



March 3, 2026

To our valued shareholders,

In 2025, our focus was on building a strong foundation for the future, and we made meaningful progress toward that goal. After reporting a net loss in 2024, we returned to profitability in 2025 and advanced our strategic priorities on multiple fronts. The fourth quarter continued our momentum with net income of \$1.07 million, or \$0.16 per diluted share - our fourth consecutive quarter of profitability and a 30% increase over the third quarter of 2025. This performance is a direct reflection of the foundation we've built and the disciplined execution of our strategy.

Our team remains focused on what we do best - serving the financial needs of local businesses and families, and that focus continued to show up in our results. Core banking operations performed well during the fourth quarter, with improved net interest margin and disciplined expense management serving as the primary drivers. Our net interest margin reached 3.62% for the fourth quarter of 2025, a 74 basis point improvement compared to the fourth quarter of 2024 and an 11 basis point improvement over the preceding quarter, primarily driven by a favorable shift in our funding mix and continued asset repricing, particularly within the loan portfolio.

While we continue to work through some credit challenges in our loan portfolio, the overall trajectory is positive. The progress we've made in credit metrics over the past year is a step in the right direction, though there is still work to do. Year-end reductions in non-performing loans compared to the prior year end reflect our commitment to reducing risk across the portfolio. As of quarter-end, three relationships represented \$23.5 million, or 94% of all non-performing loans. Outside of our non-performing loans, the overall loan portfolio is performing well, with past due loans at 0.11% of total loans at year end, and our allowance for credit losses remains strong at 1.71% of total loans.

Operational efficiency and disciplined expense management remain priorities across the entire organization. Through smarter processes and a sharp focus on eliminating unnecessary costs, we continue to deliver the same level of quality service our customers have always expected from us. Operating expenses declined 44% or \$5.5 million, of which \$4.1MM was a one-time non-cash impairment charge to write off the remaining balance of goodwill, compared to the fourth quarter of 2024, a testament to the sustained impact of the efficiency measures we put in place in late 2024. These savings have been instrumental in offsetting lower loan volumes as we continue to realign our balance sheet toward reduced risk and long-term capital growth.

Summit State Bank maintains a strong capital position and the liquidity necessary to support our operations and strategic priorities. At quarter-end, our Tier 1 Leverage Ratio increased to 10.37% compared to 8.87% at the prior year end, reflecting the financial discipline we've maintained across the organization. Total liquidity remained solid at \$459 million, representing over 46% of total assets.

As we step into 2026, we do so with confidence, backed by a stronger capital base, good liquidity, and a clear, focused strategy to reduce risk and grow the balance sheet. While macroeconomic uncertainty remains a reality, we are energized by the progress we've made and unwavering in our commitment to prudent risk management, disciplined execution, and creating sustainable value for our shareholders and the communities we serve.

We thank you for your continued trust and partnership.

Sincerely,



Brian Reed
President & CEO



707.568.6000



500 Bicentennial Way, Santa Rosa, CA 95403



summitstatebank.com