



June 5, 2026

Dear Valued Shareholders,

We are pleased to share our results for the quarter ended March 31, 2026. Throughout the first quarter, we continued our commitment to executing on our strategic priorities. In the first quarter net income came in at \$1,674,000, versus \$2,494,000 the prior year. However, pre-tax, pre-provision income improved meaningfully, up 34.4% going from \$2,472,000 to \$3,320,000. We are well positioned for continued margin improvement.

At our core, we are a community bank that exists to serve local businesses and families, and that mission continues to guide every decision we make. As previously stated, core banking operations performed well during the first quarter, with improved net interest margin and expense control serving as the primary drivers. Our net interest margin was 3.77% during the first quarter, an expansion by 58 basis points compared to the year ago. The primary difference is the cost of deposits decreased to 2.23% in the first quarter of 2026 compared to 2.68% in the first quarter of 2025. The net interest margin is also being positively impacted by the continued repricing of our loan portfolio translating into stronger earnings capacity and we remain focused on sustaining that trajectory.

During the first quarter, the Bank continued to strategically manage its loan and deposit portfolios to reduce balance sheet risk and improve liquidity and capital ratios. As a result, net loans decreased 12% to \$776,109,000, and total deposits decreased 8% to \$879,259,000 as of March 31, 2026 compared to March 31, 2025. We've made progress in diversifying our total loan portfolio, between industries and product type.

While we have made meaningful progress in the resolution of credit problem credits over the past year, nonperforming loans are still at elevated levels with the preponderance of balances in four relationships. Those relationships total \$30,000,000 out of the total nonperforming balance of \$33,000,000. Just under 50% of the nonaccrual portfolio were current on contractual payments. Outside of these isolated situations, the broader portfolio continues to perform well, with past dues at 0.41% of total loans at March 31, 2026 – most of which are matured loans being renewed. Restoring consistent improvement in credit metrics remains a top priority, and we are confident in our team's ability to work through these challenges responsibly.

Our commitment to operational efficiency is a strategic priority that runs throughout every corner of the Bank, not by compromising the quality of service our customers have come to expect, but by finding smarter, more disciplined ways to deliver it. Operating expenses increased by 7.76% in the first quarter compared to the year prior, primarily due to an increase in employee-related benefits.

Summit State Bank maintains a strong capital position and the liquidity necessary to support our operations and strategic priorities for the remainder of the year. The Tier-1 leverage ratio for the first quarter of 2026 was 10.67%, an increase compared to 9.45% for the first quarter of 2025, which well exceeds the regulatory minimum of 5% to be categorized as "well-capitalized". Total liquidity remained solid at \$477 million, representing 47.9% of total assets.

Looking ahead to the remainder of the year, we remain attentive to the evolving interest rate environment, economic conditions, and the opportunities in our markets. We believe our improving margins, strong capital, liquidity, and credit loss reserves position us well for the quarters ahead. We are proud of the progress our team has made and confident in our ability to build on it as we move forward.

Thank you for your continued trust and support. We value your confidence in our organization and remain committed to delivering long-term value for our shareholders, customers, employees, and communities.

Sincerely,



Brian Reed
President & CEO



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summitstatebank.com