

# Quarterly Earnings Report – June 30, 2016

Summit Bank reported net income for the second quarter of \$684 thousand or 29 cents per fully diluted share. Earnings for the comparable period one year ago were \$820 thousand or 36 cents per fully diluted share. Year to date earnings were \$1.26 million or 53 cents per fully diluted share, compared to \$1.39 million or 62 cents that the Bank earned during the first six months of 2015. Reduced income in the Bank's small business equipment lending operation during 2016 relative to 2015 because of higher losses and provision for loan loss expense impacted earnings and offset the improvement that the Bank has achieved in its other operating units. Provision for loan losses for the six months ending June 30 2016 was \$713 thousand, an increase of \$336 thousand over the year to date 2015 total of \$377 thousand. Fully diluted earnings per share for the trailing four quarters totaled \$1.08. Year to date return on assets and return on equity were 1.05% and 11.20%.

The Bank continues to experience significant growth in its loan and deposit portfolios. Total net loans as of June 30, 2016, were \$206.1 million, representing a 28.4% increase over the second quarter 2015 total of \$160.5 million. Total deposits increased by \$56.7 million or 32.2% over the previous year. Solid earnings over the last four quarters combined with new capital resulting from the Bank's 2015 common stock offering have allowed Summit to increase its already strong levels of regulatory capital. Total shareholders' equity at June 30, 2016, was \$23.2 million, an increase of 22.2% over Summit's June 30, 2015 total of \$19.0 million.

"We are pleased to report that the growth in the Bank's loan portfolio has increased net interest income from \$4.8 million over the first six months of 2015 to \$5.8 million for the same period this year, or 21.5%," said Craig Wanichek, president and chief executive officer. "Our Eugene and Central Oregon commercial banking operations continue to meet our expectations, and, despite the lower contribution from our equipment finance group, our core earnings, or earnings before provision for loan loss expense and taxes, increased by \$71 thousand for the second quarter and by \$101 thousand for the year to date."

The Bank continues to hold very low levels of non-performing assets overall. Total non-performing assets at June 30, 2016 represented just 0.6% of total assets, an increase from 0.4% and 0.5% at June 30, 2015 and June 30, 2014 respectively.

Paul Weinhold  
Board Chair

Craig Wanichek  
President & Chief Executive Officer



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(in thousands except per share data)

	Unaudited As of	Unaudited As of
	Jun. 30, 2016	Jun. 30, 2015
<b>Summary Statements of Condition</b>		
Cash and short term investments	\$ 39,159	\$ 22,195
Securities	6,100	6,367
Loans:		
Commercial	64,023	57,481
Commercial real estate	121,263	87,879
Other	24,516	18,174
Loan loss reserve and unearned income	(3,688)	(3,039)
Total net loans	<u>206,114</u>	<u>160,495</u>
Property and other assets	10,021	9,332
Repossessed property	1,048	724
Total assets	<u>\$ 262,442</u>	<u>\$ 199,113</u>
Deposits:		
Noninterest-bearing demand	\$ 68,640	\$ 52,202
Interest-bearing demand	131,427	103,788
Certificates of deposit	32,745	20,088
Total deposits	<u>232,812</u>	<u>176,078</u>
Other liabilities	6,433	4,048
Shareholders' equity	23,198	18,987
Total liabilities and shareholders' equity	<u>\$ 262,442</u>	<u>\$ 199,113</u>
Book value per share	\$ 9.86	\$ 8.48
	Unaudited	Unaudited
	For the six months ending	For the six months ending
	Jun. 30, 2016	Jun. 30, 2015
<b>Summary Statements of Income</b>		
Interest income	\$ 6,051	\$ 4,954
Interest expense	(203)	(140)
Net interest income	<u>5,848</u>	<u>4,815</u>
Provision for loan losses	(713)	(377)
Noninterest income	443	707
Noninterest expense	(3,585)	(2,916)
Net income before income taxes	<u>1,993</u>	<u>2,228</u>
Provision for income taxes	(730)	(840)
Net income	<u>\$ 1,264</u>	<u>\$ 1,388</u>
Net income per share, basic	\$ 0.54	\$ 0.63
Net income per share, fully diluted	\$ 0.53	\$ 0.62

