

Annual Disclosure Statement

DECEMBER 2021

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,	
	2021	2020
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	5,184	5,687
Interest-bearing balances	35,515	25,140
Securities:		
Held-to-maturity securities	0	0
Available-for-sale debt securities	69,367	67,952
Equity securities with readily determinable fair values not held for trading	0	0
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold	0	0
Securities purchased under agreements to resell	0	0
Loans and lease financing receivables:		
Loans and leases held for sale	0	0
Loans and leases held for investment	833,316	754,820
LESS: Allowance for loan and lease losses	12,329	8,882
Loans and leases held for investment, net of allowance	820,987	745,938
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	6,857	7,320
Other real estate owned	0	0
Investments in unconsolidated subsidiaries and associated companies	0	0
Direct and indirect investments in real estate ventures	0	0
Other intangible assets (from Schedule RC-M)	5,465	5,733
Other assets	14,705	9,799
Total assets	958,080	867,569

continued.....

Balance Sheet

(Dollar Amounts in Thousands)

LIABILITIES

December 31,

2021

2020

Deposits:		
In domestic offices	811,600	726,295
Noninterest-bearing	234,824	199,097
Interest-bearing	576,776	527,198
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased	0	0
Securities sold under agreements to repurchase	0	0
Trading liabilities	0	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	49,732	54,869
Subordinated notes and debentures	5,891	5,876
Other liabilities	6,575	4,900
Total liabilities	873,798	791,940

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0	0
Common stock	37,014	36,981
Surplus (exclude all surplus related to preferred stock)	0	0
Retained earnings	47,644	37,510
Accumulated other comprehensive income	-376	1,138
Other equity capital components	0	0
Total Bank equity capital	84,282	75,629
Noncontrolling (minority) interests in consolidated subsidiaries	0	0
Total equity capital	84,282	75,629
Total liabilities and equity capital	958,080	867,569

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Income Statement

(Dollar Amounts in Thousands)

December 31,

	2021	2020
Interest Income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties	2,509	2,419
All other loans secured by real estate	31,990	27,142
Commercial and industrial loans	5,533	4,877
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	0	0
All other loans	160	195
Total interest and fee income on loans	40,192	34,633
Income from lease financing receivables	0	0
Interest income on balances due from depository institutions	37	65
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	831	850
Mortgage-backed securities	142	203
All other securities (includes securities issued by states and political subdivisions in the U.S.)	527	444
Interest income on federal funds sold and securities purchased under agreements to resell	0	0
Other interest income	244	229
Total interest income	41,973	36,424
Interest expense:		
Interest on deposits:		
Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	219	122
Nontransaction accounts:		
Savings deposits (includes MMDAs)	1,252	1,287
Time deposits of \$250,000 or less	1,550	3,017
Time deposits of more than \$250,000	185	530
Expense of federal funds purchased and securities sold under agreements to repurchase	0	0
Other interest expense	1,161	1,208
Total interest expense	4,367	6,164
Net interest income	37,606	30,260
Provision for loan and lease losses	1,294	2,100

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Income Statement

(Dollar Amounts in Thousands)
December 31,

	2021	2020
Noninterest income:		
Income from fiduciary activities	0	0
Service charges on deposit accounts	419	416
Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	0	0
Income from insurance activities	0	0
Net servicing fees	280	292
Net gains (losses) on sales of loans and leases	3,343	2,108
Net gains (losses) on sales of other real estate owned	0	0
Net gains (losses) on sales of other assets	0	0
Other noninterest income	441	407
Total noninterest income	4,483	3,223
Realized gains (losses) on held-to-maturity securities	0	0
Realized gains (losses) on available-for-sale debt securities	65	874
Noninterest expense:		
Salaries and employee benefits	12,669	10,692
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	1,309	1,259
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	6,002	5,368
Total noninterest expense	19,980	17,319
Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations	20,880	14,938
Change in net unrealized holding gains (losses) on equity securities not held for trading	0	0
Income (loss) before applicable income taxes and discontinued operations	20,880	14,938
Applicable income taxes	6,182	4,421
Income (loss) before discontinued operations	14,698	10,517
Discontinued operations, net of applicable income taxes	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	14,698	10,517
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0	0
Net income (loss) attributable to bank	14,698	10,517

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Income Statement

(Dollar Amounts in Thousands)

December 31,

2021 **2020**

MEMORANDA:

Income on tax-exempt loans and leases to states and political subdivisions in the U.S.	87	90
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Income on tax-exempt securities issued by states and political subdivisions in the U.S.	0	0
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Number of full-time equivalent employees at end of current period	100	95
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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	73	105
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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	YES / NO NO
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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	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)	N/A	0
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Memorandum item 15 is to be completed annually in the December report only by institutions with \$1 billion or more in total assets(1) that answered "Yes" to Schedule RC-E, Memorandum item 5.

Components of service charges on deposit accounts:

Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	N/A	N/A
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Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	N/A	N/A
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Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use	N/A	N/A
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All other service charges on deposit accounts	N/A	N/A
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Changes in Equity Capital

(Dollar Amounts in Thousands)
December 31,

	2021	2020
Total bank equity capital most recently reported at the end of the prior year		
Reports of Condition and Income	75,629	67,344
Cumulative effect of changes in accounting principles and corrections of material accounting errors	-1,575	0
Balance end of previous calendar year as restated	74,054	67,344
Net income (loss) attributable to bank	14,698	10,517
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	33	0
Treasury stock transactions, net	0	0
Changes incident to business combinations, net	0	0
LESS: Cash dividends declared on preferred stock	0	0
LESS: Cash dividends declared on common stock	2,988	2,913
Other comprehensive income	-1,515	681
Other transactions with stockholders (including a parent holding company)	0	0
Total bank equity capital end of current period	84,282	75,629

Changes in Allowances for Credit Losses

Loans and Leases Held for Investment

Balance most recently reported at the end of the prior year		
Reports of Condition and Income	8,882	6,769
Recoveries	36	33
LESS: Charge-offs	133	20
LESS: Write-downs arising from transfers of financial assets	0	0
Provisions for credit losses	1,294	2,100
Adjustments	2,250	0
Balance end of current period	12,329	8,882

Held-to-Maturity Debt Securities

Balance most recently reported at the end of the prior year		
Reports of Condition and Income	0	N/A
Recoveries	0	N/A
LESS: Charge-offs	0	N/A
LESS: Write-downs arising from transfers of financial assets	0	N/A
Provisions for credit losses	0	N/A
Adjustments	0	N/A
Balance end of current period	0	N/A

Available-for-Sale Debt Securities

Balance most recently reported at the end of the prior year		
Reports of Condition and Income	0	N/A
Recoveries	0	N/A
LESS: Charge-offs	0	N/A
LESS: Write-downs arising from transfers of financial assets	0	N/A
Provisions for credit losses	0	N/A
Adjustments	0	N/A
Balance end of current period	0	N/A

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Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2021**2020**

Loans secured by real estate:

Construction, land development, and other land loans:		
1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	0	0
Secured by farmland	0	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	0
Closed-end loans secured by 1-4 family residential properties		
Secured by first liens	0	0
Secured by junior liens	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	0	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	165	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Automobile loans	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans)	0	0
All other loans	0	0
Lease financing receivables	0	0
Total loans and leases	165	0
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	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	0
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0	0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2021

2020

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	0
Other construction loans and all land development and other land loans	0	0
Loans secured by 1-4 family residential properties	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	0	0
Commercial and industrial loans	0	0
All other loans (Include loans to individuals for household, family, and other personal expenditures)	0	0
Loans secured by farmland	0	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Automobile loans	0	0
Other consumer loans (includes revolving credit plans other than credit cards and other consumer loans)	0	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	0
Total loans restructured in troubled debt restructurings	0	0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2021

2020

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
<i>The following item is to be completed by:</i>		
<ul style="list-style-type: none"> • 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	0	0
<i>The following item is to be completed semiannually in the June and December reports only.</i>		
Loans and leases held for sale	0	0
Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):		
Outstanding balance	N/A	0
Amount included in Schedule RC-N, items 1 through 7, above	N/A	0

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Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

December 31,

2021**2020****Nonaccrual:**

Loans secured by real estate:		
Construction, land development, and other land loans:		
1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	0	0
Secured by farmland	0	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	0
Closed-end loans secured by 1-4 family residential properties		
Secured by first liens	0	0
Secured by junior liens	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	208	150
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	114	114
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Automobile loans	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans)	0	0
All other loans	0	0
Lease financing receivables	0	0
Total loans and leases	322	264
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	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	150
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	0	113
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0	0

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,

2021

2020

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	0
Other construction loans and all land development and other land loans	0	0
Loans secured by 1-4 family residential properties	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	0	0
Commercial and industrial loans:	0	0
All other loans (Include loans to individuals for household, family, and other personal expenditures)	0	0
Loans secured by farmland	0	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Automobile loans	0	0
Other consumer loans (includes revolving credit plans other than credit cards and other consumer loans)	0	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	0
Total loans restructured in troubled debt restructurings included above	0	0

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SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,

2021

2020

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
<i>The following item is to be completed by:</i>		
<ul style="list-style-type: none"> • 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	0	0
<i>The following item is to be completed semiannually in the June and December reports only.</i>		
Loans and leases held for sale	0	0
Additions to nonaccrual assets during the previous six months	0	0
Nonaccrual assets sold during the previous six months	0	0
Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):		
Outstanding balance	N/A	0
Amount included in Schedule RC-N, items 1 through 7, above	N/A	0

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