

Annual Disclosure Statement

DECEMBER 2022

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,	
	2022	2021
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	11,152	5,184
Interest-bearing balances	64,088	35,515
Securities:		
Held-to-maturity securities	0	0
Available-for-sale debt securities	83,785	69,367
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	928,546	833,316
LESS: Allowance for loan and lease losses	14,839	12,329
Loans and leases held for investment, net of allowance	913,707	820,987
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	6,811	6,857
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)	7,929	5,465
Other assets	25,685	14,705
Total assets	1,113,157	958,080

continued.....

Balance Sheet

(Dollar Amounts in Thousands)

LIABILITIES

December 31,

2022

2021

Deposits:		
In domestic offices	962,655	811,600
Noninterest-bearing	252,044	234,824
Interest-bearing	710,611	576,776
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)	42,424	49,732
Subordinated notes and debentures	5,905	5,891
Other liabilities	13,627	6,575
Total liabilities	1,024,611	873,798

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0	0
Common stock	37,179	37,014
Surplus (exclude all surplus related to preferred stock)	0	0
Retained earnings	61,386	47,644
Accumulated other comprehensive income	-10,019	-376
Other equity capital components	0	0
Total Bank equity capital	88,546	84,282
Noncontrolling (minority) interests in consolidated subsidiaries	0	0
Total equity capital	88,546	84,282
Total liabilities and equity capital	1,113,157	958,080

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

	2022	2021
Interest Income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties	2,543	2,509
All other loans secured by real estate	39,978	31,990
Commercial and industrial loans	3,410	5,533
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	190	160
Total interest and fee income on loans	46,121	40,192
Income from lease financing receivables	0	0
Interest income on balances due from depository institutions	596	37
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	1,094	831
Mortgage-backed securities	216	142
All other securities (includes securities issued by states and political subdivisions in the U.S.)	625	527
Interest income on federal funds sold and securities purchased under agreements to resell	0	0
Other interest income	301	244
Total interest income	48,953	41,973
Interest expense:		
Interest on deposits:		
Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	765	219
Nontransaction accounts:		
Savings deposits (includes MMDAs)	1,478	1,252
Time deposits of \$250,000 or less	2,171	1,550
Time deposits of more than \$250,000	527	185
Expense of federal funds purchased and securities sold under agreements to repurchase	0	0
Other interest expense	1,586	1,161
Total interest expense	6,527	4,367
Net interest income	42,426	37,606
Provision for loan and lease losses	2,541	1,294

continued.....

Income Statement

(Dollar Amounts in Thousands)
December 31,

	2022	2021
Noninterest income:		
Income from fiduciary activities	0	0
Service charges on deposit accounts	436	419
Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	0	0
Income from insurance activities	0	0
Net servicing fees	598	280
Net gains (losses) on sales of loans and leases	5,839	3,343
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	419	441
Total noninterest income	7,292	4,483
Realized gains (losses) on held-to-maturity securities	0	0
Realized gains (losses) on available-for-sale debt securities	4	65
Noninterest expense:		
Salaries and employee benefits	14,584	12,669
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	1,545	1,309
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	7,182	6,002
Total noninterest expense	23,311	19,980
Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations	23,870	20,880
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	23,870	20,880
Applicable income taxes	6,902	6,182
Income (loss) before discontinued operations	16,968	14,698
Discontinued operations, net of applicable income taxes	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	16,968	14,698
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0	0
Net income (loss) attributable to bank	16,968	14,698

continued.....

Income Statement

(Dollar Amounts in Thousands)

MEMORANDA:

December 31,

2022

2021

Income on tax-exempt loans and leases to states and political subdivisions in the U.S.	85	87
Income on tax-exempt securities issued by states and political subdivisions in the U.S.	0	0
Number of full-time equivalent employees at end of current period	110	100

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	106	73
------------------------------------------------------------------------------------------------	-----	----

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
--------------------------------------------------------------------------------------------------------------------------	----------------	----------------

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
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	N/A

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	139	N/A
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	173	N/A
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	6	N/A
All other service charges on deposit accounts	118	N/A

continued.....

Changes in Equity Capital

(Dollar Amounts in Thousands)
December 31,

	2022	2021
Total bank equity capital most recently reported at the end of the prior year		
Reports of Condition and Income	84,282	75,629
Cumulative effect of changes in accounting principles and corrections of material accounting errors	0	-1,575
Balance end of previous calendar year as restated	84,282	74,054
Net income (loss) attributable to bank	16,968	14,698
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions)	165	33
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	3,226	2,988
Other comprehensive income	-9,643	-1,515
Other transactions with stockholders (including a parent holding company)	0	0
Total bank equity capital end of current period	88,546	84,282

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	12,329	8,882
Recoveries	38	36
LESS: Charge-offs	211	133
LESS: Write-downs arising from transfers of financial assets	0	0
Provisions for credit losses	2,683	1,294
Adjustments	0	2,250
Balance end of current period	14,839	12,329

Held-to-Maturity Debt Securities

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

Available-for-Sale Debt Securities

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

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2022**2021**

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	0	165
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	0	165
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,

2022

2021

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,

2022

2021

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

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

December 31,

Nonaccrual:**2022****2021**

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	3,189	208
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	567	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	3,756	322
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	3,756	0
Guaranteed portion of loans and leases included above (exclude rebooked "GNMA loans")	2,817	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)

Nonaccrual:

December 31,

2022

2021

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

continued.....

SUMMIT STATE BANK

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,

2022

2021

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	3,756	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	N/A
Amount included in Schedule RC-N, items 1 through 7, above	N/A	N/A

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