



Summit State Bank - SSBI

Headquartered in Santa Rosa, CA

Branch Locations

- Santa Rosa Main
- Healdsburg
- Santa Rosa Montgomery Village
- Rohnert Park
- Petaluma

Regional Small Business Lending Group

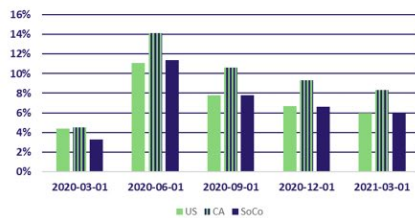
- Roseville, CA



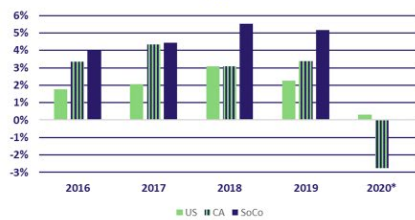
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Lending Area Highlights

Unemployment



GDP



Northern California Concentrated in Sonoma County

- Commercial Property Investment Inventory Remains Low
- Diverse and Strong Economy:
 - Healthcare, Manufacturing, Construction and Wholesale Trade Comprise > 40% of the County's Earnings
 - Consistently Low Unemployment and High GDP
- Ranked 15th in Median Household Income across California

* SoCo unavailable

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Our Leadership Team



Brian Reed
President & CEO
36 Years in the Industry
4 at Summit State Bank



Genie Del Secco
EVP & Chief Operating Officer
30 Years in the Industry
5 at Summit State Bank



Brandy Seppi
EVP & Chief Lending Officer
26 Years in the Industry
6 at Summit State Bank



Camille Kazarian
EVP & Chief Financial Officer
21 Years in the Industry
2 at Summit State Bank



Michael Castlio
SVP & Chief Credit Officer
25 Years in the Industry
2 at Summit State Bank

138 Years of Collective
Experience

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Investment Highlights

- ❖ Commitment to a Culture of Success
- ❖ Strategic Lending Platform Positioned to Deliver Results
- ❖ High Credit Quality with a Low Risk Profile
- ❖ California Peer Group Leader in Key Performance Metrics
- ❖ Strong Net Interest Margin & Improved Efficiency Ratio
- ❖ Experienced Executive & Management Team
- ❖ Focused on Organic Growth
- ❖ Consistent Quarterly Dividends

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Deferred Loans through CARES ACT

- ❖ 9 Loans across 10 Borrowers are Currently in Deferral at ~\$29MM
 - ❖ 99% of Deferred Loan Exposure is Backed by Real Estate
- ❖ Deferred Loans are Concentrated in the Following Industries:
 - ❖ Retail & Real Estate – 28%,
 - ❖ Restaurants – 30%, and
 - ❖ Wineries – 25%
- ❖ Average LTV for Deferred Loans at 49%
- ❖ Deferrals Peaked in May 2020 at ~\$142MM

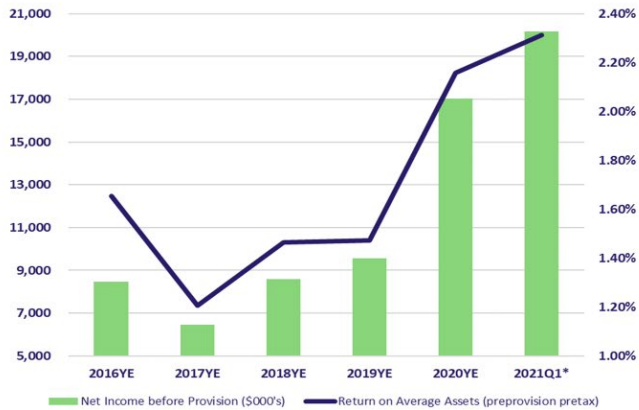
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PPP Lending Impact

- ❖ Total Originated PPP Loans:
 - ❖ 820 Loans at \$131.1MM
 - ❖ Average PPP Loan Balance of ~\$160k
- ❖ PPP Pretax Earnings for 2020 at \$2.4MM and \$1.1MM in 2021Q1
- ❖ As of March 31, 2021, \$67.2MM in PPP Loans Forgiven
 - ❖ As of May 19, 2021, \$89MM in PPP Loans Applied for Forgiveness with \$73MM Received
- ❖ Participating in Second PPP Draw with 263 Applications Totaling \$37.4MM as of May 19, 2021

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Financial Trends

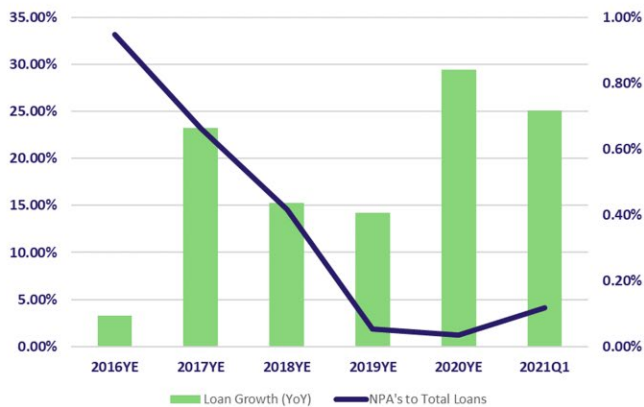


- Strong Net Interest Income Growth
- Consistent Non-interest Income Growth since 2017 due to:
 - SBA Loan Sales, and
 - SBA Servicing Income
- Increasing Return on Average Assets

* Annualized

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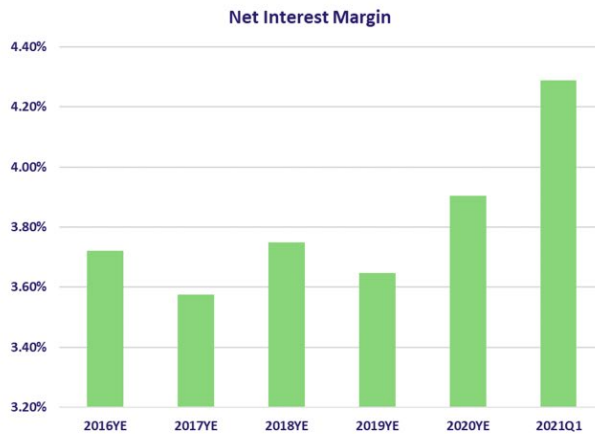
Loan Growth & Asset Quality



- Continued Peer Group Leader in Year-Over-Year Loan Growth
 - Loan Growth (YoY) without PPP Loans at 14.9%
- High Asset Quality - Zero Delinquencies Outside of NPA's
- Strong Reserves (Allowance for Loans & Lease Losses - ALLL)
 - ALLL is 1.65% without PPP Loans, which Carry a Zero-Risk Weighting
- CECL Conversion as of January 1, 2021

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Interest Income & Interest Expense Management



- Strong Net Interest Margin Compared to CA Peer Group
- Most recent 9 quarters show continued improvement in:
 - Net Interest Income Growth
 - Increased Profitability
- 15.9% of Loans are Variable, of which:
 - 5.5% on Floors
- ~\$73.5MM Local & Brokered CD's to Mature in 2021

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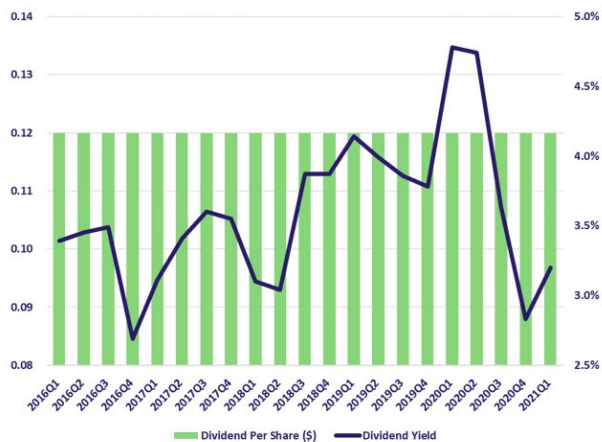
Building the Infrastructure to Deliver Results



- Planned Increase in Staffing in 2017 Designed to Deliver Strategic Results
- Strong Performance in Efficiency with Consistent Gains through:
 - Income Growth, and
 - Expense Management
- Continually Reviewing Technology for Enhancements

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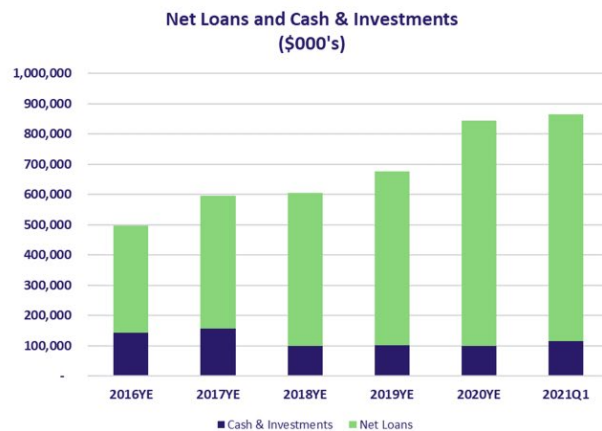
Historical Dividend Payout



- Consistent Quarterly Dividends
- Dividend Yield >3.0% at 2021Q1 as Stock Price Increases
- Stock Price Traded at 7.8 Times Trailing 12 Month Earnings as of 2021Q1
- 1.41 Times Price to Tangible Book Value as of 2021Q1
- Historical Dividend Payout Ratio >30%

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Assets Trends

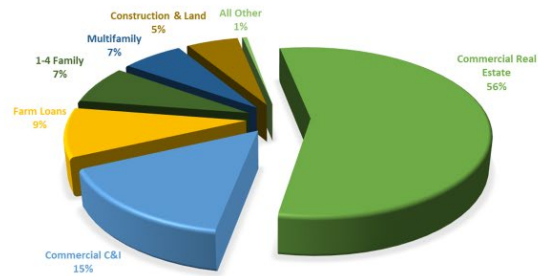


- Focused Growth on Investment Grade New Loans with Targeted Yield at 4.75%
- Loan Yield as of 2021Q1 at 5.29%
- Maintained Mix of Loan Concentrations with Growth in Small Business Lending
- Organic Loan Growth through Strong Relationship Practices

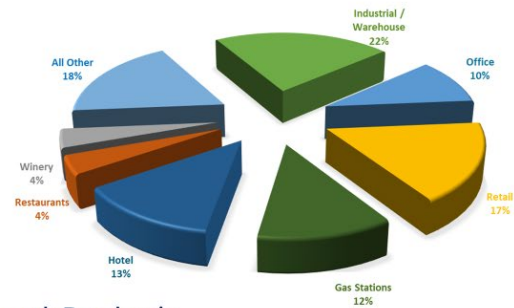
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Loan Composition

Total Loan Portfolio



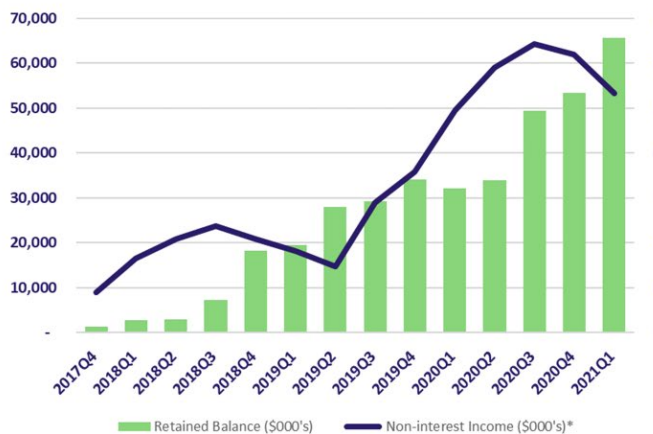
CRE Loan Portfolio Concentration



- Diversified Portfolio with Manageable Risk through Pandemic
- Total Portfolio LTV 48% (ex C&I); CRE LTV 50%
- CRE LTV 50% for Property Types with Higher Risk due to Pandemic
 - Wineries, Hotels, Restaurants, and Retail at ~32% of CRE Portfolio

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SBA Loan Program



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields > 5%
- Increase in Non-interest Income through:
 - Consistent SBA Loan Sales
 - Growing SBA Servicing Income Currently ~\$400M Annually

* Rolling 4 Quarter Average

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Liabilities Trends

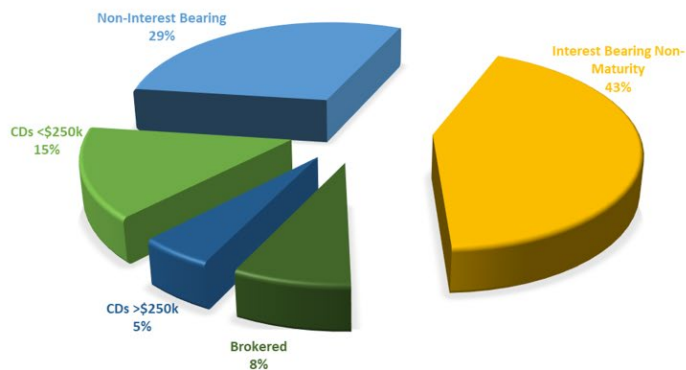
Local Deposits and Brokered & FHLB Advances
(\$000's)



- Focus on Local Deposit Growth
- Commercial & Consumer Deposit Products Offered
- Managed & Disciplined Use of Brokered Deposits & FHLB Advances
- 2021Q1 Average Cost of Funds at 0.83%
- ~\$73.5MM Local & Brokered CD's to Mature in 2021 with WAIR of ~1.09%

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Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
 - Focused on Non-Interest Deposit Growth
- ~\$90MM Peak PPP Deposits
 - ~\$45MM Runoff
- 2021Q1 Average Cost of Deposits at 0.71%

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Awards and Accolades



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Get in Touch

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