News Release

For Immediate Release

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Summit State Bank Reports Revised Fourth Quarter 2024 Financial Results

SANTA ROSA, CA – (March 28, 2025) – Summit State Bank (the "Bank") (Nasdaq: SSBI) today reported that it has revised its fourth quarter and full year 2024 financial results from those announced in the press release dated January 28, 2025. In connection with the preparation and review of its 2024 financial statements, the Bank has concluded it is necessary to record a $693,000 other real estate owned valuation adjustment, a $146,000 increase in reserve for unfunded loans, and a $76,000 credit loss provision reversal for the fourth quarter 2024. The need for the valuation adjustment results from an updated appraisal report obtained in the first quarter of 2025. The additional reserve for unfunded loans and provision reversal results from the Bank's adoption of a new CECL model as of December 31, 2024. The valuation adjustment was expensed against noninterest income and also reduced the Bank's other real estate owned asset. The additional reserve for undisbursed loans and the reversal of the credit losses on loans resulted in a net expense against the provision for credit losses. The income tax provision was adjusted accordingly for all changes noted above.

After the impact adjustments as outlined above, the Bank's preliminary, unaudited fourth quarter earnings estimate is revised to a net loss of $7,142,000, or $1.06 loss per diluted share, and full-year 2024 net loss of $4,193,000, or $0.62 loss per diluted share. The Bank previously reported preliminary, unaudited results for fourth quarter 2024 including net loss of $6,605,000 or $0.98 loss per diluted share, and full-year 2024 net loss of $3,656,000, or $0.54 loss per diluted share.

Material Updates to Income Statement

The Bank originally reported noninterest income of $1,373,000 in the fourth quarter of 2024 and $4,152,000 for full-year 2024. After the adjustment, noninterest income was reduced to $680,000 in the fourth quarter of 2024 and $3,459,000 for full-year 2024.

The Bank originally reported total provision for credit losses of $6,652,000 in the fourth quarter of 2024 and $7,845,000 for full-year 2024. After the adjustment, total provision increased to $6,722,000 in the fourth quarter of 2024 and $7,915,000 for full-year 2024.

Impact to Income Taxes

The Bank's revised effective tax rate for the twelve months ended December 31, 2024 was 4.4% compared to the previously reported effective tax rate of -0.8%.

Updated Previously Furnished Earnings Materials

For completeness, the Bank has included all previously announced financial results disclosures and related tables with this press release as revised. These results supersede the results previously disclosed in the January 28, 2025 press release.

Revised Fourth Quarter 2024 Financial Results

The Bank has a net loss of $7,142,000, or $1.06 loss per diluted share for the fourth quarter ended December 31, 2024, compared to net income of $1,901,000, or $0.28 per diluted share for the fourth quarter ended December 31, 2023. The current quarter's results were impacted by expenses including a $6,570,000 provision for credit losses on loans and a $4,119,000 one-time non-cash impairment charge to write off the remaining balance of goodwill. The Bank has taken significant charge offs and provisions for credit losses in the fourth quarter of 2024 as a proactive step towards resolving its problem loans. The goodwill impairment was a result of the Bank's stock price trading below book value and is a non-cash charge that does not impact the Bank's cash flows, liquidity, or regulatory capital. The Bank ended the year with improved regulatory capital ratios and is focused on expanding net interest margin in 2025.

For the year ended December 31, 2024, the Bank reported a net loss of $4,193,000, or $0.62 loss per diluted share compared to net income of $10,822,000, or $1.62 per diluted share for the year ended December 31, 2023. The 2024 net income loss was primarily attributable to annual provision for credit losses on loans totaling $7,882,000 and a one-time non-cash goodwill impairment expense of $4,119,000.

Pre-tax, pre-provision net income before goodwill[1] was $2,301,000 for the quarter ended December 31, 2024, compared to $2,122,000, $1,267,000, $1,955,000 and $2,643,000 for the quarters ended September 30, 2024, June 30, 2024, March 31, 2024, and December 31, 2023, respectively. "At the beginning of 2024, the Bank was negatively impacted by the ongoing strains that the high-interest rate environment put on our funding costs," said Brian Reed, President and CEO. "By the fourth quarter of 2024, the Bank's core operating results improved due to a lower cost of funds and improved noninterest income."

"The Bank continues to focus on maintaining strong capital levels and did that effectively in 2024 by strategically managing the balance sheet and suspending cash dividends. As such, the Board determined it will also suspend cash dividends in the first quarter of 2025 so that we can build capital, increase liquidity, and position the Bank to create long-term value for our shareholders."

"The largest negative impact on the Bank's performance in 2024 was a result of the heightened level of non-performing assets," said Reed. "We have been aggressively pursuing solutions to these problem loans and have reduced our non performing loans by $9,160,000 in the fourth quarter of 2024. We anticipate non performing loans will be further reduced by $18,187,000 in the first half of 2025 as a result of loan payoffs from the sale of collateral that is currently under contract to be sold."

"We are headed into 2025 feeling positive about our prospects subsequent to our significant progress in resolving problem loans. We continue to maintain our well capitalized status and sufficient liquidity after having realized successive quarters of improved net operating income results," concluded Reed.

Fourth Quarter 2024 Financial Highlights (at or for the three months ended December 31, 2024)

- The Bank's Tier 1 Leverage ratio increased to 8.87% at December 31, 2024 compared to 8.85% at December 31, 2023. This ratio remains above the minimum of 5% required to be considered "well-capitalized" for regulatory capital purposes.
- The Bank has implemented numerous operating cost saving initiatives including an 8% reduction in force.
- The Bank's annualized loss on average assets and annualized loss on average equity for the fourth quarter of 2024 was 2.59% and 28.05%, respectively. The pre-tax, pre-provision return on average assets before goodwill[1] and pre-tax, pre-provision return on average equity before goodwill[1] in the fourth quarter would have been 0.83% and 9.04%, respectively.
- Net income was a loss of $7,142,000 for the fourth quarter of 2024. Pre-tax, pre-provision net income before goodwill[1] was $2,301,000 for the fourth quarter of 2024 compared to $2,122,000, $1,267,000, $1,955,000 and $2,643,000 for the quarters ended September 30, 2024, June 30, 2024, March 31, 2024, and December 31, 2023, respectively.
- Collateral relating to two of the non performing loans is in contract to sell in the first half of 2025 and the expected proceeds represent 65% or $18,010,000 of the remaining $27,754,000 of non performing loans.
- The allowance for credit losses to total loans was 1.49% after charging off $8,343,000 and recording a $6,570,000 provision for credit losses on loans to replenish reserves on December 31, 2024.
- The Bank maintained strong total liquidity of $435,409,000, or 40.8% of total assets as of December 31, 2024. This includes on balance sheet liquidity (cash and equivalents and unpledged available-for-sale securities) of $111,471,000 or 10.4% of total assets, plus available borrowing capacity of $323,938,000 or 30.4% of total assets.
- The Bank has been strategically managing its loan and deposit portfolios to reduce risk in the balance sheet and improve capital ratios. The Bank has been successful in reducing the size of its balance sheet as noted below:
  - Net loans decreased $33,551,000 to $905,075,000 at December 31, 2024, compared to $938,626,000 one year earlier and decreased $12,292,000 compared to $917,367,000 three months earlier.
  - Total deposits decreased 5% to $962,562,000 at December 31, 2024, compared to $1,009,693,000 at December 31, 2023, and decreased 4% when compared to the prior quarter end of $1,002,770,000.
- Book value was $13.53 per share, compared to $14.40 per share a year ago and $14.85 in the preceding quarter.

Operating Results

For the fourth quarter of 2024, the annualized loss on average assets was 2.59% and the annualized loss on average equity was 28.05%. This compared to an annualized return on average assets of 0.67% and an annualized return on average equity of 8.02%, respectively, for the fourth quarter of 2023. These ratios were negatively impacted during the fourth quarter of 2024 by a credit loss provision and one-time goodwill impairment. Without the impact from these items, the pre-tax, pre-provision return on average assets before goodwill[1] and the pre-tax, pre-provision return on average equity before goodwill[1] would have been 0.83% and 9.04%, respectively, for the three months ended December 31, 2024.

For the year ended 2024, the loss on average assets was 0.38% and the loss on average equity was 4.23%. This compares to the return on average assets of 0.95% and return on average equity of 11.56%, respectively, for the year ended 2023.

The Bank's net interest margin was 2.88% in the fourth quarter of 2024 compared to its lowest quarterly net interest margin this year of 2.71% which occurred in the second and third quarters of 2024. The current net interest margin is also higher compared to the fourth quarter of 2023 of 2.85%. This was primarily attributable to the cost of deposits decreasing in the fourth quarter of 2024 to 2.87% compared to 3.05% during the preceding quarter. "We are starting to see an improvement in cost of funds in response to the Federal Reserve rate decreases. As CDs mature, we expect to see continued improvement in deposit pricing in the near future," said Reed. "In addition, loan yields have started to improve as our existing loans have started to reprice."

Interest and dividend income decreased 1.0% to $14,935,000 in the fourth quarter of 2024 compared to $15,036,000 in the fourth quarter of 2023. The decrease in interest income is attributable to a $182,000 decrease in interest on investment securities and a $137,000 decrease in interest on deposits with banks offset by an increase of $214,000 in interest and fees on loans.

Noninterest income increased in the fourth quarter of 2024 to $680,000 compared to $297,000 in the fourth quarter of 2023. The increase is primarily attributed to the Bank recognizing $857,000 in gains on sales of SBA guaranteed loan balances offset by the valuation adjustment on other real estate owned of $693,000 in the fourth quarter of 2024 compared to no gains on sales of SBA guaranteed loan balances in the fourth quarter of 2023.

Operating expenses increased in the fourth quarter of 2024 to $10,200,000 compared to $5,483,000 in the fourth quarter of 2023. The increase is primarily due to a one-time non-cash impairment charge of $4,119,000 to write off the remaining balance of goodwill. In addition, the Bank recorded a $443,000 loss related to an external check fraud event during the fourth quarter of 2024. The Bank has filed an insurance claim related to this fraud loss and may be partially reimbursed by insurance at a later date.

"We remain focused on enhancing revenue generation and driving significant cost efficiencies to improving our operational effectiveness. To date we have leveraged existing staff and technologies to reduce third-party expenses, eliminated raises and bonuses, reduced employee benefits Bank-wide, and reduced director fees."

Balance Sheet Review

During 2024, the Bank strategically managed its loan and deposit portfolios to reduce risk in the balance sheet and improve capital ratios. As a result of the efforts, net loans decreased 4% to

$905,075,000 and total deposits also decreased 5% to $962,562,000 as of December 31, 2024 compared to December 31, 2023.

Net loans were $905,075,000 at December 31, 2024 compared to $938,626,000 at December 31, 2023, and decreased 1% compared to September 30, 2024. The Bank's largest loan types are commercial real estate loans which make up 78% of the portfolio, "secured by farmland" totaling 9% of the portfolio, and 7% in commercial and industrial loans. Of the commercial real estate total, approximately 34% or $231,000,000 is owner occupied and the remaining 66% or $451,000,000 is non-owner occupied. The Bank's entire loan portfolio is well diversified between industries including office space which totals $116,400,000.

Total deposits were $962,562,000 at December 31, 2024 compared to $1,009,693,000 at December 31, 2023, and decreased 4% compared to the prior quarter end. At December 31, 2024, noninterest bearing demand deposit accounts decreased 8% compared to a year ago and represented 19% of total deposits; savings, NOW and money market accounts decreased 9% compared to a year ago and represented 49% of total deposits, and CDs increased 4% compared to a year ago and comprised 32% of total deposits.

Shareholders' equity was $91,723,000 at December 31, 2024, compared to $100,662,000 three months earlier and $97,678,000 a year earlier. The decrease in shareholders' equity compared to a year ago was due to a reduction in retained earnings. At December 31, 2024 book value was $13.53 per share, compared to $14.85 three months earlier, and $14.40 at December 31, 2023.

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 at the end of 2024 was 8.87%, an increase compared to 8.85% at the end of 2023.

Credit Quality

"Our primary focus remains on managing asset quality and reducing portfolio risk," said Reed. "To that end we charged off loans of $8,343,000 and recorded a $6,570,000 provision for credit losses to replenish reserves during the fourth quarter of 2024. Three credits represent 94% or $26,040,000 of our non performing loans and are "secured by farmland" which have been hit hard by the current environment. The Bank holds a small portion of its total loans in this industry and actively monitors the performance of these loans. Collateral relating to two of these three non performing loans is in contract to sell in the first half of 2025 and represents 65% or $18,010,000 of the non performing loan portfolio. The remaining non performing loans are being reserved at current appraisal value less selling cost."

Non performing assets were $32,191,000, or 3.02% of total assets, at December 31, 2024. This compared to $41,971,000 in non performing assets at September 30, 2024, and $44,206,000 in non performing assets at December 31, 2023. Non performing assets include $4,437,000 for one other real estate owned loan at December 31, 2024 and $5,130,000 at September 30, 2024, compared to no other real estate owned at December 31, 2023.

There were $8,343,000 in net charge-offs during the three months ended December 31, 2024, compared to no charge-offs during the three months ended September 30, 2024 and net recoveries of $9,000 during the three months ended December 31, 2023.

For the fourth quarter of 2024, consistent with factors within the allowance for credit losses model, the Bank recorded a $6,570,000 provision for credit loss expense for loans, a $154,000 provision for credit losses for unfunded loan commitments and a $2,000 reversal of credit losses on investments. This compared to a $31,000 reversal of credit loss expense on loans, a $65,000 reversal of credit losses on unfunded loan commitments and a $31,000 provision for credit losses on investments in the fourth quarter of 2023.

The allowance for credit losses to total loans was 1.49% on December 31, 2024, and 1.60% on December 31, 2023. The decrease is due to $9,690,000 in loan charge-offs offset with a provision for credit losses on loans of $7,882,000 and $55,000 provision for credit losses on unfunded loan commitments recorded during the year ended December 31, 2024.

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 $1.1 billion and total equity of $92 million as of December 31, 2024. 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 annual report on Form 10-K for the period ended December 31, 2024 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; risks associated with changes in interest rates, which could adversely affect future operating results; the risk that customers or counterparties may not performance in accordance with the terms of credit documents or other agreements due 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, 2023 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 non-GAAP (Generally Accepted Accounting Principles) financial measures in addition to the results presented in accordance with GAAP. These Non-GAAP financial measures include pre-tax, pre-provision net operating income before goodwill, pre-tax, pre-provision return on average assets before goodwill ("ROAA"), and pre-tax, pre-provision return on average equity ("ROAE") before goodwill. We believe the presentation of these non-GAAP financial measures, 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 history results and those of our peers.

Not all companies use identical calculations or the same definitions of pre-tax, pre-provision net operating income before goodwill, pre-tax, pre-provision ROAA before goodwill and pre-tax, pre-provision ROAE before goodwill, so the presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures used by other companies. These non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not audited. These non-GAAP financial measures should be taken together with the corresponding GAAP measure and should not be considered a substitute for the GAAP measure. Reconciliations of the most directly comparable GAAP measures to these non-GAAP financial measurements are presented below.

	Three Months Ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
			(In thousands)		
Reconciliation of non-GAAP pre-tax, pre-provision income net of goodwill					
Net (loss) income	$ (7,142)	$ 626	$ 928	$ 1,395	$ 1,901
Excluding provision for (reversal of) credit losses	6,722	1,294	(16)	(85)	(65)
Excluding (reversal of) provision for income taxes	(1,398)	202	355	645	807
Pre-tax, pre-provision income (non-GAAP)	$ (1,818)	$ 2,122	$ 1,267	$ 1,955	$ 2,643
Excluding goodwill impairment	4,119	-	-	-	-
Pre-tax, pre-provision income net of goodwill (non-GAAP)	$ 2,301	$ 2,122	$ 1,267	$ 1,955	$ 2,643

	Three Months Ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
			(In thousands)		
Reconciliation of non-GAAP return on average assets					
Average assets	$ 1,098,885	$ 1,098,469	$ 1,078,700	$ 1,087,960	$ 1,123,057
(Loss) return on average assets (1)	-2.59%	0.23%	0.35%	0.51%	0.67%
Net (loss) income	$ (7,142)	$ 626	$ 928	$ 1,395	$ 1,901
Excluding provision for (reversal of) credit losses	6,722	1,294	(16)	(85)	(65)
Excluding (reversal of) provision for income taxes	(1,398)	202	355	645	807
Pre-tax, pre-provision income (non-GAAP)	$ (1,818)	$ 2,122	$ 1,267	$ 1,955	$ 2,643
Excluding goodwill impairment	4,119	-	-	-	-
Pre-tax, pre-provision income net of goodwill (non-GAAP)	$ 2,301	$ 2,122	$ 1,267	$ 1,955	$ 2,643
Adjusted return on average assets (non-GAAP) (1)	**0.83%**	**0.77%**	**0.47%**	**0.72%**	**0.93%**

(1) Annualized.

	Three Months Ended				
	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
			(In thousands)		
Reconciliation of non-GAAP return on average shareholders' equity					
Average shareholders' equity	$ 101,307	$ 99,962	$ 97,548	$ 97,471	$ 94,096
(Loss) return on average shareholders' equity (1)	-28.05%	2.48%	3.82%	5.74%	8.02%
Net (loss) income	$ (7,142)	$ 626	$ 928	$ 1,395	$ 1,901
Excluding provision for (reversal of) credit losses	6,722	1,294	(16)	(85)	(65)
Excluding (reversal of) provision for income taxes	(1,398)	202	355	645	807
Pre-tax, pre-provision income (non-GAAP)	$ (1,818)	$ 2,122	$ 1,267	$ 1,955	$ 2,643
Excluding goodwill impairment	4,119	-	-	-	-
Pre-tax, pre-provision income net of goodwill (non-GAAP)	$ 2,301	$ 2,122	$ 1,267	$ 1,955	$ 2,643
Adjusted return on average shareholders' equity (non-GAAP) (1)	**9.04%**	**8.42%**	**5.21%**	**8.04%**	**11.14%**

(1) Annualized.

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

	Three Months Ended		Year Ended	
	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
Interest and dividend income:				
Interest and fees on loans	$ 13,623	$ 13,409	$ 53,574	$ 52,560
Interest on deposits with banks	655	792	2,060	4,410
Interest on investment securities	530	712	2,614	2,855
Dividends on FHLB stock	127	123	514	416
Total interest and dividend income	14,935	15,036	58,762	60,241
Interest expense:				
Deposits	7,099	7,113	28,495	24,227
Federal Home Loan Bank advances	6	-	337	177
Junior subordinated debt	128	94	454	375
Total interest expense	7,233	7,207	29,286	24,779
Net interest income before provision for credit losses	7,702	7,829	29,476	35,462
Provision for (reversal of) credit losses on loans	6,570	(31)	7,882	342
Provision for (reversal of) credit losses on unfunded loan commitments	154	(65)	55	(68)
(Reversal of) provision for credit losses on investments	(2)	31	(22)	58
Net interest income after provision for (reversal of) credit losses, unfunded loan commitments and investments	980	7,894	21,561	35,130
Non-interest income:				
Service charges on deposit accounts	225	219	926	872
Rental income	61	54	241	193
Net gain on loan sales	857	-	2,114	2,481
Net gain on securities	6	-	6	-
Net loss on other real estate owned	(693)	-	(693)	-
FHLB prepayment fee	-	-	-	1,024
Other income	224	24	865	631
Total non-interest income	680	297	3,459	5,201
Non-interest expense:				
Salaries and employee benefits	3,429	3,044	15,639	15,399
Occupancy and equipment	413	386	1,761	1,713
Goodwill impairment	4,119	-	4,119	-
Other expenses	2,239	2,053	7,889	7,938
Total non-interest expense	10,200	5,483	29,408	25,050
(Loss) income before provision for income taxes	(8,540)	2,708	(4,388)	15,281
(Reversal of) provision for income taxes	(1,398)	807	(195)	4,459
Net (loss) income	$ (7,142)	$ 1,901	$ (4,193)	$ 10,822
Basic (loss) earnings per common share	$ (1.06)	$ 0.28	$ (0.62)	$ 1.62
Diluted (loss) earnings per common share	$ (1.06)	$ 0.28	$ (0.62)	$ 1.62
Basic weighted average shares of common stock outstanding	6,719	6,698	6,714	6,695
Diluted weighted average shares of common stock outstanding	6,719	6,698	6,714	6,698

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

	December 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
ASSETS		
Cash and due from banks	$ 51,403	$ 57,789
Total cash and cash equivalents	51,403	57,789
Investment securities:		
Available-for-sale, less allowance for credit losses of $36 and $58 (at fair value; amortized cost of $80,887 in 2024 and $97,034 in 2023)	68,228	84,546
Loans, less allowance for credit losses of $13,693 in 2024 and $15,221 in 2023	905,075	938,626
Bank premises and equipment, net	5,155	5,316
Investment in Federal Home Loan Bank (FHLB) stock, at cost	5,889	5,541
Goodwill	-	4,119
Other real estate owned	4,437	-
Affordable housing tax credit investments	7,413	8,405
Accrued interest receivable and other assets	19,494	18,166
Total assets	$ 1,067,094	$ 1,122,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Demand - non interest-bearing	$ 185,756	$ 201,909
Demand - interest-bearing	193,355	244,748
Savings	47,235	54,352
Money market	226,879	212,278
Time deposits that meet or exceed the FDIC insurance limit	70,717	63,159
Other time deposits	238,620	233,247
Total deposits	962,562	1,009,693
FHLB advances	-	-
Junior subordinated debt, net	5,935	5,920
Affordable housing commitment	511	4,094
Accrued interest payable and other liabilities	6,363	5,123
Total liabilities	975,371	1,024,830
Total shareholders' equity	91,723	97,678
Total liabilities and shareholders' equity	$ 1,067,094	$ 1,122,508

Financial Summary
(In thousands except per share data)

	As of and for the Three Months Ended		As of and for the Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Statement of Income Data:				
Net interest income	$ 7,702	$ 7,829	$ 29,476	$ 35,462
Provision for (reversal of) credit losses on loans	6,570	(31)	7,882	342
Provision for (reversal of) credit losses on unfunded loan commitments	154	(65)	55	(68)
(Reversal of) provision for credit losses on investments	(2)	31	(22)	58
Non-interest income	680	297	3,459	5,201
Non-interest expense	10,200	5,483	29,408	25,050
(Reversal of) provision for income taxes	(1,398)	807	(195)	4,459
Net (loss) income	$ (7,142)	$ 1,901	$ (4,193)	$ 10,822
Selected per Common Share Data:				
Basic (loss) earnings per common share	$ (1.06)	$ 0.28	$ (0.62)	$ 1.62
Diluted (loss) earnings per common share	$ (1.06)	$ 0.28	$ (0.62)	$ 1.62
Dividend per share	$ -	$ 0.12	$ 0.28	$ 0.48
Book value per common share (1)	$ 13.53	$ 14.40	$ 13.53	$ 14.40
Selected Balance Sheet Data:				
Assets	$ 1,067,094	$ 1,122,508	$ 1,067,094	$ 1,122,508
Loans, net	905,075	938,626	905,075	938,626
Deposits	962,562	1,009,693	962,562	1,009,693
Average assets	1,098,885	1,123,057	1,091,045	1,142,790
Average earning assets	1,064,872	1,089,808	1,058,766	1,110,801
Average shareholders' equity	101,307	94,096	99,080	93,621
Nonperforming loans	27,754	44,206	27,754	44,206
Other real estate owned	4,437	-	-	-
Total nonperforming assets	32,191	44,206	32,191	44,206
Selected Ratios:				
(Loss) return on average assets (2)	-2.59%	0.67%	-0.38%	0.95%
(Loss) return on average shareholders' equity (2)	-28.05%	8.02%	-4.23%	11.56%
Efficiency ratio (3)	121.78%	67.47%	89.31%	61.60%
Net interest margin (2)	2.88%	2.85%	2.78%	3.19%
Common equity tier 1 capital ratio	10.14%	9.90%	10.14%	9.90%
Tier 1 capital ratio	10.14%	9.90%	10.14%	9.90%
Total capital ratio	11.89%	11.75%	11.89%	11.75%
Tier 1 leverage ratio	8.87%	8.85%	8.87%	8.85%
Common dividend payout ratio (4)	0.00%	42.63%	-45.20%	30.05%
Average shareholders' equity to average assets	9.22%	8.38%	9.08%	8.19%
Nonperforming loans to total loans	3.02%	4.63%	3.02%	4.63%
Nonperforming assets to total assets	3.02%	3.94%	3.02%	3.94%
Allowance for credit losses to total loans	1.49%	1.60%	1.49%	1.60%
Allowance for credit losses to nonperforming loans	49.34%	34.43%	49.34%	34.43%

(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 (loss) income available for common shareholders.