FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 12 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 6, 2024

Summit State Bank

(Exact Name of Registrant as Specified in Charter)

California	32203	94-2878925
(State of Other Jurisdiction Of Incorporation)	(FDIC Certificate Number)	(I.R. S. Employer Identification No.)

500 Bicentennial Way
Santa Rosa, CA
(Address of Principal Executive Offices)

95403
(Zip Code)

Registrant's Telephone Number, Including Area Code 707-568-6000

_____
(Former Name or Former Address, if Changes Since Last Report)

Check the Appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13d-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging Growth Company ☐

If an emerging growth company, indicate my check mark if the registrant has elected not to use the extended transition period for complying with any ne or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SSBI	NASDAQ Global Market

Item 7.01. Regulation FD Disclosure

The Chief Executive Officer of Summit State Bank (the "Bank") will make a presentation to institutional investors available online beginning December 6, 2024 using the slide presentation included as Exhibit 99.1 of this report. The information in this report (including Exhibit 99.1) shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other documents filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by the specific reference in such filing.

A copy of the presentation is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The presentation is also available on the Bank's website at www.summitstatebank.com under the "Investor Relations" tab.

This presentation of Summit State Bank (also referred to as we, us or our) may contain certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "anticipates," "believes," "estimates" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements.

Forward-looking statements, by their nature, are subject to risks, uncertainties and assumptions. Readers are cautioned not to put undue reliance on any forward-looking statement. The statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement.

Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to: a weakness or a decline in the economy, nationally or locally, particularly in Northern California, as well as an unexpected declines in commercial real estate values within our market areas; the risk of fires, droughts and other national disasters; our inability to compete for and to retain customers and key employees; our inability to grow costumer deposits to keep pace with loan growth; an increase in our allowance for loan losses; greater than expected operating costs, such as technology-related costs; the effect of cyber-attacks, computer viruses or other malware that may breach the security of our websites or other systems to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage our systems; results of examinations by banking regulators; and changes in accounting policies or accounting standards, including the new accounting guidance known as the current expected credit loss (CECL) model, which may increase the required level of our allowance for credit losses. A detailed discussion of factors that could affect our results is included in our SEC filings, including the "Risk Factors" section of our most

recent Annual Report on Form 10-K filed with the Federal Deposit Insurance Corporation ("FDIC") and those in any other public filing we may make with the FDIC.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

The exhibit list called for by this item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Dated: December 6, 2024

SUMMIT STATE BANK

By: /s/ Camille Kazarian
Camille Kazarian
Executive Vice President
and Chief Financial Officer
(Duly Authorized Officer)

Exhibit Index

Exhibit Number	Description
99.1	Presentation slides as of December 6, 2024

99.1 Presentation slides as of December 6, 2024



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Investor Presentation Q3 2024

Company Overview

- Summit State Bank is a commercial bank headquartered in Santa Rosa, CA with $1.12 billion in assets, 5 branch locations and more than 115 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

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Summit State Bank Locations

Headquartered in Santa Rosa, CA

Branch Locations

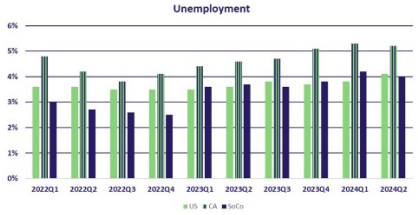
- Santa Rosa Main
- Healdsburg
- Santa Rosa Montgomery Village
- Rohnert Park
- Petaluma

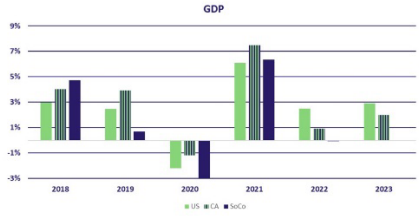
Regional Small Business Lending Group

- HQ in Roseville, CA



Market Area Highlights





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

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
- Ranked 14th in Median Household Income across California

* 2023 Sonoma County GDP figures unavailable

Our Leadership Team



Brian Reed
President & CEO
39 Years in the Industry
7 at Summit State Bank



Genie Del Secco
EVP & Chief Operating Officer
33 Years in the Industry
8 at Summit State Bank



Brandy Seppi
EVP & Chief Lending Officer
30 Years in the Industry
9 at Summit State Bank



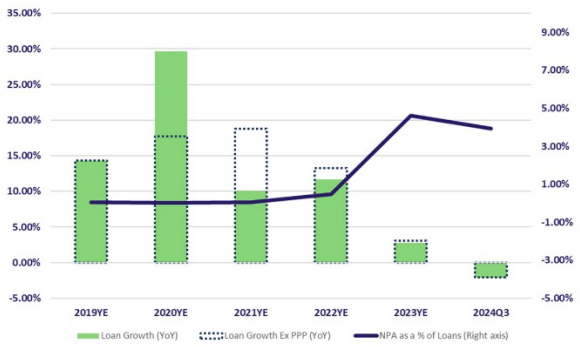
Camille Kazarian
EVP & Chief Financial Officer
24 Years in the Industry
5 at Summit State Bank



Michael Floyd
EVP & Chief Credit Officer
39 Years in the Industry
New to Summit State Bank

165 Years of Collective Experience

Loan Growth & Asset Quality



- 2024 Loan growth has slowed due to focus on quality and appropriate rate in a highly competitive market
- Strong Reserves at 1.64% (Allowance for Loans & Lease Losses – ACL)
- Elevated Non-Performing Loans are primarily comprised of a group of large relationships that are individually assessed and assigned specific reserves based on recent appraisals
  - Specific Reserve levels are evaluated quarterly based on updated information

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Note: CECL Conversion as of January 1, 2021

Non-Performing Loans and Loan Loss Reserve



Note: CECL Conversion as of January 1, 2021

Non-Performing Loans:

- 4 specific relationships make up 96% of non-performing assets as of Q3 2024
- $3.7MM of specific reserves set aside for all Non-Performing loans
- General pool reserves remain at 1.31% (excluding specific relationships)
- Historically, actual net losses during the Great Recession were 1.13% of loans annually for 4 years

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Non-Performing Loans

	Bank Balance ($000)	% of Non-Performing Loans	Industry	Specific Reserve at Q3 2024 ($000)	Expected Resolution	Status at Q3 2024
Credit #1	$15,141	41%	Winery	$1,000	Q1 2025	In Sale Negotiations
Credit #2	$8,113	22%	Agriculture	$274	TBD	In Bankruptcy
Credit #3	$8,948	24%	Agriculture	$1,430	Q1 2025	In Contract to Sell
Credit #4	$3,010	8%	Retail	$968	Q4 2024	In Sale Negotiations
Total	$35,212	96%		$3,672		

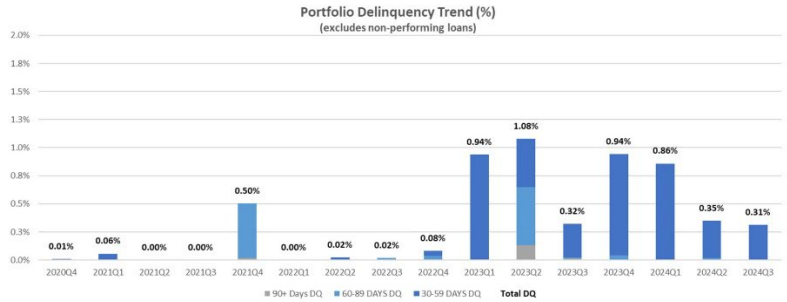
Expected range of additional losses above Q3 specific reserves: $4MM - $7MM

Note: Estimated losses could exceed specific reserves and required additional provisions. Reserve amounts may change based on actual contracted amounts, negotiations, updated appraisals, market conditions, costs to carry, timing of resolution and other events that may impact the value of a loan's specific reserve. Expected resolution dates are estimates and are subject to delays.

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Portfolio Delinquency Trends



Delinquency Trends:

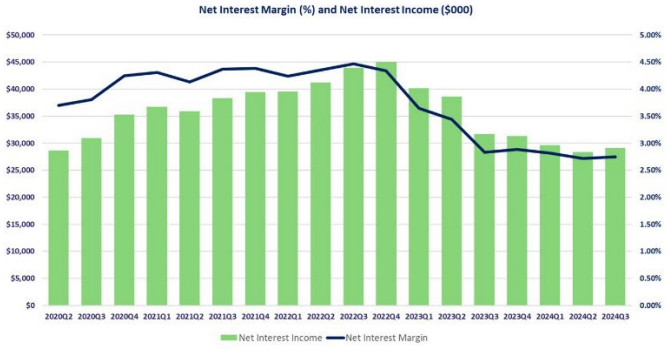
- Delinquency metrics of the performing portfolio have been declining in recent periods
- Past Due segment is currently <0.5% of the portfolio

*excludes Non-Accrual loans

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Interest Income & Interest Expense Management



- NIM compression and Net Interest Income decline due to elevated cost of funds, lower volume of new higher priced loans and existing loans that have repriced slower than deposits
- NIM and Net Interest Income compression is slowing as deposit repricing has slowed and more loans are repricing higher

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Yield on Earning Assets vs Cost of Liabilities

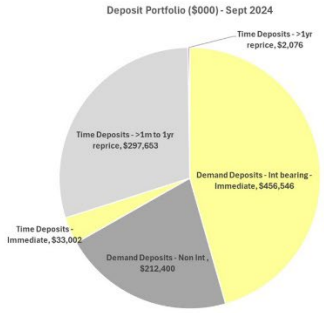


- Cost of Liabilities has risen faster than the Yield on Earning Assets
- Cost of Liabilities has been stabilizing in the past two quarters

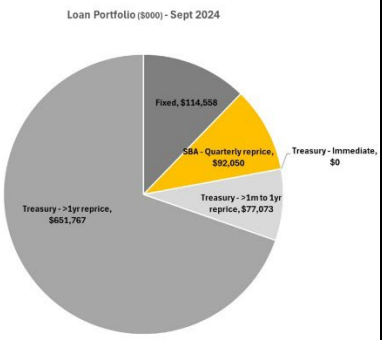
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Deposits & Loans Repricing by Maturity



- Majority of Interest-bearing Deposits may reprice within 1 year
- Only 18% of the Loan Portfolio contractually reprices within 1 year

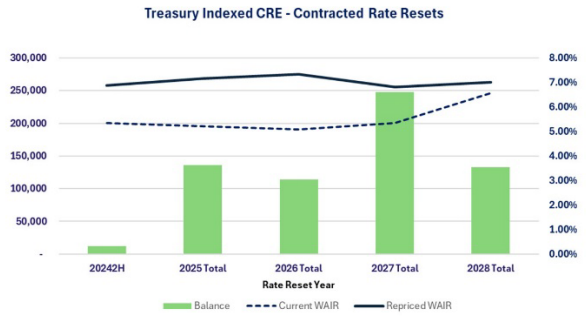


- Reprices Immediately
- Reprices quarterly
- Reprices in 1 month to 1 year
- Reprices 1 year+
- Fixed Rate

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Treasury Indexed CRE – Contracted Rate Resets



- Most Treasury Indexed CRE Loans reprice every 5 years based on the corresponding Constant Maturity Treasury index
- Repriced rates reflect a snapshot of market rates as of 9/30/2024; Actual repricing rates can differ depending on market rates at the time of repricing
- Treasury Indexed CRE Loans represent about 70% of the Total loan portfolio

Note: Loan Balance does not reflect potential for loan defaults, refinancing activities or prepayments. This graph is not intended as an indication of future financial results. Please reference page 22 of this report.

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SBA Loan Program



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields ~ 10.4% (Oct 2024 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
  - Slowing SBA originations
  - Increased prepayments

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* Rolling 4 Quarter Average

Managing Infrastructure Costs in an Inflationary Environment

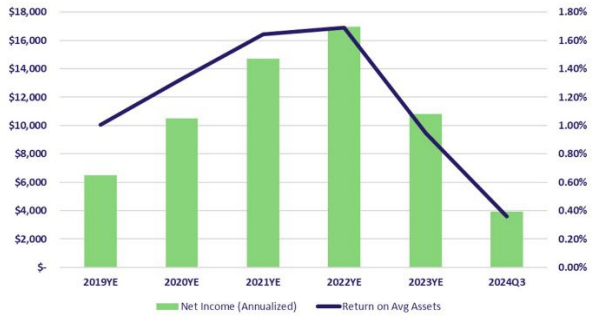


- Expenses as a % of Total Assets has seen modest increases since the Pandemic
- Increase in 3Q 2024 partially driven by reduction in Total Assets
- Operating expenses in Q3 2024 were $6.2MM vs $6.9MM is Q3 2023
- Cost cutting efforts employed in Q4 2024 will impact future quarters beginning Q1 2025

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Financial Trends

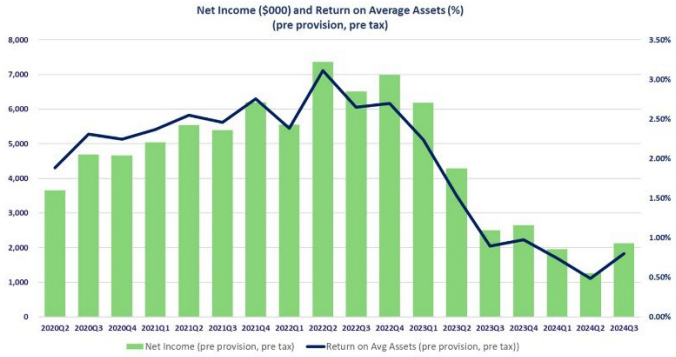


- Deposit rates repricing faster than loan portfolio has put downward pressure on Net Interest Margin ultimately resulting in reduced Return on Average Assets
- Non-interest income decreased to $2.8MM YTD Q3 2024 from $4.9MM YTD Q3 2023. This is due to:
  - Reduced SBA Loan production
  - Reduced SBA Loan Sales

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Net Operating Income

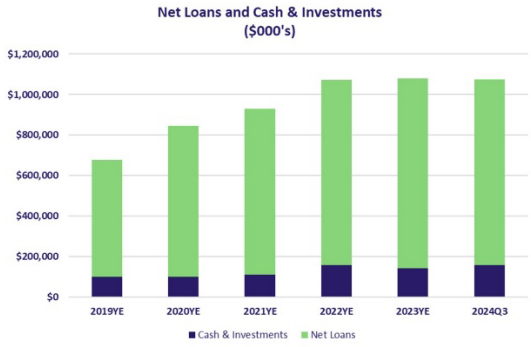


- Net Operating Income = Net Income before loss provision and taxes
- Net Operating Income has started to improve due to repricing of segments of the loan portfolio

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Assets Trends



- Focused Growth on Owner Occupied Conventional CRE and C&I Loans with Targeted Yield at 7.35%
- Focus on SBA Guaranteed Loans with Targeted Yield at 9.68%
- Portfolio Loan Yield as of 2024Q3 at 6.00%
- Focused on Organic Loan Growth amid challenging market conditions
- New Loan Originations are backfilling existing portfolio amortization and prepayments at a higher rate
  - Amortization and prepayments have averaged $7MM per month over the last year

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Loan Portfolio Composition

Total Loan Portfolio

Portfolio Product Types, %

Commercial Real Estate - Invest	48.3%
Commercial Real Estate - Owner Occupied	25.0%
Farm	9.4%
Commercial C&I	6.8%
Real Estate - SFR	5.8%
Multi-Family	4.0%
Real Estate - Construction & Land	0.7%
Other	0.1%
Consumer & Lease Financing	0.0%

Diversified Portfolio with Manageable Risk
- Total Portfolio LTV 45% (ex C&I)
- CRE Segment LTV 47%

CRE Concentration (Investment & Owner Occupied)

Commercial Real Estate Concentration, %

All Other	22.6%
Industrial / Warehouse	21.7%
Retail	17.0%
Office	16.9%
Hotel	14.2%
Gas Stations	3.8%
Restaurants	3.0%
Winery	0.7%

Commercial Real Estate (CRE) Portfolio:
- Investment: 66% of segment, DSCR 1.65x
- Owner Occupied 34% of segment, DSCR 1.61x
- CRE LTV 48% for Property Types with Higher Risk

Commercial Real Estate (CRE) Segment Risks:
- Current Risks: Wineries, Hotels, and Restaurants at ~18% of CRE segment
- Post Pandemic Risks: Office at 17% of CRE segment (LTV 51%)

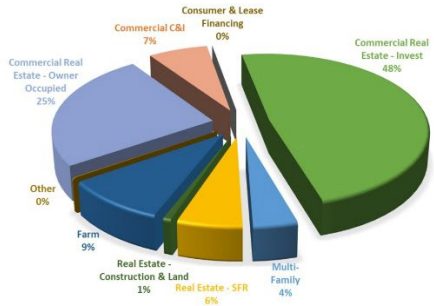
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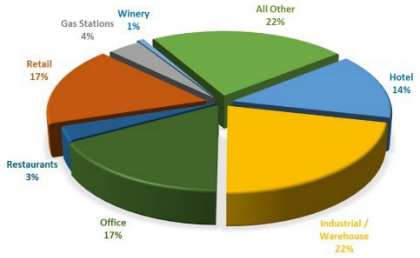
Note: Segment DSCR's are calculated using weighted average based on most recent financials which may be dated in some cases. Additionally, DSCR's can be property based or global calculations including guarantors.

Loan Composition

Total Loan Portfolio



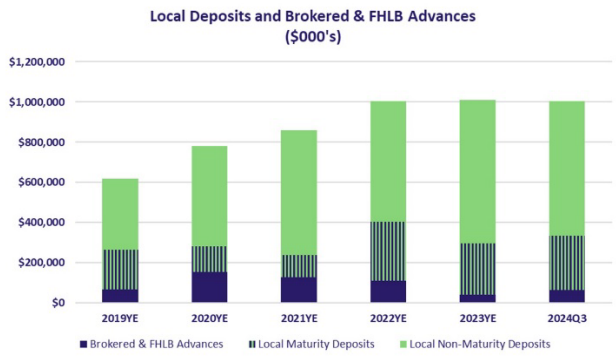
CRE Loan Portfolio Concentration: Investment & Owner Occupied



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Liabilities Trends

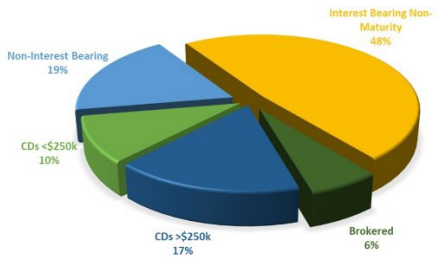


- Continued Focus on Managing Local Non-Maturity Deposit Growth to match Loan Growth
- 3Q2024 Average Cost of Funds at 2.97%
- Deposit growth from 2018 to 3Q2024:
  - Local Non-Maturity Deposits went from 57% to 67% of Total Deposits
  - Total Local Deposits went from 89% to 94% of Total Deposits

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Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
- 2Q2024 Average Cost of Deposits at 2.89%

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Focus on Liquidity and Quality as of Q3 2024

- 148MM of Available Primary Liquidity
  - Including Cash and Investments Available for Sale
  - Primary Liquidity is 13%
- $360MM of Available Secondary Lines
  - Including FHLB, Federal Reserve Bank, and Fed Funds lines
  - Total Liquidity (Primary + Secondary Liquidity) is 46%
- $102MM of Contingent Funding Sources
  - Broker Deposits (based on internal policy limits) and Guaranteed SBA loan balances eligible for sale
- AOCI impact is minimal to Capital Ratio (~1%)
- Deposit Portfolio Quality
  - An estimated 24% 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 Q3 2024
    - Total Local Deposits are 94% of Total Deposits

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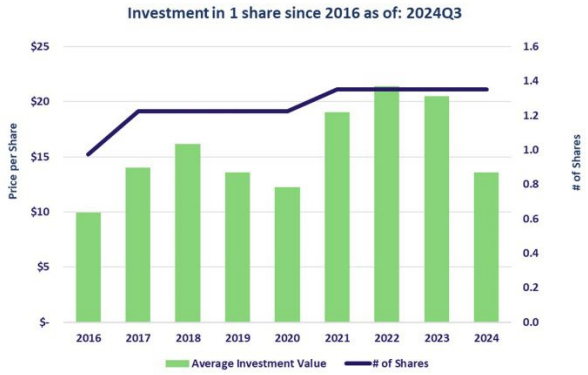
Tangible Book Value Growth



- Tangible Book Value has improved 63% since 2018, or 11% annualized growth
- Tangible Book Value growth has solely been driven by retention of earnings

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Investor Stock Value



Graph illustrates investment in 1 share of stock beginning in 2016

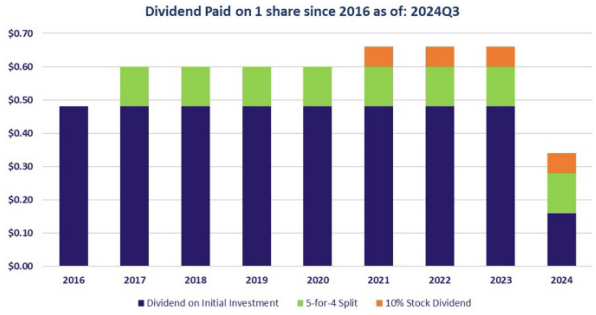
- 2016: One share of stock purchased
- 2017: A five-for-four stock split results in 1.25 shares outstanding
- 2021: A one time 10% stock dividend results in 1.38 shares outstanding
- Stock Value increased 43% since 2016, or an average of 5% per year

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

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Dividend Return



Graph illustrates annual cash dividend returns on 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)
- Dividends were not declared in Q3 2024 in an effort to build capital

The Bank is targeting to achieve and sustain a 10% leverage ratio and substantially reduce the non-performing loan portfolio before considering declaring another dividend.

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Awards and Accolades



Best Places to Work
North Bay Business Journal

Corporate Philanthropy Award
SF Business Times

Hall of Fame
North Bay biz magazine

Diversity in Business

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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
- Stock Value Growth of 37% over the last 8 years
- Significant Growth in Tangible Book Value of shares in last 5 years
- Experienced and dedicated Board of Directors with strong local ties

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Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, including forward-looking statements regarding our expectations and beliefs about our future financial performance and financial condition and trends in our business and markets. Words such as "expects," "anticipates," "believes," "estimates" and other similar expressions or future or conditional verbs such as "will," "should," "would" and "could" are intended to identify such forward-looking statements. The forward-looking statements in this presentation are based on current information and on assumptions that we make about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond our control. As a result of those risks and uncertainties, our actual future financial results and outcomes could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this presentation. Those risks and uncertainties include, but are not limited to, the risk of incurring credit losses; the quality and quantity of our deposits; adverse developments in the financial services industry and any related impact on depositor behavior or investor sentiment; risks related to the sufficiency of our liquidity; the risk that we will not be able to maintain growth at historic rates or at all; general economic conditions, either nationally or locally in the areas in which we conduct our business; risks associated with changes in interest rates, which could adversely affect our future operating results; the risk that customers or counterparties may not performance in accordance with the terms of credit documents due a decline in credit worthiness, business conditions or other reasons; the unpredictability of any litigation; adverse conditions in real estate markets; and the inherent uncertainty of expectations regarding the performance or resolution of loans. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and other documents we file with the FDIC from time to time. Due to these and other possible uncertainties and risks, you should not place undue reliance on the forward-looking statements contained in this presentation, which speak only as of today's date. We also disclaim any obligation to update forward-looking statements contained in this presentation except as may be required by law.

SUMMIT STATE BANK

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MAILING ADDRESS

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Santa Rosa, CA 95403

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