



Investor

Presentation

Q1 2024

Company Overview

- Summit State Bank is a commercial bank headquartered in Santa Rosa, CA with \$1.08 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 Locations

Headquartered in Santa Rosa, CA

Branch Locations

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

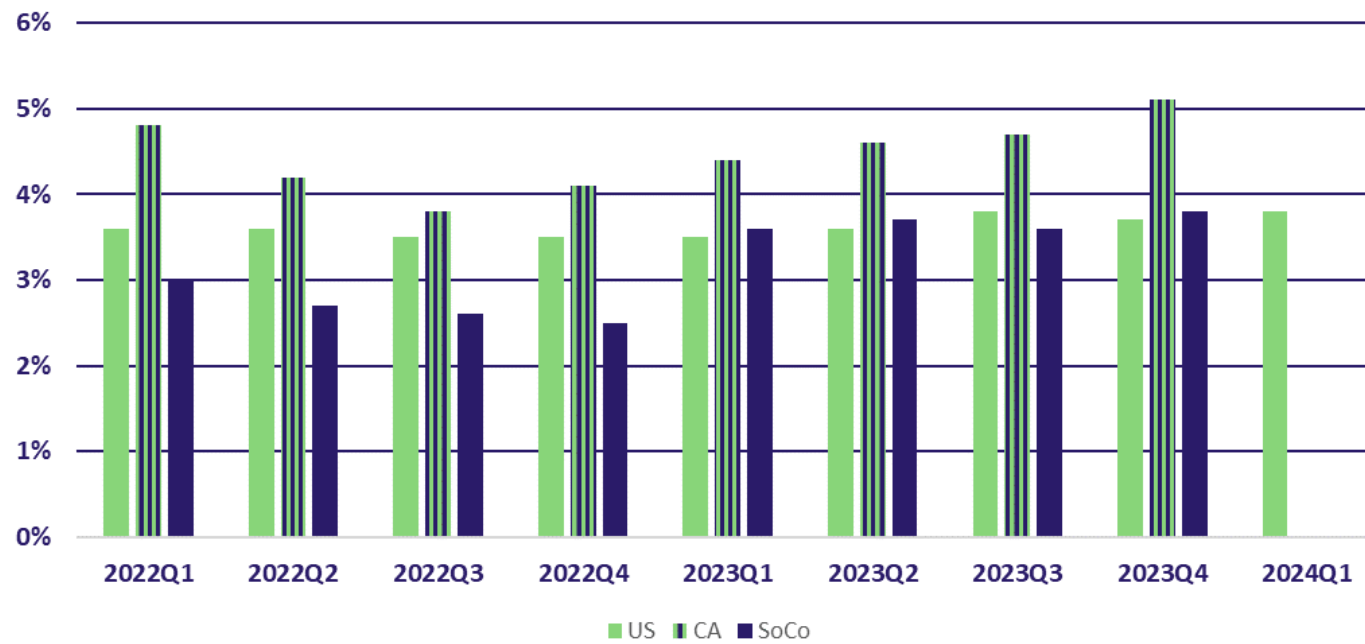
Regional Small Business Lending Group

- HQ in Roseville, CA

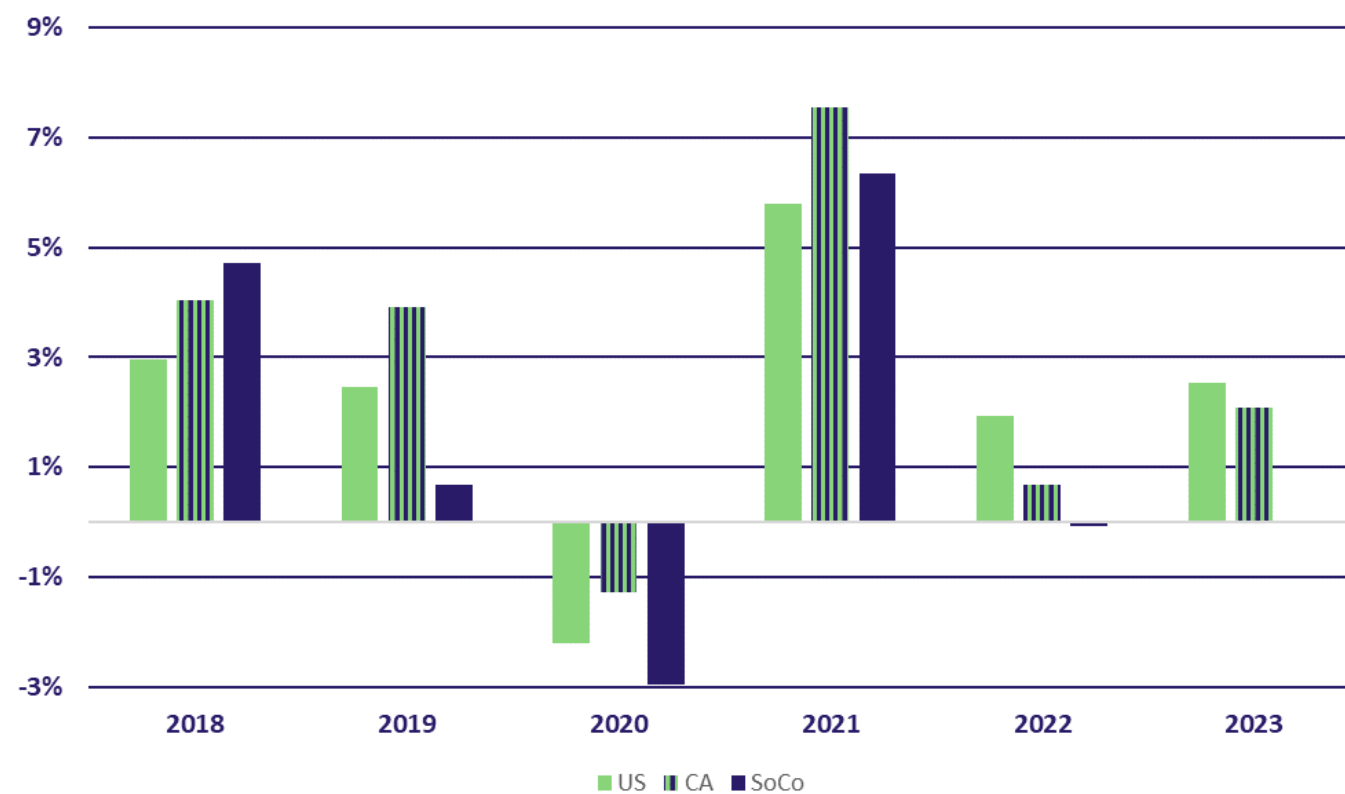


Market Area Highlights

Unemployment



GDP



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

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

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

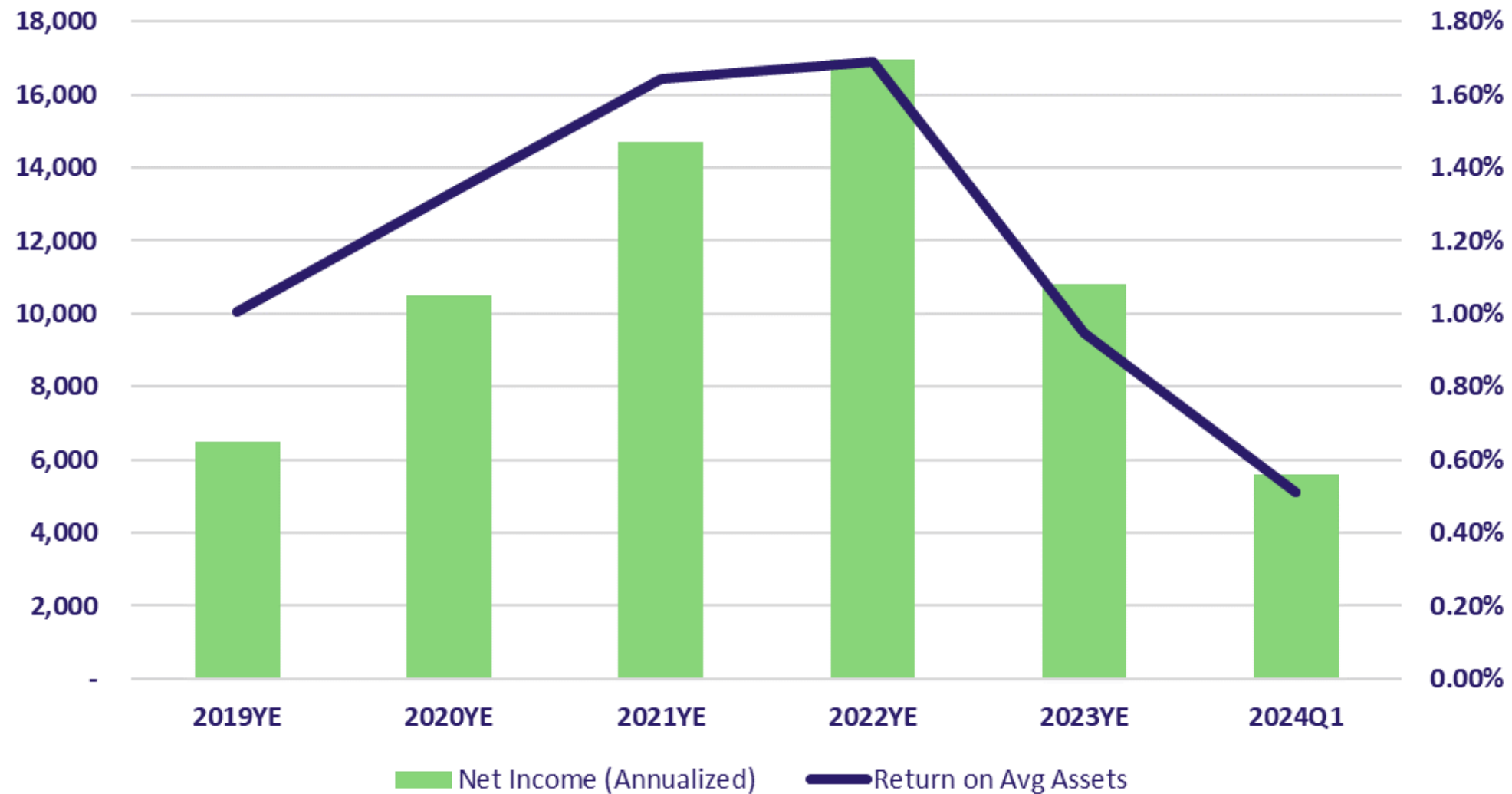
EVP & Chief Credit Officer

39 Years in the Industry

New to Summit State Bank

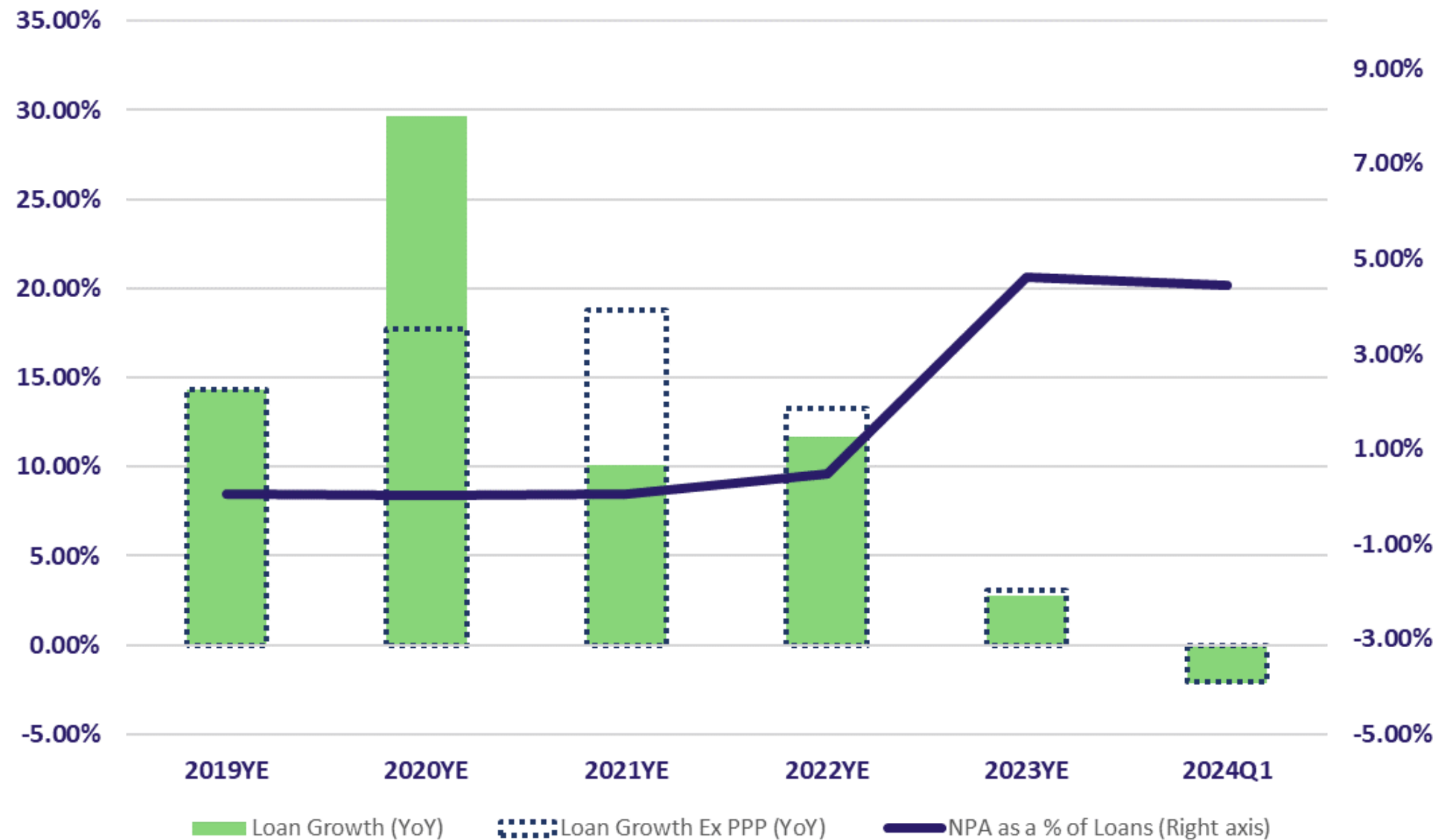
165 Years of Collective
Experience

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 \$950 M YTD Q1 2024 from \$2MM YTD Q1 2023. This is due to:
 - Reduced SBA Loan production
 - Reduced SBA Loan Sales
- 2024 Loan growth has been constrained due to current rate environment

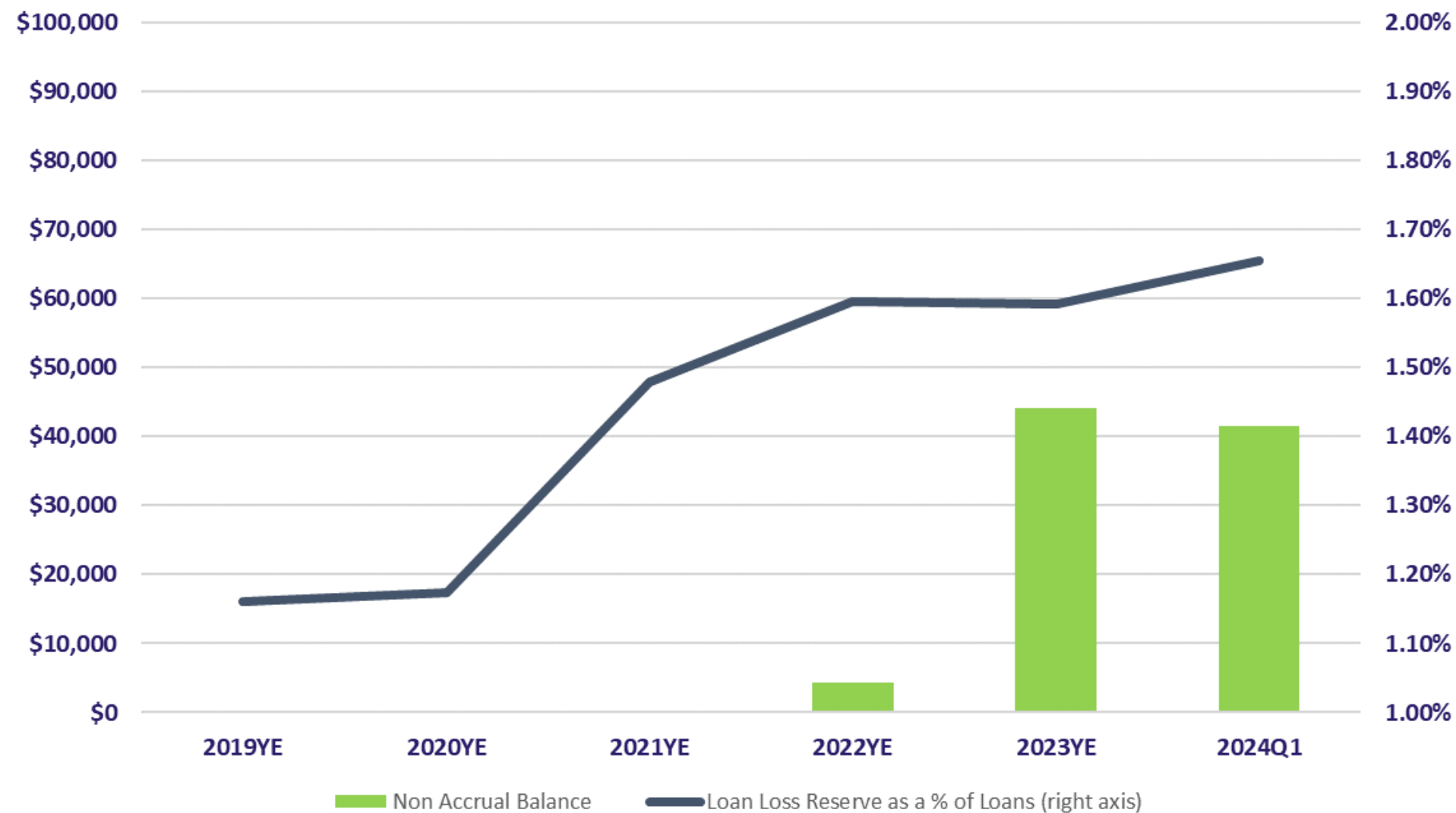
Loan Growth & Asset Quality



- Loan Growth has declined from prior periods due to elevated risk in the market partially attributable to higher interest rates
- Strong Reserves (Allowance for Loans & Lease Losses – ACL)
 - ACL is 1.66% and adequately covers the performing and non-performing portfolios
- Elevated Non-Performing Loans are primarily comprised of a group of large relationships that are well collateralized, and individually assessed and assigned specific reserves

Note: CECL Conversion as of January 1, 2021

Non-Performing Assets and Loan Loss Reserve



Note: CECL Conversion as of January 1, 2021

Non-Performing Loans:

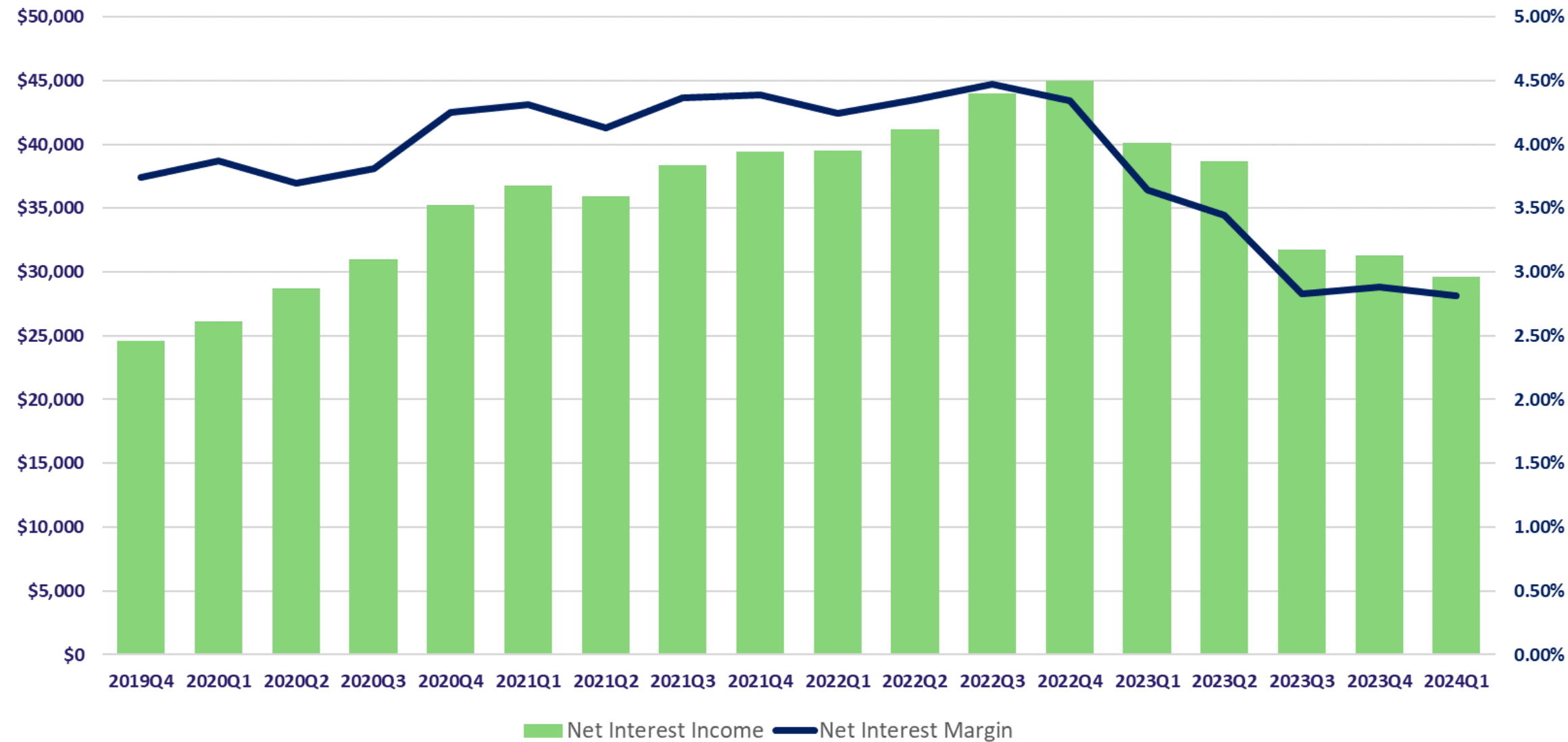
- 4 specific relationships make up 92% of non-performing assets as of Q1 2024
- \$3.6MM of specific reserves set aside for all Non-Performing assets
- General pool reserves remain at 1.35% (excluding specific relationships)

Historical Loan Losses

- Loan Losses, net of recoveries from 2018 through current result in a net recovery of \$100K
- Historically, actual losses during the Great Recession were ~1% of loans annually for 4 years

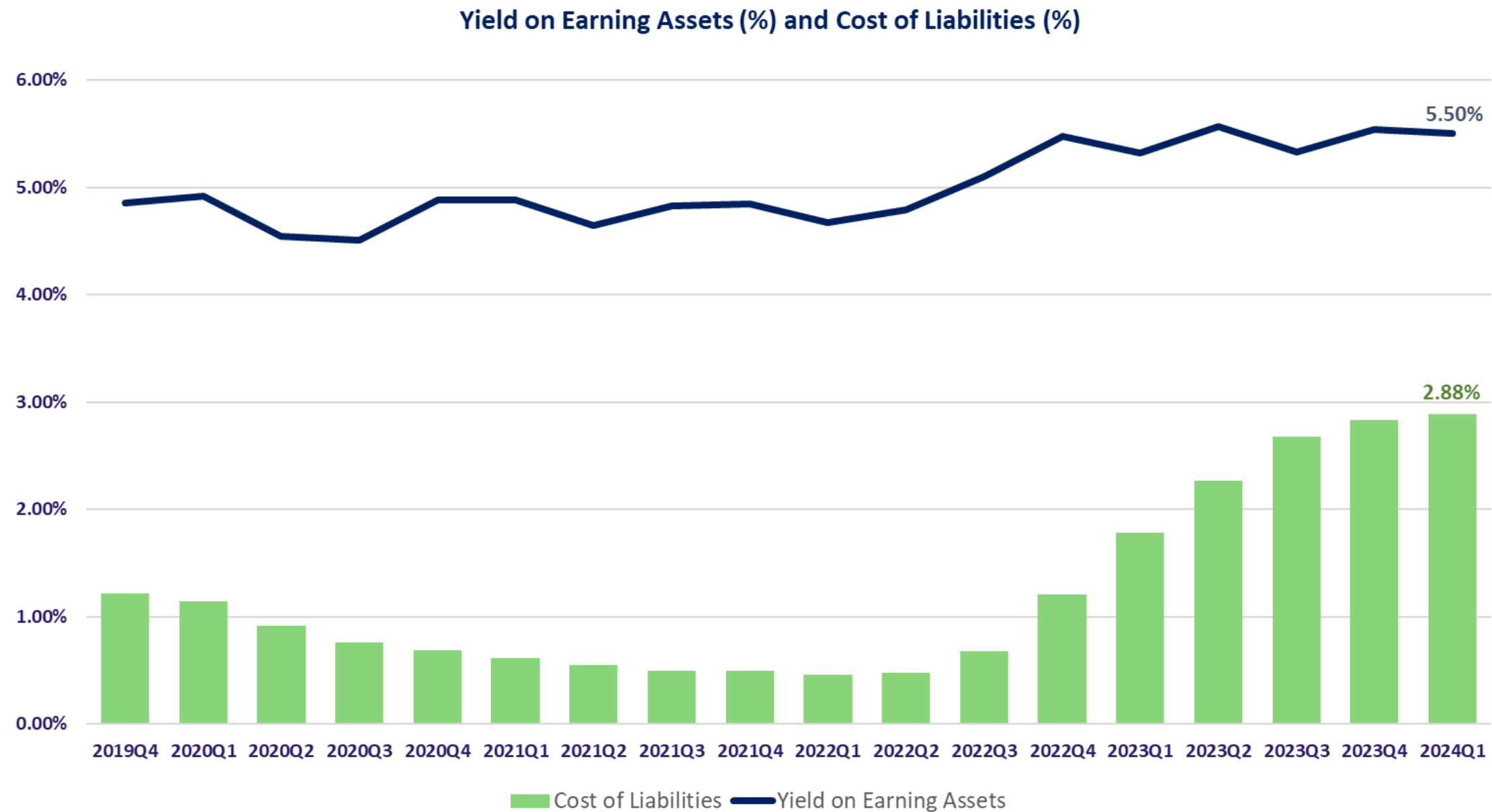
Interest Income & Interest Expense Management

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



- NIM compression and Net Interest Income decline due to elevated cost of funds and lower volume of new higher priced loans
- NIM and Net Interest Income compression is slowing as deposit repricing has slowed and more loans are repricing higher

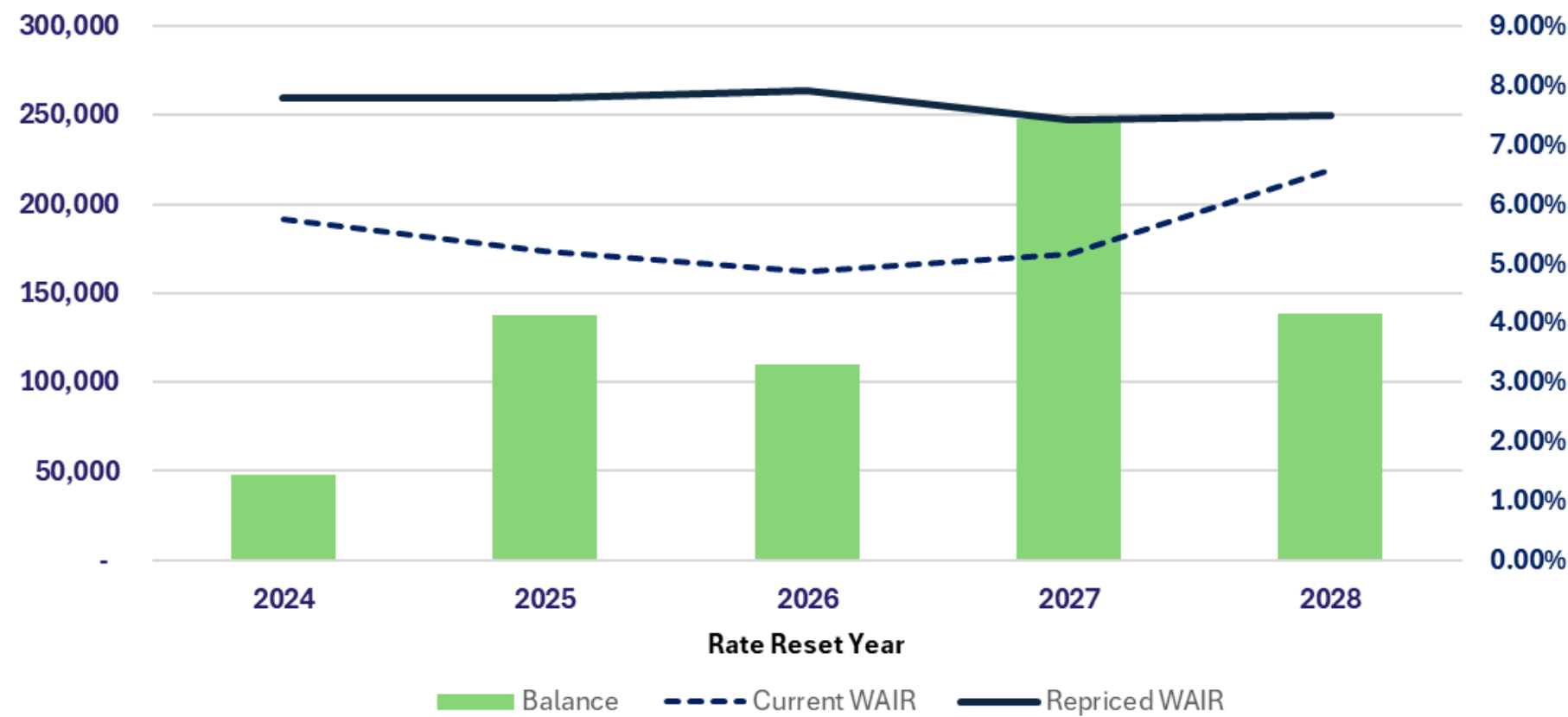
Yield on Earning Assets vs Cost of Liabilities



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

Treasury Indexed CRE – Contracted Rate Resets

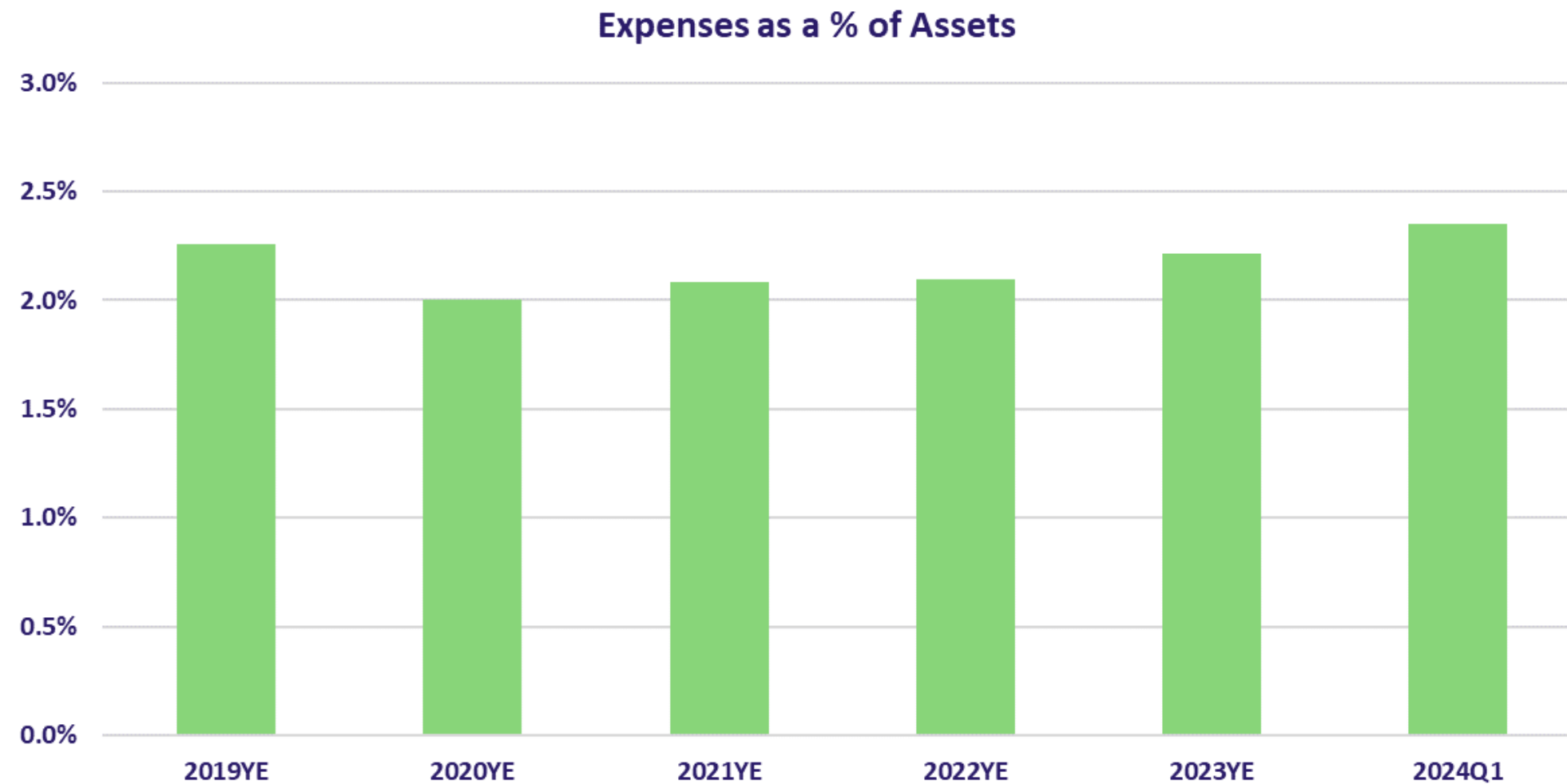
Treasury Indexed CRE - Contracted Rate Resets



- Most Treasury Indexed CRE Loans repriced every 5 years based on the corresponding Constant Maturity Treasury index
- Repriced rates reflect a snapshot of market rates as of 3/31/2024; 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
- In 2023 and 1Q 2024 \$54MM of Treasury Indexed CRE loans repriced

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.

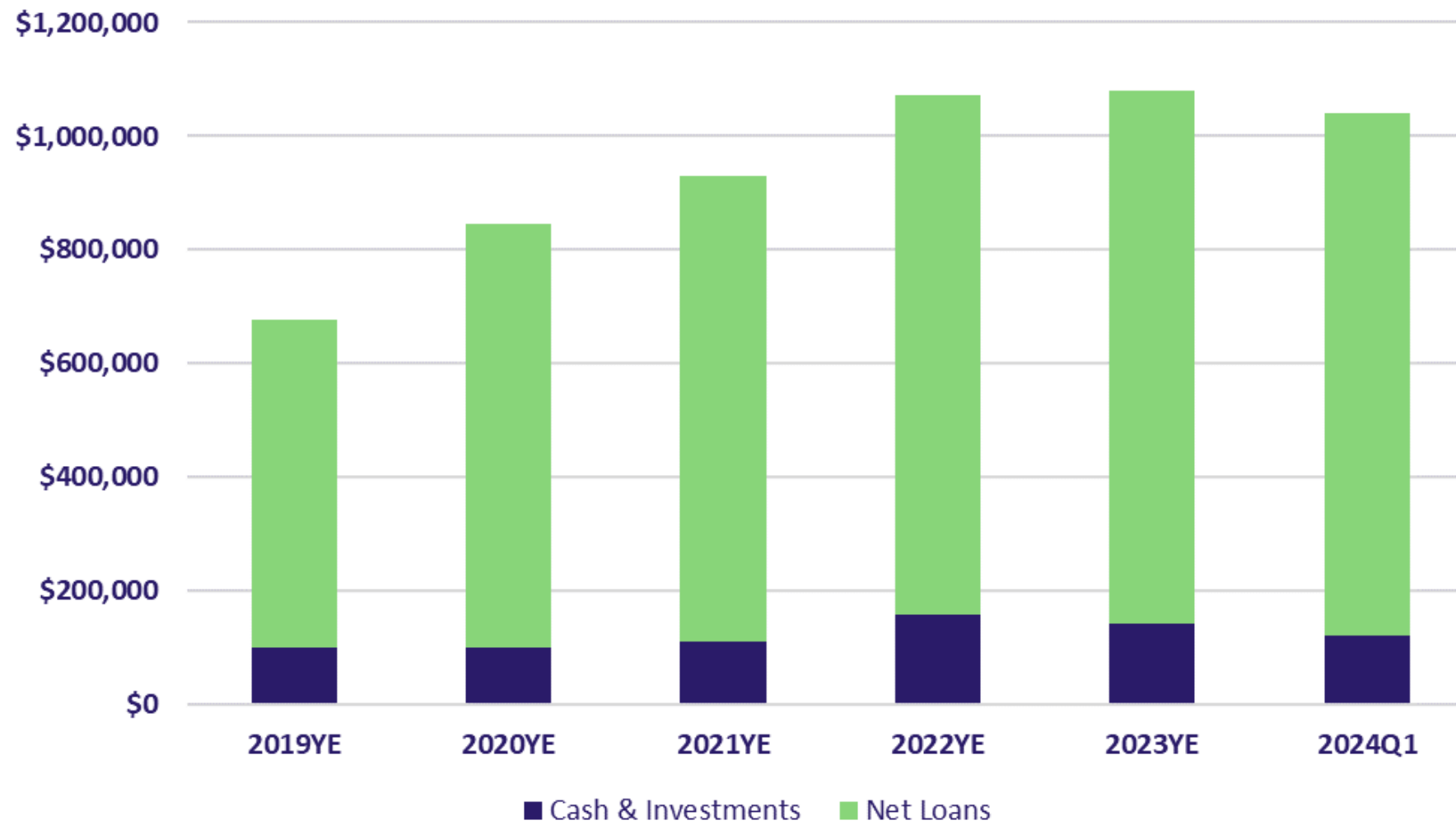
Managing Infrastructure Costs in an Inflationary Environment



- Expenses as a % of Total Assets has seen modest increases since the Pandemic
- Expenses are actively managed yet are increasing due to inflationary pressures
- Increase in 1Q 2024 partially driven by reduction in Total Assets

Assets Trends

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



- Focused Growth on Conventional CRE and SBA Guaranteed Loans with Targeted Yield at 7.35%
- Portfolio Loan Yield as of 2024Q1 at 5.83%
- Focused on Organic Loan Growth amid challenging market conditions

Loan Portfolio Composition

Total Loan Portfolio

Portfolio Product Types, %

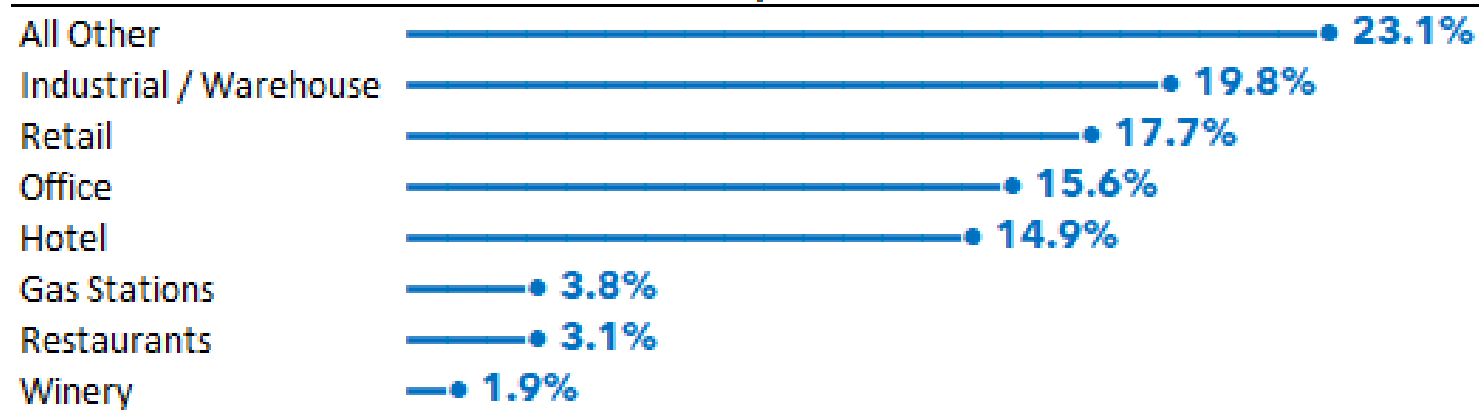


Diversified Portfolio with Manageable Risk

- Total Portfolio LTV 45% (ex C&I)
- CRE Segment LTV 49%

CRE Concentration (Investment & Owner Occupied)

Commercial Real Estate Concentration, %



Commercial Real Estate (CRE) Portfolio:

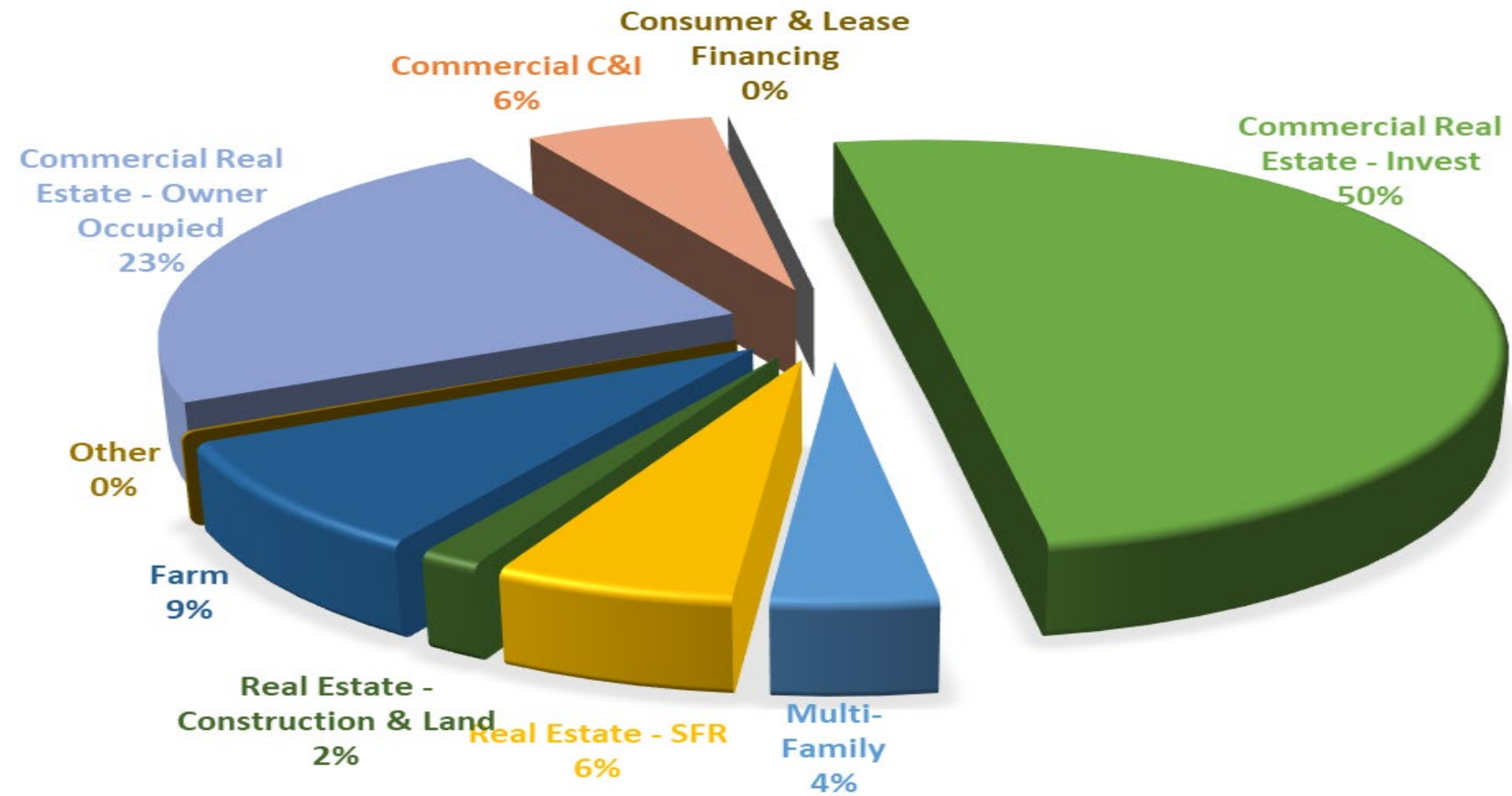
- Investment: 68% of segment, DSCR 1.92x
- Owner Occupied 32% of segment, DSCR 2.46x
- CRE LTV 49% for Property Types with Higher Risk

Commercial Real Estate (CRE) Segment Risks:

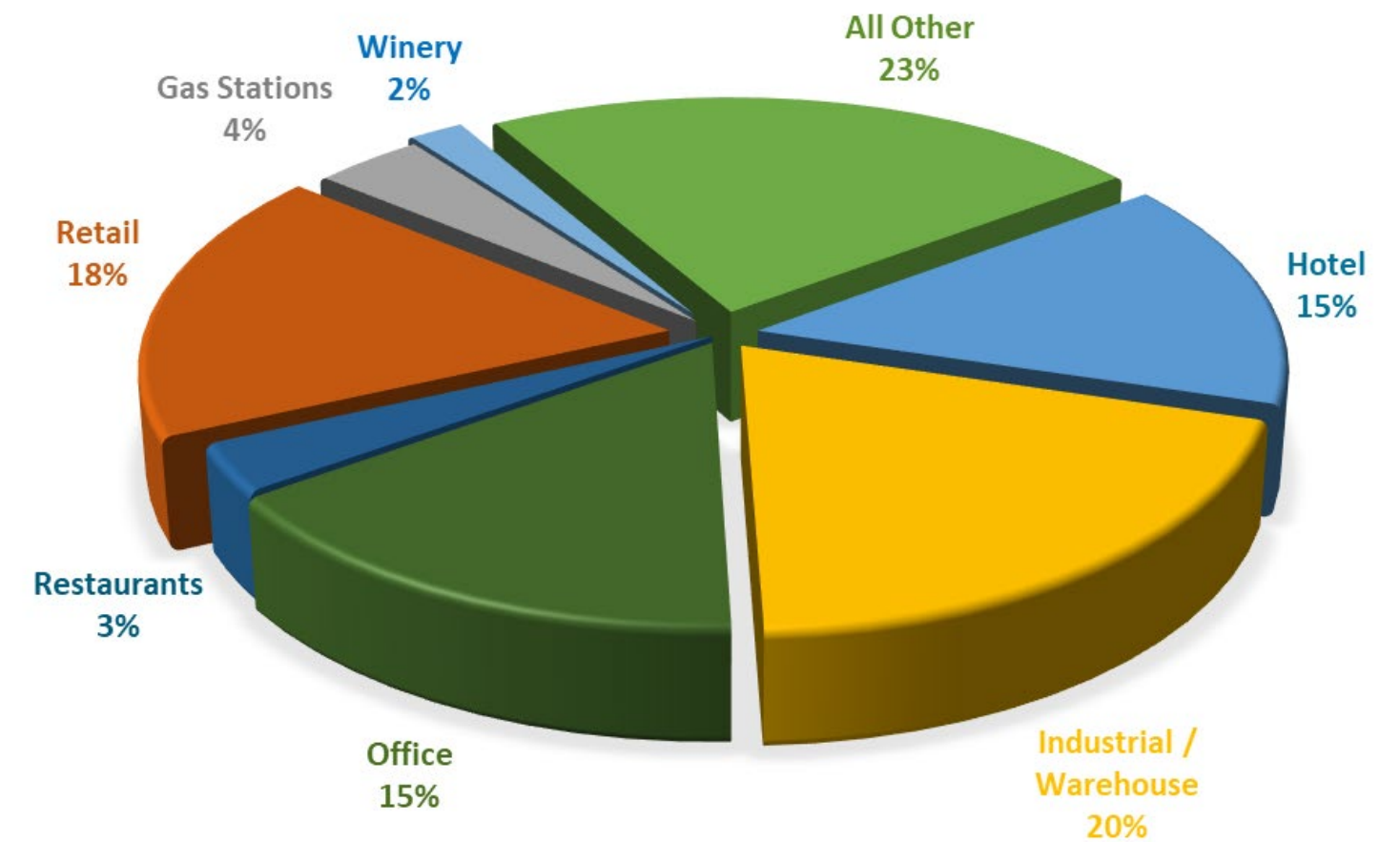
- Current Risks: Wineries, Hotels, and Restaurants at ~20% of CRE segment
- Post Pandemic Risks: Office at 16% of CRE segment (LTV 53%)

Loan Composition

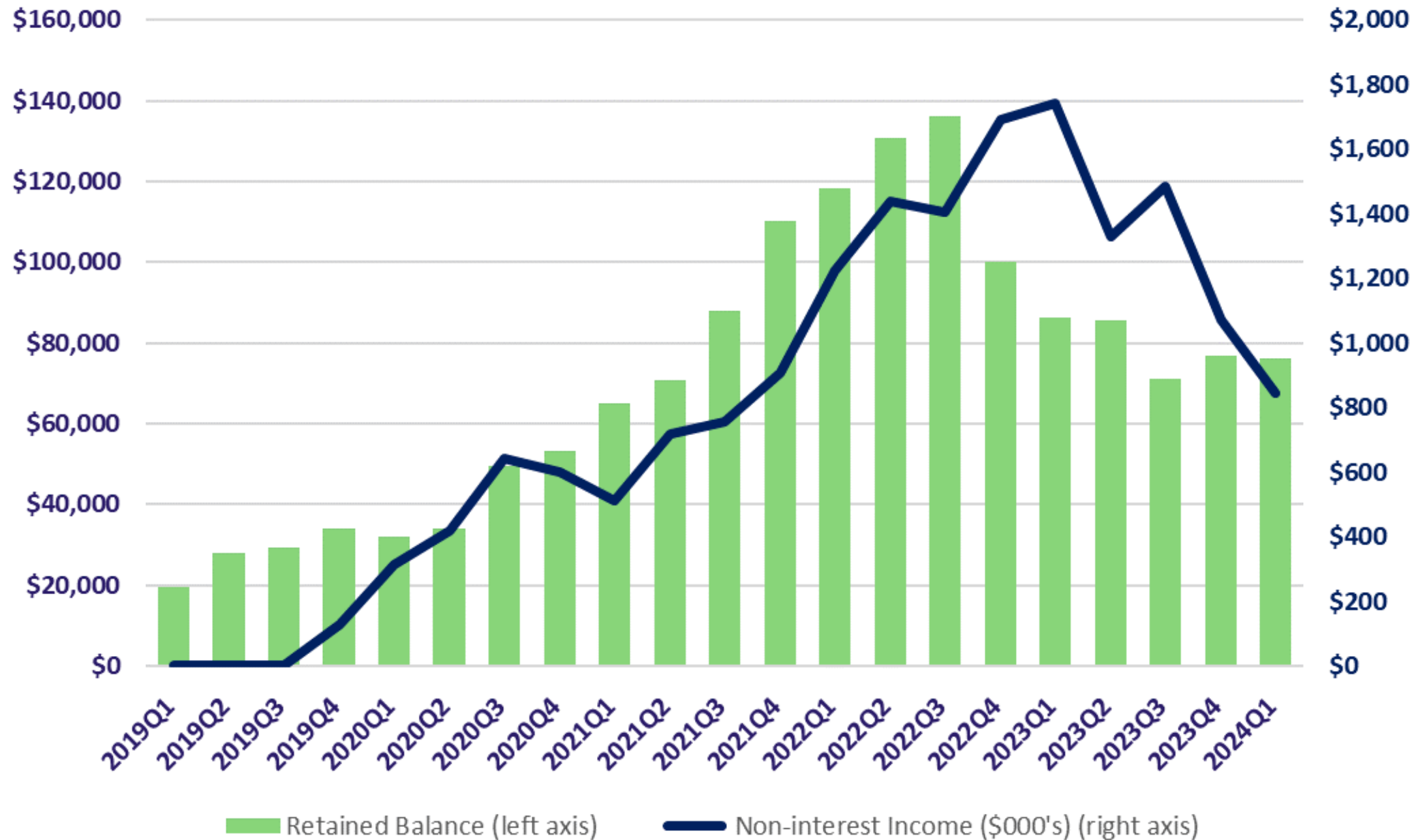
Total Loan Portfolio



CRE Loan Portfolio Concentration: Investment & Owner Occupied



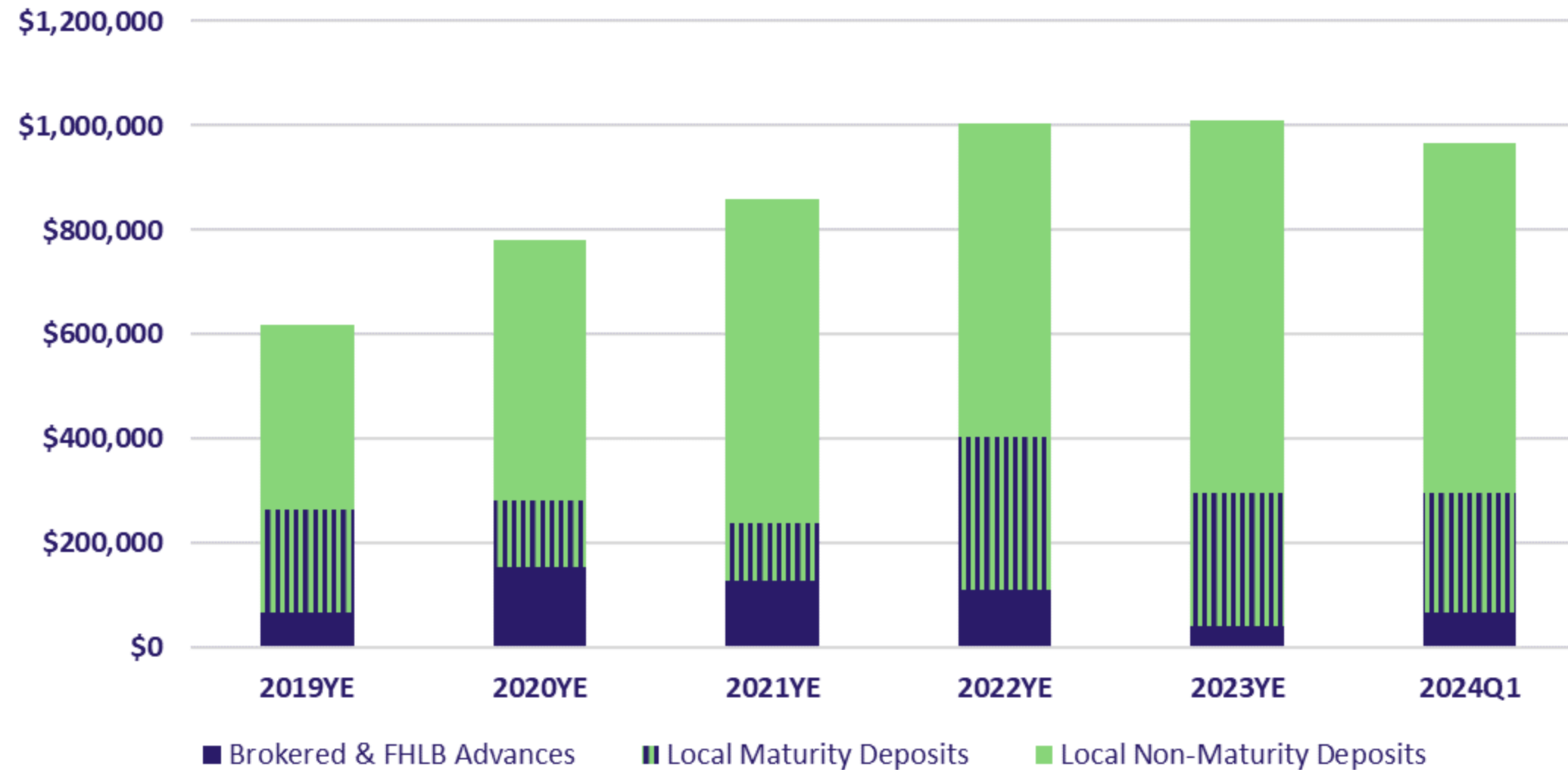
SBA Loan Program



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields ~ 11.4% (April 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 and slowing SBA originations

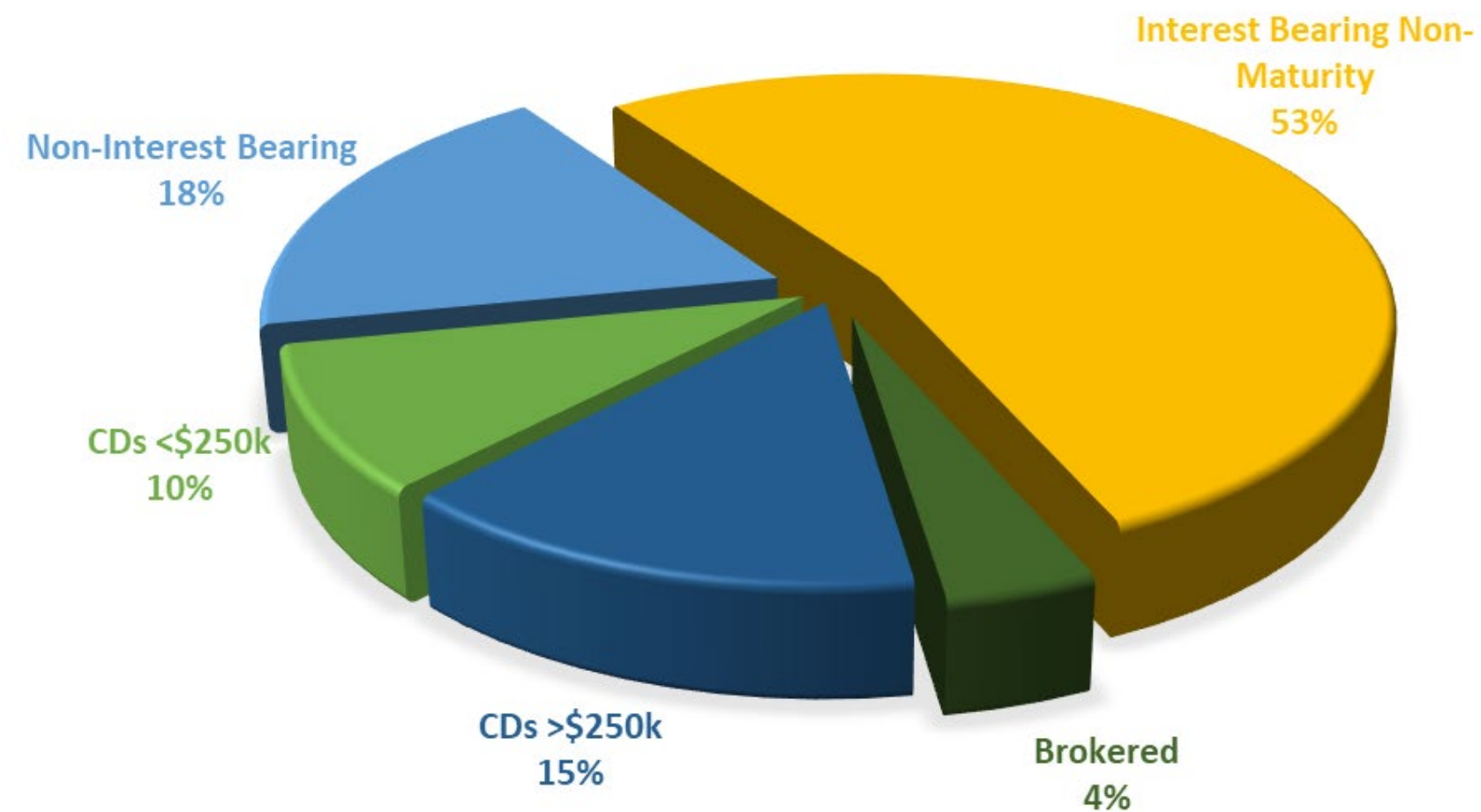
Liabilities Trends

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



- Continued Focus on Managing Local Non-Maturity Deposit Growth to match Loan Growth
- 1Q2024 Average Cost of Funds at 2.86%
- Deposit growth from 2018 to 1Q2024:
 - Local Non-Maturity Deposits went from 57% to 69% of Total Deposits
 - Total Local Deposits went from 89% to 93% of Total Deposits

Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
- 1Q2024 Average Cost of Deposits at 2.82%

Focus on Liquidity and Quality as of Q1 2024

- ❖ 113MM of Available Primary Liquidity
 - Including Cash and Investments Available for Sale
 - Primary Liquidity is 11%

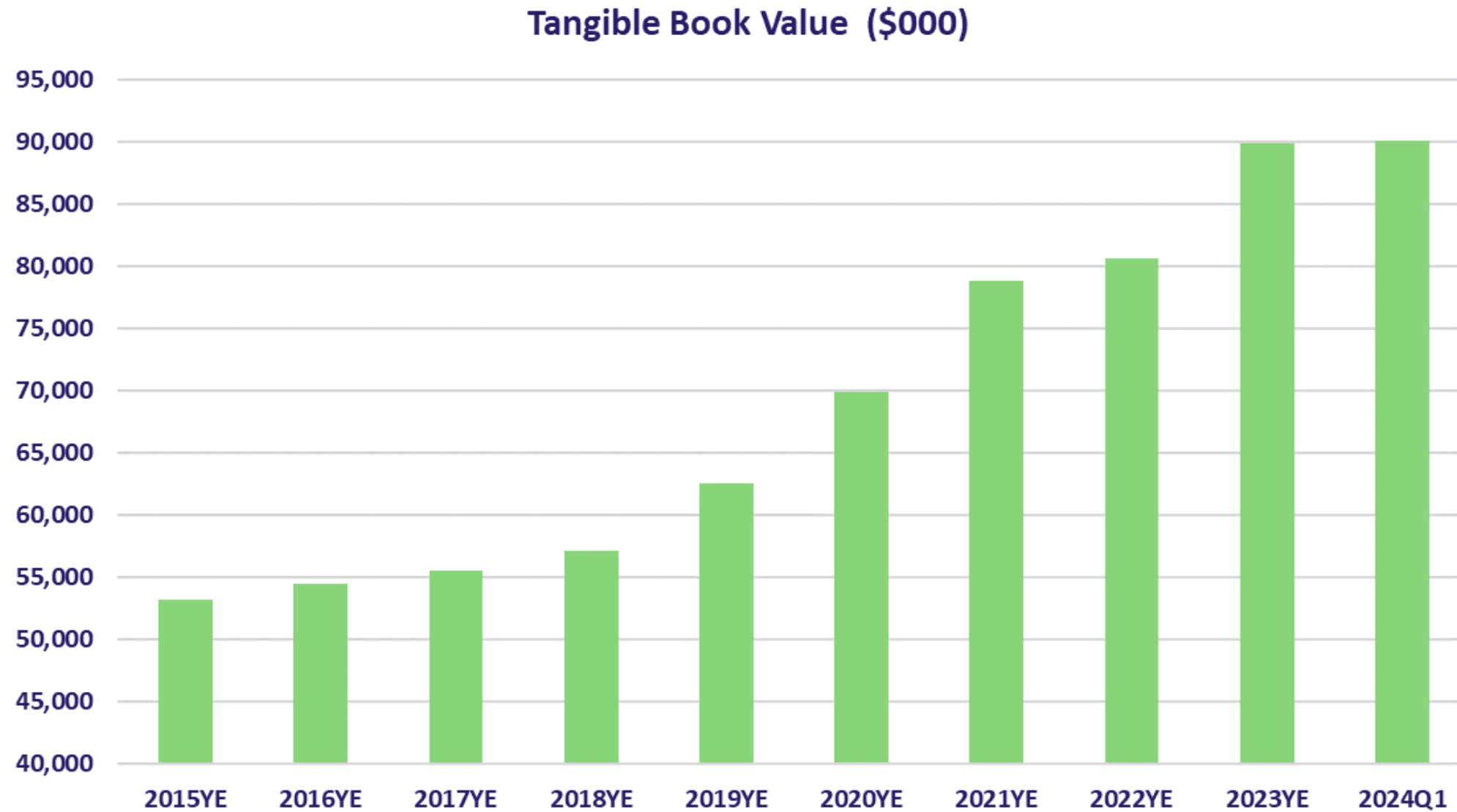
- ❖ \$305MM of Available Secondary Lines
 - Including FHLB, Federal Reserve Bank, and Fed Funds lines
 - Total Liquidity (Primary + Secondary Liquidity) is 39%

- ❖ \$200MM 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 23% of Deposits are uninsured by FDIC
 - Deposit Concentrations
 - Only 3 Depositors meet Regulatory definition of Large Depositors
 - Top 25 Depositors represent only 26% of Deposits as of Q1 2024
 - Total Local Deposits are 93% of Total Deposits

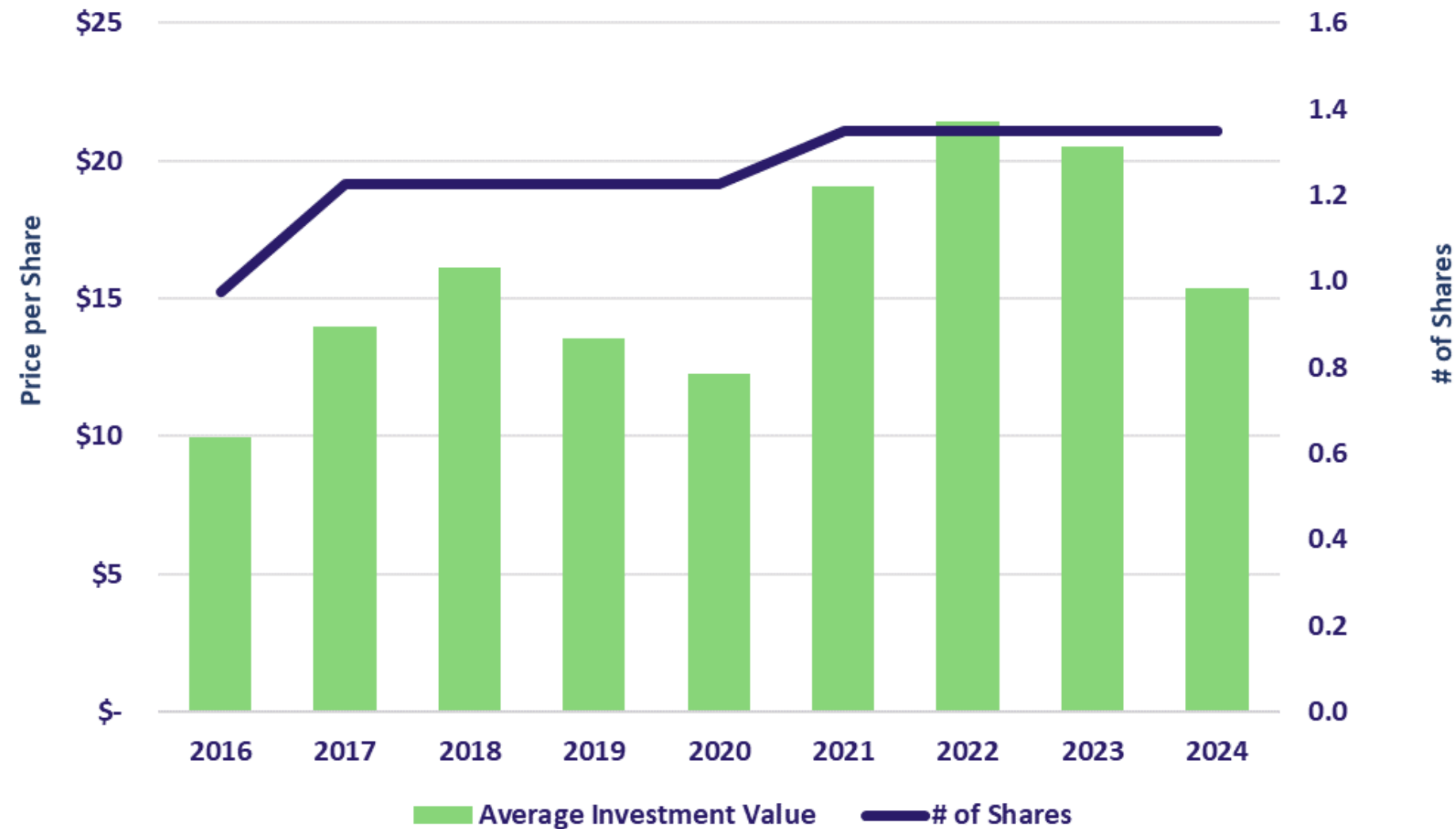
Tangible Book Value Growth



- Tangible Book Value has improved 58% since 2018, or 11% annualized growth
- Tangible Book Value growth has solely been driven by retention of earnings

Consistently Delivering Strong Stock Value

Investment in 1 share since 2016



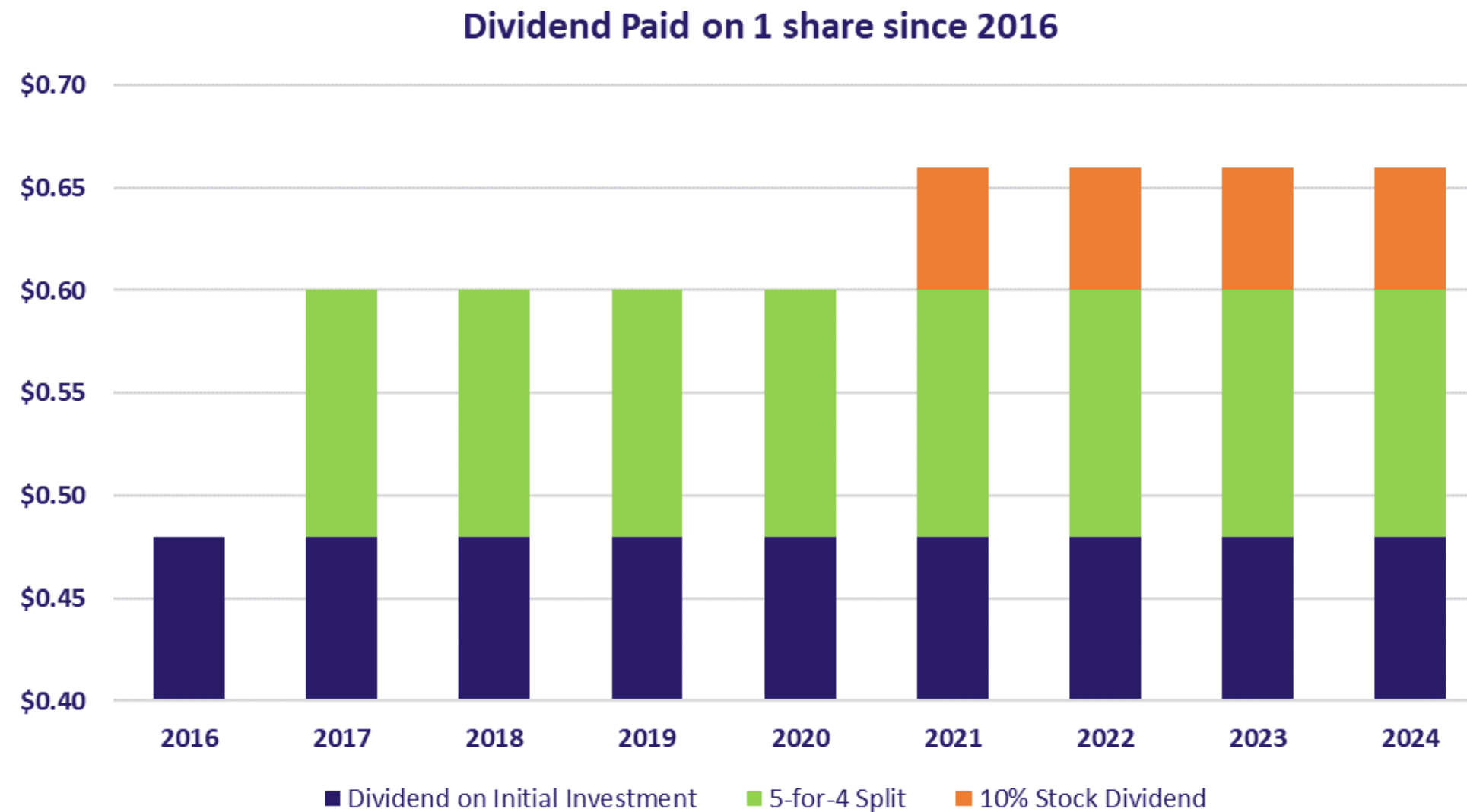
Graph illustrates investment in 1 share of stock beginning in 2016

- 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 54% since 2016, or an average of 7% per year

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

number of shares

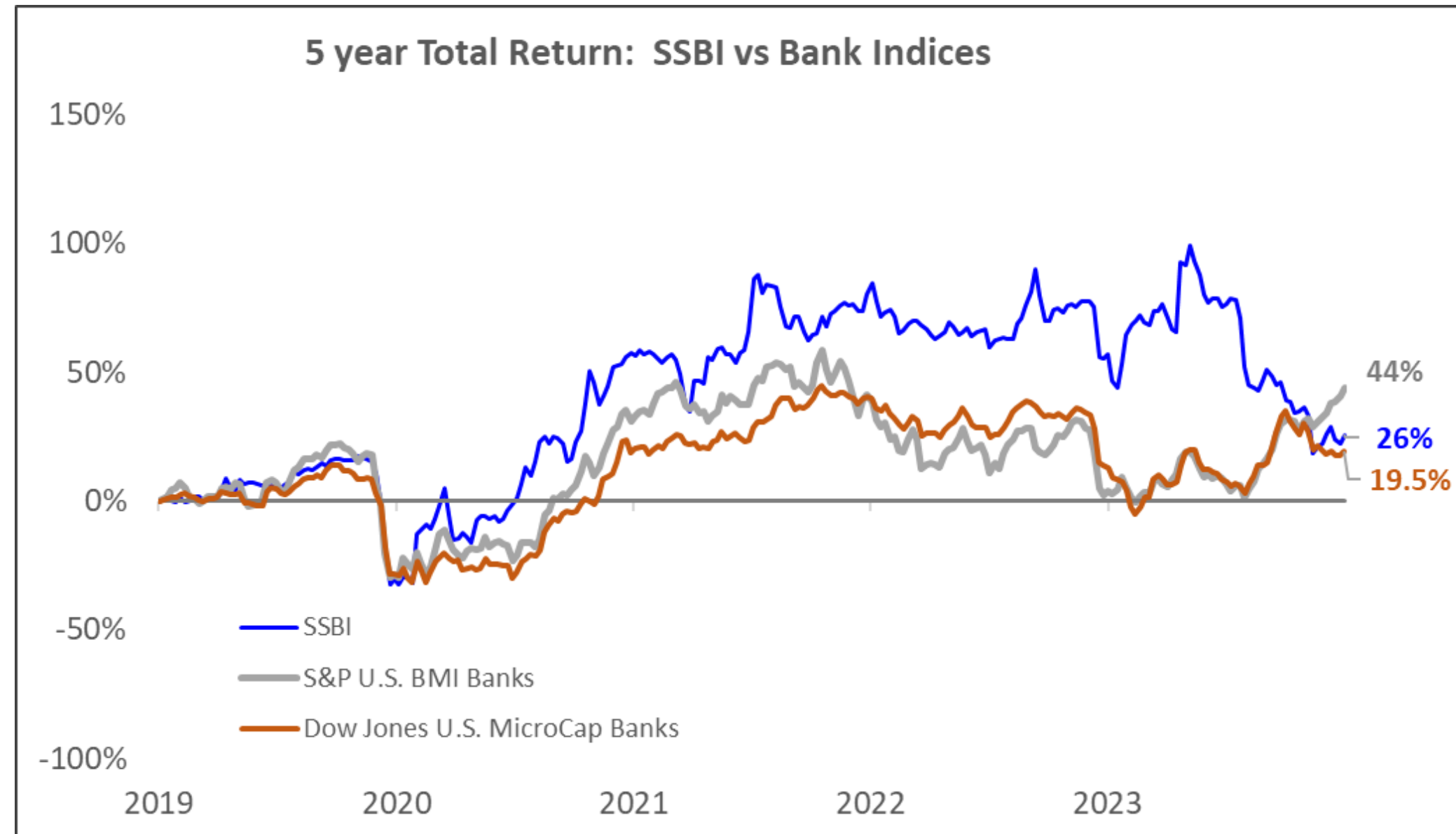
Consistent Dividend Return



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 Versus Bank Indices



Total 5-year Return vs Bank Indices as of Q1 2024

Awards and Accolades

Best Places to Work
North Bay Business Journal

Best Business Bank
North Bay biz magazine

Top Performing Banks
ICBA

Raymond James Bankers Cup
Raymond James

Super Premier Performance
Findley Reports

Bank & Thrift Sm - All Stars
Piper Sandler

Corporate Philanthropy Award
SF Business Times

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
- ❖ Consistent Total Return to Shareholders
- ❖ Experienced and dedicated Board of Directors with strong local ties

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. 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 future financial condition 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; and expectations regarding the performance of loans and loan repayments. 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.



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