

2018 | A year in review



SUMMIT
STATE BANK

A Better Sonoma County.
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Best Business Bank
in Sonoma County

NorthBay Biz Magazine
Readers Poll



Top Corporate
Philanthropist

North Bay
Business Journal



One of the
North Bay's Best
Places to Work

North Bay
Business Journal

A Steady Trajectory for Growth

Letter to our Shareholders, Employees, Customers, and Community

Through a continuous focus on our employees and processes, we successfully executed on our objective for steady growth and commitment to our community in 2018. It is with pleasure that we share our year-end results with net income 77% over the previous year. Growth in both deposits and loans, which increased 15.16% and 15.3%, respectively, compared to 2017.

We are fortunate to have attracted and retained knowledgeable and experienced staff to support our growth objectives. To accommodate our expanding team, 64 full-time staff beginning in 2016 to our current 94 employees as of mid 2019, we expanded our headquarter building. All administrative staff now reside in a refreshed, modernized workspace with the latest technology.

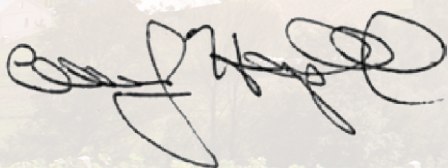
There is a strong movement in Sonoma County to embrace renewable energy and we are doing our part to improve our carbon footprint. We recently installed solar carport canopies at our headquarters which will offset 80% of our annual energy cost and provide shade on hot days. In addition, the lighting beneath the canopies adds a layer of security for employees and customers, especially in the winter months. This includes two Electric Vehicle Charging (EVC) stations to accommodate customers and employees who have electric vehicles.

In the fourth quarter, we announced a refresh to our brand with an updated logo that we felt better represented the energy of our team and reflects how we are keeping pace with the ever-changing banking industry. We are investing in technology to make banking simple and offering the latest products and services. We have expanded our Small Business Administration lending program and have continued our support of Sonoma County Women in Conversation.

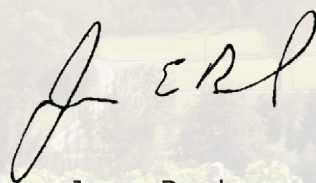
One of our strengths is our culture of caring for each other, our customers and community. As we grow and seek to attract new customers, we are dedicated to do our part to sustain the beautiful place we live, work and raise our families. While our community is still in recovery having experienced the 2017 firestorm, Sonoma County remains resilient.

We are focused on a steady trajectory for growth and success in the community banking industry. Our success is dependent on continually meeting challenges with a collective team effort that balances the needs of our shareholders, employees, and community. Banking is an art where the combination of listening and learning creates a fulfilling environment of empowered employees who consistently contribute.

We thank you for the confidence and trust you have placed in us.



Allan Hemphill
Chairman of the Board



James Brush
President & CEO

Executive Leadership

The executive Leadership Team was enriched by the addition of Camille Kazarian, Executive Vice President and Chief Financial Officer. Camille joined the Bank in December of 2018, with more than 22 years of accounting experience. Camille provides leadership, direction and management of the finance and accounting team.

The diverse, knowledge and experience each member of our leadership team brings, in and out of the banking industry, complement each other and creates a well-rounded Executive Leadership Team.



James Brush
President and
Chief Executive Officer



Camille Kazarian
Executive Vice President and
Chief Financial Officer



Genie Del Secco
Executive Vice President and
Chief Operating Officer



Brian Reed
Executive Vice President and
Chief Credit Officer



Brandy Seppi
Executive Vice President and
Chief Lending Officer

Board of Directors



Allan J. Hemphill

President
Hemphill and Associates



James E. Brush

President and
Chief Executive Officer
Summit State Bank



Jeffery B. Allen

President
Allen Land Design



Josh C. Cox, Jr.

Banking Consultant
Josh Cox & Associates



Bridget M. Doherty

Co-owner
Encore Events Rentals
General Manager
Cal-West Rentals



Todd R. Fry

Chief Accounting Officer
Installed Building Products, Inc.



Richard E. Pope

Environmental Planning and
Development Consultant



Nicholas J. Rado

President
Rado Consulting Services



Marshall T. Reynolds

Chairman of the Board
Champion Industries, Inc.



John W. Wright

Business Consultant



Culture, Diversity and Engagement

One of the most significant differentiators among the local businesses is the ability to create a culture where employees feel supported by management and by fellow employees. The benefits of creating and nurturing this type of culture are individuals who are happy and engaged, resulting in a friendly work environment where they care for each other, customers and community.

In addition to offering a rich benefits package, generous vacation time, volunteer time off, and a supportive work environment, we have participated in local career events and have been successful in attracting knowledgeable and customer service-oriented team members. We recognize the importance of having a diverse workforce that reflects the community we serve and consistently hire with this in mind.

As a community bank, we take our responsibility to give back to the community seriously. Our Summit Day of Service gives every employee one workday a year to volunteer their time to organizations that they are passionate about. This year, employees spent significant hours assisting with clean-up at a local service dog organization, creating prosthesis, helping seniors, tutoring youth, or donating any time to an organization the individual wants to help.

Our team participated in the annual Best Place to Work survey and based on how our employees rated the Bank, we earned the prestigious Best Place to Work award for the ninth consecutive year.



Since its inception in 2009, the Nonprofit Partner Program has paid over \$1.76M to local nonprofits and charitable organizations that make a difference in our community. In 2018, we donated more than \$350,000 to 171 local nonprofits, the largest annual payout to-date.

Chris Castillo
Executive Director, Verity



Nonprofit and Community Commitment

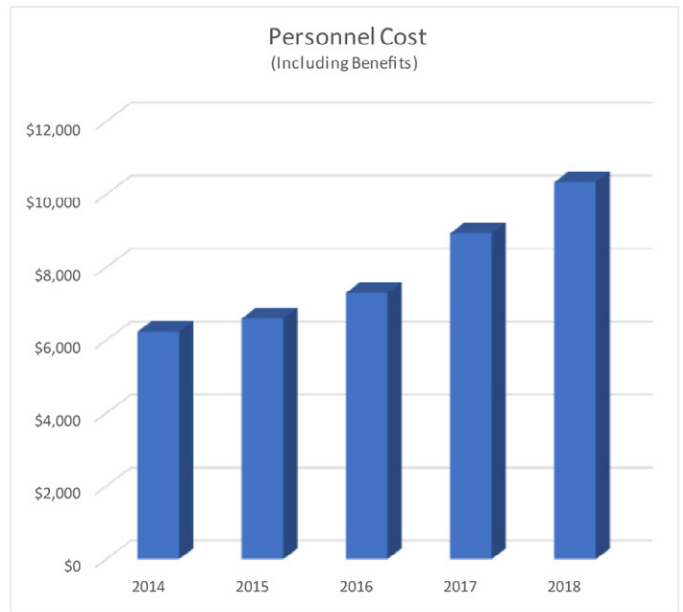
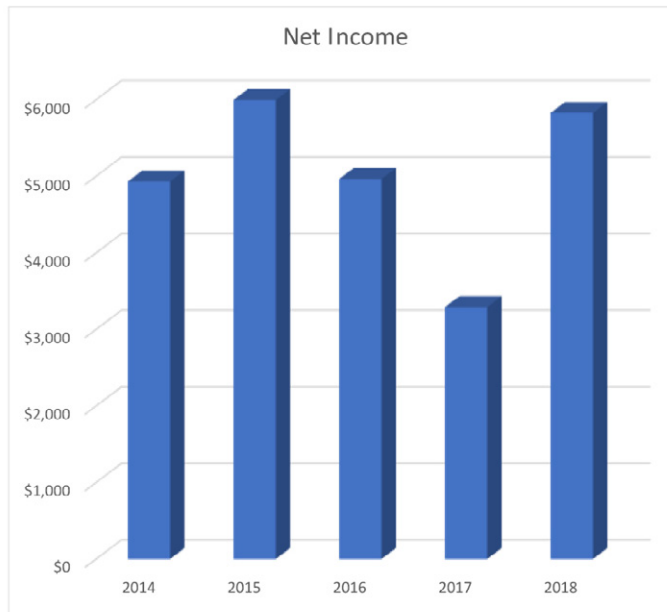
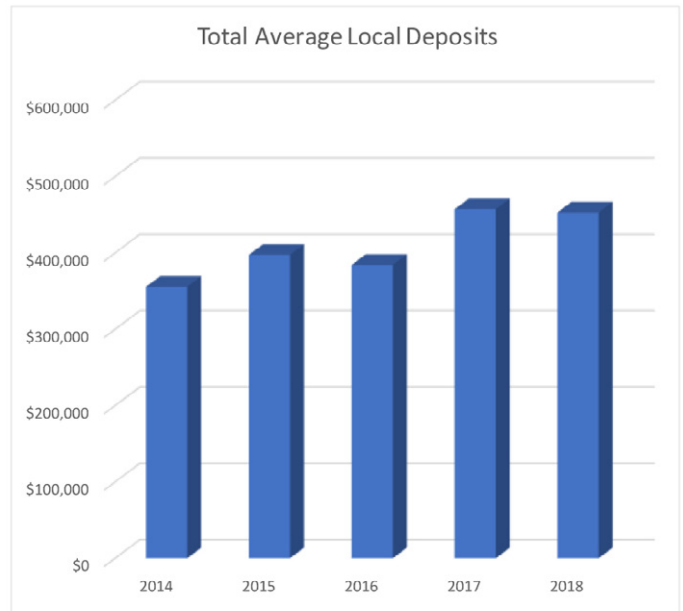
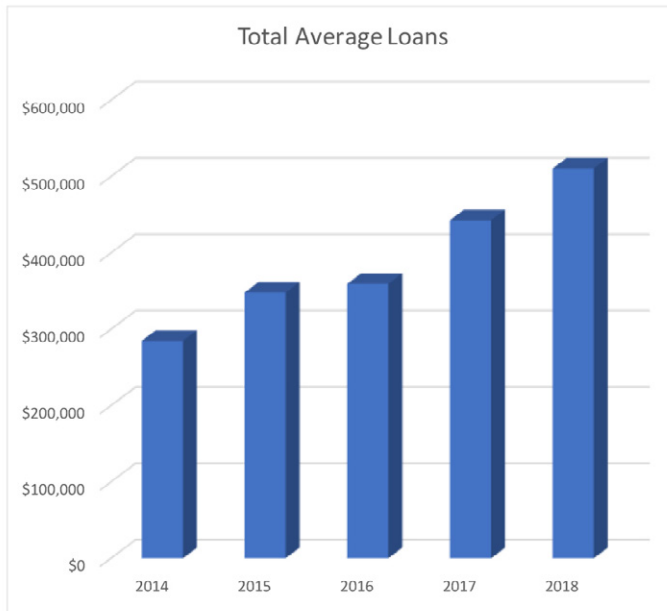
We made several enhancements to the Nonprofit Partner Program last year including increasing the contribution rate on operating accounts to increase our support. In addition, we broadened the organizations who can participate to all 501 (c) designated tax-exempt organizations. All local nonprofits have been significantly impacted by the recent natural disasters and the increase in the rate to our Nonprofit Partner Program helps offset some of the shortfalls they have experienced.

Many members of the Bank have taken leadership roles in our community by participating on a variety of local nonprofit boards and committees including Bennett Valley Education Foundation, Burbank Housing, Free to Be, Community Child Care Council (4Cs), Integrative Service for the Underserved, Court Appointed Special Advocates (CASA) and the United Way of the Wine Country – to name a few.

We have expanded our Small Business Administration lending program and have continued our support of Sonoma County Women in Conversation.



Financials at a Glance (In Thousands)



Strategic Plan

In late 2016 the strategic plan was changed to focus on organic growth of loans and local deposits with a related increase in net income. This plan involved expanding personnel and systems to accommodate the anticipated growth, which had an effect of decreasing net income in the first few years. The bank expects growth in personnel costs to slow considerably in the second half of 2019 while expansion of the balance sheet and increase in income will continue.

**MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER
MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The Bank’s common stock trades on the NASDAQ under the symbol “SSBI.” The quotations shown below reflect for the periods indicated the high and low closing sales prices for our common stock as reported by NASDAQ.

For the quarter ended		High		Low		Cash dividends declared
December 31, 2018	\$	12.59	\$	11.35	\$	0.12
September 30, 2018		15.70		15.35		0.12
June 30, 2018		15.45		15.40		0.12
March 31, 2018		13.48		13.48		0.12
December 31, 2017		13.00		12.10		0.12
September 30, 2017		13.48		12.25		0.12
June 30, 2017		13.35		12.70		0.12
March 31, 2017		14.32		11.83		0.12

Information About Summit State Bank

Summit State Bank (the "Bank") is a state-chartered commercial bank operating a traditional community banking business within our primary service area of Sonoma County in California. We operate through five depository offices located in Santa Rosa, Rohnert Park, Healdsburg and Petaluma. The Bank also has a loan production office in Roseville, California.

The Bank was incorporated on December 20, 1982 and commenced operations as a California state-chartered savings and loan. On January 15, 1999, the Bank received authority to convert its charter to a California state-chartered commercial bank. On July 13, 2006, the Bank completed an underwritten initial public offering and listed its stock on the Nasdaq Global Market under the symbol SSBI. The Bank's deposits are insured by the FDIC in accordance with the Federal Deposit Insurance Act and the related regulations of the FDIC.

We provide a broad array of financial services to small to medium-sized businesses and their owners and employees, entrepreneurs, families, foundations, estates and individual consumers. We believe that our principal competitive advantages are personal service, flexibility and responsiveness to customer needs. Our lending activities are primarily focused on commercial real estate, construction, and business loans to our targeted clientele.

We emphasize relationship banking and we believe we offer our customers many of the management capabilities of a large financial institution, together with the resourcefulness and superior customer service of a community bank. Through our branches and the use of technology, we offer a broad array of deposit products and services for both commercial and consumer customers, including electronic banking, cash management services and electronic bill payment. We provide a comprehensive set of loan products, such as commercial loans and leases, lines of credit, commercial real estate loans, Small Business Administration, or SBA, loans, and construction loans. We believe that local decision-making ensures that our lending process is fast, efficient, and focused on maintaining our high credit quality and underwriting standards.

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. At the center of diversity is inclusion, collaboration, and a shared vision for delivering superior service and results for shareholders. Presently, 82% of management are women and minorities with 60% represented on the Executive Management Team.

Our Featured Partners

Our Featured Partner Program went digital in 2018. Previously, we provided tables in our branch lobbies so that our Featured Partners could display their products and services.

With our new digital displays, we now have the opportunity to highlight multiple Featured Partners at one time, and across all of our branches, when we were limited to one partner per branch in the past. This gives us even more chances to interact with our customers, and to make them aware of how much we care about their business.

As a community bank, Summit State Bank takes great pride in promoting our customers and their businesses and organizations. As such, our Featured Partner Program was implemented as a way for customers to showcase their business or organization by displaying them on our digital displays in our branches.

Customers have been excited about being featured on the displays, and we look forward to continuing to support our customers through this program.

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