

August 18, 2025

To our valued shareholders,

The second quarter of 2025 marked another period of meaningful progress for Summit State Bank, as we achieved solid financial performance and continued to strengthen our foundation. For the quarter, we reported net income of \$2.4MM, or \$0.36 per diluted share. This compares favorably to the \$928,000 (or \$0.14 per share) earned in the second quarter of 2024, and continues to show a remarkable turnaround from the net loss of \$7.1MM reported in the fourth quarter of 2024. These improvements underscore the effectiveness of our strategic initiatives and the resilience of our team as we move forward from last year.

Our improved performance has been sustained by ongoing expansion in our net interest margin, which reached 3.66% in the second quarter. This margin strength – up from earlier quarters – reflects our success in repricing our loan portfolio at higher yields and managing funding costs. We are encouraged by our earnings trajectory and the progress made in addressing issues that affected the Bank's performance in 2024. While economic and market volatility persists in the banking sector, we remain vigilant and consistent in our balance sheet management and credit practices to safeguard our continued progress.

One of the most notable developments this quarter was the significant ongoing progress in resolving problem loans. Non-performing assets declined by \$8.1MM quarter-over-quarter and by \$27.2MM year-over-year, bringing us closer to pre-2024 levels. These results reflect the effectiveness of our credit resolution strategies. That said, we remain focused on active risk management and maintaining a conservative credit posture.

We also continued to take steps to reinforce our capital and liquidity. At quarter-end, our Tier 1 Leverage Ratio increased to 9.84%, and total liquidity stood at \$453MM, or nearly 44% of total assets. To support these objectives, the Board of Directors has made the strategic decision to suspend the quarterly cash dividend for the third quarter of 2025, as we prioritize building capital and preserving long-term shareholder value.

Cost efficiency remains a priority. Second quarter operating expenses declined compared to last year, benefiting from the ongoing cost-saving initiatives that began in 2024. We remain committed to running a lean, effective operation without compromising the quality of service.

We've entered the second half of the year with a stronger foundation. While external conditions remain fluid, we're encouraged by the stability we've restored and the continued improvement in our core performance.

Enclosed is our Investor Fact Sheet, which offers additional insight into our second quarter financials.

On behalf of our Board of Directors and executive leadership team, thank you for your continued investment in Summit State Bank. If you have any questions or would like to speak further, we welcome the opportunity to connect.

Sincerely,



Brian Reed
President & CEO





NASDAQ: SSBI / \$12.00
July 29, 2025

FACT SHEET

2Q 2025 FINANCIAL HIGHLIGHTS

- Net income was \$2,417,000, or \$0.36 per diluted share, compared to \$928,000, or \$0.14 per diluted share, in the second quarter of 2024 and \$2,494,000, or \$0.37 per diluted share for the first quarter ended March 31, 2025.
- Net interest margin was 3.66% in the second quarter of 2025 compared to 2.71% in the second quarter of 2024 and 3.19% in the first quarter of 2025.
- Non-performing assets decreased to \$13,762,000 at June 30, 2025 compared to \$40,994,000 in non-performing assets at June 30, 2024 and \$21,884,000 at March 31, 2025.
- The Bank's Tier 1 Leverage ratio increased to 9.84% at June 30, 2025 compared to 9.31% at June 30, 2024.
- Annualized return on average assets and annualized return on average equity for the second quarter of 2025 was 0.93% and 9.98%, respectively. This compared to annualized return on average assets and annualized return on average equity for the second quarter of 2024 of 0.35% and 3.82%, respectively.
- The allowance for credit losses to total loans held for investment was 1.52% at June 30, 2025 compared to 1.52% one year earlier and 1.53% in the preceding quarter.
- The Bank maintained strong total liquidity of \$453,328,000, or 43.9% of total assets as of June 30, 2025. Net loans decreased 7% to \$851,309,000 at June 30, 2025, compared to \$913,514,000 one year earlier and decreased 3% compared to \$877,354,000 in the first quarter of 2025.
- Total deposits decreased 5% to \$922,609,000 at June 30, 2025, compared to \$966,587,000 at June 30, 2024, and decreased 4% when compared to the first quarter of 2025, at \$957,065,000.
- Book value was \$14.49 per share, compared to \$14.44 per share a year ago

ABOUT SUMMIT STATE BANK

Founded in 1982 and headquartered in Sonoma County, Summit State Bank is an award-winning community bank serving the North Bay. The Bank serves small businesses, nonprofits and the community, with total assets of \$1.0 billion and total equity of \$98 million as of June 30, 2025. 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 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, Summit State 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 North Bay Business Journal, Corporate Philanthropy Award by the San Francisco Business Times, and Hall of Fame by North Bay Biz Magazine. Summit State Bank's stock is traded on the Nasdaq Global Market under the symbol SSBI. Further

| | |
|------------------------|----------|
| Stock Price (07/29/25) | \$12.00 |
| Shares Outstanding | 6.772 M |
| Market Cap | \$81.3 M |
| TTM EPS | -\$0.24 |
| Price/TTM EPS | -50.00x |
| Book Value/Share | \$14.49 |
| Price/Book Value | 0.83x |
| NIM (annualized) | 3.66% |
| ROAA (2025Q2) | 0.93% |
| ROAE (2025Q2) | 9.98% |

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

Mike Floyd
EVP & Chief Credit Officer

NASDAQ: SSBI / \$12.00
July 29, 2025

FINANCIAL HIGHLIGHTS

(\$ in thousands, except share data)

Income Statement

(unaudited)

| | 30-Jun-25 | Three Months Ended 31-Mar-25 | 30-Jun-24 |
|--|-----------|---------------------------------|-----------|
| Total interest income | \$15,230 | \$14,542 | \$14,371 |
| Total interest expense | 6,001 | 6,464 | 7,277 |
| Net interest income | 9,229 | 8,078 | 7,094 |
| Provision for (reversal of) credit losses on loans | - | (577) | 6 |
| (Reversal of) provision for credit losses on unfunded loan commitments | (55) | (38) | (26) |
| Provision for (reversal of) credit losses on investments | - | (13) | 4 |
| Net interest income after provision | 9,284 | 8,706 | 7,110 |
| Total non-interest income | 263 | 646 | 801 |
| Total non-interest expense | 6,305 | 6,253 | 6,627 |
| Income before provision for income taxes | 3,242 | 3,099 | 1,284 |
| Provision for income taxes | 825 | 605 | 356 |
| Net income | \$2,417 | \$2,494 | \$928 |

Selected per Common Share Data

| | | | |
|------------------------------------|----------|----------|----------|
| Diluted EPS (4) | \$ 0.36 | \$ 0.37 | \$ 0.14 |
| Dividends per share (4) | \$ - | \$ - | \$ 0.12 |
| Book value per common share (1)(4) | \$ 14.49 | \$ 14.07 | \$ 14.44 |

Balance Sheet

| | 30-Jun-25 | 31-Mar-25 | 30-Jun-24 |
|----------------------------|--------------|--------------|--------------|
| Total assets | \$ 1,032,472 | \$ 1,063,363 | \$ 1,082,045 |
| Total shareholders' equity | 98,108 | 95,341 | 97,949 |
| Total deposits | 922,609 | 957,065 | 966,587 |
| Loans receivable, net | 851,309 | 877,354 | 913,514 |

Select Financial Ratios

| | | | |
|---|--------|--------|--------|
| Return on average assets (2) | 0.93% | 0.95% | 0.35% |
| Return on average common shareholders' equity (2) | 9.98% | 10.80% | 3.82% |
| Efficiency ratio (3) | 66.39% | 71.68% | 83.94% |
| Net interest margin (2) | 3.66% | 3.19% | 2.71% |

(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 security gains.

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

