News Release

For Immediate Release

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Summit State Bank Earns $1,674,000, or $0.25 Per Diluted Share, in First Quarter 2026

SANTA ROSA, CA – (April 28, 2026) – Summit State Bank (the "Bank") (Nasdaq: SSBI) today reported net income of $1,674,000, or $0.25 per diluted share for the first quarter ended March 31, 2026, compared to net income of $2,494,000, or $0.37 per diluted share for the first quarter ended March 31, 2025. Pre-tax, pre-provision income was $3,320,000 for the quarter ended March 31, 2026, compared to $2,471,000 for the quarter ended March 31 2025 and $1,827,000 for the quarter ended December 31, 2025.

"Our first quarter results reflect our team's continued commitment to executing on our strategic priorities," said Brian Reed, President and CEO. "While first quarter net income came in below the prior year, pre-tax, pre-provision income[1] improved meaningfully, driven by expansion in our net interest margin, disciplined expense management and stronger non-interest income. At our core, we are a community bank that exists to serve local businesses and families, and that mission continues to guide every decision we make. With margins improving and continued focus on credit quality, we are well positioned. We are proud of the progress our team has made and confident in our ability to build on it as we move forward."

First quarter 2026 Financial Highlights (at or for the three months ended March 31, 2026)

- Net income was $1,674,000, or $0.25 per diluted share, compared to $2,494,000, or $0.37 per diluted share, for the quarter ended March 31, 2025 and net income of $1,067,000, or $0.16 per diluted share for the quarter ended December 31, 2025.
- Pre-tax, pre-provision income[1] was $3,320,000 for the quarter ended March 31, 2026, compared to $2,471,000 for the quarter ended March 31, 2025 and $1,827,000 for the quarter ended December 31, 2025.
- Net interest margin was 3.77% in the first quarter of 2026 compared to 3.19% in the first quarter of 2025 and 3.62% in the fourth quarter of 2025.
- Non-performing assets were $35,170,000 at March 31, 2026 compared to $21,884,000 at March 31, 2025 and $34,133,000 at December 31, 2025.
- The Bank's Tier 1 Leverage ratio increased to 10.67% at March 31, 2026 compared to 9.45% at March 31, 2025.
- Annualized return on average assets and annualized return on average equity for the first quarter of 2026 were 0.68% and 6.56%, respectively. This compared to annualized return

on average assets and annualized return on average equity for the first quarter of 2025 of 0.95% and 10.80%, respectively.

- The allowance for credit losses to total loans was 1.96% at March 31, 2026 compared to 1.53% at March 31, 2025 and 1.71% at December 31, 2025.
- The Bank maintained total liquidity of $477,313,000, or 47.9% of total assets as of March 31, 2026. This includes on balance sheet liquidity (cash and equivalents and unpledged available-for-sale securities) of $179,177,000 or 18.0% of total assets, plus available borrowing capacity of $298,136,000 or 29.9% of total assets.
- The Bank has been strategically managing its loan and deposit portfolios to reduce balance sheet risk and improve capital ratios, successfully reducing the overall size of its balance sheet as detailed below:
    - Net loans decreased 12% to $776,109,000 at March 31, 2026, compared to $877,354,000 at March 31, 2025 and decreased 7% compared to $831,793,000 at December 31, 2025.
    - Total deposits decreased 8% to $879,259,000 at March 31, 2026, compared to $957,065,000 at March 31, 2025, and decreased 1% when compared to $891,111,000 at December 31, 2025.
- Book value was $15.16 per share at March 31, 2026, compared to $14.07 at March 31, 2025 and $14.94 at December 31, 2025.

Operating Results

For the first quarter of 2026, the annualized return on average assets was 0.68% and the annualized return on average equity was 6.56%. This compared to an annualized return on average assets of 0.95% and an annualized return on average equity of 10.80%, respectively, for the first quarter of 2025.

“Our net interest margin expanded 58 basis points during the first quarter, compared to the year ago quarter, driven by meaningful progress on two fronts – a more efficient liability structure and the continued repricing of our loan portfolio. Together, these dynamics are translating into stronger earnings capacity and we remain focused on sustaining that trajectory,” said Reed. The Bank’s net interest margin was 3.77% in the first quarter of 2026 compared to 3.19% in the first quarter of 2025 and 3.62% in the fourth quarter of 2025.

Interest and dividend income decreased 3.4% to $14,044,000 in the first quarter of 2026 compared to $14,542,000 in the first quarter of 2025. The decrease in interest income is attributable to lower loan portfolio volume, which reduced interest and fees on loans by $1,040,000; lower investment securities holdings, which decreased interest income by $47,000, offset by an increase in interest on deposits with banks of $421,000 and an increase in dividends received on FHLB stock of $168,000 due to a special cash dividend received.

Interest expense decreased 22.7% to $4,998,000 in the first quarter of 2026 compared to $6,464,000 in the first quarter of 2025. The cost of deposits also decreased to 2.23% in the first quarter of 2026 compared to 2.68% in the first quarter of 2025. The decrease in interest expense is primarily attributable to a $1,417,000 decrease in interest expense on deposits resulting from lower cost of funds and lower volume of deposits.

Noninterest income increased in the first quarter of 2026 to $1,012,000 compared to income of $646,000 in the first quarter of 2025. The increase is primarily attributed to the Bank recognizing $497,000 in gains on sales of SBA guaranteed loan balances in the first quarter of 2026 compared to $22,000 in gains on sales of SBA guaranteed loan balances in the first quarter of 2025.

Operating expenses increased in the first quarter of 2026 to $6,738,000 compared to $6,253,000 in the first quarter of 2025. The increase was primarily due to an increase in employee-related benefits.

“Our commitment to operational efficiency is a strategic priority that runs throughout every corner of the Bank, not by compromising the quality of service our customers have come to expect, but by finding smarter, more disciplined ways to deliver it,” said Reed.

Balance Sheet Review

During the first quarter of 2026, the Bank continued to strategically manage its loan and deposit portfolios to reduce balance sheet risk and improve liquidity and capital ratios. As a result, net loans decreased 12% to $776,109,000, and total deposits decreased 8% to $879,259,000 as of March 31, 2026 compared to March 31, 2025.

Net loans were $776,109,000 at March 31, 2026 compared to $877,354,000 at March 31, 2025, and decreased 7% compared to December 31, 2025. The Bank’s largest loan types are commercial real estate loans which comprise 79% of the portfolio and loans secured by farmland which make up 8% of the loan portfolio. Of the commercial real estate total, approximately 33% or $206,376,000 are owner occupied, and the remaining 67% or $422,023,000 are non-owner occupied. The Bank’s entire loan portfolio is well diversified between industries and product type. Office space loans total $142,535,000, representing 18% of the total loan portfolio, of which $58,660,000 or 41% are owner occupied and $83,875,000 or 59% are non-owner occupied.

Total deposits were $879,259,000 at March 31, 2026 compared to $957,065,000 at March 31, 2025, and decreased 1% compared to the prior quarter end. At March 31, 2026, noninterest bearing demand deposit accounts decreased 4% compared to a year ago and represented 22% of total deposits; savings, NOW and money market accounts increased 2% compared to a year ago and represented 51% of total deposits, and CDs decreased 25% compared to a year ago and comprised 27% of total deposits.

Shareholders’ equity was $102,661,000 at March 31, 2026 compared to $95,341,000 at March 31, 2025 and $101,171,000 at December 31, 2025. The increase in shareholders’ equity compared to a year ago was primarily due to an increase in retained earnings and a $1,134,000 decrease in accumulated other comprehensive loss. The increase in shareholders’ equity compared to three months earlier was primarily due to higher retained earnings resulting from $1,674,000 in net income earned during the quarter and a $241,000 decrease in accumulated other comprehensive loss. At March 31, 2026, book value increased to $15.16 per share, compared to $14.94 three months earlier, and $14.07 at March 31, 2025.

The Bank's Tier 1 Leverage ratio continues to exceed the minimum of 5% necessary to be categorized as "well-capitalized" for regulatory capital purposes. The Tier-1 leverage ratio for the first quarter of 2026 was 10.67%, an increase compared to 9.45% for the first quarter of 2025.

Credit Quality

Non-performing assets were $35,170,000, or 3.53% of total assets, at March 31, 2026. This compared to $34,133,000 in non-performing assets at December 31, 2025, and $21,884,000 in non-performing assets at March 31, 2025. The increase from the prior quarter was due to the addition of two non-accrual loans totaling $1,316,000. The increase compared to a year ago was primarily driven by the addition of several non-accrual loans totaling $22,650,000, of which $21,024,000 related to three borrower relationships, offset by the resolution of one large relationship totaling approximately $8,000,000 and a $2,143,000 valuation adjustment on other real estate owned. Non-performing assets include $2,294,000 for one other real estate owned property at March 31, 2026 and December 31, 2025 compared to $4,437,000 for one other real estate owned property at March 31, 2025.

"While we have made meaningful progress in credit quality over the past year through the resolution of certain problem credits and improved performance across the broader portfolio, non-performing loans increased modestly during the quarter, which we are monitoring closely," said Reed. "Just under 50% of the nonaccrual portfolio were current based on contractual payment status as of quarter-end. We are currently in contract to sell $13,000,000 of substandard loans which will be subject to customary closing conditions. The increase in non-performing loans this quarter is driven by two relationships totaling $1,316,000, representing 4.0% of total non-performing loans at quarter-end. We remain proactive in our approach to managing these credits and are encouraged that the broader loan portfolio continues to perform well outside of these isolated situations, with past due loans at 0.41% of total loans at March 31, 2026 compared to 0.13% of total loans at March 31, 2025. Most of past due loans are matured loans in process of being renewed. Restoring consistent improvement in our credit metrics remains a top priority, and we are confident in our team's ability to work through these challenges responsibly."

There were no net charge-offs during the three months ended March 31, 2026, compared to no net charge-offs during the three months ended December 31, 2025 and $509,000 in net recoveries during the three months ended March 31, 2025.

For the first quarter of 2026, the Bank recorded a provision for credit loss on loans of $1,057,000, a $9,000 reversal of credit losses for unfunded loan commitments and a $1,000 reversal of credit losses on investments. This compared to a $577,000 reversal of credit losses on loans, a $38,000 reversal of credit losses on unfunded loan commitments and a $13,000 reversal of credit losses on investments in the first quarter of 2025.

The allowance for credit losses to total loans increased to 1.96% on March 31, 2026, compared to 1.53% on March 31, 2025, driven by changes in portfolio composition and updates to CECL model assumptions, including qualitative factors and forward-looking economic conditions. The higher allowance reflects management's conservative stance in response to the portfolio's evolving risk profile.

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 $996 million and total equity of $103 million as of March 31, 2026. 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 information can be found at www.summitstatebank.com.

Cautionary Note Regarding Preliminary Financial Results and Forward-looking Statements

The financial results in this release are preliminary and unaudited. Final audited financial results and other disclosures will be reported in Summit State Bank’s quarterly report on Form 10-Q for the period ended March 31, 2026, and may differ materially from the results and disclosures in this release due to, among other things, the completion of final review procedures, the occurrence of subsequent events or the discovery of additional information.

Except for historical information, the statements contained in this release are forward-looking statements within the meaning of the “safe harbor” provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are non-historical statements regarding management’s expectations and beliefs about the Bank’s future financial performance and financial condition and trends in its business and markets. Words such as “expects,” “anticipates,” “believes,” “estimates” and similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could” are intended to identify such forward-looking statements. Examples of forward-looking statements include but are not limited to statements regarding future operating results, operating improvements, loans sales and resolutions, cost savings, insurance recoveries, and dividends. The forward-looking statements in this release are based on current information and on assumptions about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond the Bank’s control. As a result of those risks and uncertainties, the Bank’s actual future results and outcomes could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this release. Those risks and uncertainties include, but are not limited to, the risk of incurring credit losses; the quality and quantity of deposits; the market for deposits, adverse developments in the financial services industry and any related impact on depositor behavior or investor sentiment; risks related to the sufficiency of the Bank's liquidity; fluctuations in interest rates; governmental regulation and supervision; the risk that the Bank will not maintain growth at historic rates or at all; general economic conditions, either nationally or locally in the areas in which the Bank conducts its business; the impacts of conflict in the Middle East on the national and local economy; risks associated with changes in interest rates, which could adversely affect future operating results; the risk that some or all of the loans under contract for sale may not be sold as or when expected; the risk that customers or counterparties may not perform in accordance with the terms of credit documents or other agreements due to a decline in credit worthiness, business conditions or other reasons; adverse conditions in real estate markets; and the inherent uncertainty of expectations regarding litigation, insurance claims and the performance or resolution of loans. Additional information regarding these and other risks and uncertainties to which the Bank's business and future financial performance are subject is contained in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 and other documents the Bank files with the FDIC from time to time. Readers should not place undue reliance on the forward-looking statements, which reflect management's views only as of the date of this release. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

[1] Non-GAAP Financial Measures

This release contains a non-GAAP (Generally Accepted Accounting Principles) financial measure in addition to the results presented in accordance with GAAP. The Non-GAAP financial measure is pre-tax, pre-provision income. We believe the presentation of this non-GAAP financial measure provides useful information to assess our consolidated financial condition and consolidated results of operations and to assist investors in evaluating our financial results relative to our historical results and those of our peers.

Not all companies use identical calculations or the same definitions of pre-tax, pre-provision income, so the presentation of this non-GAAP financial measure may not be comparable to other similarly titled measures used by other companies. This non-GAAP financial measure has inherent limitations, is not required to be uniformly applied, and is not audited. This non-GAAP financial measure should be taken together with the corresponding GAAP measure and should not be considered a substitute for the GAAP measure. A reconciliation of the most directly comparable GAAP measure to this non-GAAP financial measure is presented below.

	Three Months Ended		
(In thousands)	March 31, 2026	December 31, 2025	March 31, 2025
Reconciliation of non-GAAP pre-tax, pre-provision income			
Net income	$ 1,674	$ 1,067	$ 2,494
Excluding provision for (reversal of) credit losses	1,047	476	(628)
Excluding provision for income tax expense	599	284	605
Pre-tax, pre-provision income (non-GAAP)	$ 3,320	$ 1,827	$ 2,471

SUMMIT STATE BANK
STATEMENTS OF INCOME
(In thousands except earnings per share data)

	Three Months Ended		
	March 31, 2026 (Unaudited)	December 31, 2025 (Unaudited)	March 31, 2025 (Unaudited)
Interest and dividend income:			
Interest and fees on loans	$ 12,380	$ 13,301	$ 13,420
Interest on deposits with banks	898	526	477
Interest on investment securities	468	482	515
Dividends on FHLB stock	298	127	130
Total interest and dividend income	14,044	14,436	14,542
Interest expense:			
Deposits	4,871	5,198	6,288
Federal Home Loan Bank advances	5	139	40
Junior subordinated debt	122	127	136
Total interest expense	4,998	5,464	6,464
Net interest income before provision for (reversal of) credit losses	9,046	8,972	8,078
Provision for (reversal of) credit losses on loans	1,057	445	(577)
(Reversal of) provision for credit losses on unfunded loan commitments	(9)	30	(38)
(Reversal of) provision for credit losses on investments	(1)	1	(13)
Net interest income after provision for (reversal of) credit losses on loans, unfunded loan commitments and investments	7,999	8,496	8,706
Non-interest income:			
Service charges on deposit accounts	255	219	225
Rental income	54	57	57
Net gain on loan sales	497	436	22
Net loss on securities	-	(2)	-
Loss on valuation of other real estate owned	-	(2,143)	-
Other income	206	31	342
Total non-interest income (loss)	1,012	(1,402)	646
Non-interest expense:			
Salaries and employee benefits	4,242	3,463	3,727
Occupancy and equipment	356	370	421
Other expenses	2,140	1,910	2,105
Total non-interest expense	6,738	5,743	6,253
Income before provision for income taxes	2,273	1,351	3,099
Provision for income tax expense	599	284	605
Net income	$ 1,674	$ 1,067	$ 2,494
Basic earnings per common share	$ 0.25	$ 0.16	$ 0.37
Diluted earnings per common share	$ 0.25	$ 0.16	$ 0.37
Basic weighted average shares of common stock outstanding	6,734,158	6,734,158	6,719,127
Diluted weighted average shares of common stock outstanding	6,734,158	6,734,158	6,719,127

SUMMIT STATE BANK
BALANCE SHEETS
(In thousands except share data)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2025 (Unaudited)
ASSETS			
Cash and due from banks	$ 115,456	$ 65,524	$ 72,408
Total cash and cash equivalents	115,456	65,524	72,408
Investment securities:			
Available-for-sale, less allowance for credit losses of $3, $4 and $23 (at fair value; amortized cost of $73,127, $75,428 and $79,827)	63,721	66,375	68,737
Loans held for investment, less allowance for credit losses of $15,544, $14,487 and $13,625	776,109	831,793	877,354
Bank premises and equipment, net	4,734	4,822	5,057
Investment in Federal Home Loan Bank stock (FHLB), at cost	5,889	5,889	5,889
Other Real Estate Owned	2,294	2,294	4,437
Affordable housing tax credit investments	6,268	6,479	7,202
Accrued interest receivable and other assets	21,451	21,410	22,278
Total assets	$ 995,922	$ 1,004,586	$ 1,063,362
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Demand - non interest-bearing	$ 190,769	$ 182,723	$ 198,736
Demand - interest-bearing	215,660	217,158	192,764
Savings	39,571	46,213	39,000
Money market	198,515	203,897	212,900
Time deposits that meet or exceed the FDIC insurance limit	68,741	70,728	93,154
Other time deposits	166,003	170,392	220,511
Total deposits	879,259	891,111	957,065
Junior subordinated debt	5,953	5,949	5,938
Affordable housing commitment	458	458	511
Accrued interest payable and other liabilities	7,591	5,897	4,508
Total liabilities	893,261	903,415	968,022
Shareholders' equity			
Preferred stock, no par value; 20,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock, no par value; shares authorized - 30,000,000 shares; issued and outstanding 6,771,526, 6,771,526 and 6,776,563	38,011	37,954	37,803
Retained earnings	71,342	69,668	65,363
Accumulated other comprehensive loss, net	(6,692)	(6,451)	(7,826)
Total shareholders' equity	102,661	101,171	95,340
Total liabilities and shareholders' equity	$ 995,922	$ 1,004,586	$ 1,063,362

Financial Summary
(Dollars in thousands except per share data)

	As of and for the Three Months Ended		
	March 31, 2026 (Unaudited)	December 31, 2025 (Unaudited)	March 31, 2025 (Unaudited)
Statement of Income Data:			
Net interest income	$ 9,046	$ 8,972	$ 8,078
Provision for (reversal of) credit losses on loans	1,057	445	(577)
(Reversal of) provision for credit losses on unfunded loan commitments	(9)	30	(38)
(Reversal of) provision for credit losses on investments	(1)	1	(13)
Non-interest income	1,012	(1,402)	646
Non-interest expense	6,738	5,743	6,253
Provision for income tax expense	599	284	605
Net income	$ 1,674	$ 1,067	$ 2,494
Selected per Common Share Data:			
Basic earnings per common share	$ 0.25	$ 0.16	$ 0.37
Diluted earnings per common share	$ 0.25	$ 0.16	$ 0.37
Dividend per share	$ -	$ -	$ -
Book value per common share (1)	$ 15.16	$ 14.94	$ 14.07
Selected Balance Sheet Data:			
Assets	$ 995,922	$ 1,004,586	$ 1,063,362
Loans held for investment, net	776,109	831,793	877,354
Deposits	879,259	891,111	957,065
Average assets	1,002,042	1,014,372	1,059,902
Average earning assets	973,787	982,188	1,028,563
Average shareholders' equity	103,569	101,813	93,620
Nonperforming loans	32,876	31,839	17,447
Net loans recovered	-	-	509
Other real estate owned	2,294	2,294	4,437
Total nonperforming assets	35,170	34,133	21,884
Selected Ratios:			
Return on average assets (2)	0.68%	0.42%	0.95%
Return on average common shareholders' equity (2)	6.56%	4.16%	10.80%
Efficiency ratio (3)	66.99%	75.85%	71.68%
Net interest margin (2)	3.77%	3.62%	3.19%
Common equity tier 1 capital ratio	12.36%	12.03%	10.67%
Tier 1 capital ratio	12.36%	12.03%	10.67%
Total capital ratio	14.02%	13.69%	12.43%
Tier 1 leverage ratio	10.67%	10.37%	9.45%
Common dividend payout ratio (4)	0.00%	0.00%	0.00%
Average shareholders' equity to average assets	10.34%	10.04%	8.83%
Nonperforming loans to total loans held for investment	4.15%	3.76%	1.96%
Nonperforming assets to total assets	3.53%	3.40%	2.06%
Allowance for credit losses to total loans held for investment	1.96%	1.71%	1.53%
Allowance for credit losses to nonperforming loans	47.28%	45.50%	78.09%

(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.