

# Momentum & Milestones



2022

Annual Report



**SUMMIT**

STATE BANK

Member FDIC



As a community bank, we have been instrumental in creating long-term positive changes for individuals and businesses by providing specialized products and creating personalized relationships that help our customers achieve success. Just as important, we value and respect our employees making every effort to create a work environment that favorably impacts their employee experience which in turn creates a strong company culture. As we reflect over the last forty years, Summit State Bank has made substantial strides and achieved major milestones which will leave a lasting impression on our community, today and into the future.

Looking to the next forty years we will continue this momentum by emphasizing our guiding principles that provide the direction and focus on our beliefs, values, and goals. These principles shape our company philosophy and are the catalyst for every decision or action that happen within our organization.

- Brian Reed, President and CEO

## Mission Statement

Summit State Bank's mission is to hire and invest in exceptional people, provide superior service and solutions for our customers, increase value for our shareholders, and continuously support and enrich the communities in which we serve.

## Vision Statement

To be the community bank leader committed to providing superior service and enriching the communities we serve, today and into the future.

## Core Values

Our core values support our vision and shape our company culture. The guiding principles that drive our attitudes, actions, and decision-making are:

- Integrity
- Collaboration
- Respect
- Adaptable
- Can-Do Attitude



# Letter to the Shareholders

Letter to our Shareholders, Employees, Customers and Community

We are pleased to announce that in 2022 the Bank reported record earnings and growth for the fourth consecutive year achieving a significant milestone of exceeding \$1 billion in bank assets. Guided by our executive and management team, our dedicated employees utilize their expertise and adaptability to provide superior customer service and meet the needs of our customers and community.

The Bank increased its net income by 15% to \$17 million for the year. We earned record profits due in large part to substantial loan growth, an increase in core deposits, and expansion of our net interest margin. Earnings primarily grew in our core operations through an increase in net loans of 11% and deposit growth of 19%.

To continue our momentum of success we look to our Mission Statement, Vision Statement and Core Values as guiding principles that shape our company philosophy. We fully embrace these ideals at all levels of our organization and use them to guide our attitudes, actions, and decision-making.

We take great pride in giving back to our community and continue that focus through our Nonprofit Partner Program, now in its fourteenth year. Since the inception of this program, we have donated over \$3,500,000 to local nonprofits. With the contributions earned through this partnership during 2022 and additional charitable donations, Summit State Bank gave over \$900,000 to 330 local nonprofit organizations, which provide critical services such as food, shelter, childcare, and other essential support. We remain committed to making a positive difference in our local community.

On behalf of the Board of Directors and management, we thank you, our customers, employees, shareholders, and community for the confidence and trust you have placed in us. We are committed to building A Better Sonoma County by encouraging sustainability and small business growth. That's Our Business.

James E. Brush  
Chairman of the Board

Brian J. Reed  
President & CEO



# Executive Leadership



Brian Reed, President and CEO and Candy Yandell, Vice President and Cash Management Services Manager, sharing a conversation.

Our experienced Executive Leadership Team continues to diligently lead the Bank as a high performing financial institution. The foundation they built prior to the pandemic and their unwavering commitment to the success of the organization, has created significant momentum and growth in the Bank's financial results over the last four years. The success achieved during the pandemic and during uncertain economic times demonstrates how nimble the Executives are at managing our business. Decisions are made locally, and the Bank's core values guide their attitudes, actions, and decision-making.

As a community bank, our Executive Leadership Team is engaged in the community by volunteering, sitting on nonprofit boards and providing their financial expertise. Each member brings diverse knowledge and experience, in and out of the banking industry, and complement each other to create a versatile Executive Leadership Team.



# Executive Leadership



**Brandy Seppi**  
Executive Vice President  
and Chief Lending Officer

Brandy has over 29 years of  
experience in the industry.

9 years at Summit State Bank



**Genie Del Secco**  
Executive Vice President  
and Chief Operating Officer

Genie has over 33 years of  
experience in the industry.

8 years at Summit State Bank



**Brian Reed**  
President and  
Chief Executive Officer

Brian has over 39 years of  
experience in the industry.

7 years at Summit State Bank



**Camille Kazarian**  
Executive Vice President  
and Chief Financial Officer

Camille has over 24 years of  
experience in the industry.

5 years at Summit State Bank



**Michael Castlio**  
Executive Vice President  
and Chief Credit Officer

Michael has over 28 years of  
experience in the industry.

5 years at Summit State Bank

## A Better Sonoma County. That's Our Business.



# Board of Directors



Our board members are carefully vetted to ensure their values are in alignment with the Bank. Individuals are selected based on their integrity, business acumen, community involvement and engagement. We live in a diverse community and strive to emulate that diversity across our organization. Each board member brings their professional experience, knowledge, and unique views which we believe makes our community bank effective and successful.

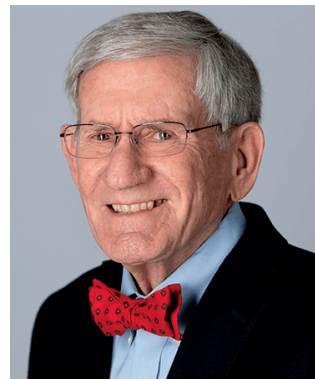
In 2022, we added Douglas Reynolds, President and CEO of Energy Services of America, to our Board of Directors. He also serves as the President of the Transylvania Corporation and Director of The Harrah and Reynolds Corporation and Premier Financial Bancorp, Inc. His business acuity and knowledge of the banking industry make him an excellent addition to our Board of Directors.



**Douglas V. Reynolds**  
President and CEO  
Energy Services of America



# Board of Directors



**James E. Brush**  
Chairman of the Board  
Business Consultant

**Brian J. Reed**  
President and CEO  
Summit State Bank

**Jeff B. Allen**  
President and  
Founder Allen Land Design

**Belinda S. Guadarrama**  
President and CEO  
GC Micro

**Dawn M. Ross**  
Former Managing Partner  
Carle, Mackie, Power & Ross LLP

**Nick J. Rado**  
President  
Rado Consulting

**Sharon S. Wright**  
Governmental Affairs and  
Public Relations Consultant

**John W. Wright**  
Business Consultant

**Richard E. Pope**  
Environmental & Engineering  
Consultant  
Coddling Investment, Inc.

**Todd R. Fry**  
Chief Accounting Officer  
Installed Building Products, Inc.

**Josh C. Cox, Jr.**  
Banking Consultant  
Josh Cox & Associates

**Marshall T. Reynolds**  
Chairman of the Board  
Champion Industries, Inc.



# Personal and Leadership Development

"Among the most significant accomplishments we made during 2022, was the ability to attract the best employees in a difficult employment environment."

- Brian Reed, President and CEO

Keeping in step with our mission to hire and invest in exceptional people, we continue to look for opportunities to provide personal and professional development for our employees. Our goal is to attract and retain the finest talent to ensure we achieve the best business growth and performance outcomes. Providing professional growth and development is a critical component of career satisfaction, retention, and engagement of our workforce.

## Diversity, Equity, and Inclusion (DEI) Committee

DIVERSITY EQUITY & INCLUSION  
COMMITTEE



Founded in 2021, the DEI Committee was formed to provide strategic guidance and direction promoting awareness around Diversity, Equity, and Inclusion to better serve our employees and the Bank as a whole. Their mission is to continue to strengthen our Bank and better serve our community by expanding our diversity, equity, and inclusion at all levels. The Bank supports an environment where all employees, current and future, feel that their voices and perspectives are valued, and they have access to the opportunities which benefit them.

## Diversity, Equity & Inclusion Committee



Amy Wakayama (Chair), Cheryl Cruz, Linda Bohn, Janet Connors,  
Ray Eggersgluss, Marilee Gomez, Candy Yandell (Secretary), Daniel Ramirez, Yogita Prasad.





# Personal and Leadership Development

## Mentorship Program

The leadership of Summit State Bank believes that it is the responsibility of senior staff members to mentor junior staff members to maximize their career development. Our goal is for all of our employees to become as accomplished, productive, and successful in their careers as they desire. Our purpose is to sustain professional vitality and motivation throughout the Bank, now and in the future. This program promotes the development of self-confidence and professional achievement, to ultimately enhance the Bank's stability and continuity.



Genie Del Secco, EVP and Chief Operating Officer and Garrett Pirenian, AVP and Loan Operations Manager, during a mentoring session.



Nick Vinas, Financial Analyst and Jason Hipkiss, VP and Finance Manager, working together on a spreadsheet.



# Nonprofit & Community Commitment



Photo of Dutton Flats

As a local community bank, we take serving our community very seriously and are committed to making a difference. Below highlights some examples of our 2022 support:

## **Berkadia Affordable Housing Investment**

The Bank invested a little over \$9 million dollars to the Berkadia Affordable Housing West Coast Partners 2021 GP LLC to support two local affordable housing properties, Dutton Flats and Stony Point Family Flats. The Dutton Flats project created 40 Low Income Housing Tax Credits (LIHTC) restricted units while the Stony Point Family Flats project will provide 49 LIHTC restricted units.

## **Creser Capital Fund Donation**

In 2022, the Bank donated \$100,000 to the Creser Capital Fund to fund micro-loans to fill the gap in financial and educational opportunities for small business owners in Sonoma County. Creser's mission is to accelerate access to capital and unlock the Latino economic growth engine's force to promote the development and advancement of Latino businesses to power the next generation's future.



# Nonprofit & Community Commitment

**NBNE**  
North Bay Nonprofit Event

## North Bay Nonprofit Event

We hosted our annual North Bay Nonprofit Event to deepen the relationships with our existing Nonprofit Partners by providing education, resources, support, and fellowship. The half day event included local nonprofit experts who shared valuable information to the attendees.



## Giving Back to the Community

- Contributed over \$900,000 to 330 local nonprofits supporting vital community services.
- Our employees logged 1,123 community service hours.
- 15 Bank Officers and staff served on nonprofit boards or committees.
- Participated in the Mike Hauser Academy, which empowers our future workforce to become leaders in science, technology, engineering, and mathematics.

# Honoring Community



We have contributed more than **\$3.5 million** to Sonoma County nonprofits through our partner program.

[Join our Nonprofit Partner Program](#)

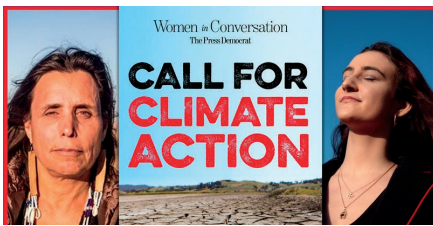


# Nonprofit & Community Commitment

## Women in Conversation



We are pleased to continue our support of the speaker series Women in Conversation (WIC), which we have been the Presenting Sponsor since its beginning in 2016. WIC strives to build a stronger community of women who can support and inspire each other and spark important conversations; connecting, empowering, and supporting women of all ages. The topic presented in the Spring was Environmental Love featuring Winona La Duke, internationally renowned Native American activist, and Jamie Margolin, co-founder of the international youth climate justice movement. In the fall, the in-person event featured renowned super-yacht captain, TV personality Captain Sandra Yawn.





## Information about Summit State Bank

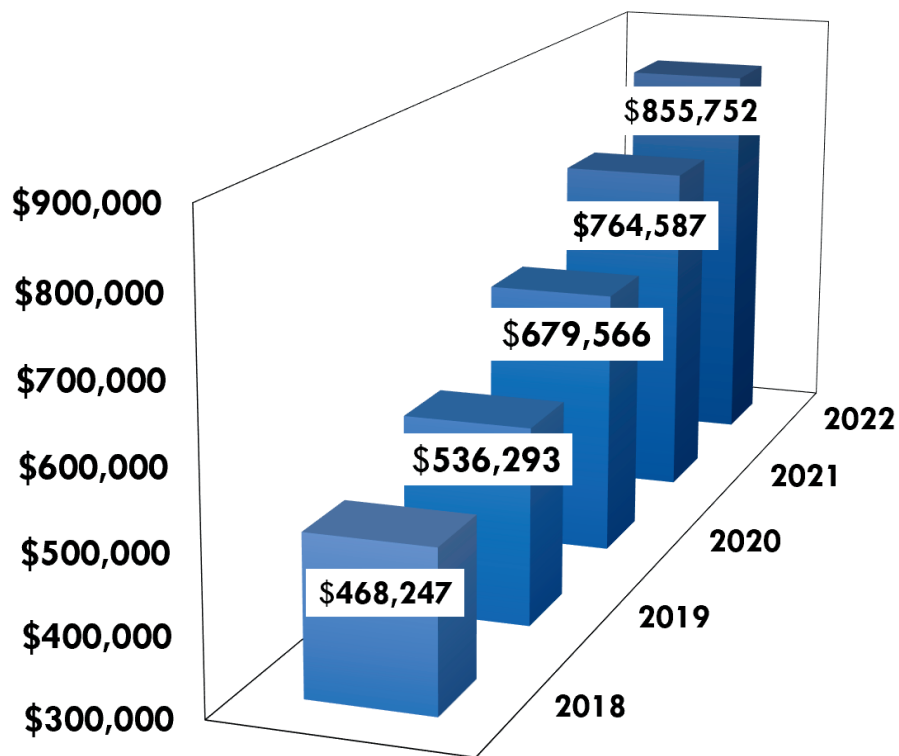
Summit State Bank (the “Bank”) is a state-chartered commercial bank operating a traditional community banking business within our primary service area of Sonoma County in California. We operate through five depository offices located in Santa Rosa, Rohnert Park, Healdsburg and Petaluma. The Bank also has a loan production office in Roseville, California. The Bank was incorporated on December 20, 1982 and commenced operations as a California state-chartered saving and loan. On January 15, 1999, the Bank received authority to convert its charter to a California state-charted 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 related regulations of the FDIC.

We provide a broad array of financial services to small to medium-size 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 customers’ needs. Our lending activities are primarily focused on commercial real estate, construction, and business loans to our targeted clientele. We emphasize relationship banking, and believe we offer our customers many of the management capabilities of a larger 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 digital banking, cash management services and 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.

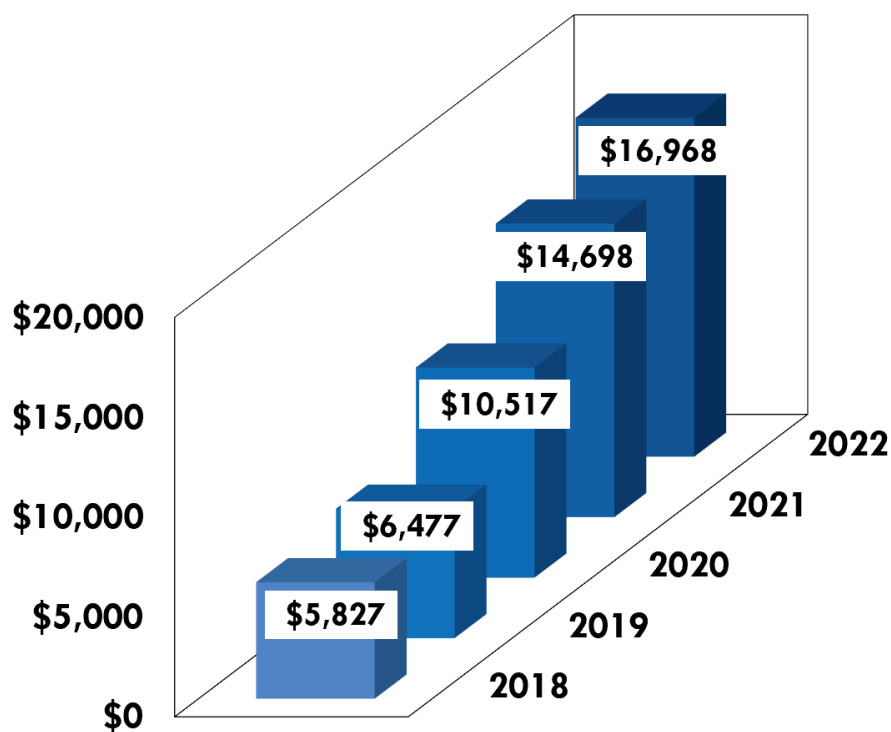
Summit State Bank is committed to embracing the diverse backgrounds, cultures, and talents of its employees to create high performance and support the evolving needs of its customers and community it serves. At the center of diversity is inclusion, collaboration, and a shared vision for delivering superior service and results for shareholders. Presently, 63% of management are women and minorities with 60% represented on the Executive Management Team.

# Financials at a glance (in thousands)

## Total Average Loans

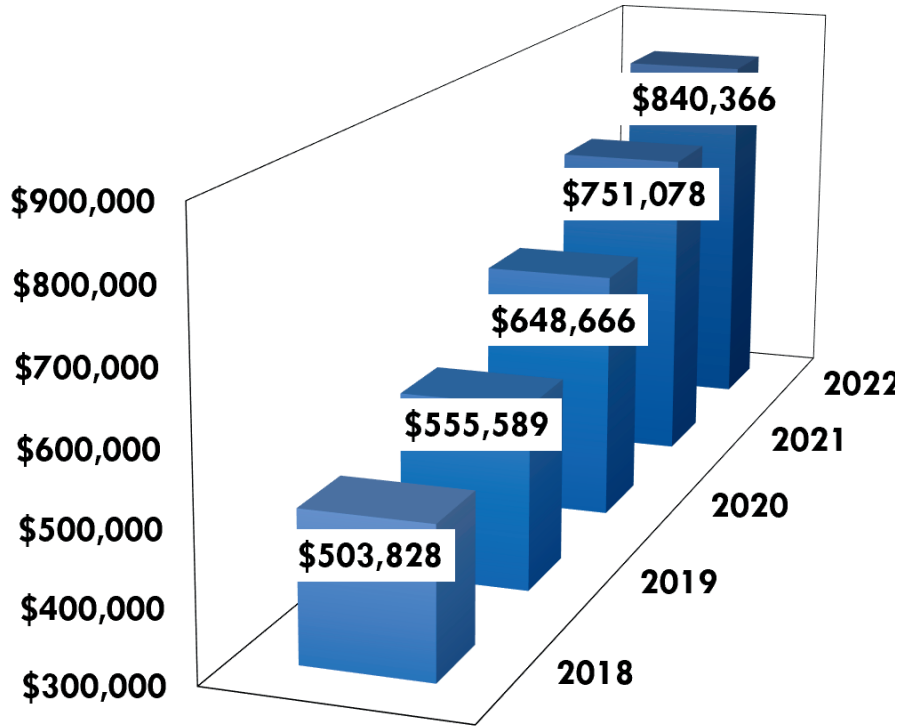


## Net Income

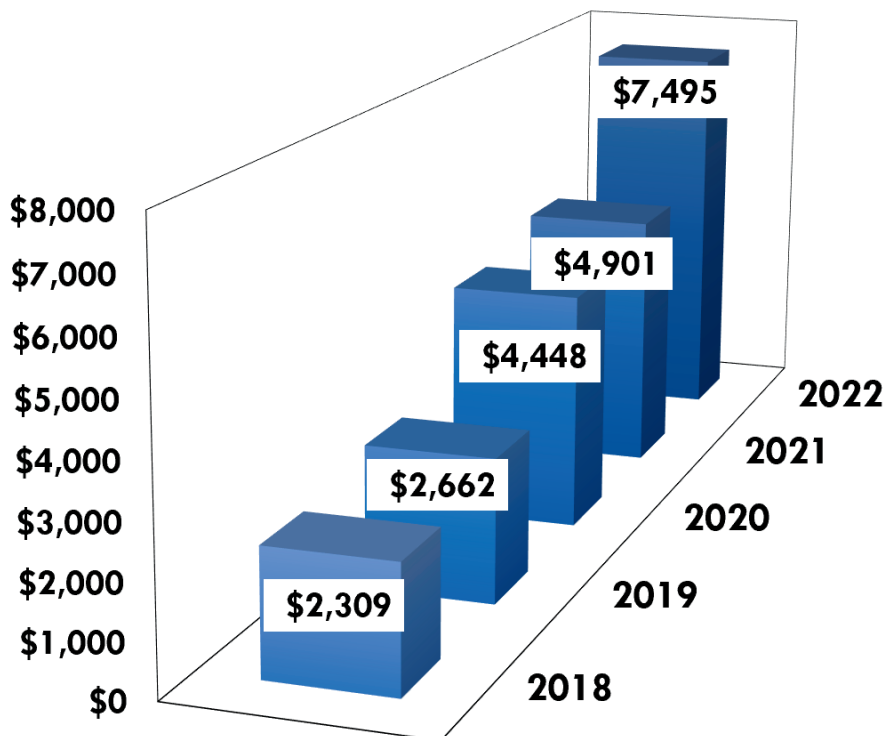


# Financials at a glance (in thousands)

## Total Average Deposits



## Non - Interest Income



# Selected Financial Data

(in thousands except per share data)

Year Ended December 31

## Statement of Income Data

	2022	2021	2020	2019
Net interest income	\$42,427	\$37,606	\$30,261	\$22,976
Provision for credit losses	2,541	1,294	2,100	700
Non-interest income	7,495	4,901	4,448	2,662
Non-interest expense	23,511	20,333	17,671	16,063
Provision for income taxes	6,902	6,182	4,421	2,398
<b>Net income</b>	<b>\$16,968</b>	<b>\$14,698</b>	<b>\$10,517</b>	<b>\$6,477</b>

## Balance sheet data:

Assets	\$1,115,343	\$958,080	\$865,854	\$695,978
Loans, net	913,707	820,987	745,939	576,548
Deposits	962,654	811,600	726,295	573,837
Average earning assets	978,169	878,258	774,037	628,311
Average shareholders' equity	86,038	79,538	71,637	64,847
Nonperforming loans	3,756	487	264	315

## Selected per common share data:

Basic earnings per common share (5)	\$2.54	\$2.20	\$1.58	\$0.97
Diluted earnings per common share (5)	\$2.54	\$2.20	\$1.57	\$0.97
Common shares outstanding at year end (5)	6,732.70	6,684.76	6,676.51	6,676.51
Dividend per share (5)	\$0.48	\$0.44	\$0.44	\$0.44
Book value per common share (1)(5)	13.15	\$12.61	\$11.33	\$10.09

## Selected ratios:

Return on average assets (2)	1.69%	1.64%	1.33%	1.00%
Return on average common shareholders' equity (2)	19.72%	18.48%	14.68%	9.99%
Efficiency ratio (3)	47.10%	47.91%	52.23%	62.64%
Net interest margin (2)	4.34%	4.28%	3.91%	3.66%
Common dividend payout ratio (4)	19.01%	20.33%	27.70%	44.97%
Tier 1 leverage ratio	8.53%	8.65%	8.15%	9.26%
Nonperforming loans to total loans	0.40%	0.06%	0.03%	0.05%
Allowance for credit losses to total loans (6)	1.60%	1.48%	1.18%	1.16%

(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.

(5) Adjusted for 10% stock dividend declared; effective October 29, 2021.

(6) Allowance beginning 2021 are reported using current expected credit loss ("CECL") method, all 2020 and prior periods' allowance are reported in accordance with previous GAAP using the incurred loss method.





## **Awards**

**Best Place to Work**

**North Bay Business Journal**

**North Bay Gives**

**North Bay Business Journal**

**Best Consumer Bank**

**NORTHBAY biz Magazine**

**Top Community Bank Loan Producer**

**Super Premier Performance Bank**

**Findley Research**

**Raymond James Bankers Cup Award**

**Piper Sandler's Bank & Thrift**

**Small All-Star Class**



# The Summit Way

1. Greet customers, colleagues and community with courtesy and enthusiasm
2. Treat everyone you encounter with respect – they are important
3. Offer your service and solutions, look for ways to continually improve processes to better serve the customer
4. Be responsive, follow-up and follow through – our customers and fellow employees count on you
5. Show your integrity by keeping your word, being honest, and providing a consistent level of service and accountability
6. If you can't meet a deadline that you have committed to, be proactive, authentic and provide an update
7. Embrace the team spirit, we are all collaborating and supporting each other to provide exceptional service to our customer
8. Expect excellence in yourself and others
9. Strive to improve yourself through training, experience and collaboration
10. Have some fun while you're at it!

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## Summit State Bank's Relationship Managers and Chief Lending Officer

L to R: Kim August, David Hagele, Brian Rose, Doris Kanewski, Brandy Seppi (CLO), Joel Louraine, Jackie Patrick, Scott Affens and Janet Connors

### Company Contact Information

Nasdaq: SSBI

### Summit State Bank

500 Bicentennial Way  
Santa Rosa, CA 95403  
707-568-6000

Corporate Secretary: Barbara Gradman

### Transfer Agent

Computershare  
P.O. Box 43006  
Providence, RI 02940-3006

### Investor Information:

See "Investor Relations" on our website:  
[SummitStateBank.com](http://SummitStateBank.com)

### Bicentennial

500 Bicentennial Way  
Santa Rosa, CA 95403 707-568-6100

### Healdsburg

1001 Vine Street  
Healdsburg, CA 95448 707-433-5959

### Montgomery Village

2300 Midway Drive  
Santa Rosa, CA 95405 707-568-4975

### Petaluma

100 Petaluma Blvd. S., Suite A  
Petaluma, CA 94952 707-283-1120

### Rohnert Park

10 Raley's Towne Centre  
Rohnert Park, CA 94928 707-568-4955



**A Better Sonoma County.  
That's Our Business.**

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