

# 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 23, 2022

# 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 presentations to institutional investors at the annual meeting on July 26, 2021 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.

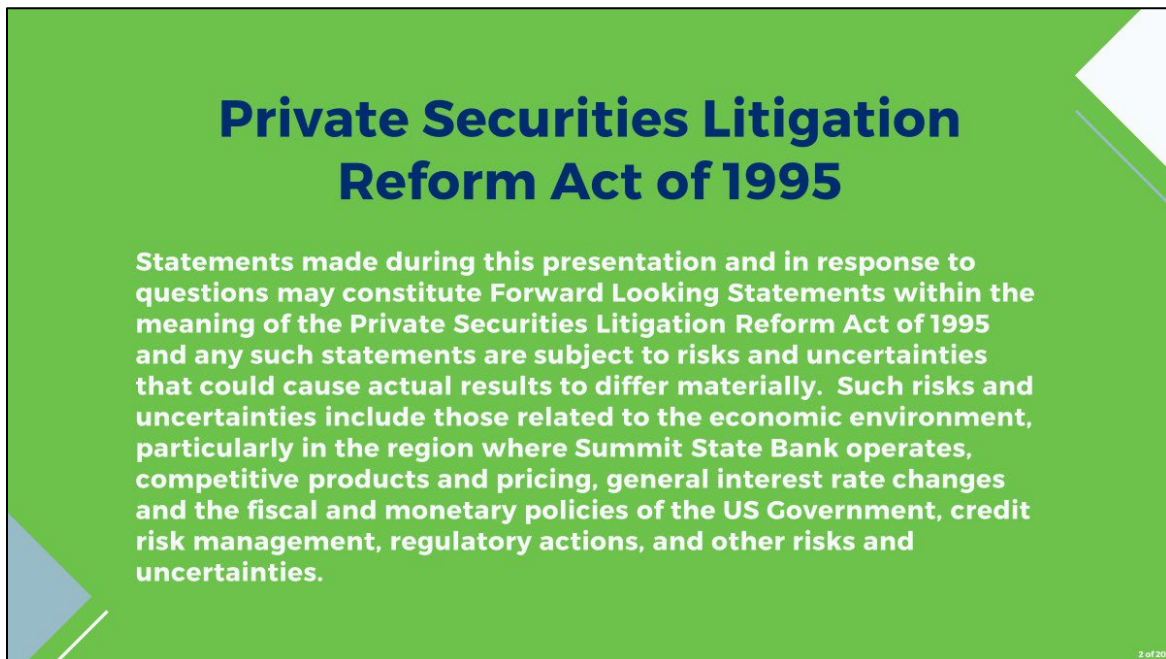
Dated: April 27, 2022

**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 23, 2022





## Summit State Bank - SSBI

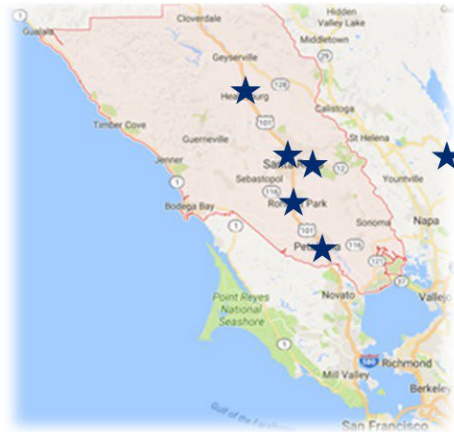
Headquartered in Santa Rosa, CA

### Branch Locations

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

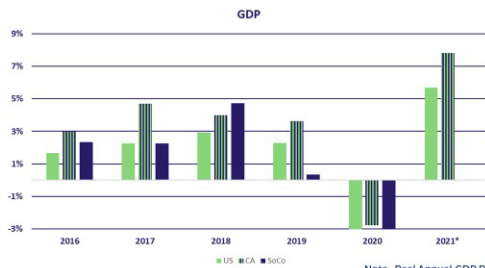
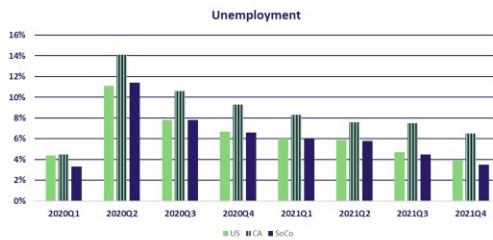
### Regional Small Business Lending Group

- Roseville, CA



3 of 20

## Lending 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>

\* SoCo unavailable

4 of 20

# Investment Highlights

- ❖ 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

5 of 20

# Managing through the Pandemic

- ❖ Total Originated PPP Loans:
  - ❖ 864 Loans at \$134.5MM
  - ❖ Funded in 2020: \$97.1MM
  - ❖ Funded in 2021: \$37.4MM
  - ❖ Q4 2021 PPP loan balance \$16.9MM
  - ❖ Average PPP Loan Balance of ~\$156k
- ❖ PPP Pretax Earnings for 2020 at \$2.4MM and \$2.9MM for 2021
- ❖ Since the onset of the COVID pandemic, the Bank processed Credit Relief requests for 148 loans totaling \$206.7MM.
  - ❖ As of Q4 2021, all loans are current.

6 of 20



## Financial Trends

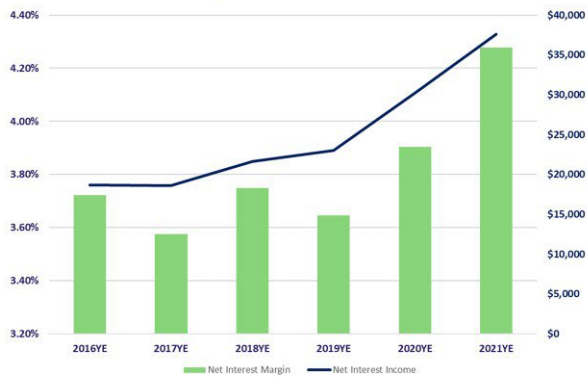


- Strong Net Interest Income Growth
- Consistent Non-interest Income Growth since 2017 due to:
  - SBA Loan Sales, and
  - SBA Servicing Income
- Increasing Return on Average Assets

7 of 20

## Interest Income & Interest Expense Management

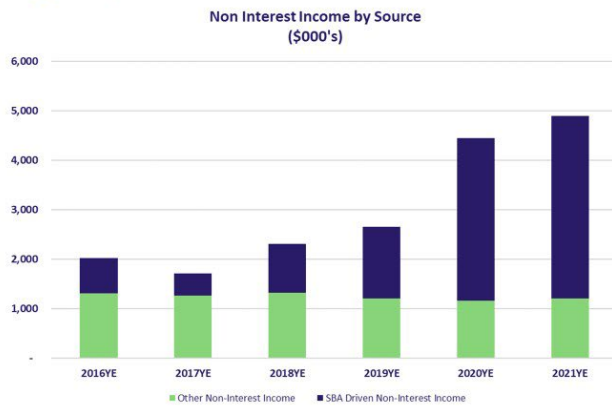
Net Interest Margin (%) and Net Interest Income (\$000's)



- Strong Net Interest Margin Compared to CA Peer Group
- Most recent 3 years show continued improvement in:
  - Net Interest Income Growth
  - Increased Profitability

8 of 20

## Non-Interest Income



- Dedicated Small Business Lending Group Created in 2017
- Floating Rate Yields > 5%
- Increase in Non-interest Income through:
  - Consistent SBA Loan Sales
  - Growing SBA Servicing Income

9 of 20

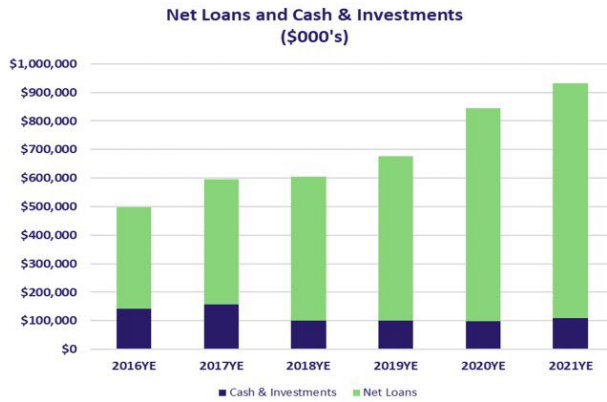
## Non-Interest Expense



- Planned Increase in Staffing in 2017 Designed to Deliver Strategic Results
- Strong Performance in Efficiency with Consistent Gains through:
  - Income Growth, and
  - Expense Management
- Continually Reviewing Technology for Enhancements

10 of 20

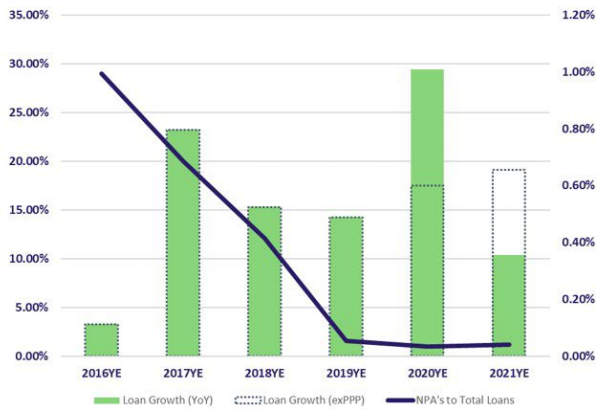
## Assets Trends



- Focused Growth on Investment Grade New Loans with Targeted Yield at 4.50%
- Loan Yield as of 2021Q4 at 4.92% (excluding PPP)
- Maintained Mix of Loan Concentrations with Growth in Small Business Lending
- Organic Loan Growth through Strong Relationship Practices

11 of 20

## Loan Growth & Asset Quality

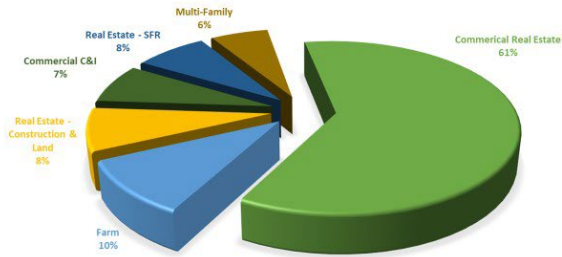


- Continued Peer Group Leader in Year-Over-Year Loan Growth
  - Loan Growth (YoY) without PPP Loans at 18.9%
- High Asset Quality - Zero Delinquencies Outside of NPA's
- Strong Reserves (Allowance for Loans & Lease Losses - ALLL)
  - ALLL is 1.50% without PPP Loans, which Carry a Zero-Risk Weighting
- CECL Conversion as of January 1, 2021

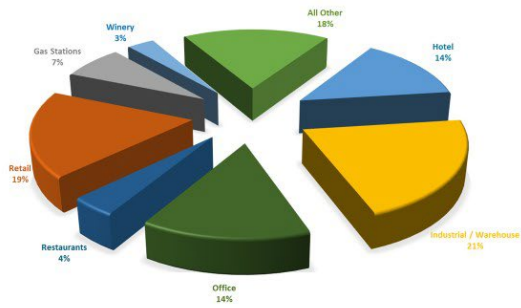
12 of 20

# Loan Composition

Total Loan Portfolio



CRE Loan Portfolio

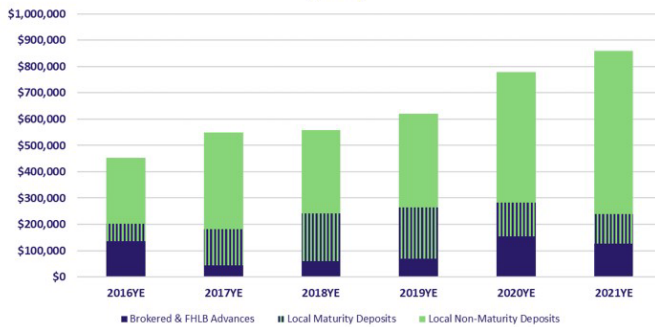


- Diversified Portfolio with Manageable Risk through Pandemic
- Total Portfolio LTV 45% (ex C&I); CRE LTV 48%
- CRE LTV 48% for Property Types with Higher Risk due to Pandemic
  - Wineries, Hotels, Restaurants, and Retail at ~39.5% of CRE Portfolio

13 of 20

# Liabilities Trends

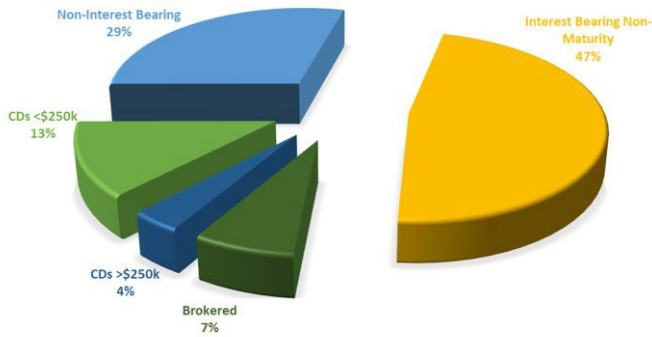
Local Deposits and Brokered & FHLB Advances (\$'000's)



- Focus on Local Deposit Growth
- Commercial & Consumer Deposit Products Offered
- Managed & Disciplined Use of Brokered Deposits & FHLB Advances
- FY2021 Average Cost of Funds at 0.50%
- Deposit growth from 2016 to 2021:
  - Local Non-Maturity Deposits went from 56% to 72% of Total Deposits
  - Total Local Deposits went from 70% to 85% of Total Deposits

14 of 20

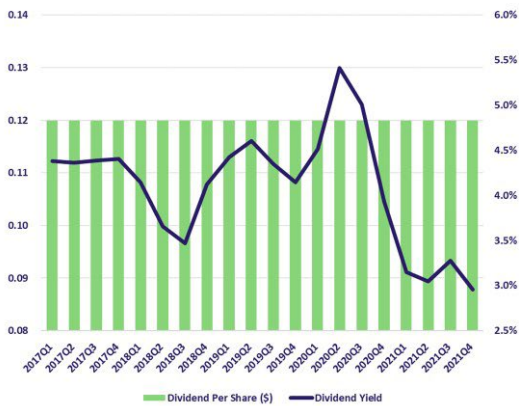
## Deposit Composition



- Organic Deposit Growth through Strong Relationship Practices
- Focused Local Deposit Growth
  - Focused on Non-Interest Deposit Growth
- FY2021 Average Cost of Deposits at 0.39%

15 of 20

## Historical Dividend Payout



- Consistent and Sustainable Quarterly Dividends
- Dividend Yield ~3.0% at 2021Q4 as Stock Price Increases
- A 10% stock dividend was granted in 2021
- A five-for-four stock split was granted in 2017

16 of 20

## 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*

17 of 20

## Recent PEER Analytics Comparison

	California Peer Group (\$500MM - \$1.25B) at (Multiple Items)				
	Summit State Bank	25th Percentile	50th Percentile	75th Percentile	Maximum
<b>Income Statement Ratios</b>					
Return on average assets	1.6%	1.1%	1.2%	1.5%	2.2%
Return on average equity	18.5%	11.9%	14.0%	17.6%	21.8%
Efficiency Ratio	47.8%	58.9%	53.0%	45.0%	36.4%
Net interest margin	4.3%	3.2%	3.5%	3.7%	4.4%
Average Loan Yield	5.2%	4.6%	4.8%	4.9%	5.4%
Average Asset Yield	4.8%	3.4%	3.7%	3.8%	5.0%
Avg Cost of Deposits	0.4%	0.2%	0.1%	0.1%	0.0%
Avg Cost of Liabilities	0.5%	0.2%	0.1%	0.1%	0.0%

- Most of the Bank's performance metrics are above the 75<sup>th</sup> percentile of peers
- The Bank may price its deposits towards the upper end of market to fund consistently strong loan growth activities

18 of 20

## Awards and Accolades



**Best Places to Work**  
- *North Bay Business Journal*

**Best Business Bank**  
- *NorthBay biz magazine*

**Top Community Bank Loan Producer for 2021**  
- *ICBA*

**Raymond James Bankers Cup of 2021**  
- *Raymond James*

**Super Premier Performance 2021**  
- *Findley Reports*

19 of 20

## Get in Touch

### MAILING ADDRESS

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Santa Rosa, CA 95403

### CONTACT

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(707) 568 6000

