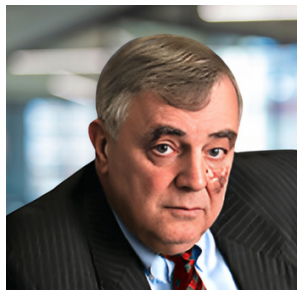
Owner and President of
Treasure Creek Minerals, LLC
and Regional Finance Manager
at Clean Harbors



Jeffrey B. Allen

President and Founder
Allen Land Design

Board of Directors



Marshall T. Reynolds
Chairman and Chief Executive
Officer, Champion Industries, Inc.



John W. Wright
Business Consultant



Belinda S. Guadarrama
President and Chief Executive
Officer of GC Micro Corporation



Frank Chong, Ed. D.
Past Superintendent/President
of Santa Rosa Junior College

In Memory of Josh Cox, Jr.



In Memorium
Josh C. Cox. Jr.
Board of Director
2011 - 2024

Josh C. Cox, Jr. played a significant role in the Bank's success serving on the Board of Directors for more than 13 years, most recently as the Chairman of the Board.

Sadly, on December 10, 2024, Josh passed away.

He spent his career assisting banks with bank management and profitability enhancement for over six decades as the owner of Josh Cox & Associates.

We are grateful for his years of service and leadership.

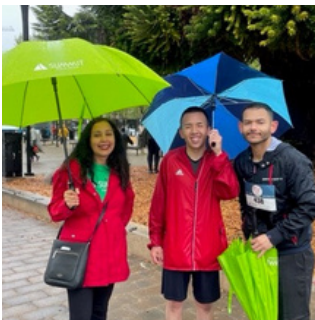
Community Commitment



Community service is a priority at Summit State Bank, and all employees are encouraged to give back to the community through volunteering. Employees engage in hands-on involvement by participating in community events and activities that they are passionate about. The Bank provides financial support and offers financial education as part of our commitment as a community bank. Below are some highlights from this year's giving.

Summit Day of Service

Employees are granted a paid day off to serve in community activities of their choosing. Activities include volunteering at a local food bank, working at a local animal shelter, preparing tax returns for low-income individuals or reading to a classroom of students.



Community Involvement

Collectively, a total of 858 volunteer hours were served during 2024. In addition, we have 14 officers and employees serving on community boards and committees for the betterment of our community.



Our team can be found participating in community events such as the Healdsburg FFA parade, walking in the Sonoma County Human Race, or attending fundraising events that support our local nonprofits.

Women in Conversation

For eight consecutive years, the Bank has been the Presenting and Founding Sponsor of the Women in Conversation speaker series in collaboration with The Press Democrat, a local media company.



This year's Spring event featured New York Times bestselling author, Liz Murray, who wrote *Homeless to Harvard* and the Fall event featured renowned Chef, Stephanie Izard.

The program strives to build a strong community of women who support each other and spark important conversations: connecting, empowering, and supporting women of all ages.

Community Commitment

Nonprofit Partner Program

Summit State Bank's Nonprofit Partner Program provides an annual cash contribution to its nonprofit customers based on average annual account balances. In 2024, the Bank delivered 242 donation checks for a total of \$608,001. Since 2009, the Bank has contributed over \$6.5 million to local nonprofits in our community.



North Bay Business Journal's Best Places to Work

This annual award is based on an employee survey which provides feedback and comments on how the Bank appreciated and recognized them throughout the year. For 15 consecutive years, our employees have voted Summit State Bank as one of the Best Places to Work in the North Bay. We were among 15 other companies that share this 15-year designation.



NorthBay Biz Magazine's Hall of Fame

Summit State Bank was among the inaugural class of the Best of the North Bay Hall of Fame. This designation was bestowed to 15 local businesses and organizations that have consistently garnered one of the top two recognitions of either "Best Of" or "Gold" award at least 15 times. We were honored to be among three local financial institutions to receive the Hall of Fame Business Bank award.



San Francisco Business Times' Corporate Philanthropy Award

This award celebrates the Bay Area's most generous corporate businesses and acknowledges the companies that give their time, talent and resources in the community.



Selected Financial Data

(in thousands except per share data)

Statement of Income Data

	2024	2023	2022	2021
Net interest income	\$29,476	\$35,462	\$42,427	\$37,606
Provision for credit losses	7,915	332	2,541	1,294
Non-interest income	3,459	5,201	7,495	4,901
Non-interest expense	29,408	25,050	23,511	20,333
Provision for income taxes	(195)	4,459	6,902	6,182
	(\$4,193)	\$10,822	\$16,968	\$14,698

Balance sheet data:

Assets	\$1,067,094	\$1,122,508	\$1,115,343	\$958,080
Loans, net	905,075	938,626	913,707	820,987
Deposits	962,562	1,009,693	962,654	811,600
Average earning assets	1,058,766	1,110,801	978,169	878,258
Average shareholders' equity	99,080	93,621	86,038	79,538
Nonperforming loans	32,191	44,206	3,756	487

Selected per common share data:

Basic earnings per common share (5)	(\$0.62)	\$1.62	\$2.54	\$2.20
Diluted earnings per common share (5)	(\$0.62)	\$1.62	\$2.54	\$2.20
Common shares outstanding at year end (5)	6,777	6,784	6,733	6,685
Dividend per share (5)	\$0.28	\$0.48	\$0.48	\$0.44
Book value per common share (1)(5)	\$13.53	\$14.40	\$13.15	\$12.61

Selected ratios:

Return on average assets (2)	-0.38%	0.95%	1.69%	1.64%
Return on average common shareholders' equity (2)	-4.23%	11.56%	19.72%	18.48%
Efficiency ratio (3)	89.31%	61.60%	47.10%	47.91%
Net interest margin (2)	2.78%	3.19%	4.34%	4.28%
Common dividend payout ratio (4)	-45.20%	30.05%	19.01%	20.33%
Tier 1 leverage ratio	8.87%	8.85%	8.53%	8.65%
Nonperforming loans to total loans	3.02%	4.63%	0.40%	0.06%
Allowance for credit losses to total loans (6)	1.49%	1.60%	1.60%	1.48%

(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) Common dividends divided by net income available for common shareholders.

(5) Adjusted for 10% stock dividend declared: effective October 29, 2021.

(6) Allowance beginning 2021 are reported using current expected credit loss ("CECL") method, all 2020 and prior periods' allowance are reported in accordance with previous GAAP using the incurred loss method.

Information about Summit State Bank

Summit State Bank (the “Bank”) is an award-winning community bank operating within our primary service area of Sonoma County, California. We operate through five depository offices located in Santa Rosa, Rohnert Park, Healdsburg and Petaluma. The Bank also has a loan production office in Roseville, California. The Bank was incorporated on December 20, 1982 and commenced operation as a California state-chartered saving and loan. On January 15, 1999, the Bank received authority to convert its charter to a California state-chartered Bank. On July 13, 2006, the Bank completed an underwritten initial public offering and listed its stock on the Nasdaq Global Market under the symbol SSBI. The Bank’s deposits are insured by the FDIC in accordance with the Federal Deposit Insurance Act and related regulations of the FDIC.

We provide a broad array of financial services to small to medium-size businesses and their owners and employees, entrepreneurs, families, foundations, estates, and individual consumers. We believe that our principal competitive advantages are personal service, flexibility, and responsiveness to customers’ needs. Our lending activities are primarily focused on commercial real estate, construction, and business loans to our targeted clientele. We emphasize relationship banking, and believe we offer our customers many of the management capabilities of a larger financial institution, together with the resourcefulness and superior customer service of a community bank. Through our branches and the use of technology, we offer a broad array of deposit products and services for both commercial and consumer customers, including digital banking, cash management services and bill payment.

The Bank is committed to embracing 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. Through the engagement of its team, the Bank has received many esteemed awards including: Top Performing Community Bank by American Banker, Best Places to Work in the North Bay and Diversity in Business by the North Bay Business Journal, Corporate Philanthropy Award by the San Francisco Business Times, and the Hall of Fame by the Northbay Biz Magazine.



Volunteering in our community is a natural extension of our work.

Company Contact Information

Nasdaq: SSBI

Summit State Bank

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Santa Rosa, CA 95403
707-568-6000

Corporate Secretary:
Barbara Gradman

Transfer Agent

Computershare
P.O. Box 43006
Providence, RI 02940-3006

Investor Information:

See "Investors" on our website:
SummitStateBank.com

Bicentennial

500 Bicentennial Way
Santa Rosa, CA 95403 707-568-6100

Healdsburg

1001 Vine Street
Healdsburg, CA 95448 707-433-5959

Montgomery Village

2300 Midway Drive
Santa Rosa, CA 95405 707-568-4975

Petaluma

100 Petaluma Blvd. S., Suite A
Petaluma, CA 94952 707-283-1120

Rohnert Park

10 Raley's Towne Centre
Rohnert Park, CA 94928 707-568-4955



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