



**Investor
Presentation
Q3 2023**



Company Overview

- **Summit State Bank is a commercial bank headquartered in Santa Rosa, CA with \$1.14 billion in assets, 5 branch locations and more than 120 employees**
- **Bank formed in 1982**
- **Listed on NASDAQ in 2006 under the ticker symbol “SSBI”**
- **Summit Way Service Standards -Dedicated to serving and giving back to its customers and communities by delivering the best service and solutions available**



Building a Better Sonoma County, That's Our Business



Summit State Bank Locations

Headquartered in Santa Rosa, CA

Branch Locations

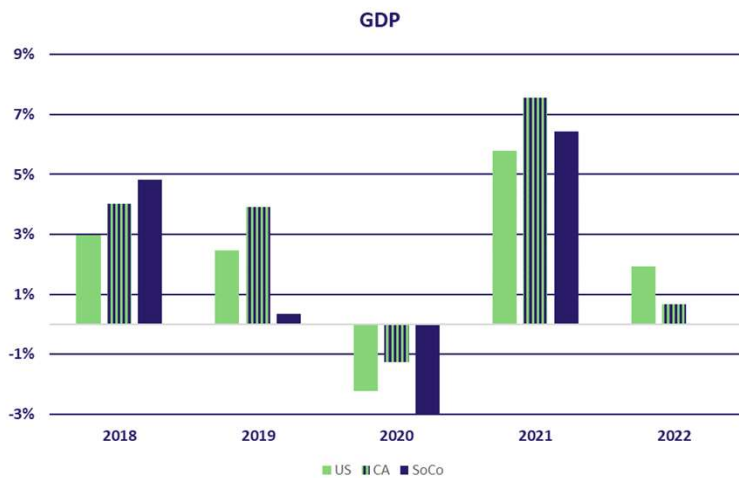
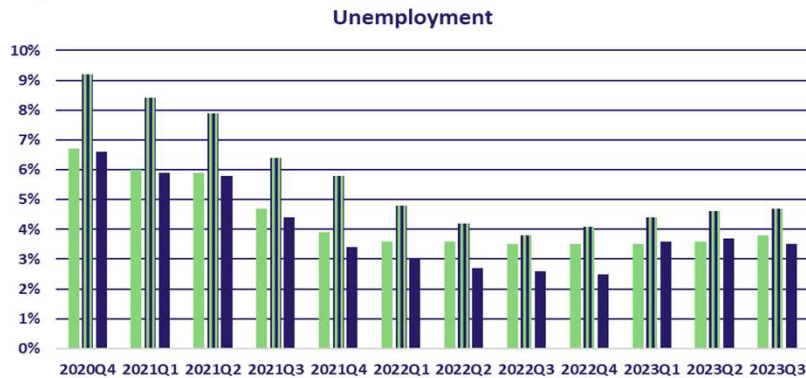
- Santa Rosa Main
- Healdsburg
- Santa Rosa Montgomery Village
- Rohnert Park
- Petaluma

Regional Small Business Lending Group

- HQ in Roseville, CA



Market Area Highlights



Northern California Concentrated in Sonoma County

- Commercial Property Investment Inventory Remains Low due to limited construction over the past ten years.
- Diverse and Strong Economy:
 - Healthcare, Manufacturing, Construction and Wholesale Trade Comprise > 40% of the County's Earnings
 - Consistently Low Unemployment and High GDP
- Ranked 12th in Median Household Income across California

* 2022 Sonoma County GDP figures unavailable

Note: Real Annual GDP Rate of change, not seasonally adjusted.
Source: <https://fred.stlouisfed.org>

Our Leadership Team



Brian Reed

President & CEO
38 Years in the Industry
6 at Summit State Bank



Genie Del Secco

EVP & Chief Operating Officer
32 Years in the Industry
7 at Summit State Bank



Brandy Seppi

EVP & Chief Lending Officer
28 Years in the Industry
8 at Summit State Bank



Camille Kazarian

EVP & Chief Financial Officer
23 Years in the Industry
4 at Summit State Bank

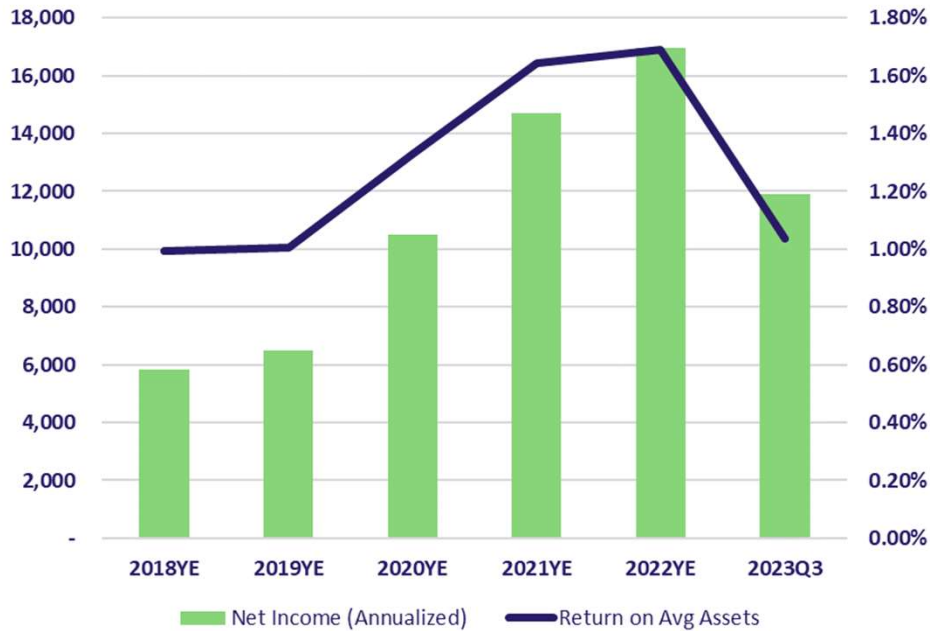


Michael Castlio

EVP & Chief Credit Officer
30 Years in the Industry
5 at Summit State Bank

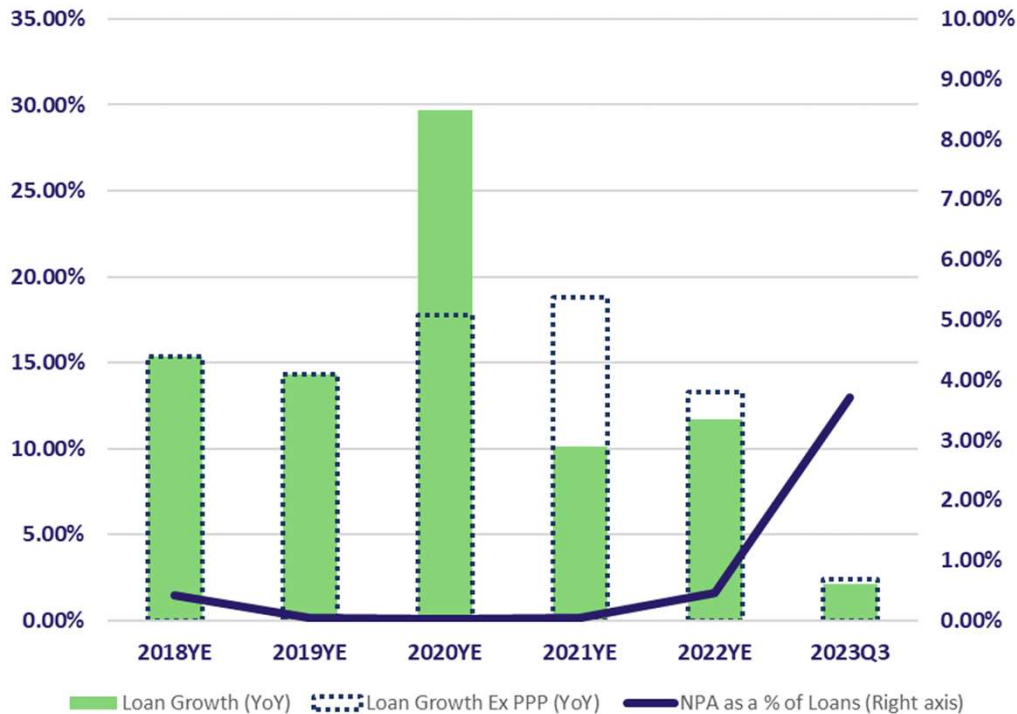
**151 Years of Collective
Experience**

Financial Trends



- Rate increases combined with our strategy to significantly increase liquidity have put downward pressure on Net Interest Margin ultimately resulting in reduced Return on Average Assets
- Non-interest Income decreased to \$4.9MM YTD Q3 2023 from \$5.4MM YTD Q3 2022. This is due to:
 - Reduced SBA Loan production
 - Reduced SBA Loan Sales
- 2023 Loan growth has been constrained due to current rate environment

Loan Growth & Asset Quality



- Loan Growth has declined from prior periods due to higher rates
- Strong Reserves (Allowance for Loans & Lease Losses - ACL)
 - ACL is 1.69% without PPP Loans, which Carry a Zero-Risk Weighting and excluding unsold guaranteed portion of SBA loans
- Elevated Non-Performing Loans are primarily comprised of a group of large relationships that are well collateralized, and our estimated loss is zero

Note: CECL Conversion as of January 1, 2021

Interest Income & Interest Expense Management

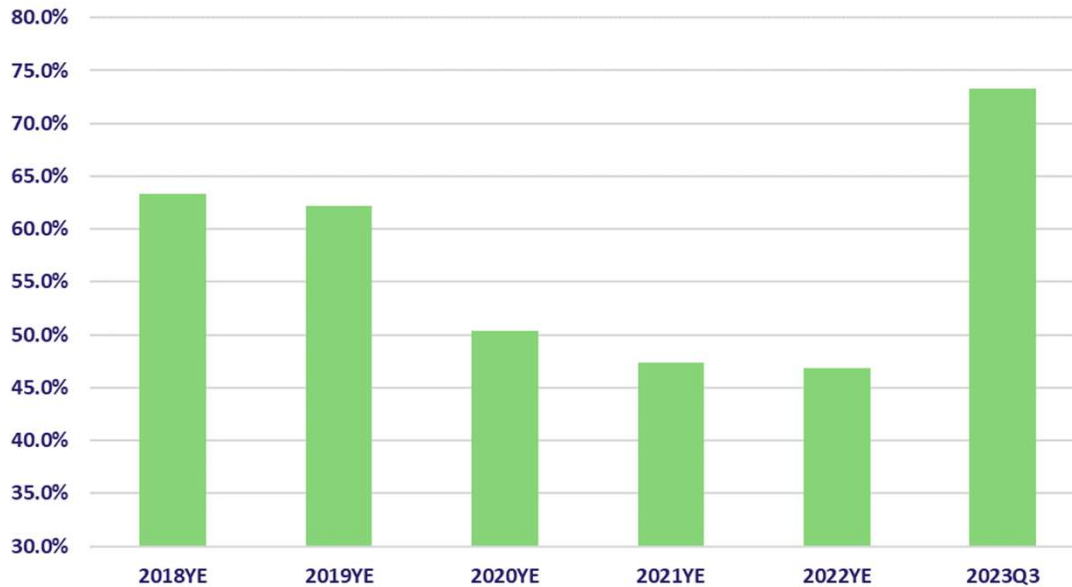
Net Interest Margin (%) and Net Interest Income (\$000)



- NIM compression and Net Interest Income decline observed due to planned deposit growth, increased interest rates, and lower Loan to Deposit ratio
- NIM and Net Interest Income are compressing as deposits reprice faster than the loan portfolio

Maintaining the Infrastructure to Deliver Results

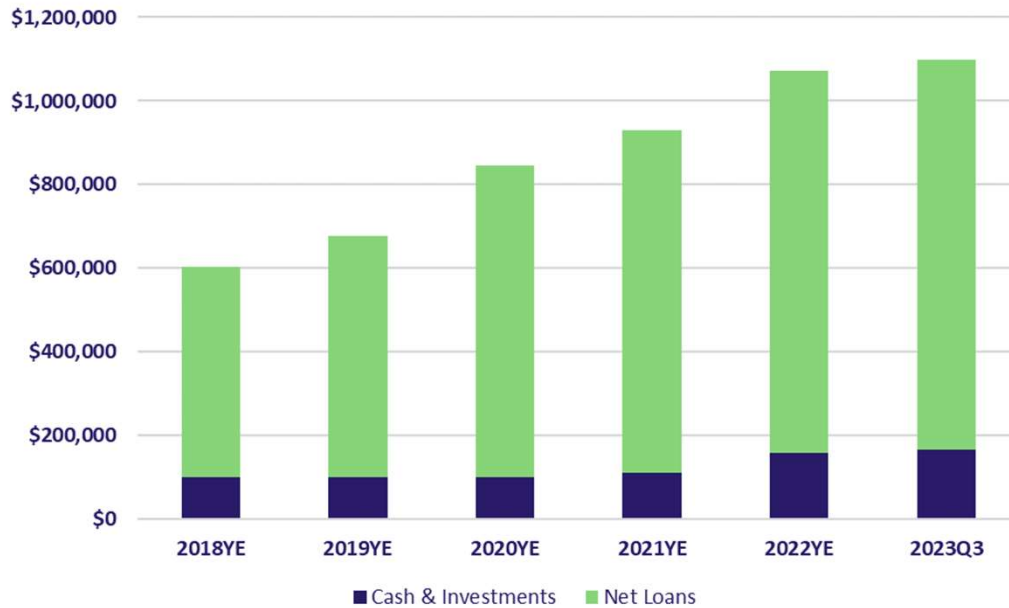
Efficiency Ratio



- Efficiency Ratio increased due to lower Net Operating Income as discussed on previous slide
- Focused on maintaining Portfolio Credit Quality and Loan Yield resulting in lower Loan Originations impacting the Efficiency Ratio in 2023

Assets Trends

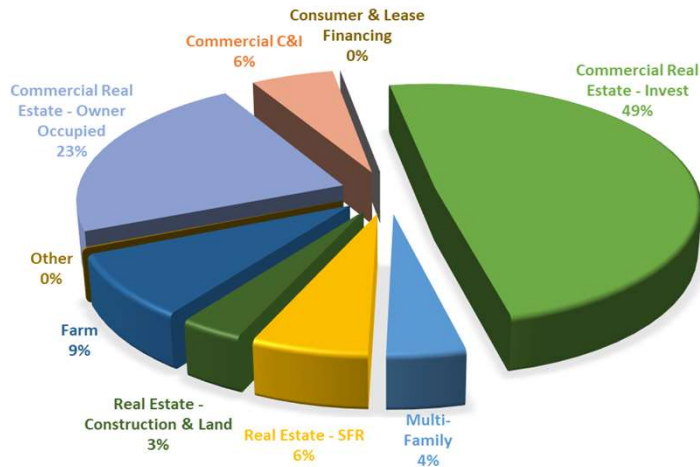
Net Loans and Cash & Investments
(\$000's)



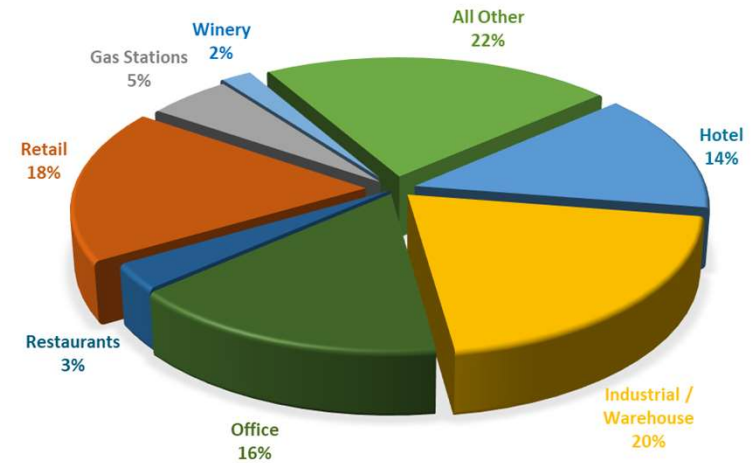
- Focused Growth on Conventional CRE and SBA Guaranteed Loans with Targeted Yield at 7.50%
- Portfolio Loan Yield as of 2023Q3 at 5.70%
- Elevated Cash trend related to our Strategy to increase liquidity while growing our Balance Sheet
- Focused on Organic Loan Growth through Strong Relationship Practices

Loan Composition

Total Loan Portfolio

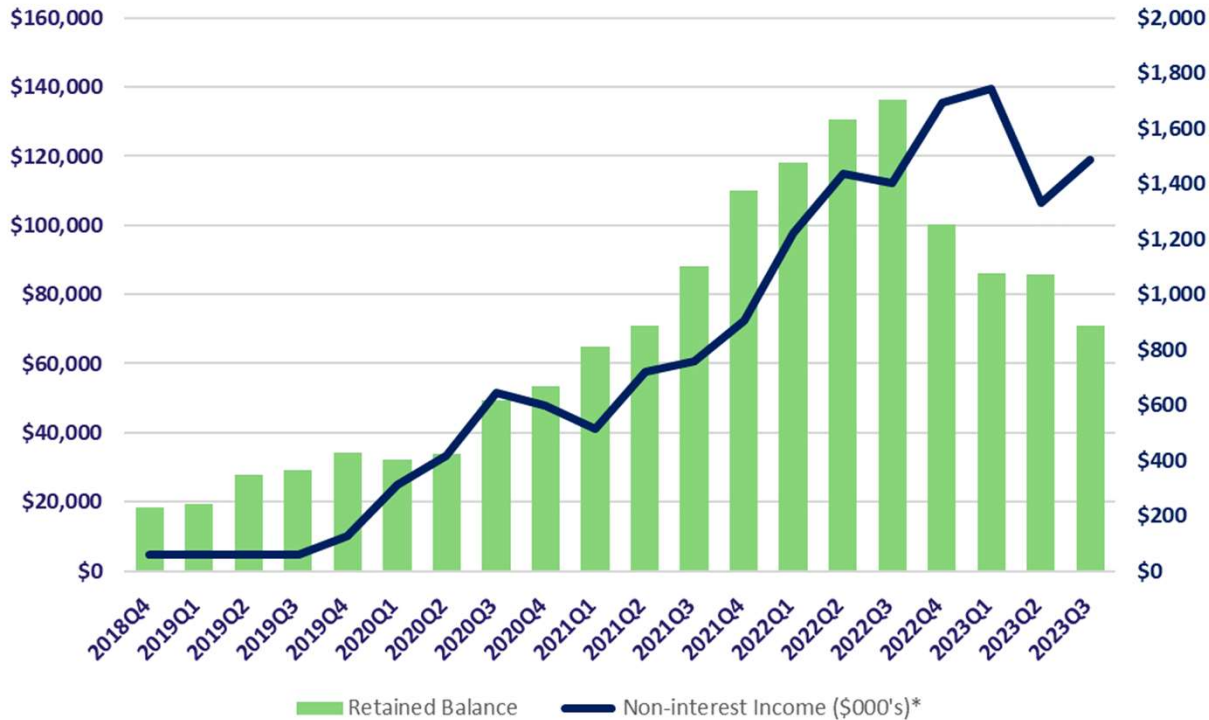


CRE Loan Portfolio Concentration: Investment & Owner Occupied



- Diversified Portfolio with Manageable Risk
- Total Portfolio LTV 46% (ex C&I); CRE LTV 45.6%
- CRE Portfolio: Investment 68%, DSCR 1.90x; Owner Occupied 32%, DSCR 2.29x
- CRE LTV 49% for Property Types with Higher Risk
 - Pandemic Risks: Wineries, Hotels, Restaurants, and Retail at ~37% of CRE Portfolio
 - Post Pandemic Risks: Office at 16% of CRE Portfolio (LTV 53%)

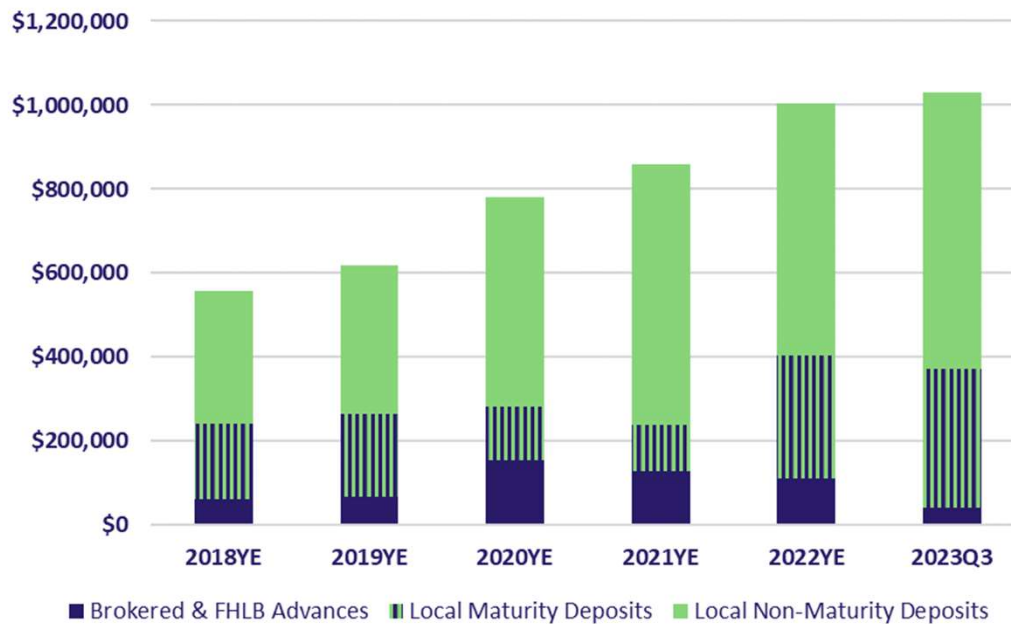
SBA Loan Program



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields ~ 11.3% (October 2023 adjustment)
- Decrease in Non-interest Income through:
 - Lower SBA Loan Sales Volume and Premiums
 - Offset by increasing Servicing income
- Decreased Retained Balance driven by selling majority of guaranteed balances and slowing SBA originations

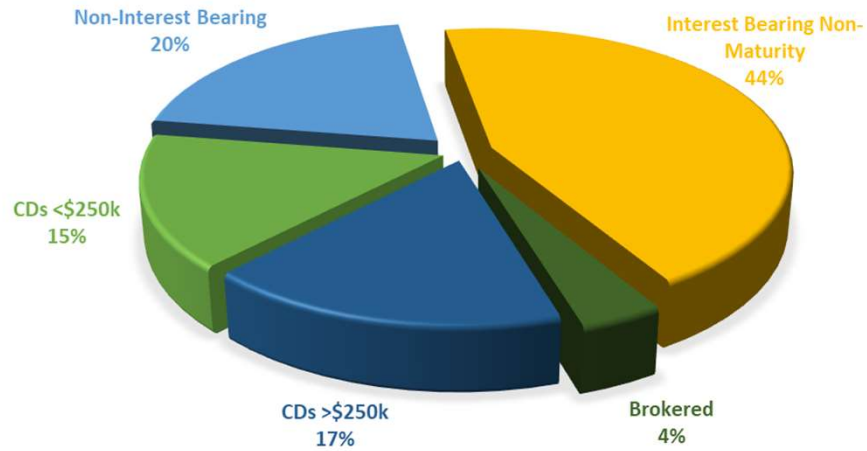
Liabilities Trends

Local Deposits and Brokered & FHLB Advances
(\$000's)



- Continued Focus on Managing Local Non-Maturity Deposit Growth to match Loan Growth
- 3Q2023 Average Cost of Funds at 2.22%
- Deposit growth from 2018 to 3Q2023:
 - Local Non-Maturity Deposits went from 57% to 64% of Total Deposits
 - Total Local Deposits went from 89% to 96% of Total Deposits

Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
- 3Q2023 Average Cost of Deposits at 2.23%



Focus on Liquidity and Quality as of Q3 2023

- ❖ \$160MM of Available Primary Liquidity
 - Including Cash and Investments Available for Sale
 - Primary Liquidity is 14%

- ❖ \$350MM of Available Secondary Lines
 - Including FHLB, Federal Reserve Bank, and Fed Funds lines
 - Secondary Liquidity is 31%

- ❖ \$205MM of Contingent Funding Sources
 - Including SBA Loan Sales, FRB (BTFP), Broker Deposits (based on internal policy limits)

- ❖ AOCI impact is minimal to Capital Ratio (~1%)

- ❖ Deposit Portfolio Quality
 - Only an estimated 22% of Deposits are uninsured by FDIC
 - Deposit Concentrations
 - Only 2 Depositors meet Regulatory definition of Large Depositors
 - Top 25 Depositors represent only 25% of Deposits as of Q2 2023
 - Total Local Deposits are 96% of Total Deposits

Consistently Delivering Strong Stock Value

Investment in 1 share since 2016



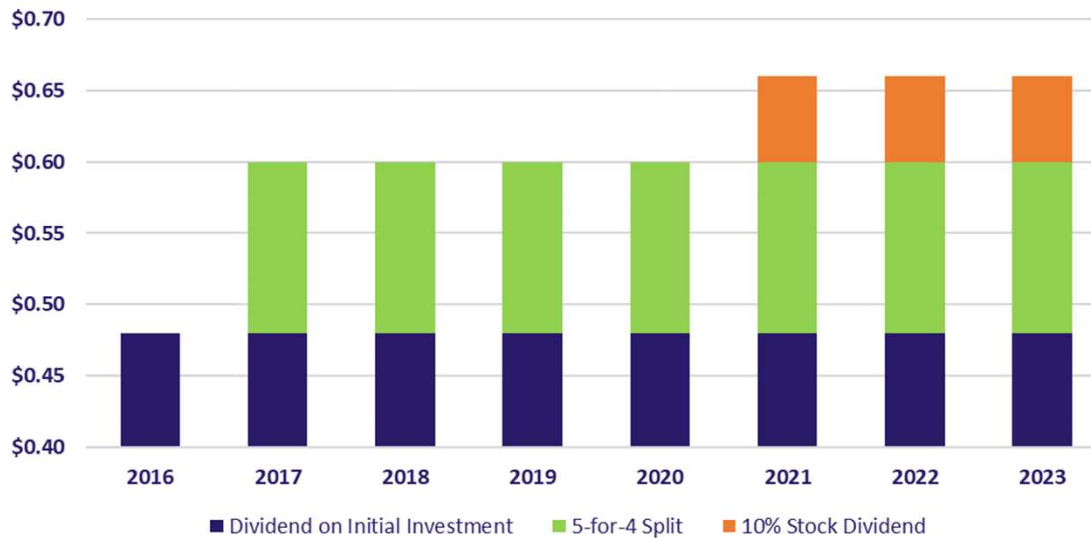
Graph illustrates investment in 1 share of stock beginning in 2016

- 2016: One share of stock purchased
- 2017: A five-for-four stock split results in 1.25 shares outstanding
- 2021: A one time 10% stock dividend results in 1.38 shares outstanding
- Stock Value increased 113% since 2016, or an average of 17% per year

Note: Value represents the Bank's average annual stock price adjusted historically for splits and dividend multiplied by the number of shares

Consistent Dividend Return

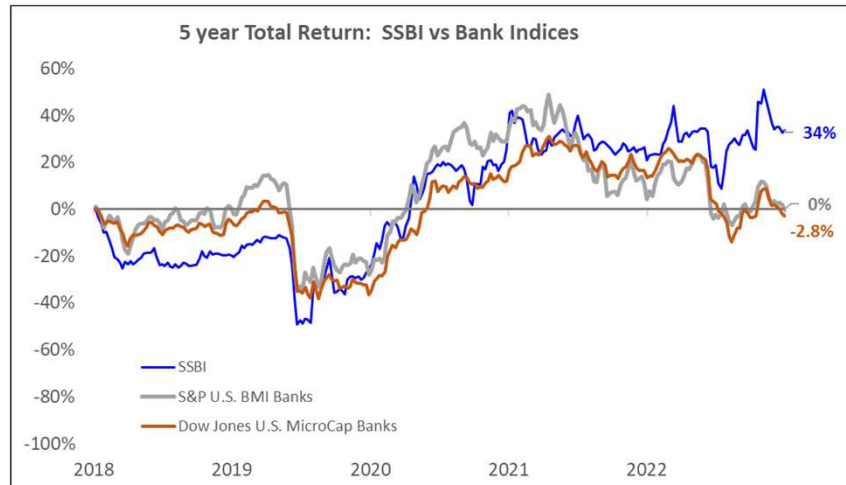
Dividend Paid on 1 share since 2016



Graph illustrates investment in 1 share of stock beginning in 2016

- Dividend on Initial Investment relates to the original purchase of 1 share
- Additional Dividend Return of 37.5% is a result of:
 - 5-for-4 stock split (2017)
 - one time 10% stock dividend (2021)

Stock Total Return Outperforms Bank Indices



Total Return vs
Bank Indices as of
Q3 2023



Awards and Accolades





Why Summit State Bank?

- ❖ **Experienced Executive & Management Team**
- ❖ **Commitment to a Culture of Success**
- ❖ **Focus on Organic Growth and Driving Core Customer Deposits**
- ❖ **Strategic Lending Platform Positioned to Deliver Results**
- ❖ **Stable Dividend Strategy**
- ❖ **Strong Total Return to Shareholders Compared to Industry**



Private Securities Litigation Reform Act of 1995

Statements made during this presentation and in response to questions may constitute Forward Looking Statements within the meaning of the Private Securities Litigation Reform Act of 1995 and any such statements are subject to risks and uncertainties that could cause actual results to differ materially. Such risks and uncertainties include those related to the economic environment, particularly in the region where Summit State Bank operates, competitive products and pricing, general interest rate changes and the fiscal and monetary policies of the US Government, credit risk management, regulatory actions, and other risks and uncertainties.



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