

Annual Disclosure Statement

DECEMBER 2017

for FFIEC 051 Bank SUMMIT STATE BANK

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.
Federal Deposit Insurance Corporation Format (FFIEC 051)

Balance Sheet

(Dollar Amounts in Thousands)

ASSETS

December 31,
2017

Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	0
Interest-bearing balances	0
Securities:	
Held-to-maturity securities	7,984
Available-for-sale securities	0
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	2,000
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases held for investment	442,830
LESS: Allowance for loan and lease losses	5,236
Loans and leases held for investment, net of allowance	437,594
Trading assets	0
Premises and fixed assets (including capitalized leases)	5,279
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	4,119
Other intangible assets	83
Other assets	6,222
Total assets	610,864

continued.....

Balance Sheet

(Dollar Amounts in Thousands)

December 31,

2017

LIABILITIES

Deposits:	
In domestic offices	533,514
Noninterest-bearing	190,861
Interest-bearing	342,653
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	15,000
Subordinated notes and debentures	0
Other liabilities	2,673
Total liabilities	551,187

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	36,847
Surplus (exclude all surplus related to preferred stock)	0
Retained earnings	23,427
Accumulated other comprehensive income	-597
Other equity capital components	0
Total Bank equity capital	59,677
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	59,677
Total liabilities and equity capital	610,864

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

2017

Interest Income:

Interest and fee income on loans:

Loans secured by real estate:

Loans secured by 1-4 family residential properties 1,793

All other loans secured by real estate 13,623

Commercial and industrial loans 1,607

Loans to individuals for household, family, and other personal expenditures:

Credit cards 0

Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans) 21

All other loans 132

Total interest and fee income on loans 17,176

Income from lease financing receivables 0

Interest income on balances due from depository institutions 162

Interest and dividend income on securities:

U.S. Treasury securities and U.S. Government agency obligations

(excluding mortgage-backed securities) 1,706

Mortgage-backed securities 238

All other securities (includes securities issued by states and political subdivisions in the U.S.) 1,182

Interest income on federal funds sold and securities

purchased under agreements to resell 17

Other interest income 232

Total interest income 20,713

Interest expense:

Interest on deposits:

Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)

Nontransaction accounts:

Savings deposits (includes MMDAs) 170

Time deposits of \$250,000 or less 634

Time deposits of more than \$250,000 753

Expense of federal funds purchased and securities sold

under agreements to repurchase 0

Other interest expense 502

Total interest expense 2,141

Net interest income 18,572

Provision for loan and lease losses 520

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

2017

Noninterest income:

Income from fiduciary activities	0
Service charges on deposit accounts	368
Fees and commissions from securities brokerage	0
Investment banking, advisory, and underwriting fees and commissions	0
Fees and commissions from annuity sales	0
Underwriting income from insurance and reinsurance activities	0
Income from other insurance activities	0
Net servicing fees	8
Net securitization income	0
Net gains (losses) on sales of loans and leases	351
Net gains (losses) on sales of other real estate owned	0
Net gains (losses) on sales of other assets	0
Other noninterest income	342
Total noninterest income	1,069

Realized gains (losses) on held-to-maturity securities	0
Realized gains (losses) on available-for-sale securities	72

Noninterest expense:

Salaries and employee benefits	7,084
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	929
Goodwill impairment losses	0
Amortization expense and impairment losses for other intangible assets	0
Other noninterest expense	5,258
Total noninterest expense	13,271

Income (loss) before applicable income taxes and discontinued operations

Income (loss) before applicable income taxes and discontinued operations	
Applicable income taxes	2,630
Income (loss) before discontinued operations	3,292
Discontinued operations, net of applicable income taxes	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	3,292
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0
Net income (loss) attributable to bank	3,292

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

2017

MEMORANDA:

Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes	29
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Income on tax-exempt loans and leases to states and political subdivisions in the U.S.	96
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Income on tax-exempt securities issued by states and political subdivisions in the U.S.	0
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Number of full-time equivalent employees at end of current period	72
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The following item is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans.

Interest and fee income on loans to finance agricultural production and other loans to farmers	132
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Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?	YES / NO
	NO

Memorandum item 12 is to be completed by banks that are required to complete Schedule RC-C, Part I, Memorandum items 8.b and 8.c, and is to be completed annually in the December report only.

Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1))	N/A
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Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings (included in Schedule RI, items 6.a and 6.b)	0
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Changes in Equity Capital

(Dollar Amounts in Thousands)

December 31,

2017

Total bank equity capital most recently reported at the end of the prior year	
Reports of Condition and Income	58,622
Cumulative effect of changes in accounting principles and corrections of material accounting errors	0
Balance end of previous calendar year as restated	58,622
Net income (loss) attributable to bank	3,292
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	122
Treasury stock transactions, net	0
Changes incident to business combinations, net	0
LESS: Cash dividends declared on preferred stock	0
LESS: Cash dividends declared on common stock	2,751
Other comprehensive income	392
Other transactions with stockholders (including a parent holding company)	0
Total bank equity capital end of current period	59,677

Changes in Allowance for Loan and Lease Losses

Balance most recently reported at the end of the prior year	
Reports of Condition and Income	4,765
Recoveries	30
LESS: Charge-offs	79
LESS: Write-downs arising from transfers of loans to a held-for-sale account	0
Provision for loan and lease losses	520
Adjustments	0
Balance end of current period	5,236

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

December 31,

2017

Past Due 90 days or more and still accruing:

Loans secured by real estate:

Construction, land development, and other land loans:	
1-4 family residential construction loans	0
Other construction loans and all land development and other land loans	0
Secured by farmland	0
Secured by 1-4 family residential properties:	
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0
Closed-end loans secured by 1-4 family residential properties	
Secured by first liens	0
Secured by junior liens	0
Secured by multifamily (5 or more) residential properties	0
Secured by nonfarm nonresidential properties:	
Loans secured by owner-occupied nonfarm nonresidential properties	0
Loans secured by other nonfarm nonresidential properties	0
Loans to depository institutions and acceptances of other banks	0
Commercial and industrial loans	0
Loans to individuals for household, family, and other personal expenditures:	
Credit cards	0
Automobile loans	0
Other (includes revolving credit plans other than credit cards and other consumer loans)	0
All other loans	0
Lease financing receivables	0
Total loans and leases	0
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0
Loans and leases reported above which are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC	0
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2017

MEMORANDA:

Loans restructured in troubled debt restructurings included in Schedule RC-N, items above

Construction, land development, and other land loans:

1-4 family residential construction loans 0

Other construction loans and all land development and other land loans 0

Loans secured by 1-4 family residential properties 0

Secured by multifamily (5 or more) residential properties 0

Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties 0

Loans secured by other nonfarm nonresidential properties 0

Commercial and industrial loans 0

All other loans (Include loans to individuals for household, family, and other personal expenditures) 0

Loans secured by farmland 0

Loans to individuals for household, family, and other personal expenditures:

Credit cards 0

Automobile loans 0

Other consumer loans (includes revolving credit plans other than credit cards and other consumer loans) 0

The following item is to be completed by:

- Banks with \$300 million or more in total assets
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans

Loans to finance agricultural production and other loans to farmers 0

Total loans restructured in troubled debt restructurings 0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2017

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) _____

The following item is to be completed by:

- banks with \$300 million or more in total assets
- banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans:

Loans to finance agricultural production and other loans to farmers _____

The following item is to be completed semiannually in the June and December reports only.

Loans and leases held for sale _____

Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30

(former AICPA Statement of Position 03-3):

Outstanding balance _____

Amount included in Schedule RC-N, items 1 through 7, above _____

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

December 31,

2017

Nonaccrual:

Loans secured by real estate:

Construction, land development, and other land loans:	
1-4 family residential construction loans	0
Other construction loans and all land development and other land loans	0
Secured by farmland	192
Secured by 1-4 family residential properties:	
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0
Closed-end loans secured by 1-4 family residential properties	
Secured by first liens	305
Secured by junior liens	407
Secured by multifamily (5 or more) residential properties	130
Secured by nonfarm nonresidential properties:	
Loans secured by owner-occupied nonfarm nonresidential properties	222
Loans secured by other nonfarm nonresidential properties	1,444
Loans to depository institutions and acceptances of other banks	0
Commercial and industrial loans	31
Loans to individuals for household, family, and other personal expenditures:	
Credit cards	0
Automobile loans	0
Other (includes revolving credit plans other than credit cards and other consumer loans)	0
All other loans	0
Lease financing receivables	0
Total loans and leases	2,731
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0
Loans and leases reported above which are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC	194
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	145
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,

2017

MEMORANDA:

Loans restructured in troubled debt restructurings included in Schedule RC-N, items above

Construction, land development, and other land loans:	
1-4 family residential construction loans	0
Other construction loans and all land development and other land loans	0
Loans secured by 1-4 family residential properties	522
Secured by multifamily (5 or more) residential properties	0
Secured by nonfarm nonresidential properties:	
Loans secured by owner-occupied nonfarm nonresidential properties	0
Loans secured by other nonfarm nonresidential properties	0
Commercial and industrial loans:	31
All other loans (Include loans to individuals for household, family, and other personal expenditures)	0
Loans secured by farmland	0
Loans to individuals for household, family, and other personal expenditures:	
Credit cards	0
Automobile loans	0
Other consumer loans (includes revolving credit plans other than credit cards and other consumer loans)	0
<i>The following item is to be completed by:</i>	
• Banks with \$300 million or more in total assets	
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans	
Loans to finance agricultural production and other loans to farmers	0
Total loans restructured in troubled debt restructurings included above	553

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,

2017

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) _____

The following item is to be completed by:

- banks with \$300 million or more in total assets
- banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans:

Loans to finance agricultural production and other loans to farmers _____

The following item is to be completed semiannually in the June and December reports only.

Loans and leases held for sale _____
Additions to nonaccrual assets during the quarter _____
Nonaccrual assets sold during the quarter _____

Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30

(former AICPA Statement of Position 03-3):

Outstanding balance _____

Amount included in Schedule RC-N, items 1 through 7, above _____

I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct in the best of my knowledge and belief.

Officer's Signature

Officer's Title

Date