



# Investor Presentation Q4 2022



## 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.



## Summit State Bank-NASDAQ: SSBI

Headquartered in Santa Rosa, CA

### Branch Locations

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

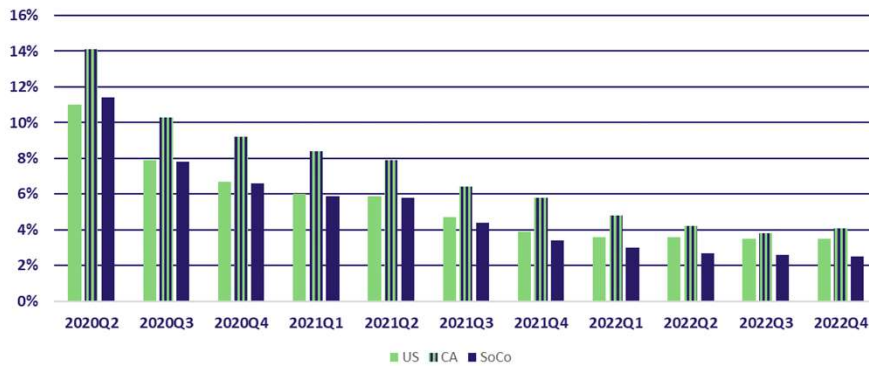
### Regional Small Business Lending Group

- Roseville, CA



# Market Area Highlights

Unemployment



GDP



\* 2022 California and So. County GDP figures unavailable

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

## 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

# 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

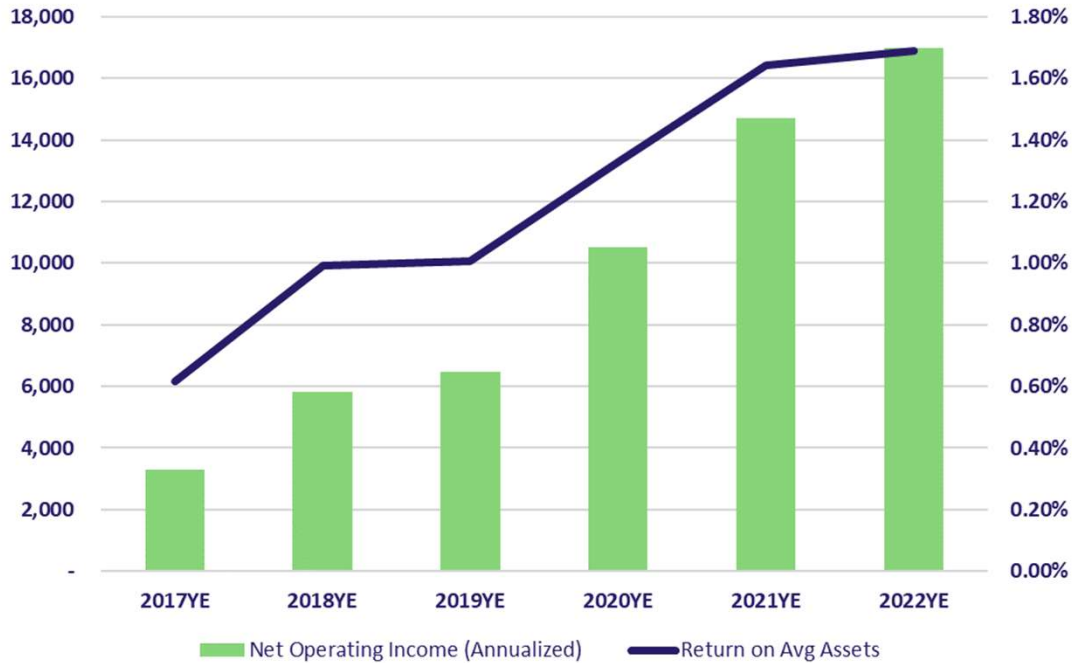


**Michael Castlio**

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

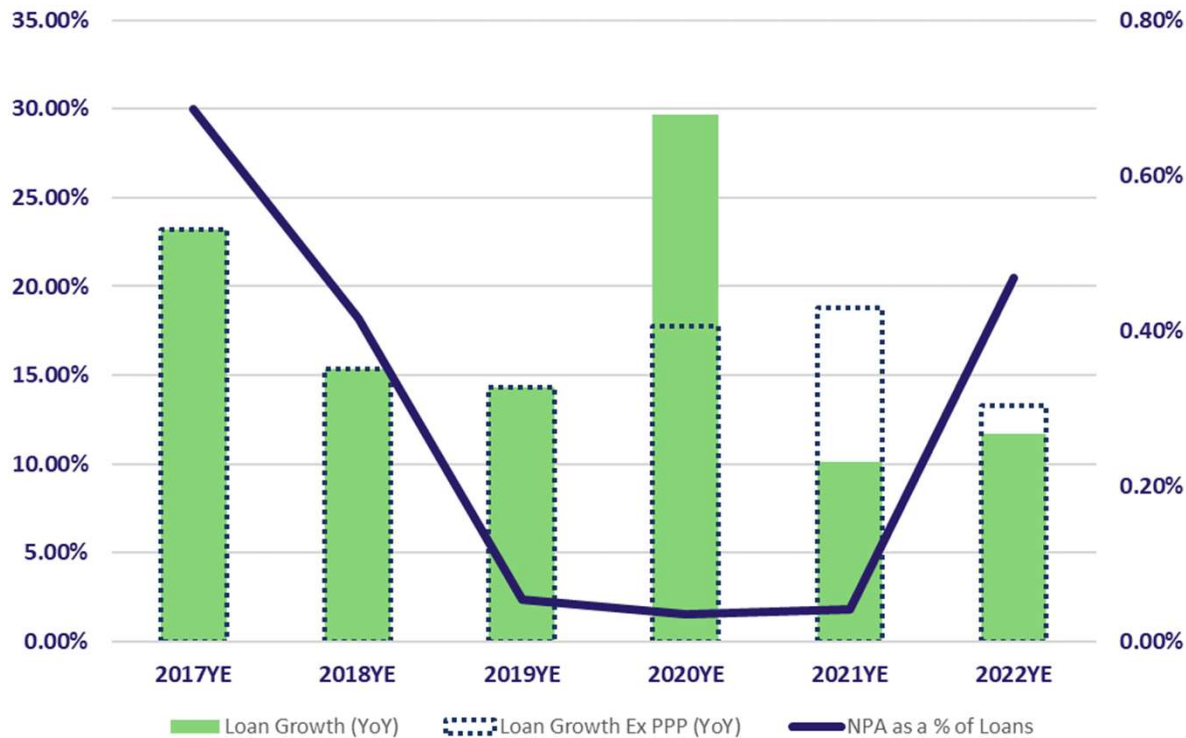
**148 Years of Collective  
Experience**

## 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

# Interest Income & Interest Expense Management

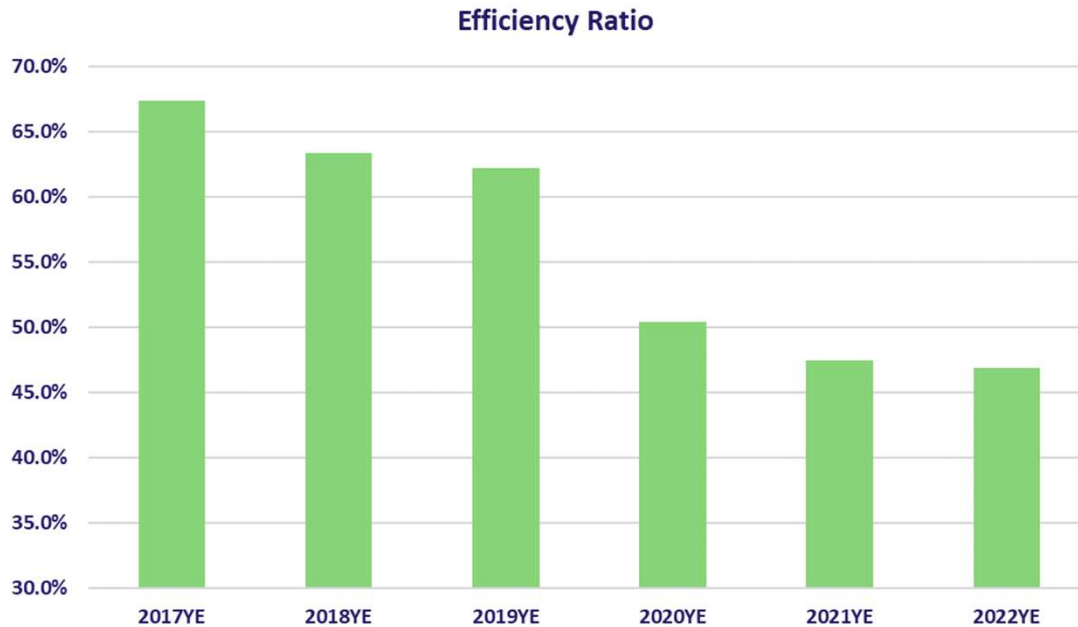
Net Interest Margin (%) and Net Interest Income (\$000's)



- 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

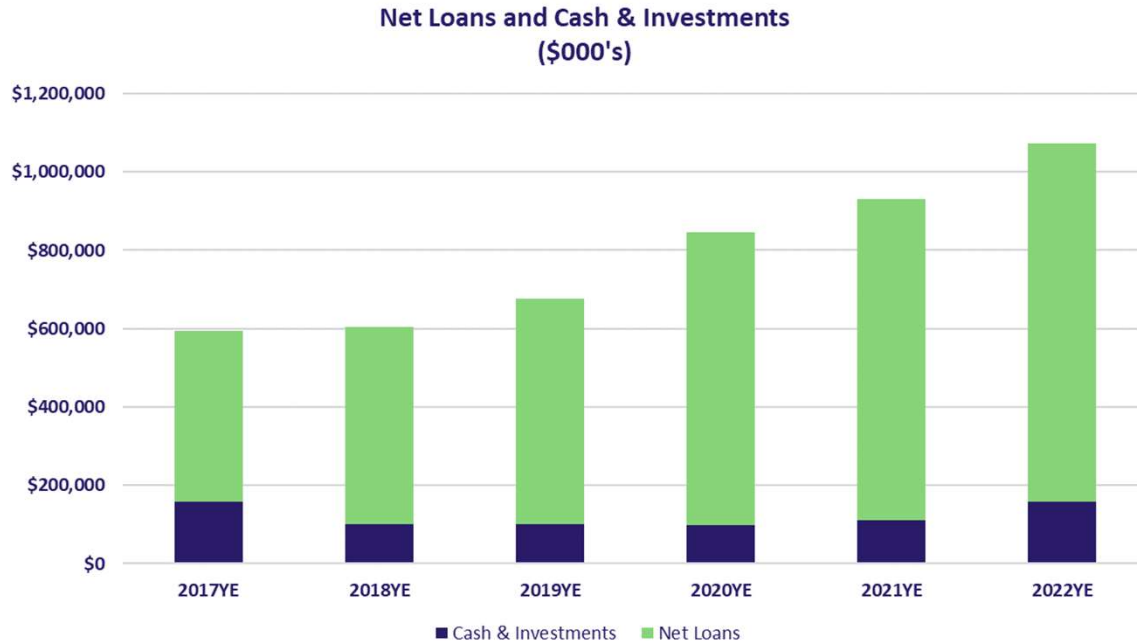


# Building the Infrastructure to Deliver Results



- 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

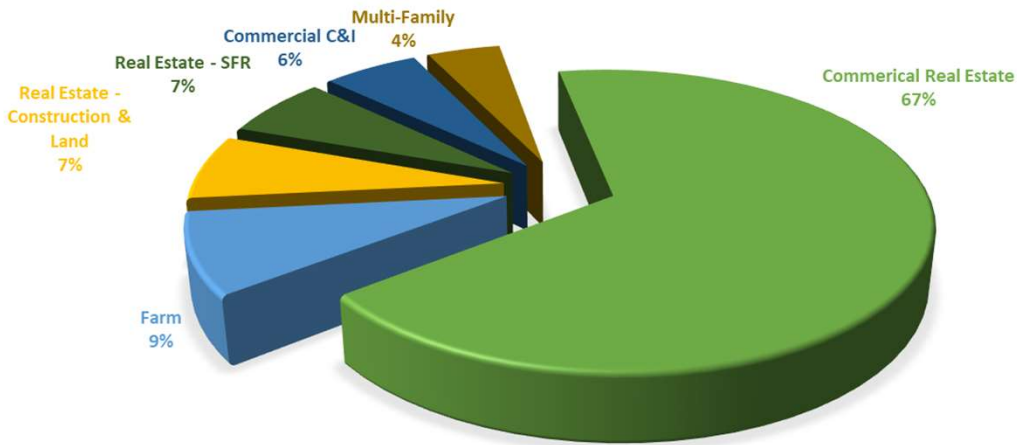
# Assets Trends



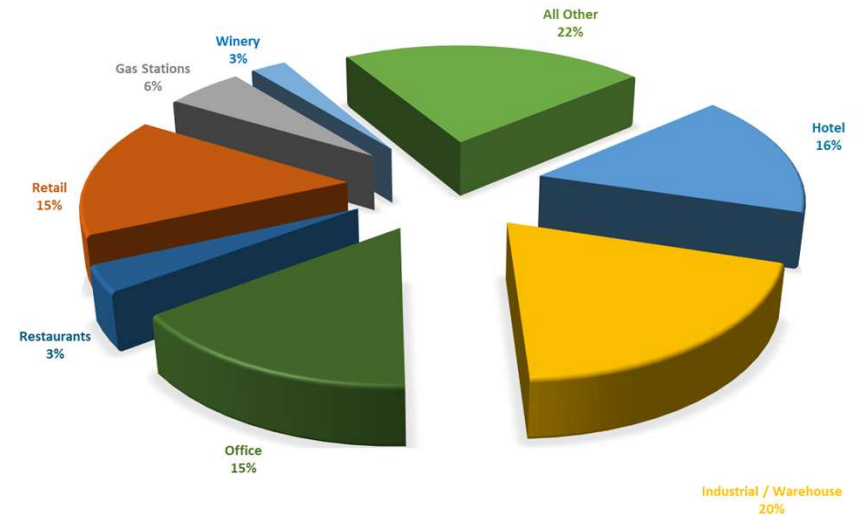
- Focused Growth on Conventional CRE and SBA Guaranteed Loans with Targeted Yield at 7.25%
- Portfolio Loan Yield as of 2022Q4 at 5.43%
- Organic Loan Growth through Strong Relationship Practices

# Loan Composition

## Total Loan Portfolio



## CRE Loan Portfolio Concentration



- 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

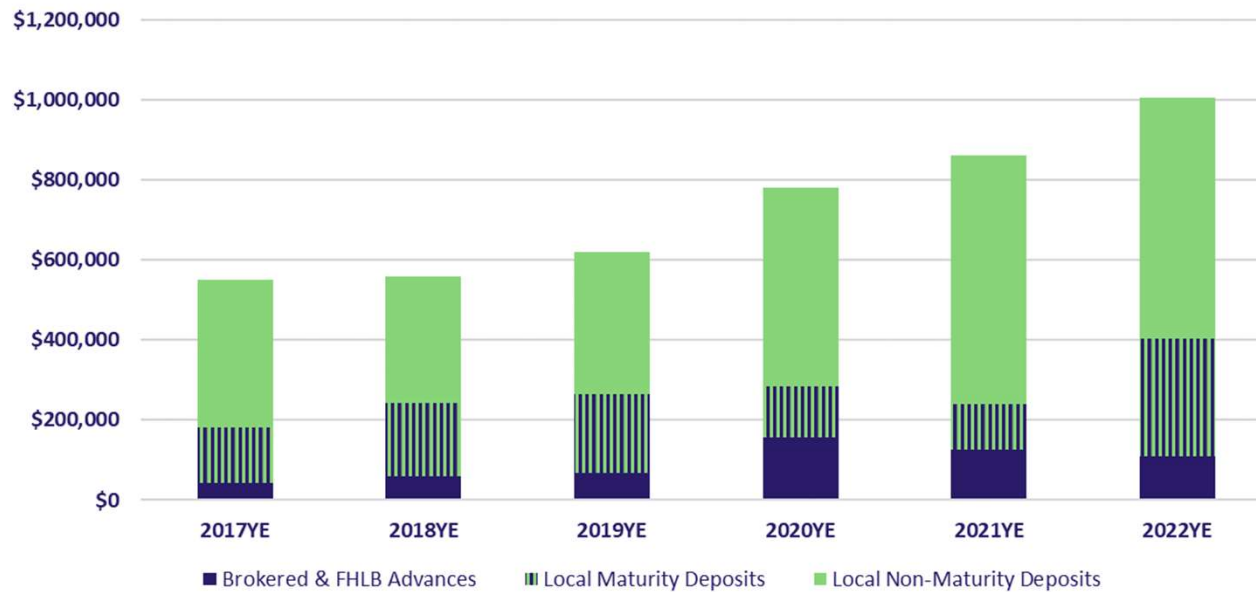
# SBA Loan Program



- **Dedicated Small Business Lending Group Created in 2017**
- **Floating Rate Yields ~ 9.4% (January 2023 adjustment)**
- **Increase in Non-interest Income through:**
  - **Consistent SBA Loan Sales**
  - **Growing SBA Servicing Income**

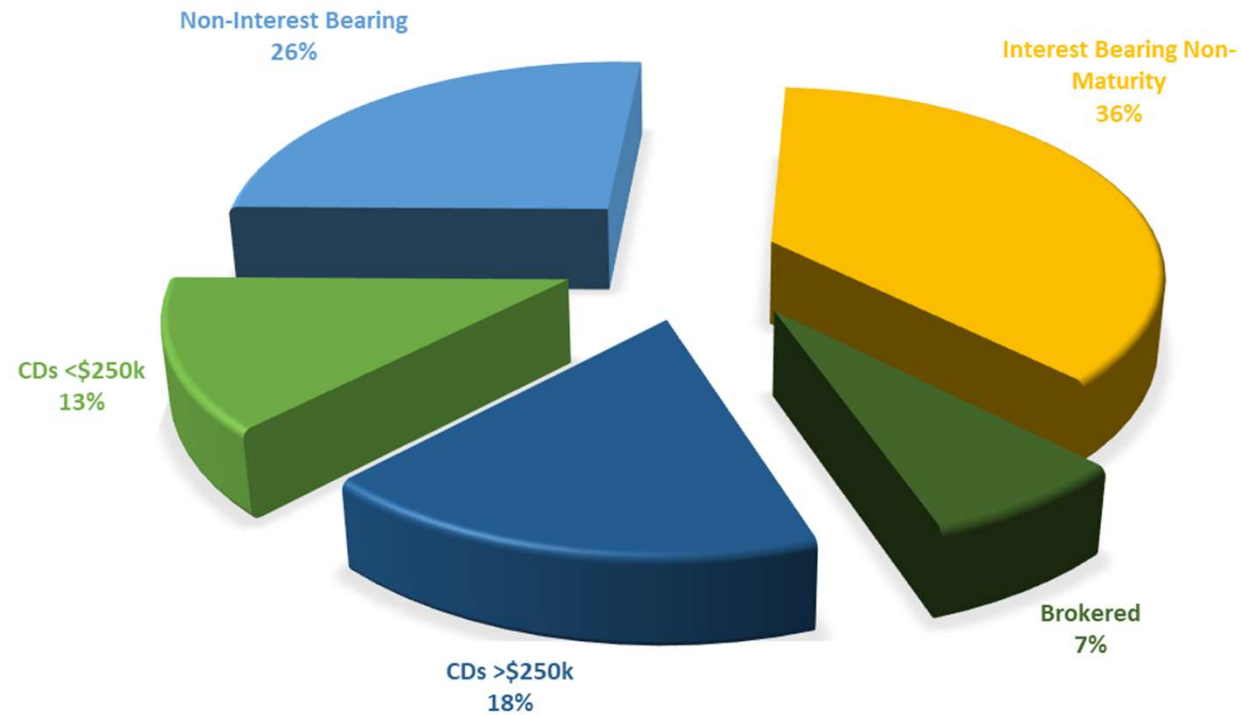
# Liabilities Trends

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

# Deposit Composition



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

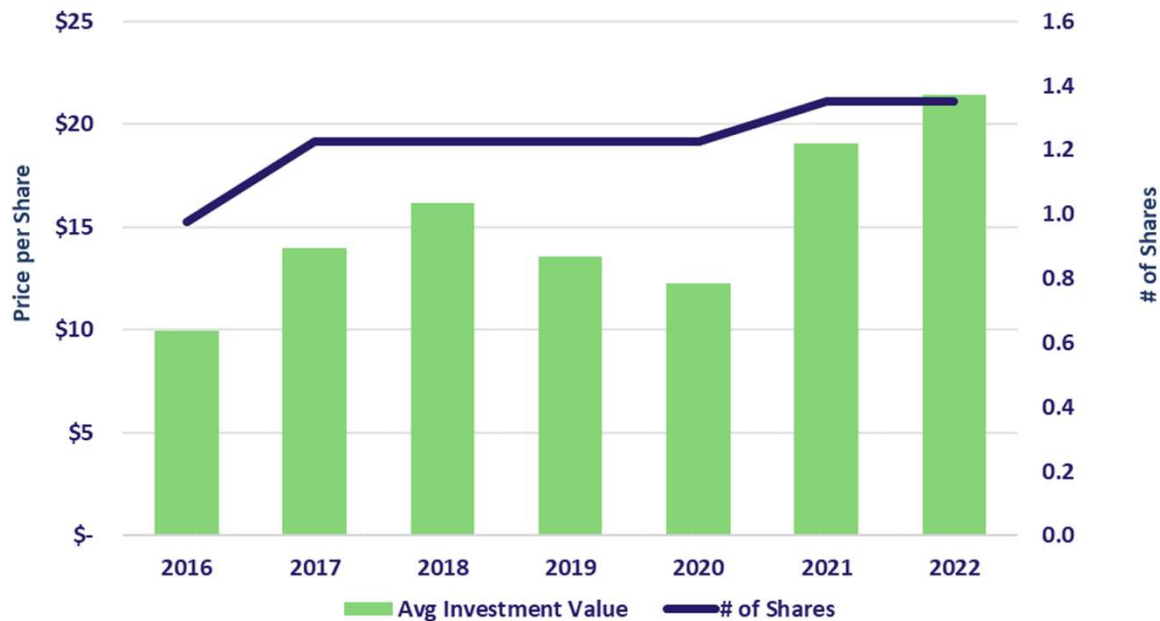
# Historical Dividend Payout



- Consistent Quarterly Dividends
- Dividend Yield ~3.09% at 2022Q4
- Stock Price Traded at 6.13 Times Trailing 12 Month Earnings as of 2022Q4

## Consistently Delivers Strong Stock Value

Investment in 1 share since 2016



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*



# 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**

# Awards and Accolades

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

**Best Business Bank**  
*North Bay biz magazine*

**Top Community Bank Loan Producer**  
*ICBA*

**Raymond James Bankers Cup**  
*Raymond James*

**Super Premier Performance**  
*Findley Reports*

**Bank & Thrift Sm - All Stars**  
*Piper Sandler*

# Get in Touch

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