

# FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, DC 20549

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 12 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 22, 2023

# Summit State Bank

(Exact Name of Registrant as Specified in Charter)

California  
(State of Other Jurisdiction  
Of Incorporation)

32203  
(FDIC  
Certificate Number)

94-2878925  
(I.R. S. Employer  
Identification No.)

500 Bicentennial Way  
Santa Rosa, CA  
(Address of Principal Executive Offices)

95403  
(Zip Code)

Registrant's Telephone Number, Including Area Code 707-568-6000

(Former Name or Former Address, if Changes 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 communication 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 communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13d-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company

If an emerging growth company, indicate my check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SSBI	NASDAQ Global Market

## **Item 7.01. Regulation FD Disclosure**

The Chief Executive Officer of Summit State Bank (the “Bank”) will make a presentation to institutional investors at the annual meeting on May 22, 2023 using the slide presentation included as Exhibit 99.1 of this report. The information in this report (including Exhibit 99.1) shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other documents filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by the specific reference in such filing.

A copy of the presentation is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The presentation is also available on the Bank’s website at [www.summitstatebank.com](http://www.summitstatebank.com) under the “Investor Relations” tab.

This presentation of Summit State Bank (also referred to as we, us or our) may contain certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as “expects,” “anticipates,” “believes,” “estimates” and other similar expressions or future or conditional verbs such as “will,” “should,” “would” and “could” are intended to identify such forward-looking statements.

Forward-looking statements, by their nature, are subject to risks, uncertainties and assumptions. Readers are cautioned not to put undue reliance on any forward-looking statement. The statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement.

Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to: a weakness or a decline in the economy, nationally or locally, particularly in Northern California, as well as an unexpected declines in commercial real estate values within our market areas; the risk of fires, droughts and other national disasters; our inability to compete for and to retain customers and key employees; our inability to grow costumer deposits to keep pace with loan growth; an increase in our allowance for loan losses; greater than expected operating costs, such as technology-related costs; the effect of cyber-attacks, computer viruses or other malware that may breach the security of our websites or other systems to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage our systems; results of examinations by banking regulators; and changes in accounting policies or accounting standards, including the new accounting guidance known as the current expected credit loss (CECL) model, which may increase the required level of our allowance for credit losses. A detailed discussion of factors that could affect our results is included in our SEC filings, including the “Risk Factors” section of our most recent Annual Report on Form 10-K filed with the Federal Deposit Insurance Corporation (“FDIC”) and those in any other public filing we may make with the FDIC.

**Item 9.01. Financial Statements and Exhibits**

**(d) 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 19, 2023

## SUMMIT STATE BANK

By: /s/ Camille Kazarian  
Camille Kazarian  
*Executive Vice President  
and Chief Financial Officer  
(Duly Authorized Officer)*

**Exhibit Index**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Presentation slides as of May 22, 2023

99.1 Presentation slides as of May 19, 2023



**SUMMIT**  
STATE BANK  
Member FDIC

**Shareholder  
Presentation  
May 22, 2023**

## Company Overview

- Summit State Bank is a commercial bank headquartered in Santa Rosa, CA with \$1.1 billion in assets, 5 branch locations and more than 116 employees
- Bank formed in 1982
- Listed on NASDAQ in 2006 under the ticker symbol "SSBI"
- **Summit Way Service Standards** -Dedicated to serving and giving back to its customers and communities by delivering the best service and solutions available



*Building a Better Sonoma County, That's Our Business*

**SUMMIT**  
STATE BANK  
Member FDIC

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## Summit State Bank-NASDAQ: SSBI

Headquartered in Santa Rosa, CA

### Branch Locations

- Santa Rosa Main
- Healdsburg
- Santa Rosa Montgomery Village
- Rohnert Park
- Petaluma

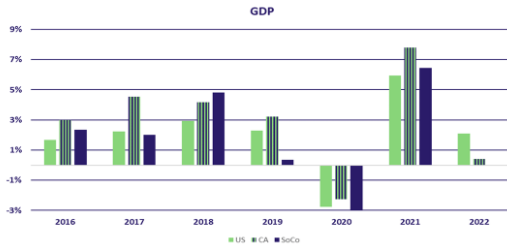
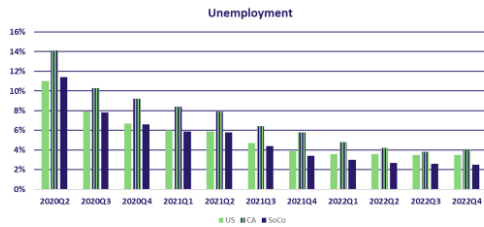
### Regional Small Business Lending Group

- Roseville, CA



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## Market Area Highlights



### Northern California Concentrated in Sonoma County

- Commercial Property Investment Inventory Remains Low
- Diverse and Strong Economy:
  - Healthcare, Manufacturing, Construction and Wholesale Trade Comprise > 40% of the County's Earnings
  - Consistently Low Unemployment and High GDP
- Ranked 15<sup>th</sup> in Median Household Income across California



Note: Real Annual GDP Rate of change, not seasonally adjusted.  
Source: <https://fred.stlouisfed.org>

\* 2022 So. County GDP figures unavailable

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## Our Leadership Team



### Brian Reed

President & CEO  
38 Years in the Industry  
6 at Summit State Bank



### Genie Del Secco

EVP & Chief Operating Officer  
32 Years in the Industry  
7 at Summit State Bank



### Brandy Seppi

EVP & Chief Lending Officer  
28 Years in the Industry  
8 at Summit State Bank



### Camille Kazarian

EVP & Chief Financial Officer  
23 Years in the Industry  
4 at Summit State Bank



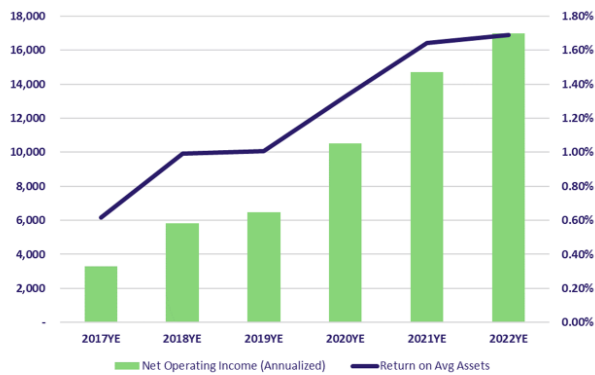
### Michael Castlio

SVP & Chief Credit Officer  
27 Years in the Industry  
4 at Summit State Bank

148 Years of Collective Experience

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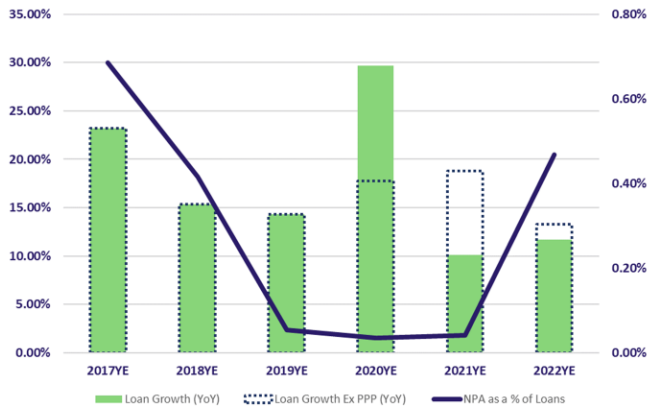
## Financial Trends



- Strong Net Interest Income Growth
- Consistent Non-interest Income Growth since 2017 due to:
  - SBA Loan Sales, and
  - SBA Servicing Income
- Increasing Return on Average Assets



## Loan Growth & Asset Quality

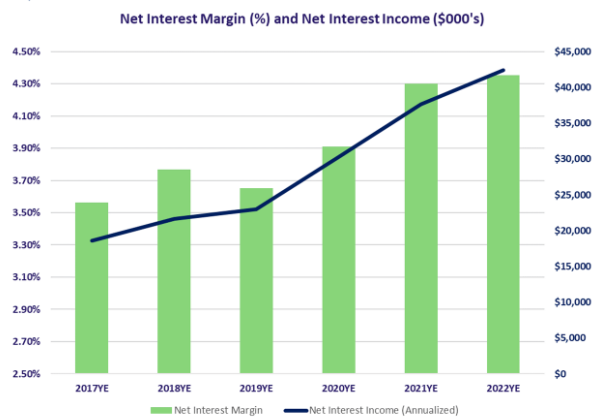


- Loan Growth (YoY) without PPP Loans at 13.3%
- Strong Reserves (Allowance for Loans & Lease Losses - ALLL)
  - ALLL is 1.59% without PPP Loans, which Carry a Zero-Risk Weighting and excluding unsold guaranteed portion of SBA loans
- CECL Conversion as of January 1, 2021



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## Interest Income & Interest Expense Management



- Strong Net Interest Margin Compared to CA Peer Group
- NIM compression observed due to increasing deposit costs
- Most recent 3 years show continued improvement in:
  - Net Interest Income Growth
  - Increased Profitability



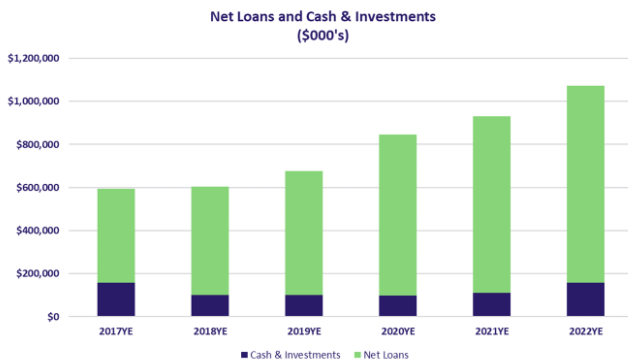
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## Building the Infrastructure to Deliver Results



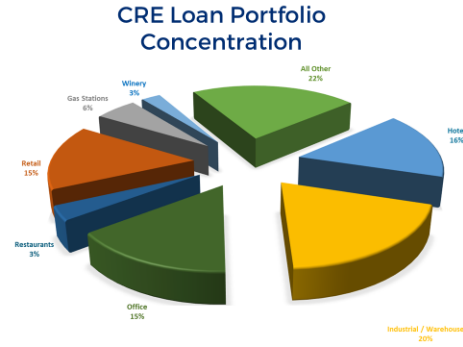
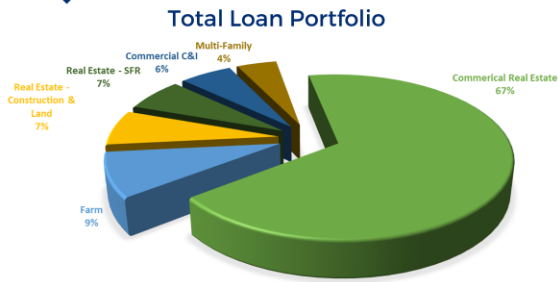
- In 2017 the Bank Designed a 5-year Growth Plan to Deliver Strategic Results
- Strong Performance in Efficiency with Consistent Gains through:
  - Income Growth, and
  - Expense Management
- Continually Reviewing Technology for Enhancements

## Assets Trends



- Focused Growth on Conventional CRE and SBA Guaranteed Loans with Targeted Yield at 7.25%
- Portfolio Loan Yield as of 2022Q4 at 5.43%
- Organic Loan Growth through Strong Relationship Practices

## Loan Composition

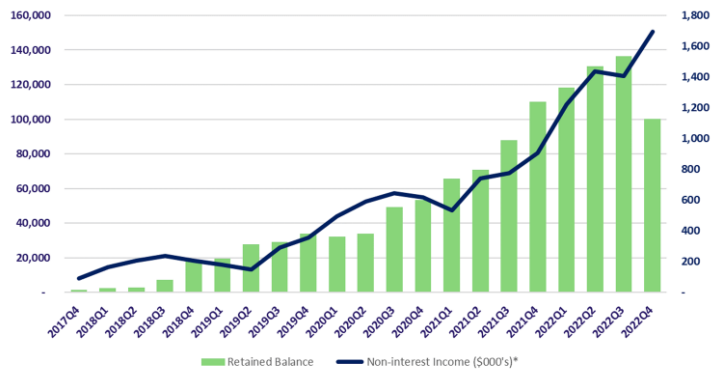


- Diversified Portfolio with Manageable Risk
- Total Portfolio LTV 47% (ex C&I); CRE LTV 49.5%
- CRE LTV 48.6% for Property Types with Higher Risk
  - Pandemic Risks: Wineries, Hotels, Restaurants, and Retail at ~34.8% of CRE Portfolio
  - Post Pandemic Risks: Office at 15% of CRE Portfolio



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## SBA Loan Program



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields ~ 11.7% (January 2023 adjustment)
- Increase in Non-interest Income through:
  - Consistent SBA Loan Sales
  - Growing SBA Servicing Income
- Decreased Retained Balance in Q4 2022 driven by selling all guaranteed balances and slowing SBA originations

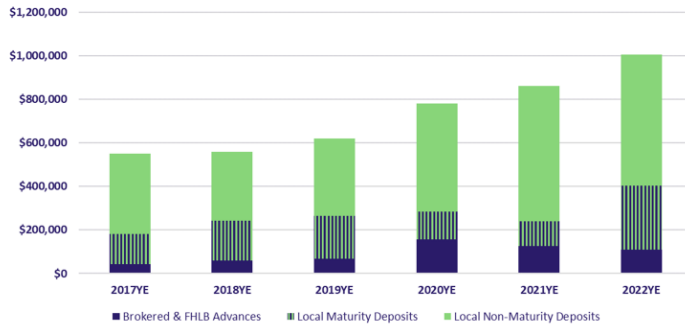


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\* Rolling 4 Quarter Average

## Liabilities Trends

Local Deposits and Brokered & FHLB Advances  
(\$000's)

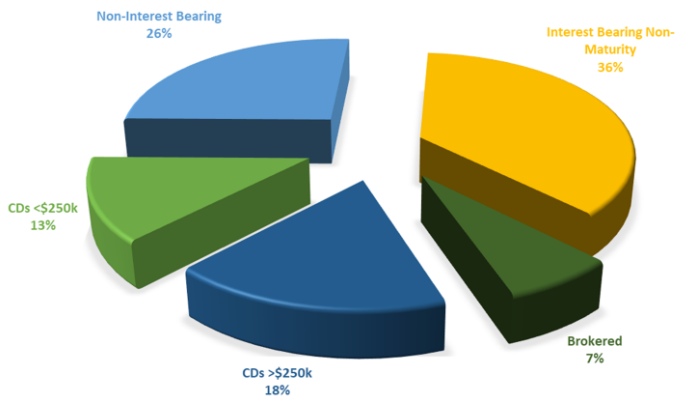


- 4Q2022 Average Cost of Funds at 0.71%
- Deposit growth from 2016 to 4Q2022:
  - Local Non-Maturity Deposits went from 56% to 60% of Total Deposits
  - Total Local Deposits went from 70% to 89% of Total Deposits
- Focus on Local Deposit Growth
- Managed & Disciplined Use of Brokered Deposits & FHLB Advances



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## Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
- FY2022 Average Cost of Deposits at 0.58%



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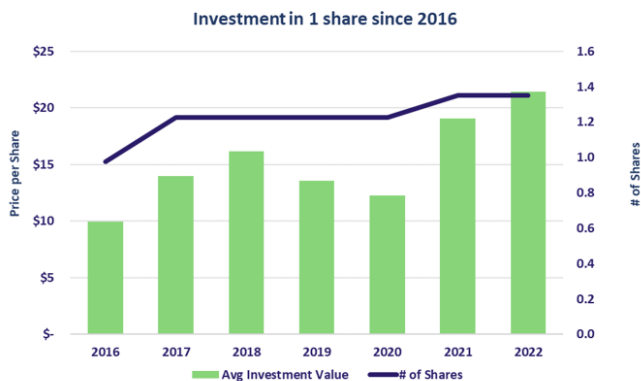
## Focus on Liquidity and Quality as of Q1 2023

- ❖ \$194MM of Available Liquidity
  - Including Cash and Investments Available for Sale
  - Primary Liquidity is 17%
- ❖ \$330MM of Off-Balance Sheet Liquidity Sources
  - Including FHLB, Federal Reserve Bank, and Fed Funds lines
  - Secondary Liquidity is 29%
- ❖ \$207MM of Contingent Funding Sources
  - Including SBA Loan Sales, FRB (BTFP), Broker Deposits (based on internal policy limits)
- ❖ AOCI impact is minimal to Capital Ratio (~1%)
- ❖ Deposit Portfolio Quality
  - Only an estimated 24% of Deposits are uninsured by FDIC
  - Deposit Concentrations
    - Only 2 Depositors meet Regulatory definition of Concentration
    - Top 25 Depositors represent only 25% of Deposits
    - Total Local Deposits are 92%



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## Consistently Delivers Strong Stock Value



Graph illustrates investment in 1 share of stock beginning in 2016

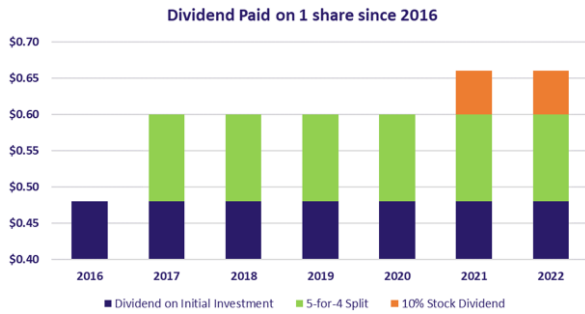
- 2016: One share of stock purchased
- 2017: A five-for-four stock split results in 1.25 shares outstanding
- 2021: A one time 10% stock dividend results in 1.38 shares outstanding

Note: Value represents the Bank's average annual stock price adjusted historically for splits and dividend multiplied by the number of shares



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## Strong Dividend Return



Graph illustrates investment in 1 share of stock beginning in 2016

- Dividend on Initial Investment relates to the original purchase of 1 share
- Additional Dividend Return of 37.5% is a result of:
  - 5-for-4 stock split (2017)
  - one time 10% stock dividend (2021)

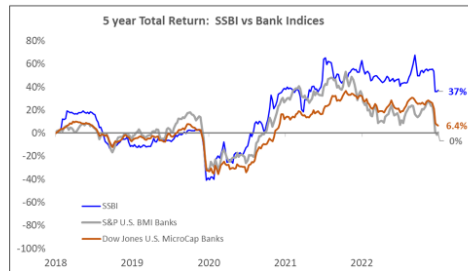


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## Stock Total Return Outperforms Bank Indices



Total Return vs Bank Indices as of Q1 2023



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# Why Summit State Bank?

- ❖ Experienced Executive & Management Team
- ❖ Commitment to a Culture of Success
- ❖ Focused on Organic Growth
- ❖ Strategic Lending Platform Positioned to Deliver Results
- ❖ High Credit Quality with a Low Risk Profile
- ❖ Strong Net Interest Margin & Improved Efficiency Ratio
- ❖ California Peer Group Leader in Key Performance Metrics
- ❖ Consistent Quarterly Dividends

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# Awards and Accolades



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## 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.



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