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): April 29, 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 2.02. Results of Operations and Financial Condition.

On April 29, 2025, the registrant issued the press release attached hereto as Exhibit 99.1 and incorporated herein by reference regarding the results of operations for the three months ended March 31, 2025.

Item 9.01. Financial Statements and Exhibits

(c) 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: April 29, 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	Press release of Summit State Bank dated April 29, 2025, announcing results of operation for the three months ended March 31, 2025.

News Release

For Immediate Release

Contact: Brian Reed, President and CEO, Summit State Bank (707) 568-4908

Summit State Bank Earns $2.5 Million, or $0.37 Per Diluted Share, in First Quarter 2025

SANTA ROSA, CA – (April 29, 2025) – Summit State Bank (the "Bank") (Nasdaq: SSBI) today reported net income of $2,494,000, or $0.37 per diluted share for the first quarter ended March 31, 2025, compared to net income of $1,395,000, or $0.21 per diluted share for the first quarter ended March 31, 2024.

"Our operating performance for the first quarter of 2025 was a significant improvement over the prior quarter, fueled by strong net interest income generation and net interest margin expansion," said Brian Reed, President and CEO. "We are feeling positive about our earnings trajectory, as we have made significant progress in resolving problem loans which negatively impacted the Bank's performance in 2024. While market volatility continues throughout the financial sector, we will remain consistent with our balance sheet management and operating procedures. Continued repricing of our deposit and loan portfolio is expected to have a positive impact on our net interest margin and financial results going forward."

"We continue to focus on maintaining strong capital levels by strategically managing the balance sheet and suspending cash dividends," said Reed. "As such, the Board determined it will also suspend cash dividends in the second quarter of 2025 so that we can continue to build capital, increase liquidity, and position the Bank to create long-term value for our shareholders."

"Another highlight of the first quarter was the substantial decrease in problem loans and non-performing assets," said Reed. "We have been aggressively pursuing solutions to problem loans and have reduced our non-performing loans by $10,307,000 during the first quarter of 2025 compared to the preceding quarter, and by $24,101,000 compared to a year ago. Additionally, we anticipate non-performing loans will be further reduced by $8,016,000 in the second quarter of 2025 as a result of loan payoffs from the sale of collateral that is currently under contract. These loans represent 46% of our $17,400,000 in non-performing loans. We are encouraged with our progress in resolving problem loans and will continue to make this a primary focus of the Bank."

First Quarter 2025 Financial Highlights (at or for the three months ended March 31, 2025)

- Net income was $2,494,000, or $0.37 per diluted share, compared to $1,395,000, or $0.21 per diluted share, in the first quarter of 2024 and a net loss of $7,142,000, or $1.06 loss per diluted share for the quarter ended December 31, 2024.
- Net interest margin was 3.19% in the first quarter of 2025 compared to 2.81% in the first quarter of 2024 and 2.88% in the fourth quarter of 2024.
- Non-performing assets decreased to $21,884,000 at March 31, 2025 compared to $41,548,000 in non-performing assets at March 31, 2024 and $32,191,000 at December 31, 2024.
- Collateral relating to three of the non-performing loans to one borrower is under contract to sell in the second quarter of 2025 and the expected proceeds represent 46% or $8,016,000 of the remaining $17,447,000 of non-performing loans.
- The Bank's Tier 1 Leverage ratio increased to 9.45% at March 31, 2025 compared to 9.21% at March 31, 2024. This ratio remains well above the minimum of 5% required to be considered "well-capitalized" for regulatory capital purposes.
- The Bank's annualized return on average assets and annualized return on average equity for the first quarter of 2025 was 0.95% and 10.80%, respectively. This compared to annualized return on average assets and annualized return on average equity for the first quarter of 2024 of 0.51% and 5.74%, respectively.
- The allowance for credit losses to total loans was 1.53% at March 31, 2025 compared to 1.66% one year earlier and 1.49% in the preceding quarter.
- The Bank maintained strong total liquidity of $448,039,000, or 42.1% of total assets as of March 31, 2025. This includes on balance sheet liquidity (cash and equivalents and unpledged available-for-sale securities) of $141,145,000 or 13.3% of total assets, plus available borrowing capacity of $306,894,000 or 28.9% of total assets.
- The Bank has been strategically managing its loan and deposit portfolios to *reduce risk in the balance sheet and improve capital ratios.* The Bank has been successful in reducing the size of its balance sheet as noted below:
    - Net loans decreased 4% to $877,354,000 at March 31, 2025, compared to $917,685,000 one year earlier and decreased 3% compared to $905,075,000 in the fourth quarter of 2024.
    - Total deposits increased 2% to $957,065,000 at March 31, 2025, compared to $939,202,000 at March 31, 2024, and decreased 1% when compared to the fourth quarter of 2024, at $962,562,000.
- Book value was $14.07 per share, compared to $14.43 per share a year ago and $13.53 in the fourth quarter of 2024.

Operating Results

For the first quarter of 2025, the annualized return on average assets was 0.95% and the annualized return on average equity was 10.80%. This compared to an annualized return

on average assets of 0.51% and an annualized return on average equity of 5.74%, respectively, for the first quarter of 2024.

“The 31 basis point improvement in our net interest margin during the first quarter of 2025, compared to the preceding quarter, was a result of lower cost of funds as well as higher loan yields as existing loans continue to reprice,” said Reed. “We anticipate additional improvement to our net interest margin over the next few quarters as time deposits and loans reprice.” The Bank’s net interest margin was 3.19% in the first quarter of 2025 compared to 2.81% in the first quarter of 2024 and 2.88% in fourth quarter of 2024.

Interest and dividend income increased 0.4% to $14,542,000 in the first quarter of 2025 compared to $14,477,000 in the first quarter of 2024. The increase in interest income is attributable to a $146,000 increase in interest and fees on loans, an increase of $115,000 in interest on deposits with banks offset by a $197,000 decrease in interest on investment securities.

Interest expense decreased 9% to $6,464,000 in the first quarter of 2025 compared to $7,070,000 in the first quarter of 2024. The decrease in interest expense is primarily attributable to a $498,000 decrease in interest expense on deposits resulting from lower cost of funds and a $150,000 decrease in interest expense on Federal Home Loan Bank advances due to decreased borrowing volume.

Noninterest income decreased in the first quarter of 2025 to $646,000 compared to $948,000 in the first quarter of 2024. The decrease is primarily attributed to the Bank recognizing $514,000 in gains on sales of SBA guaranteed loan balances in the first quarter of 2024 compared to $22,000 in gains on sales of SBA guaranteed loan balances in the first quarter of 2025.

“We have worked hard at implementing significant cost savings throughout the Bank to improve operating efficiencies,” said Reed. Operating expenses decreased in the first quarter of 2025 to $6,253,000 compared to $6,400,000 in the first quarter of 2024. The savings is primarily due to a decrease of $455,000 in salaries and employee benefits from an 8% reduction in force due to a cost savings initiative in the fourth quarter of 2024 offset by an increase in FDIC deposit insurance and stock appreciation rights expense in the first quarter of 2025.

Balance Sheet Review

During the first quarter of 2025, the Bank strategically managed its loan and deposit portfolios to reduce balance sheet risk and improve liquidity and capital ratios. *As a result,* net loans decreased 4% to $877,354,000 and total deposits increased 2% to $957,065,000 as of March 31, 2025 compared to March 31, 2024.

Net loans were $877,354,000 at March 31, 2025 compared to $917,685,000 at March 31, 2024, and decreased 3% compared to December 31, 2024. The Bank’s largest loan types are commercial real estate loans which make up 78% of the portfolio and loans “secured by farmland” totaling 8% of the portfolio. Of the commercial real estate total,

approximately 33% or $222,334,000 is owner occupied and the remaining 67% or $443,684,000 is non-owner occupied. The Bank's entire loan portfolio is well diversified between industries and product type. The office space product type totals $154,512,000 or 17% of the total loan portfolio; of this total owner occupied is $59,563,00 or 39% and non-owner occupied is $94,949,000 or 61%.

Total deposits were $957,065,000 at March 31, 2025 compared to $939,202,000 at March 31, 2024, and decreased 1% compared to the prior quarter end. At March 31, 2025, noninterest bearing demand deposit accounts increased 11% compared to a year ago and represented 21% of total deposits; savings, NOW and money market accounts decreased 10% compared to a year ago and represented 46% of total deposits, and CDs increased 17% compared to a year ago and comprised 33% of total deposits.

Shareholders' equity was $95,341,000 at March 31, 2025, compared to $97,878,000 one year earlier and $91,723,000 three months earlier. The decrease in shareholders' equity compared to a year ago was due to a reduction in retained earnings. At March 31, 2025 book value was $14.07 per share, compared to $13.53 three months earlier, and $14.43 at March 31, 2024.

The Bank's Tier 1 Leverage ratio continues to exceed the minimum of 5% necessary to be categorized as "well-capitalized" for regulatory capital purposes. The Tier-1 leverage ratio for the first quarter of 2025 was 9.45%, an increase compared to 9.21% for the first quarter of 2024.

Credit Quality

Non-performing assets were $21,884,000, or 2.06% of total assets, at March 31, 2025. This compared to $32,191,000 in non-performing assets at December 31, 2024, and $41,548,000 in non-performing assets at March 31, 2024. Non-performing assets include $4,437,000 for one other real estate owned property at March 31, 2025 and December 31, 2024, compared to no other real estate owned property at March 31, 2024.

"While we are encouraged with the improvements in credit quality metrics, our primary focus remains on managing asset quality and reducing portfolio risk," said Reed. "As of March 31, 2025, six loans to two borrowers totaling $16,047,000 or 92% of our non-performing loans are "secured by farmland," a sector that has been hit hard by the current economic environment. Outside of these loans, the Bank holds a small portion, $54,714,000 or 6%, of its total loans in this industry and actively monitors the performance of these loans. Collateral relating to three of these loans to one borrower is under contract to sell during the second quarter of 2025 and represents 46% or $8,016,000 of the total non-performing loan portfolio."

There was $509,000 in net recoveries during the three months ended March 31, 2025, compared to $8,343,000 in net charge-offs during the three months ended December 31, 2024 and net recoveries of $281,000 during the three months ended March 31, 2024.

For the first quarter of 2025, consistent with factors within the allowance for credit losses model, the Bank recorded a $577,000 reversal of credit loss expense for loans due to a

$509,000 recovery received on a paid off loan previously charged-off, a $38,000 reversal of credit losses for unfunded loan commitments and a $13,000 reversal of credit losses on investments. This compared to a $15,000 reversal of credit loss expense on loans, a $65,000 reversal of credit losses on unfunded loan commitments and a $5,000 reversal of credit losses on investments in the first quarter of 2024. The allowance for credit losses to total loans was 1.53% on March 31, 2025, and 1.66% on March 31, 2024.

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 $95 million as of March 31, 2025. 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.

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-Q for the period ended March 31, 2025, 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, 2024 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.

SUMMIT STATE BANK
STATEMENTS OF INCOME
(In thousands except earnings per share data)

	Three Months Ended		
	March 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	March 31, 2024 (Unaudited)
Interest and dividend income:			
Interest and fees on loans	$ 13,420	$ 13,623	$ 13,274
Interest on deposits with banks	477	655	362
Interest on investment securities	515	530	712
Dividends on FHLB stock	130	127	129
Total interest and dividend income	14,542	14,935	14,477
Interest expense:			
Deposits	6,288	7,099	6,786
Federal Home Loan Bank advances	40	6	190
Junior subordinated debt	136	128	94
Total interest expense	6,464	7,233	7,070
Net interest income before provision for (reversal of) credit losses	8,078	7,702	7,407
(Reversal of) provision for credit losses on loans	(577)	6,570	(15)
(Reversal of) provision for credit losses on unfunded loan commitments	(38)	154	(65)
(Reversal of) credit losses on investments	(13)	(2)	(5)
Net interest income after provision for (reversal of) credit losses on loans, unfunded loan commitments and investments	8,706	980	7,492
Non-interest income:			
Service charges on deposit accounts	225	225	233
Rental income	57	61	60
Net gain on loan sales	22	857	514
Net gain on securities	-	6	-
Loss on valuation of other real estate owned	-	(693)	-
Other income	342	224	141
Total non-interest income	646	680	948
Non-interest expense:			
Salaries and employee benefits	3,727	3,429	4,182
Occupancy and equipment	421	413	485
Goodwill impairment	-	4,119	-
Other expenses	2,105	2,239	1,733
Total non-interest expense	6,253	10,200	6,400
Income (loss) before provision for income taxes	3,099	(8,540)	2,040
Provision for income tax expense (benefit)	605	(1,398)	645
Net income (loss)	$ 2,494	$ (7,142)	$ 1,395
Basic earnings (loss) per common share	$ 0.37	$ (1.06)	$ 0.21
Diluted earnings (loss) per common share	$ 0.37	$ (1.06)	$ 0.21
Basic weighted average shares of common stock outstanding	6,719	6,719	6,698
Diluted weighted average shares of common stock outstanding	6,719	6,719	6,698

SUMMIT STATE BANK
BALANCE SHEETS
(In thousands except share data)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
ASSETS			
Cash and due from banks	$ 72,408	$ 51,403	$ 37,712
Total cash and cash equivalents	72,408	51,403	37,712
Investment securities:			
Available-for-sale, less allowance for credit losses of $23, $36 and $53 (at fair value; amortized cost of $79,827, $80,887 and $96,973)	68,737	68,228	83,832
Loans, less allowance for credit losses of $13,625, $13,693 and $15,487	877,354	905,075	917,685
Bank premises and equipment, net	5,057	5,155	5,287
Investment in Federal Home Loan Bank stock (FHLB), at cost	5,889	5,889	5,541
Goodwill	-	-	4,119
Other Real Estate Owned	4,437	4,437	-
Affordable housing tax credit investments	7,202	7,413	8,165
Accrued interest receivable and other assets	22,279	19,494	17,850
Total assets	$ 1,063,363	$ 1,067,094	$ 1,080,191
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Demand - non interest-bearing	$ 198,736	$ 185,756	$ 179,328
Demand - interest-bearing	192,764	193,355	222,313
Savings	39,000	47,235	48,214
Money market	212,900	226,879	222,153
Time deposits that meet or exceed the FDIC insurance limit	93,154	70,717	65,763
Other time deposits	220,511	238,620	201,431
Total deposits	957,065	962,562	939,202
Federal Home Loan Bank advances	-	-	28,600
Junior subordinated debt	5,938	5,935	5,924
Affordable housing commitment	511	511	4,094
Accrued interest payable and other liabilities	4,508	6,363	4,493
Total liabilities	968,022	975,371	982,313
Shareholders' equity			
Preferred stock, no par value; 20,000,000 shares authorized; no shares issued and outstanding	-	-	-
Common stock, no par value; shares authorized - 30,000,000 shares; issued and outstanding 6,776,563, 6,776,563 and 6,784,099	37,803	37,740	37,552
Retained earnings	65,364	62,869	69,539
Accumulated other comprehensive loss, net	(7,826)	(8,886)	(9,213)
Total shareholders' equity	95,341	91,723	97,878
Total liabilities and shareholders' equity	$ 1,063,363	$ 1,067,094	$ 1,080,191

Financial Summary
(Dollars in thousands except per share data)

	As of and for the Three Months Ended		
	March 31, 2025 (Unaudited)	December 31, 2024 (Unaudited)	March 31, 2024 (Unaudited)
Statement of Income Data:			
Net interest income	$ 8,078	$ 7,702	$ 7,407
(Reversal of) provision for credit losses on loans	(577)	6,570	(15)
(Reversal of) provision for credit losses on unfunded loan commitments	(38)	154	(65)
(Reversal of) credit losses on investments	(13)	(2)	(5)
Non-interest income	646	680	948
Non-interest expense	6,253	10,199	6,400
Provision for income tax expense (benefit)	605	(1,398)	645
Net income (loss)	$ 2,494	$ (7,141)	$ 1,395
Selected per Common Share Data:			
Basic earnings (loss) per common share	$ 0.37	$ (1.06)	$ 0.21
Diluted earnings (loss) per common share	$ 0.37	$ (1.06)	$ 0.21
Dividend per share	$ -	$ -	$ 0.12
Book value per common share (1)	$ 14.07	$ 13.53	$ 14.43
Selected Balance Sheet Data:			
Assets	$ 1,063,363	$ 1,067,094	$ 1,080,191
Loans, net	877,354	905,075	917,685
Deposits	957,065	962,562	939,202
Average assets	1,059,902	1,098,885	1,087,960
Average earning assets	1,028,563	1,064,872	1,057,338
Average shareholders' equity	93,620	101,307	97,471
Nonperforming loans	17,447	27,754	41,548
Net loans recovered (charged-off)	509	(8,343)	281
Other real estate owned	4,437	4,437	-
Total nonperforming assets	21,884	32,191	41,548
Selected Ratios:			
Return (loss) on average assets (2)	0.95%	-2.59%	0.51%
Return (loss) on average common shareholders' equity (2)	10.80%	-28.04%	5.74%
Efficiency ratio (3)	71.68%	121.76%	76.60%
Net interest margin (2)	3.19%	2.88%	2.81%
Common equity tier 1 capital ratio	10.47%	10.14%	10.37%
Tier 1 capital ratio	10.47%	10.14%	10.37%
Total capital ratio	12.22%	11.89%	12.24%
Tier 1 leverage ratio	9.45%	8.87%	9.21%
Common dividend payout ratio (4)	0.00%	0.00%	58.27%
Average shareholders' equity to average assets	8.83%	9.22%	8.96%
Nonperforming loans to total loans	1.96%	3.02%	4.45%
Nonperforming assets to total assets	2.06%	3.02%	3.85%
Allowance for credit losses to total loans	1.53%	1.49%	1.66%
Allowance for credit losses to nonperforming loans	78.09%	49.34%	37.27%

(1) Total shareholders' equity divided by total common shares outstanding.
(2) Annualized.
(3) Non-interest expenses to net interest and non-interest income, net of securities gains.
(4) Common dividends divided by net income available for common shareholders.