
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): May 2, 2017

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) |
|--|---|--|

| | |
|--|----------------------------|
| <u>500 Bicentennial Way</u> <u>Santa Rosa, California</u> (Address of principal executive offices) | <u>95403</u> (Zip Code) |
|--|----------------------------|

(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))
-

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, 2016, 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: May 2, 2017

SUMMIT STATE BANK

By: /s/ 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. 2016. |

99. Presentation slides for year ended December 31, 2016.



Banking and investing locally helps support businesses and nonprofits and strengthens the overall economic vitality of our community.



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

- Publicly traded company since 2006;
- Primary focus is in serving businesses and nonprofits in Sonoma County and strengthening the overall economic vitality of the community;
- Local deposits funding local loans;
- The majority of our employees are long-time Sonoma County residents



3



Summit State Bank Stock

(As of 4/26/17)

| | |
|--|----------------------|
| NASDAQ Symbol: | SSBI |
| Recent Price: | \$12.80/share |
| Dividend Yield: | 3.75% |
| Market Cap: | \$77 million |
| Price to Book: | 130 % |
| Price to Earnings Ratio: | 15.53 |
| Summit State Bank stock is not insured by the FDIC and market price is subject to the Bank's operating results and stock market valuation. | |

4



Summit State Bank Stock Performance

- Quarterly dividend paid since 2000
- Five-for-four stock split, March 2017



Source: SNL Financial

5



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

Serving Sonoma County

- Headquartered in Santa Rosa, CA
- 5 branch locations, exclusively in Sonoma County



6



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

Our Customers

We take great pride in working with some of Sonoma County's finest businesses and nonprofits and are proud to support them by featuring them in our advertisements.

Together we're building a better Sonoma County. That's Our Business!



7

Nonprofit Partner Donation Program

| Nonprofit Partner Donation Program | | |
|------------------------------------|----------------|----------------------|
| Year | Amount Donated | Number of Nonprofits |
| 2016 | \$285,900 | 165 |
| 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 |



- Our employees logged over 2,000 service hours volunteering within our community
- 20 or 27% of our employees serve on local nonprofit boards

8

Sonoma County Deposits

| Bank | 6/30/2010 | 12/31/16 | Increase | % Increase | Market Share |
|--------------------------|-------------------|-------------------|------------------|--------------|--------------|
| Wells Fargo | 2,463,261 | 3,058,165 | 594,904 | 24.2% | 26.18% |
| Exchange Bank | 1,275,268 | 1,699,981 | 424,713 | 33.3% | 14.55% |
| Bank of America | 1,468,252 | 1,361,752 | (106,500) | -7.3% | 11.66% |
| Luther Burbank Savings | 983,356 | 1,054,273 | 70,917 | 7.2% | 9.02% |
| JP Morgan Chase | 596,716 | 884,719 | 288,003 | 48.3% | 7.57% |
| Bank of the West | 443,902 | 634,084 | 190,182 | 42.8% | 5.43% |
| Westamerica Bank | 388,094 | 602,485 | 214,391 | 55.2% | 5.16% |
| Umpqua Bank | 891,152 | 556,897 | (334,255) | -37.5% | 4.77% |
| First Community Bank | 414,992 | 483,743 | 68,751 | 16.6% | 4.14% |
| Summit State Bank | 285,077 | 359,405 | 74,328 | 26.1% | 3.08% |
| U.S. Bank | 183,669 | 244,686 | 61,017 | 33.2% | 2.09% |
| Bank of Marin | 65,740 | 168,132 | 102,392 | 155.8% | 1.44% |
| First Republic Bank | 19,236 | 154,581 | 135,345 | 703.6% | 1.32% |
| Other Banks | 592,058 | 419,984 | (172,074) | | 3.59% |
| Totals | 10,070,773 | 11,682,887 | 1,612,114 | 16% | 100% |

Source: FDIC

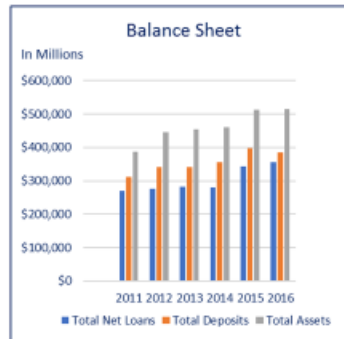


A Better Sonoma County.
That's Our Business.
SummitStateBank.com

9

Financial Position

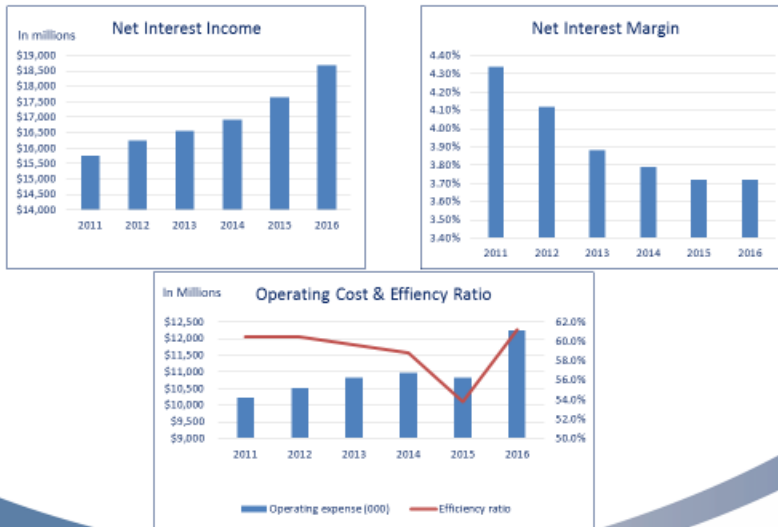
- Local deposits used in funding local loans
- Total assets of \$513,704 as of 12/31/16
- Current capital support growth to \$700 million in assets



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

10

Financial Position



11



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

Financial Performance

| | 12/31/16 | Peer Ratio* |
|------------------------------|----------|-------------|
| Profitability Ratios | | |
| Return on Assets (ROA) | 0.97% | 0.97% |
| Net Income Margin | 3.72% | 3.85% |
| Efficiency Ratio | 61.22% | 64.61% |
| Asset Quality Ratios | | |
| Nonperforming loans to loans | 0.93% | 0.36 % |
| Loan loss allowance to loans | 1.33% | 1.30% |
| Capital Ratios | | |
| Tier 1 leverage | 11.1% | 11.00% |

*All CA banks between \$300 MM-\$1B as of 12/31/16

12



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

Executive Officers



Jim Brush
President & CEO



Brian Reed
EVP & Chief Credit Officer



Brandy Seppi
EVP & Chief Loan Officer



Dennis Kelley
EVP & Chief Financial Officer



Linda Bertauche
EVP & Chief Operating Officer

- Executive officers have over 100 years of combined banking experience
- Majority of our employees are long-time Sonoma County residents



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

13

Board of Directors



Allan J. Hargraves
President, Hargraves and Associates



James E. Bradt
President and Chief Executive Officer, Sonoma State Bank



Jeffrey B. Allen
President, Allen Land Design



Jack C. Cox, Jr.
Building Consultant, Jack Cox & Associates



Bridget M. Delaney
Owner, Sonoma Events, Sonoma



Todd B. Fry
Chief Accounting Officer, Insulated Building Products, Inc.



Ronald A. Mikulic
Principal, Call & Mikulic Landmark Public Accountants, P.C.



Richard G. Ryan
Environmental and Engineering Consultant, Cooling Innovations, Inc.



Nicholas E. Suter
President, Suter Consulting Services



Kenneth T. Hernandez
Chairman and Chief Executive Officer, Champion Industries, Inc.



John W. Wright
Business Consultant

Our Board of Directors support our efforts and that of our community through their personal involvement with various community organization. Each brings their unique views and diverse business acumen, which has served us well.



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

14

Strategic Objectives

- Asset growth through local loans funded by local deposits;
- Return on assets and equity in the top quartile of Peers;
- Provide shareholder value through consistent dividend payments;
- Highlight our local lending experts who are familiar with the community landscape and business sectors within our target market;
- Increase our market share within the Sonoma County footprint.

15



A Better Sonoma County.
That's Our Business.
SummitStateBank.com

Award Winning Performance



16



A Better Sonoma County.
That's Our Business.
SummitStateBank.com