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): March 28, 2025

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 an investor letter and fact sheet available online beginning March 28, 2025 using the document 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 investor letter and fact sheet is attached hereto as Exhibit 99.1 and incorporated herein by reference.

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

This investor letter and fact sheet 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.

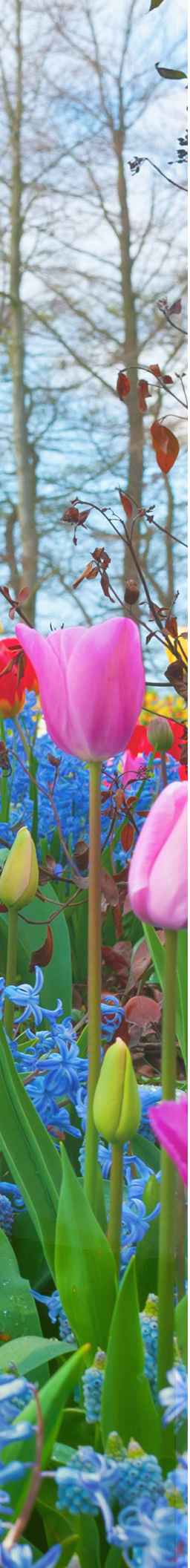
Dated: March 28, 2025

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	Investor letter and fact sheet dated April 11, 2025



SUMMIT STATE BANK

A Better Sonoma County.
That's Our Business.
Member FDIC

April 11, 2025

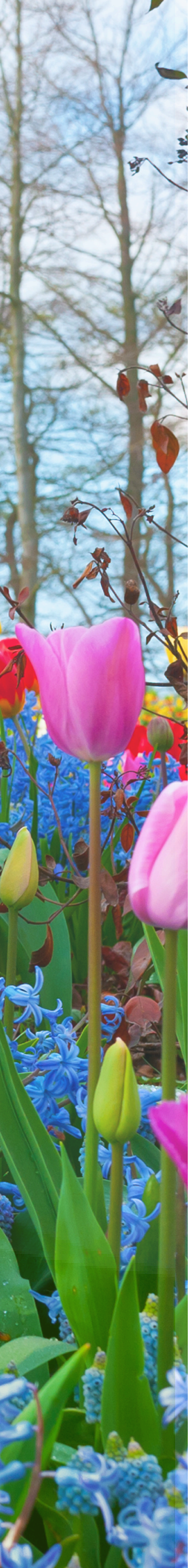
Dear Valued Investor,

2024 was a challenging year for Summit State Bank and the entire banking industry. At the beginning of the year, the Bank was negatively impacted by the ongoing strains that the high-interest rate environment put on our funding costs and noninterest income. By the fourth quarter of 2024, the Bank has shown an improvement in its core operating results which manifested into a lower cost of funds and improved noninterest income.

We continue to focus on maintaining strong capital levels and did that effectively in 2024 by strategically managing down our balance sheet and temporarily suspending cash dividends. As such, the Board has determined it will continue to temporarily suspend cash dividends this quarter so we can remain focused on building capital, increasing liquidity, and positioning the Bank to create long-term value for our shareholders.

For the fourth quarter of 2024, we recorded a net loss of $7.1 million, or $1.06 loss per diluted share, compared to net income of $1.9 million, or $0.28 per diluted share for the fourth quarter of 2023. The current quarterly results were impacted by expenses including a $6.6 million provision for credit losses on loans and a $4.1 million 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. Goodwill impairment was a result of the Bank's stock price trading below book value and is a non-cash charge that has no impact on the Bank's cash flows, liquidity, or regulatory capital.

The largest impediment to the Bank's performance in 2024 was its heightened level of non-performing assets. We have been aggressively pursuing solutions to these problem loans and have reduced our non-performing loan portfolio by $9.2 million in the fourth quarter of 2024. In addition, collateral on two of the non-performing loans are in contract to be sold in the first six months of 2025, which will reduce the remaining $27.8 million non-performing loan portfolio by another $18.0 million, or 65%.



SUMMIT STATE BANK

A Better Sonoma County.
That's Our Business.
Member FDIC

We remain focused on enhancing revenue generation and driving significant cost efficiencies to improve our operational effectiveness. As part of this commitment, we have eliminated almost 8% of positions at the Bank, leveraged existing staff and technologies to reduce third-party expenses, eliminated raises and bonuses, reduced employee benefits Bank-wide, reduced director fees, and will be reducing total Board members from 13 to 11 by May 2025. These measures will contribute to our strategy of operating a lean and efficient institution that leverages technology and improved processes.

We are headed into the new year feeling positive about our prospects, as we have made significant progress in resolving problem loans. We are confident that we have sufficient capital and liquidity and have realized successive quarters of improved net operating income results. Further, the recent actions from the Federal Reserve to reduce rates over the past few months are starting to have a favorable impact in lowering our cost of funds, and we expect this to have a positive impact on our results going forward in 2025.

On behalf of the Board of Directors and our executive management team, we want to thank you for your investment in Summit State Bank. We appreciate your continued support, and we look forward to keeping you informed of our progress.

If you have any questions or concerns, please do not hesitate to reach out to us.

Sincerely,

Brian Reed
President & CEO

707.568.6000
500 Bicentennial Way, Santa Rosa, CA 95403
summitstatebank.com



SUMMIT STATE BANK
Member FDIC

NASDAQ: SSBI / $9.71
March 24, 2025

FACT SHEET

4Q 2024 FINANCIAL HIGHLIGHTS

- 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.
- The Bank has been strategically managing its loan and deposit portfolios to reduce risk in the balance sheet and improve capital ratios.
- Book value was $13.53 per share, compared to $14.40 per share a year ago and $14.85 in the preceding quarter.

Stock Price (03/24/25)	$9.71
Shares Outstanding	6.777 M
Market Cap	$65.8 M
TTM EPS	-$0.62
Price/TTM EPS	-15.66x
Book Value/Share	$13.53
Price/Book Value	0.72x
NIM (annualized)	2.88%
ROAA (2024YE)	-2.59%
ROAE (2024YE)	-28.05%

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 $101 million as of September 30, 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.

[1] See below for a reconciliation of the GAAP to Non-GAAP measurements listed above.

Corporate Information

Summit State Bank
500 Bicentennial Way
Santa Rosa, CA 95403
Phone: 707.568.6000

Executive Management

Brian Reed
President & CEO

Camille Kazarian
EVP & Chief Financial Officer

Genie Del Secco
EVP & Chief Operating Officer

Brandy Seppi
EVP & Chief Lending Officer

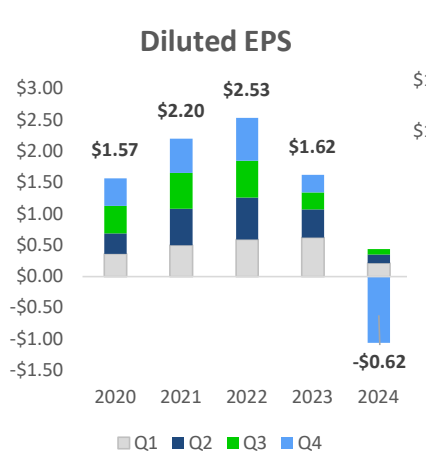
Mike Floyd
EVP & Chief Credit Officer

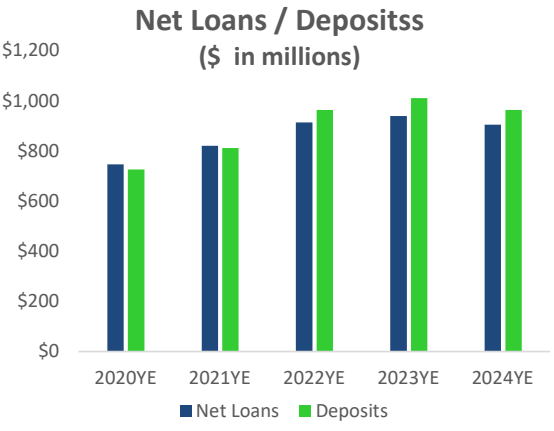
NASDAQ: SSBI / $9.71
March 24, 2025

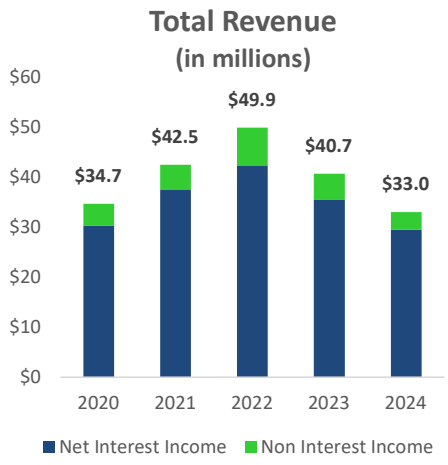
FINANCIAL HIGHLIGHTS

($ in thousands, except share data)

Income Statement	**Three Months Ended**		
(unaudited)	**31-Dec-24**	**30-Sep-24**	**31-Dec-23**
Total interest income	$ 14,935	$ 14,977	$ 15,036
Total interest expense	7,233	7,705	7,207
Net interest income	7,702	7,272	7,829
Provision for (reversal of) credit losses on loans	6,570	1,320	(31)
Provision for (reversal of) credit losses on unfunded loan commitments	154	(8)	(65)
(Reversal of) provision for credit losses on investments	(2)	(19)	31
Net interest income after provision	980	5,979	7,894
Total non-interest income	680	1,030	297
Total non-interest expense	10,200	6,181	5,483
Income before provision for income taxes	(8,540)	828	2,708
Reversal of (provision for) income taxes	(1,398)	202	807
Net income	$ (7,142)	$ 626	$ 1,901
Selected per Common Share Data			
Diluted EPS (4)	$ (1.06)	$ 0.09	$ 0.28
Dividends per share (4)	$ -	$ 0.04	$ 0.12
Book value per common share (1)(4)	$ 13.53	$ 14.85	$ 14.40
Balance Sheet	**31-Dec-24**	**30-Sep-24**	**31-Dec-23**
Total assets	$ 1,067,094	$ 1,118,791	$ 1,122,508
Total shareholders' equity	91,723	100,662	97,678
Total deposits	962,562	1,002,770	1,009,693
Loans receivable, net	905,075	917,367	938,626
Select Financial Ratios			
(Loss) return on average assets (2)	-2.59%	0.23%	0.67%
(Loss) return on average common shareholders' equity (2)	-28.05%	2.48%	8.02%
Efficiency ratio (3)	121.78%	74.45%	67.47%
Net interest margin (2)	2.88%	2.71%	2.85%







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.