
FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 4, 2016

Summit State Bank

(Exact name of registrant as specified in its charter)

<u>California</u> (State or other jurisdiction of incorporation)	<u>32203</u> (FDIC Insurance Certificate No.)	<u>94-2878925</u> (IRS Employer Identification Number)
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<u>500 Bicentennial Way</u> <u>Santa Rosa, California</u> (Address of principal executive offices)	<u>95403</u> (Zip Code)
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(707) 568-6000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed 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 communications 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 communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

From time to time, Officers of Summit State Bank (the “Company”) will make presentations regarding the Company at various groups. The slides furnished as Exhibit 99.1 to this Current Report on Form 8-K were prepared for the presentation.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The exhibit to this report may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal securities law. Any forward-looking statements are based on the historical performance of the Company and its subsidiaries or on the Company’s current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company’s operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, the Company’s actual results may vary materially from those indicated in these statements. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include, but are not limited to, the following, any one or more of which could materially affect the outcome of future events:

- business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which we operate;
- our ability to achieve organic loan and deposit growth, and the composition of that growth;
- changes (or the lack of changes) in interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing;
- the extent of continuing client demand for the high level of personalized service that is a key element of our banking approach as well as our ability to execute our strategy generally;
- our dependence on our management team, and our ability to attract and retain qualified personnel;
- changes in the quality or composition of our loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers;
- inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates;
- the concentration of our business within our geographic areas of operation in California; and
- concentration of credit exposure.

These factors should not be construed as exhaustive. Additional information on these and other risk factors can be found in Item 1A. “Risk Factors” and Item 7. “Special Note Regarding Forward-Looking Statements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Federal Deposit Insurance Corporation.

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: February 4, 2016

SUMMIT STATE BANK

By: Dennis Kelley
Dennis Kelley
*Executive Vice President
and Chief Financial Officer
(Duly Authorized Officer)*

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99	Presentation slides for year ended December 31. 2015.



SUMMIT
STATE BANK

Invest in Your Local Community Bank

Go Local to help strengthen our Sonoma County Economy

MEMBER
FDIC

Private Securities Litigation Reform Act of 1995

Statements made during this presentation and in response to questions may constitute Forward Looking Statements within the meaning of the Private Securities Litigation Reform Act of 1995 and any such statements are subject to risks and uncertainties that could cause actual results to differ materially. Such risks and uncertainties include those related to the economic environment, particularly in the region where Summit State Bank operates, competitive products and pricing, general interest rate changes and the fiscal and monetary policies of the US Government, credit risk management, regulatory actions, and other risks and uncertainties.



Summit State Bank

- Headquartered in Sonoma County with five local branches
- Financial Engine for our community - providing financing to local small businesses which support local jobs and nonprofits, strengthening the overall economic vitality of the community
- 100% of our local deposits have funded all of our local loans
- Hundreds of Sonoma County's top business banking clients; large and small
- 154 local nonprofit organizations bank with Summit
- Total assets: \$513 million at December 31, 2015
- A top rated bank in California as measured by independent bank rankings



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Core Values of our Banking Model

- "Commitment to do for the greater good of the local community"
- State Bank Charter
- Customer-centric culture – "We are in the customer service business, we just happen to be selling financial services"
- Attracting and retaining quality employees who attract quality, profitable customer relationships that drive stronger and sustainable performance to support our local Sonoma County economy



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Our Brand: The Summit Way

The Summit Way

Summit Service Standards

1. Always exhibit a "Can Do" attitude
2. Always be courteous - smile, say "Please," "Thank You," & greet customers/potential customers by name
3. Always offer solutions/answers to customers or, if outside your area of expertise, find the person who knows the answer - never say or insinuate, "It's not my job"
4. Always handle customers as if your life depends on it - it does. If we don't have customers, we don't have jobs.
5. Always treat co-workers with the same respect you treat customers
6. Always return phone calls & e-mails the same day, or at maximum, within 24 hours
7. Always pay attention to detail - be on time for meetings; stick to deadlines; use Spell Check & proofread; maintain service standards, e.g. 72 hour loan underwriting turnaround, 48 hour loan doc turnaround
8. Always get things done, even if you have to come in early or stay late on occasion
9. Always strive to gain greater efficiencies and productivity - always strive to build a "better mousetrap"
10. Above all, "Always Expect Excellence in Yourself"

DEFINING COMMUNITY BANKING AT ITS BEST

FBC



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Performance Highlights

- Strong profitability, net income up 10% in 2015
- Strong loan growth, up 22% in 2015
- Strong DDA growth – up 20% in 2015
- Strong capital position
- Strong performance recognized with many awards



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Net Income up 10% in 2015

The Press Democrat

Summit State Bank reports 10 percent quarterly increase in net income



Summit State Bank (PT FILE, 2015)

BILL SIMONELL
THE PRESS DEMOCRAT | January 26, 2015, 12:19PM



Summit State Bank of Santa Rosa reported Tuesday a 10-percent increase in net income of \$6 million for the last quarter compared to the same period in 2014.

The bank said earnings per share increased to \$1.24 in 2015 from \$1.12 the previous year. It declared a quarterly dividend of 12 cents per share for common shareholders to be paid out on Feb. 24.

The bank also noted an improvement in loan quality, reporting it only had to reverse \$400,000 in loan losses during 2015. In 2014, the amount was \$1.4 million.

Most Popular Stories

- Robert Williams' Super Estate Sells For \$18.1 Million
- Driver, 77, charged in Oakland woman's death
- Carillon on not seeking re-election: 'It's a good time ... to turn the page'
- 2 BASE jumpers die after leaping off California bridge
- Bundy arrested in Oregon standoff, 1 dead



Financial Results

27 Peer San Francisco Bay Area Publically Traded Community Banks

	Quarter Ended 9/30/15	Peer Ratio*
Profitability Ratios		
Return on Assets (ROA)	1.01%	0.79%
Net Interest Margin	3.70%	3.89%
Efficiency ratio	56.7%	69.56%
Asset Quality Ratios		
Nonperforming loans to loans	0.46%	0.57%
Loan Loss allowance to loans	1.36%	1.48%
Capital Ratios		
Tier 1 leverage	10.5%	11.26%

*Source: SNL Financial; UBPR



Core Deposit Growth

Core deposit growth is the key driver for sustaining our funding of new local loans.

(000)	12/31/2008	12/31/2015	Total % Change	Annual Average % Change
Demand Deposits	\$24,370	\$154,343	533%	76%
Money Market and Savings Deposits	\$36,191	\$87,089	141%	20%
TOTALS	\$60,561	\$241,432	299%	43%

Source: UBPR



Invest Locally in Summit

- Well-established and proven community bank business model

Over the past 10 years, out of approximately 500 banks in the Western United States, Summit State Bank was one of only nine banks to:

1. Maintain profitability (we increased)
2. Maintain our dividend payout (we increased)
3. Maintain our regulatory safety rating

Every deposit customer we have is part of funding local loans and donating to local nonprofits



Summit State Bank Stock

NASDAQ Symbol:	SSBI
Recent Price:	\$13.80/share
Market Cap:	\$65 million
Dividend Yield:	3.48%
Price to Tangible Book:	124%
Price to Earnings Ratio:	11.22
	<i>(as of 1/20/16)</i>



One-Year Market Performance

S&P 500 vs. Bank Indices – Market Information as of January 20, 2016

One-Year Market Performance Trends



NASDAQ Bank includes all banks in SNL's coverage universe listed on the NADAQ
 Source: SNL Financial



Three-Year Market Performance

S&P 500 vs. Bank Indices – Market Information as of January 20, 2016

Three-Year Market Performance Trends



NASDAQ Bank includes all banks in SNL's coverage universe listed on the NADAQ.
Source: SNL Financial



Five-Year Market Performance

S&P 500 vs. Bank Indices – Market Information as of January 20, 2016

5-Year Market Performance Trends



NASDAQ Bank includes all banks in SNL's coverage universe listed on the NADAQ.
Source: SNL Financial



Vision for the Future

1 – 5 years

- Continue to reinvest in the community through our support of Small Business Lending and local Nonprofits
- Attract local core deposits, largely DDA, to fund loan growth
- Target loan growth which continues to drive our local Sonoma County economy
- Continue to target top quartile performance
 - *Minimum 1.00 ROA in today's environment*



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\$100,000,000 Small Business Lending Program

- Infusing \$100,000,000 into our community to support local economic growth and job creation
- Succeeded in lending more than \$75,000,000 in our community in 2015
- Local loans change lives and our community
 - *Oliver's Market*
 - *H2Hotel*
 - *Outdoor Pro Shop*



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Innovative and Quality Customer Service

Mobile Banking with Mobile Deposit

- Always continuing to focus on improving the customer service experience
- First community bank in California to offer Mobile Deposit since 2011
- Person-to-Person (P-to-P) payments in 2015
- Business eBanking rolled out first quarter of 2016
- Innovative Community Bank of the Year - Finalist
 - *Western Independent Bankers - 2012*



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Nonprofit Partner Donation Program

- Annual contribution, based on the average annual core deposit account balances
- Partnering and promoting their success
 - *Additional donations, sponsorships, events, collaborative marketing, Summit Day of Service; Summit staff serves on 37 nonprofit boards*
- Significant growth:



Nonprofit Partner Donation Program		
Year	Amount Donated	Number of Nonprofits
2015	258,275	154
2014	245,000	144
2013	175,000	129
2012	101,175	100
2011	43,500	74
2010	19,525	48
2009	2,796	8



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How we define our Summit State Bank experience:

“Committed”

SUMMIT STATE BANK

Defining community banking at its best.
www.SummitStateBank.com • Member FDIC

Summit State Bank & PHC's shared community values:

“Caring for our community”

- Kathie Powell, CEO
Petaluma Health Center

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How we define our Summit State Bank experience:

“Enriching”

SUMMIT STATE BANK

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Summit State Bank – Customers

Investing in our business and nonprofit community

- Adobe House
- Alliance Medical Center
- Anderson Zeigler Disharoon Gallagher & Gray
- Barnett Vineyards
- Big John's Market
- Bike Monkey
- Bistro Ralph
- Boy Scouts of the Redwood Empire
- Brandt Insurance
- Community Child Care Council of Sonoma County
- Community Foundation Sonoma County
- Costeaux French Bakery
- Cotati Food Service
- DeMeo West
- E&M Electric
- Food for Thought
- Foppiano Winery
- G&G Supermarkets
- Girls on the Run Sonoma County
- H2 Hotel
- Healdsburg Education Foundation
- Healdsburg Lumber Co.
- Henris Supply
- Hispanic Chamber of Commerce
- Hotel Healdsburg
- Kenwood Fence Co.
- McLea's Tire & Automotive
- McMillan & Shureen, LLP
- Metier
- My Urban Garden
- North Bay Landscaping
- North Bay Solar
- North Coast Title Co.
- North Sonoma County Healthcare District
- Oliver's Market
- Outdoor Pro Shop
- Petaluma Pie Company
- Share Exchange
- Social Advocates for Youth
- Sonoma Humane Society
- Sonoma Lavender
- Sonoma Mountain Business Cluster
- St Vincent De Paul Society
- Team Ghilotti
- Toby's Trucking
- Trentadue Winery
- Valley of the Moon Children's Foundation
- Velostreet – Levi's Gran Fondo
- W Real Estate
- Worth Our Weight
- Yarbrough Bros. Towing



Award Winning Performance

- **Best Places to Work**
 - *North Bay Business Journal – 2010, 2011, 2012, 2013, 2014 and 2015*
- **Best Company to do Business with in Sonoma County – Gold Medal**
 - *Northbay Biz Magazine Reader’s Poll - 2015*
- **Best Business Bank – Gold Medal**
 - *Northbay Biz Magazine Reader’s Poll – 2010, 2011, 2012, 2014 and 2015*
- **Corporate Philanthropy Award – Top 75 in Bay Area**
 - *San Francisco Business Times – 2013, 2014 and 2015*
- **ABA National Community Bank Award**
 - *Fundraising for Nonprofit Foundations and Local Groups – 2012*
- **Super Premier Performance Bank**
 - *Findley Reports – 2014*



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Defining community banking at its best.