





Company Overview

- Summit State Bank is a commercial bank headquartered in Santa Rosa, CA with \$1.09 billion in assets, 5 branch locations and more than 116 employees
- Bank formed in 1982
- Listed on NASDAQ in 2006 under the ticker symbol "SSBI"
- **Summit Way Service Standards** -Dedicated to serving and giving back to its customers and communities by delivering the best service and solutions available



Building a Better Sonoma County, That's Our Business



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Summit State Bank-NASDAQ: 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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Market Area Highlights



Northern California Concentrated in Sonoma County

- Commercial Property Investment Inventory Remains Low due to limited construction over the past ten years.
- Diverse and Strong Economy:
 - Healthcare, Manufacturing, Construction and Wholesale Trade Comprise > 40% of the County's Earnings
 - Consistently Low Unemployment
- Ranked 14th in Median Household Income across California

* 2023 Sonoma County GDP figures unavailable



Note: Real Annual GDP Rate of change, not seasonally adjusted.
Source: <https://fred.stlouisfed.org>

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Our Leadership Team



Brian Reed
President & CEO
39 Years in the Industry
7 at Summit State Bank



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



Brandy Seppi
EVP & Chief Lending Officer
30 Years in the Industry
9 at Summit State Bank



Camille Kazarian
EVP & Chief Financial Officer
24 Years in the Industry
5 at Summit State Bank

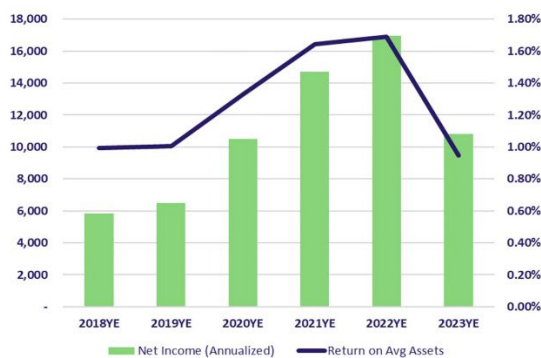


Michael Floyd
EVP & Chief Credit Officer
39 Years in the Industry
New to Summit State Bank

**165 Years of Collective
Experience**

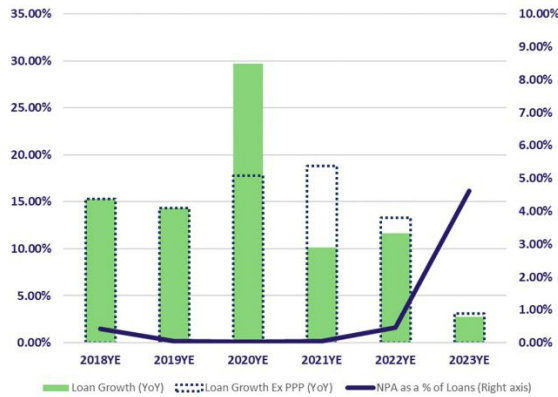
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Financial Trends



- Rate increases combined with our strategy to increase liquidity have put downward pressure on Net Interest Margin ultimately resulting in reduced Return on Average Assets
- Non-interest income decreased to \$5.4MM YTD Q4 2023 from \$7.5MM YTD Q4 2022. This is due to:
 - Reduced SBA Loan production
 - Reduced SBA Loan Sales
- 2023 Loan growth has been constrained due to current rate environment

Loan Growth & Asset Quality



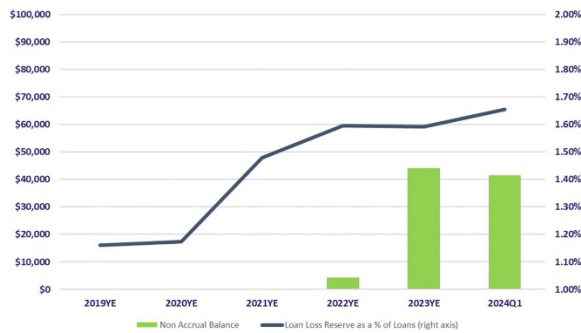
- Loan Growth has declined from prior periods due to elevated risk in the market partially attributable to higher interest rates
- Strong Reserves (Allowance for Loans & Lease Losses - ACL)
 - ACL is 1.60% and adequately covers the performing and non-performing portfolios
- Elevated Non-Performing Loans are primarily comprised of a group of large relationships that are individually assessed and assigned specific reserves



Note: CECL Conversion as of January 1, 2021

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Non-Performing Assets and Loan Loss Reserve



Note: CECL Conversion as of January 1, 2021

Non-Performing Loans:

- 4 specific relationships make up 92% of non-performing assets as of Q1 2024
- \$3.6MM of specific reserves set aside for all Non-Performing assets
- General pool reserves remain at 1.35% (excluding specific relationships)

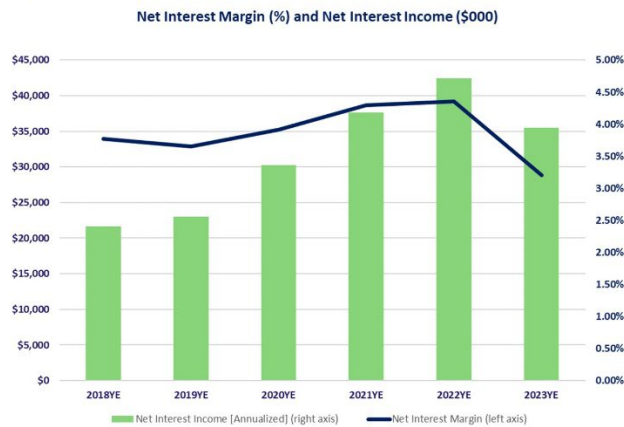
Historical Loan Losses

- Loan Losses, net of recoveries from 2018 through current result in a net recovery of \$100K
- Historically, actual losses during the Great Recession were ~1% of loans annually for 4 years



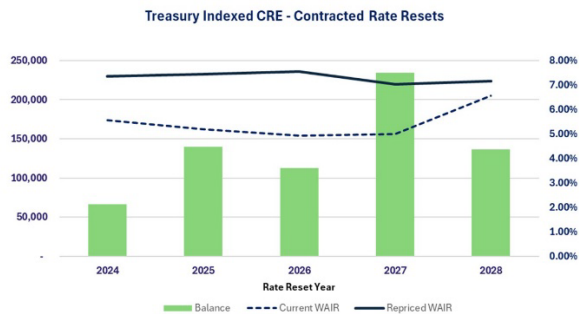
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Interest Income & Interest Expense Management



- NIM compression and Net Interest Income decline observed due to planned deposit growth, increased interest rates
- NIM and Net Interest Income are compressing as deposits reprice faster than the loan portfolio

Treasury Indexed CRE – Contracted Rate Resets



- Most Treasury Indexed CRE Loans reprice every 5 years based on the corresponding Constant Maturity Treasury index
- Repriced rates reflect a snapshot of market rates as of 12/31/2023; Actual repricing rates can differ depending on market rates at the time of repricing
- Treasury Indexed CRE Loans represent about 70% of the Total loan portfolio
- The Bank also has fixed rate loans that are scheduled to mature in the next 5 years:

Note: Loan Balance does not reflect potential for loan defaults, refinancing activities or prepayments. This graph is not intended as an indication of future financial results. Please reference page 22 of this report.

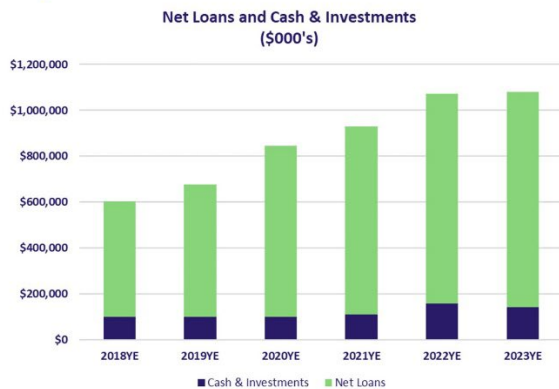
	Balance	WAIR
2024	20,997	7.5%
2025	24,665	5.2%
2026	21,403	4.6%
2027	37,552	5.3%
2028	39,857	6.1%

Maintaining the Infrastructure to Deliver Results



- Expenses as a % of Total Assets has seen modest increases since the Pandemic due to inflationary pressures
- Expenses are managed and reflects maintaining origination infrastructure

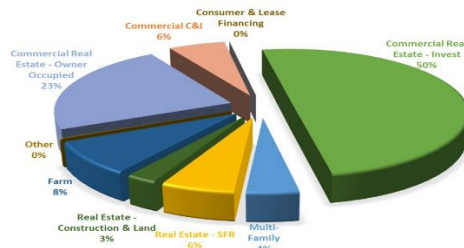
Assets Trends



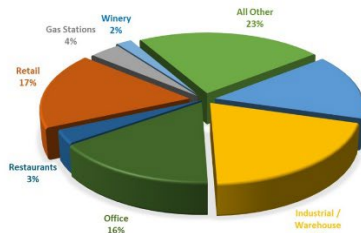
- Focused Growth on Conventional CRE and SBA Guaranteed Loans with Targeted Yield at 7.35%
- Portfolio Loan Yield as of 2023Q4 at 5.83%
- Focused on Organic Loan Growth through Strong Relationship Practices

Loan Composition

Total Loan Portfolio



CRE Loan Portfolio Concentration: Investment & Owner Occupied



- Diversified Portfolio with Manageable Risk
- Total Portfolio LTV 46% (ex C&I); CRE LTV 47%
- CRE Portfolio: Investment 68%, DSCR 1.92x; Owner Occupied 32%, DSCR 2.49x
- CRE LTV 50% for Property Types with Higher Risk
 - Current Risks: Wineries, Hotels, and Restaurants at ~20% of CRE Portfolio
 - Post Pandemic Risks: Office at 12% of Total Portfolio (LTV 52%)



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SBA Loan Program



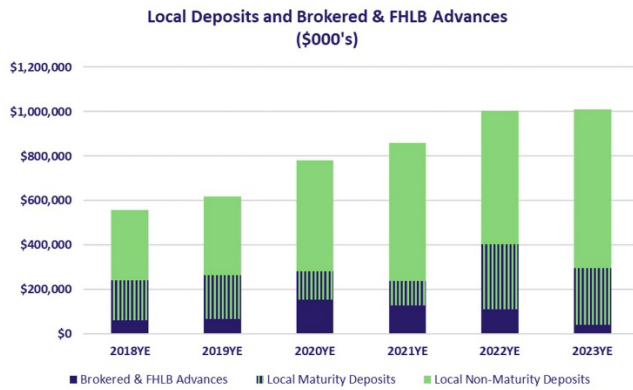
- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields ~ 11.3% (January 2024 adjustment)
- Decrease in Non-Interest Income through:
 - Lower SBA Loan Sales Volume and Premiums
 - Offset by increasing Servicing income
- Decreased Retained Balance driven by higher prepayment rates, selling the guaranteed balances, and slowing SBA originations



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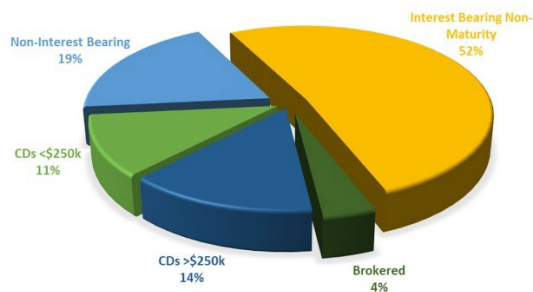
* Rolling 4 Quarter Average

Liabilities Trends



- Continued Focus on Managing Local Non-Maturity Deposit Growth to match Loan Growth
- 4Q2023 Average Cost of Funds at 2.36%
- Deposit growth from 2018 to 4Q2023:
 - Local Non-Maturity Deposits went from 57% to 71% of Total Deposits
 - Total Local Deposits went from 89% to 96% of Total Deposits

Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
- 4Q2023 Average Cost of Deposits at 2.37%

Focus on Liquidity and Quality as of Q1 2024

- ❖ \$113MM of Available Primary Liquidity
 - Including Cash and Investments Available for Sale
 - Primary Liquidity is 11%
- ❖ \$305MM of Available Secondary Lines
 - Including FHLB, Federal Reserve Bank, and Fed Funds lines
 - Total Liquidity (Primary + Secondary Liquidity) is 39%
- ❖ \$200MM of Contingent Funding Sources
 - Including SBA Loan Sales, FRB, Broker Deposits (based on internal policy limits)
- ❖ AOCI impact is minimal to Capital Ratio (~1%)
- ❖ Deposit Portfolio Quality
 - Only an estimated 23% of Deposits are uninsured by FDIC
 - Deposit Concentrations
 - Only 3 Depositors meet Regulatory definition of Large Depositors
 - Top 25 Depositors represent only 26% of Deposits as of Q1 2024
 - Total Local Deposits are 93% of Total Deposits



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Consistently Delivering Strong Stock Value



Graph illustrates investment in 1 share of stock beginning in 2016

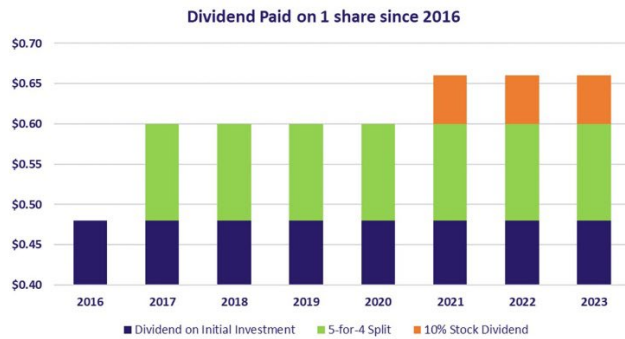
- 2016: One share of stock purchased
- 2017: A five-for-four stock split results in 1.25 shares outstanding
- 2021: A one time 10% stock dividend results in 1.38 shares outstanding
- Stock Value increased 106% since 2016, or an average of 15% per year

Note: Value represents the Bank's average annual stock price adjusted historically for splits and dividend multiplied by the number of shares



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Consistent Dividend Return



Graph illustrates investment in 1 share of stock beginning in 2016

- Dividend on Initial Investment relates to the original purchase of 1 share
- Additional Dividend Return of 37.5% is a result of:
 - 5-for-4 stock split (2017)
 - one time 10% stock dividend (2021)

Stock Total Return Versus Bank Indices



Total 5-year Return vs Bank Indices as of Q4 2023

Awards and Accolades



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Why Summit State Bank?

- ❖ Experienced Executive & Management Team
- ❖ Commitment to a Culture of Success
- ❖ Focus on Organic Growth and Driving Core Customer Deposits
- ❖ Strategic Lending Platform Positioned to Deliver Results
- ❖ Stable Dividend Strategy
- ❖ Consistent Total Return to Shareholders
- ❖ Experienced and dedicated Board of Directors with strong local ties



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Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, including forward-looking statements regarding our expectations and beliefs about our future financial performance and financial condition and trends in our business and markets. The forward-looking statements in this presentation are based on current information and on assumptions that we make about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond our control. As a result of those risks and uncertainties, our actual future financial results and future financial condition could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this presentation. Those risks and uncertainties include, but are not limited to, the risk of incurring credit losses; the quality and quantity of our deposits; adverse developments in the financial services industry and any related impact on depositor behavior or investor sentiment; risks related to the sufficiency of our liquidity; the risk that we will not be able to maintain growth at historic rates or at all; general economic conditions, either nationally or locally in the areas in which we conduct our business; risks associated with changes in interest rates, which could adversely affect our future operating results; and expectations regarding the performance of loans and loan repayments. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and other documents we file with the FDIC from time to time. Due to these and other possible uncertainties and risks, you should not place undue reliance on the forward-looking statements contained in this presentation, which speak only as of today's date. We also disclaim any obligation to update forward-looking statements contained in this presentation except as may be required by law.



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