



2023 Annual Report Charting the Course

Over the past year, the banking industry has faced some unique challenges and transformative change. As a community bank, we were able to navigate these complexities and nimbly adapt using our core values as the cornerstone of our decision making. Our strong beliefs in building customer relationships, increasing value for our shareholders and enriching the lives of our employees and community, help us maintain our focus and persevere through adversity.

Our shared values, attitudes, and high standards will continue to build our strong company culture. With an emphasis on open communication, mutual respect, and shared goals our commitment to the organization is unwavering which will help us chart the course in our pursuit of excellence.

- Brian Reed, President and CEO

Mission Statement

Summit State Bank's mission is to hire and invest in exceptional people, provide superior service and solutions for our customers, increase value for our shareholders, and continuously support and enrich the communities in which we serve.

Vision Statement

To be the community bank leader committed to providing superior service and enriching the communities we serve, today and into the future.

Core Values

Our core values support our vision and shape our company culture. The guiding principles that drive our attitudes, actions, and decision-making are:

- Integrity
- Collaboration
- Respect
- Adaptable
- Can-Do Attitude





Letter to the Shareholders

Letter to our Shareholders, Employees, Customers and Community

We are pleased to announce that we concluded 2023 with solid operating results despite the challenges across the entire banking industry, generating net income of \$10.822 million, or \$1.62 per diluted share. The persistently high interest rate environment continued to impact net interest income growth with higher interest expense on deposits which affected our operating performance for the fourth quarter.

Loan demand continues to be strong in our markets with net loans increasing 3% compared to a year ago, while total deposit balances increased 5% over the same period. Most of the deposit growth year-over-year was due to the Bank's ongoing focus on growing local deposits organically. Following the unprecedented rise in funding costs that has affected the entire banking industry over the past year, our net interest margin started to stabilize during the fourth quarter; expanding five basis points compared to the prior quarter.

We remain committed to our guiding principles in our Mission Statement, Vision Statement and Core Values. We are steadfast in our efforts to attract and retain local deposits and develop long-term relationships. While deposit pricing pressure persists, we continue to benefit from new loan growth as well as existing loans repricing at higher rates.

Our team takes great pride in giving back to the community, and we are pleased to share that since the inception of our Nonprofit Partner Program, now in its fifteenth year, the Bank has contributed over \$5.8 million to the nonprofit community. In 2023, we gave over \$875,000 to over 270 local nonprofit organizations who provide critical support services that improve the health and wellbeing of our neighbors, friends and family. We believe it is important to give back and reinvest our dollars for the betterment of the communities we serve.

On behalf of the Board of Directors and our executive management team, we thank you for your support and continued investment in Summit State Bank.

Josh C. Cox, Jr.
Chairman of the Board

Brian J. Reed
President and CEO

Executive Leadership

Our experienced Executive Leadership Team continues to lead the Bank as a high performing financial institution. This year was challenging for financial institutions as several north bay institutions failed, and the Federal Reserve continued to increase interest rates, creating a volatile interest rate environment. Drawing on the foundation and synergy developed during the pandemic and previous economic downturns, the Executive Leadership Team led by conducting regular staff meetings to update, educate and address concerns expressed by customers and the community. We continue to be nimble, and focused on the Bank's core values which guides our attitudes, actions, and decision-making.

As a community bank, our Executive Leadership Team is engaged in the community by volunteering, sitting on nonprofit boards and providing their financial expertise. Each member brings diverse knowledge and experience, in and out of the banking industry, and complement each other to create a versatile Executive Leadership Team.



Executive Team volunteering with our Nonprofit Partner, Our Village Closet (OVC).

Lefthand image: Nicole Tuffy, SVP & Controller, sorting clothes with Brian Reed, EVP & CEO

Righthand image: Genie Del Secco, EVP & COO & OVC Board Member with Brandy Seppi, EVP & CLO

Executive Leadership



Brian Reed
President and Chief Executive Officer

Brian has 4 decades of experience in the industry.
8 years at Summit State Bank.

Brian serves on the Board of Directors of Free to Be, Children & Family Circle and is a Rotarian.



Genie Del Secco
Executive Vice President and Chief Operating Officer

Genie has 34 years of experience in the industry.
9 years at Summit State Bank.

Genie serves as Vice President of the Board of Directors of Our Village Closet.



Brandy Seppi
Executive Vice President and Chief Lending Officer

Brandy has 30 years of experience in the industry.
9 years at Summit State Bank.

Brandy is a member of the North Bay Angels, St. John the Baptist Catholic Church and the Italian Catholic Federation in Healdsburg.



Camille Kazarian
Executive Vice President and Chief Financial Officer

Camille has 25 years of experience in the industry.
6 years at Summit State Bank.

Camille serves on the Board of Directors for Committee on the Shelterless (COTS).



Michael Castlio
Executive Vice President and Chief Credit Officer

Michael has 29 years of experience in the industry.
6 years at Summit State Bank.

Board of Directors

Our board members are chosen not only for their expertise and business knowledge but also for their strong ethical values and integrity. These qualities help them make informed decisions that reflect the Bank's mission statement and core values. Each member brings a unique perspective, insight, and skillset to reach our business objectives. Their diverse viewpoints and commitment are key factors in the success of our organization.



Josh C. Cox, Jr.
Chairman of the Board
Banking Consultant
Josh Cox & Associates



Brian J. Reed
President and CEO
Summit State Bank



Jeff B. Allen
President and
Founder Allen Land Design



Todd R. Fry
Chief Accounting Officer
Installed Building Products, Inc.



Belinda S. Guadarrama
President and CEO
GC Micro



Douglas V. Reynolds
President and CEO
Energy Services of America



Marshall T. Reynolds
Chairman of the Board
Champion Industries, Inc.



Nick J. Rado
President
Rado Consulting

Board of Directors



Dawn M. Ross
Former Managing Partner
Carle, Mackie, Power & Ross LLP



John W. Wright
Business Consultant



Sharon S. Wright
Governmental Affairs and
Public Relations Consultant



In Memorium
Richard E. Pope
Board of Director
2013 - 2023

Richard E. Pope joined our Board of Directors in 2013 and most recently served as Chairman of the Board. Sadly, on September 1st, Richard passed away. He was an Environmental Planner and Development Consultant for SOMO Living, LLC in Northern California. Richard was also the Co-Founder of BrightHaven, a nonprofit animal sanctuary, and was awarded the Jefferson Award for Public Service in 2013.

We are grateful for his years of leadership and service.



Personal and Leadership Development

Our steadfast dedication to cultivate our company culture and adhere to our mission statement, vision and core values has earned us several prestigious awards.

North Bay Business Journal's HR Professional Award

Amy Wakayama, Vice President and Director of Human Resources, received this award which was presented to outstanding HR professionals that have created a positive impact in workplaces within the North Bay.



North Bay Business Journal's Best Places to Work

This annual award is based on an employee survey which provides feedback and comments on how the Bank appreciates and recognizes them throughout the year. For 14 consecutive years our employees have voted Summit State Bank one of the Best Places to Work in the North Bay.



North Bay Business Journal's Diversity in Business Award

Founded in 2021, the DEI Committee was formed to provide strategic guidance and direction promoting awareness around Diversity, Equity, and Inclusion to better serve our employees and the Bank as a whole. Based on their hard work and dedication, the committee was awarded the inaugural Diversity in Business Award.



San Francisco Business Times' Corporate Philanthropy Award

This award celebrates the Bay Area's most generous corporate citizens and acknowledges those companies that give their time, talent, and resources.



Employee Activity Committee

The Employee Activity Committee (EAC) was created to develop and support a work environment that promotes employee engagement and teamwork, as well as a culture of caring, celebration and fun. This committee is responsible for organizing and coordinating employee activities to include holiday celebrations, employee recognition events, social, networking and team building activities and outings.



Personal and Leadership Development

Our Executive Leadership Team invests in our team and creates opportunities for employees to participate in leadership programs designed for personal and professional growth, career satisfaction, retention, and engagement of our workforce.

Mentorship Program

For several years, the Executive Leadership Team has assumed the responsibility of mentoring junior staff members to maximize their career development. Our goal is for employees to become as accomplished, productive, and successful in their careers as they desire. This program promotes the development of self-confidence and professional achievement, to ultimately enhance the Bank's stability and continuity.

Continuing Education

Among the robust benefits offered by the Bank is the Education Reimbursement Program for employees who want to continue to enrich their lives through education. The Bank offers financial support for reimbursement of tuition, fees, books, supplies, and equipment for college level courses.

On-Going Training

The Bank offers a variety of training opportunities, not only to stay abreast of regulatory laws, but also for personal and career development. This year we also sponsored a course on Cardiopulmonary Resuscitation (CPR) and the use of an Automated External Defibrillator (AED) for employees who wanted to participate.



Devoted to Community

Giving back to the community is a natural extension of the guiding principles for how we manage our business. We encourage our employees and bank officers to provide their time and banking expertise to local nonprofits. Below are some highlights and examples of our 2023 support.

Summit Day of Service

Through this program, every employee receives one paid workday a year to volunteer their time with a non-profit organization of their choice within our community.

Nonprofit Partner Program

Summit State Bank's Nonprofit Partner Program provides an annual cash donation to its nonprofit customers based on average annual account balances. In 2023, the Bank delivered 217 donation checks for a total of \$677,361.

North Bay Nonprofit Event

We hosted our third annual North Bay Nonprofit Event (NBNE) to deepen the relationships with our existing nonprofit partners by providing education, resources, support, and fellowship. This year we also extended the invitation to other nonprofit professionals and awarded \$5,000 to a deserving nonprofit that provides exceptional service to the community. This year's winner was Ceres Community Project who supports individuals dealing with serious illness with free or low-cost meals delivered to their homes.

Community Involvement

During 2023, Summit State Bank Officers and employees contributed to local community organizations by serving as board directors or committee members. Our staff provided a total of 895 volunteer hours throughout the year.



NBNE
North Bay Nonprofit Event



Honoring Community



Since 2009, Summit State Bank has contributed
\$5.8 million to Sonoma County nonprofits.

Join our Nonprofit Partner Program

Community Commitment

Women *in* Conversation The Press Democrat



For the seventh consecutive year, the Bank has been the Presenting and Founding Sponsor of the Women in Conversation (WIC) speaker series in collaboration with the Press Democrat, a local media company.



WIC has earned brand recognition for presenting events covering current topics of interest presented by women in leadership roles. The program strives to build a stronger community of women who can support and inspire each other and spark important conversations; connecting, empowering, and supporting women of all ages.

The Spring event featured *New York Times* bestselling author, Jasmin Darznik, who wrote *The Bohemians*, *The Good Daughter: A memoir of My Mother's Hidden Life* and *Song of a Captive Bird*.

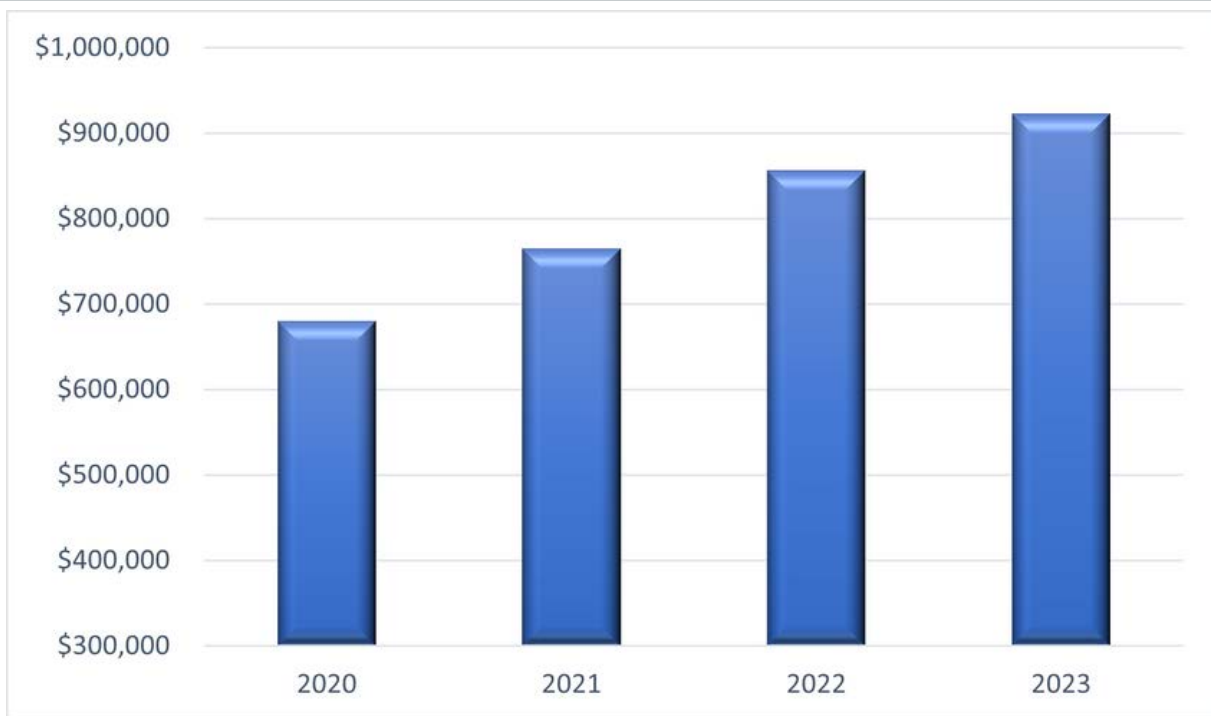


In the Fall, the event featured Petaluma-born Nicole Mann, NASA astronaut and first Native American Women in space. The event was unique in that it was free to the public and included youth and adults. The conversation included clips from NASA of her time in space serving as the captain of her crew.

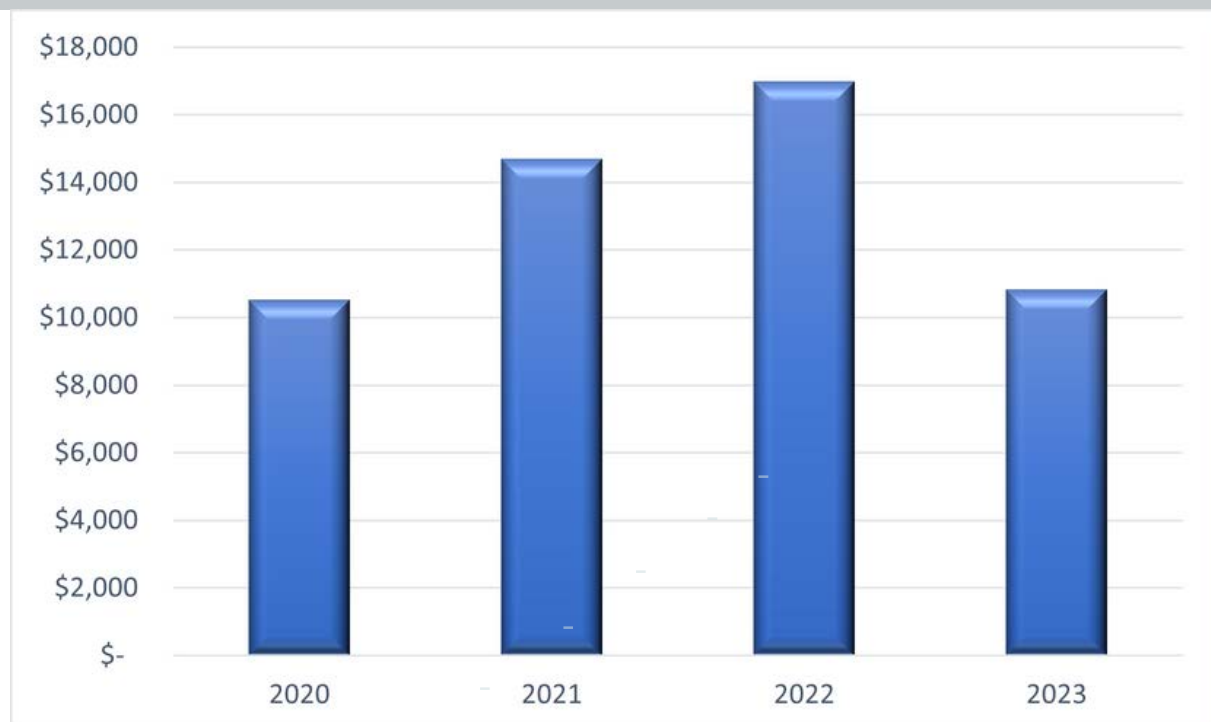


Financials at a glance (in thousands)

Total Average Loans

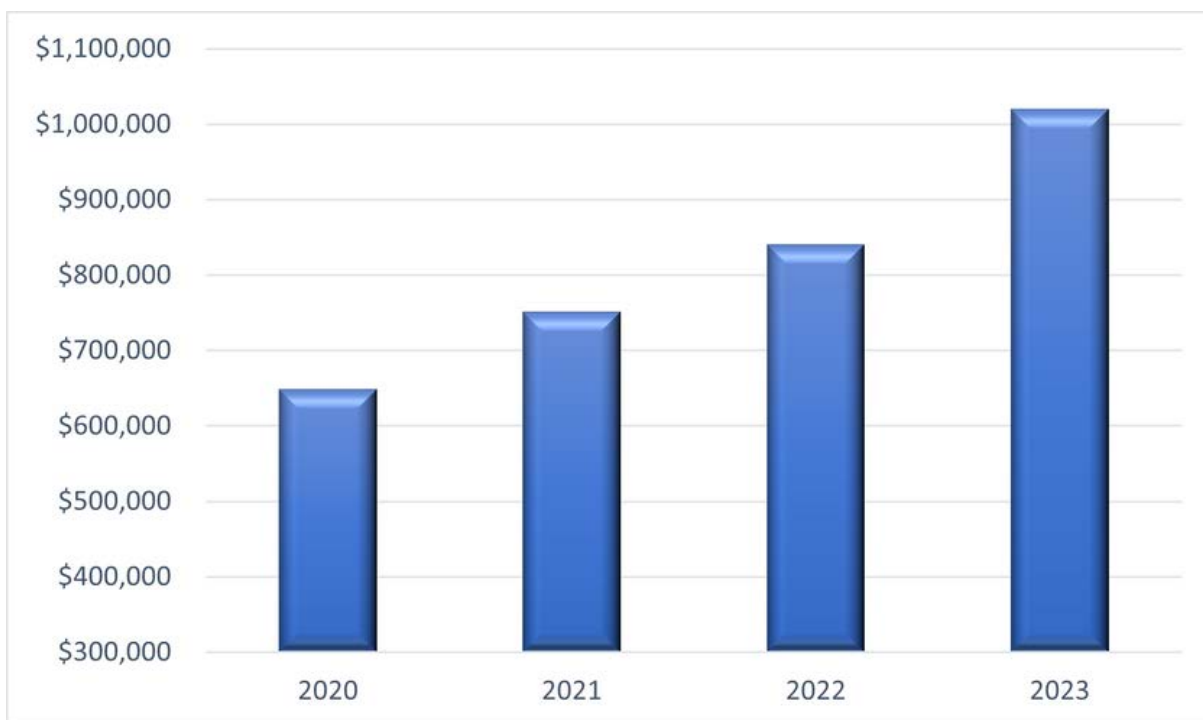


Net Income

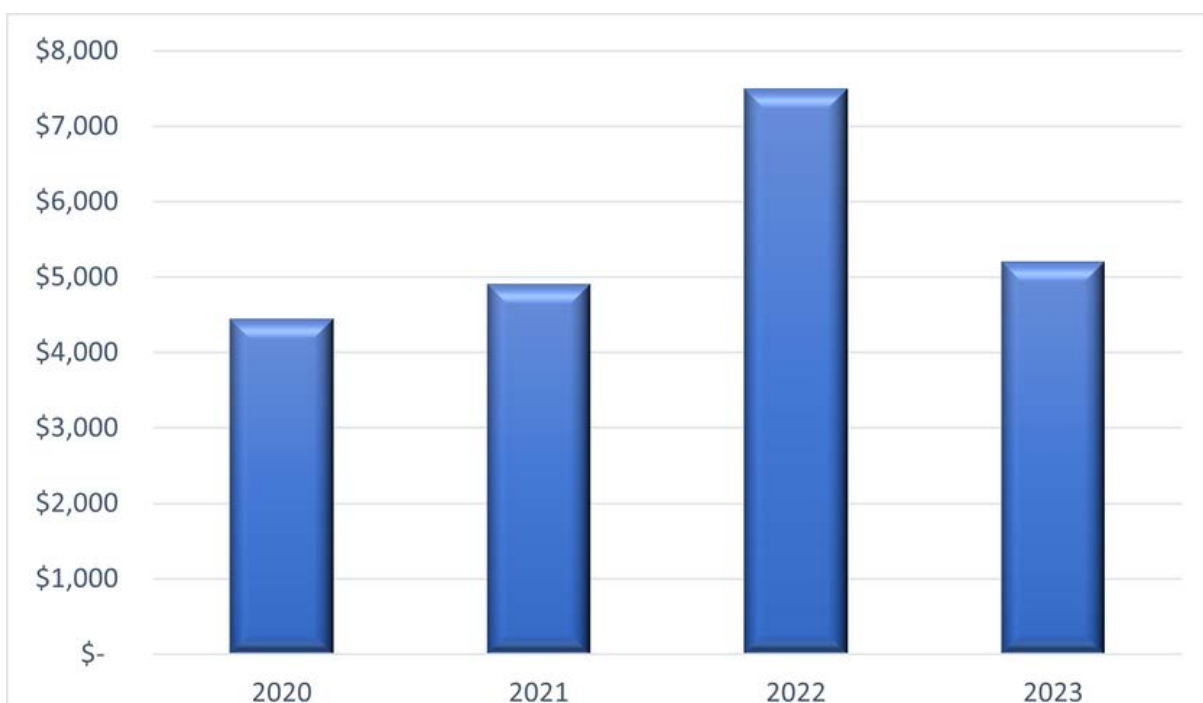


Financials at a glance (in thousands)

Total Average Deposits



Non - Interest Income



Selected Financial Data

(in thousands except per share data)

Statement of Income Data

	2023	2022	2021	2020
Net interest income	\$35,462	\$42,427	\$37,606	\$30,261
Provision for credit losses	332	2,541	1,294	2,100
Non-interest income	5,201	7,495	4,901	4,448
Non-interest expense	25,050	23,511	20,333	17,671
Provision for income taxes	4,459	6,902	6,182	4,421
Net income	\$10,822	\$16,968	\$14,698	\$10,517

Balance sheet data:

Assets	\$1,122,508	\$1,115,343	\$958,080	\$865,854
Loans, net	938,626	913,707	820,987	745,939
Deposits	1,009,693	962,654	811,600	726,295
Average earning assets	1,110,801	978,169	878,258	774,037
Average shareholders' equity	93,621	86,038	79,538	71,637
Nonperforming loans	44,206	3,756	487	264

Selected per common share data:

Basic earnings per common share (5)	\$1.62	\$2.54	\$2.20	\$1.58
Diluted earnings per common share (5)	\$1.62	\$2.54	\$2.20	\$1.57
Common shares outstanding at year end (5)	6,784	6,733	6,685	6,677
Dividend per share (5)	\$0.48	\$0.48	\$0.44	\$0.44
Book value per common share (1)(5)	\$14.40	\$13.15	\$12.61	\$11.33

Selected ratios:

Return on average assets (2)	0.95%	1.69%	1.64%	1.33%
Return on average common shareholders' equity (2)	11.56%	19.72%	18.48%	14.68%
Efficiency ratio (3)	61.60%	47.10%	47.91%	52.23%
Net interest margin (2)	3.19%	4.34%	4.28%	3.91%
Common dividend payout ratio (4)	30.05%	19.01%	20.33%	27.70%
Tier 1 leverage ratio	8.85%	8.53%	8.65%	8.15%
Nonperforming loans to total loans	4.63%	0.40%	0.06%	0.03%
Allowance for credit losses to total loans (6)	1.60%	1.60%	1.48%	1.18%

(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.

(5) Adjusted for 10% stock dividend declared: effective October 29, 2021.

(6) Allowance beginning 2021 are reported using current expected credit loss ("CECL") method, all 2020 and prior periods' allowance are reported in accordance with previous GAAP using the incurred loss method.

Information about Summit State Bank

Summit State Bank (the “Bank”) is a state-chartered commercial bank operating a traditional community banking business within our primary service area of Sonoma County in California. We operate through five depository offices located in Santa Rosa, Rohnert Park, Healdsburg and Petaluma. The Bank also has a loan production office in Roseville, California. The Bank was incorporated on December 20, 1982 and commenced operations as a California state-chartered saving and loan. On January 15, 1999, the Bank received authority to convert its charter to a California state-charted Bank. On July 13, 2006, the Bank completed an underwritten initial public offering and listed its stock on the Nasdaq Global Market under the symbol SSBI. The Bank’s deposits are insured by the FDIC in accordance with the Federal Deposit Insurance Act and related regulations of the FDIC.

We provide a broad array of financial services to small to medium-size businesses and their owners and employees, entrepreneurs, families, foundations, estates, and individual consumers. We believe that our principal competitive advantages are personal service, flexibility, and responsiveness to customers’ needs. Our lending activities are primarily focused on commercial real estate, construction, and business loans to our targeted clientele. We emphasize relationship banking, and believe we offer our customers many of the management capabilities of a larger financial institution, together with the resourcefulness and superior customer service of a community bank. Through our branches and the use of technology, we offer a broad array of deposit products and services for both commercial and consumer customers, including digital banking, cash management services and bill payment. We provide a comprehensive set of loan products, such as commercial loans and leases, lines of credit, commercial real estate loans, Small Business Administration, or SBA, loans, and construction loans. We believe that local decision-making ensures that our lending process is fast, efficient, and focused on maintaining our high credit quality and underwriting standards.

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. At the center of diversity is inclusion, collaboration, and a shared vision for delivering superior service and results for shareholders. Presently, 57% of management are women and minorities with 60% represented on the Executive Management Team.





Summit State Bank Branch Leaders (left to right): Don Cliver, Alex Aivaliklis, Kathy Moore, Marbin Morales and Matt Lewis

Company Contact Information

Nasdaq: SSBI

Summit State Bank

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Corporate Secretary: Barbara Gradman

Transfer Agent

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Providence, RI 02940-3006

Investor Information:

See "Investor Relations "on our website:
SummitStateBank.com

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Montgomery Village

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Petaluma

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Rohnert Park

10 Raley's Towne Centre
Rohnert Park, CA 94928 707-568-4955



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That's Our Business.**

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