

Quarterly Earnings Report – June 30, 2017

Summit Bank reported net income for the second quarter of \$960 thousand or 23 cents per fully diluted share. Earnings for the comparable period one year ago were \$684 thousand or 19 cents per fully diluted share. Year to date earnings were \$1.7 million or 44 cents per fully diluted share, compared to \$1.3 million or 35 cents that the Bank earned during the first six months of 2016. Profitable growth across all of the Bank's operating units, particularly the Central Oregon office in Bend, drove the increase in earnings. The Bank was able to achieve a 24% increase in earnings per share during the first six months of the fiscal year over the similar period last year after adding \$9.5 million in additional equity during the previous 12 months. The equity was a result of an increase in retained earnings and a successful March 2017 capital offering. Return on assets through the second quarter was 1.19% and return on equity was 11.64%.

“Strong year-over-year results from our Central Oregon Office significantly impacted our performance,” said Craig Wanichek, president and CEO. “The acceptance of our community banking model in Central Oregon has been very encouraging. As a result of the growth, the Board of Directors has approved an expansion of our current office in Bend.”

The Bank continues to experience significant growth in its loan and deposit portfolios. Total net loans as of June 30, 2017, were \$255.1 million, representing a \$49.0 million or 23.8% increase over the second quarter 2016 total of \$206.1 million. Total deposits increased by \$44.9 million or 19.3% over the previous year. Solid earnings over the last four quarters combined with new capital resulting from the Bank's aforementioned common stock offering have allowed Summit to increase its already strong levels of regulatory capital. Total shareholders' equity at June 30, 2017, was \$32.6 million, an increase of 40.7% over Summit's June 30, 2016 total of \$23.2 million.

“The success of our clients and the addition of new relationships led to the significant deposit growth,” said Wanichek. “We were pleased to be able to increase rates for our depositors in June, for both earnings credit on business deposits as well as money market and checking accounts.”

The Bank continues to hold very low levels of non-performing assets. Total non-performing assets at June 30, 2017 represented just 0.75% of total assets, an increase from 0.63% at June 30, 2016.

Paul Weinhold
Board Chair

Craig Wanichek
President & Chief Executive Officer



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(in thousands except per share data)

	Unaudited As of Jun. 30, 2017	Unaudited As of Jun. 30, 2016
Summary Statements of Condition		
Cash and short term investments	\$ 39,965	\$ 39,159
Securities	6,548	6,100
Loans:		
Commercial	86,395	64,023
Commercial real estate	134,588	121,263
Other	38,818	24,516
Loan loss reserve and unearned income	(4,716)	(3,688)
Total net loans	255,085	206,114
Property and other assets	11,193	10,021
Repossessed property	1,125	1,048
Total assets	\$ 313,917	\$ 262,442
Deposits:		
Noninterest-bearing demand	\$ 80,650	\$ 68,640
Interest-bearing demand	173,805	131,427
Certificates of deposit	23,241	32,745
Total deposits	277,696	232,812
Other liabilities	3,576	6,433
Shareholders' equity	32,646	23,198
Total liabilities and shareholders' equity	\$ 313,917	\$ 262,442
Book value per share	\$ 8.10	\$ 6.58

	Unaudited For the six months ending Jun. 30, 2017	Unaudited For the six months ending Jun. 30, 2016	Unaudited For the three months ending Jun. 30, 2017	Unaudited For the three months ending Jun. 30, 2016
Summary Statements of Income				
Interest income	\$ 7,551	\$ 6,051	\$ 3,966	\$ 3,141
Interest expense	(267)	(203)	(138)	(107)
Net interest income	7,284	5,848	3,828	3,035
Provision for loan losses	(1,128)	(713)	(574)	(442)
Noninterest income	776	444	385	288
Noninterest expense	(4,109)	(3,585)	(2,059)	(1,782)
Net income before income taxes	2,823	1,995	1,579	1,099
Provision for income taxes	(1,100)	(730)	(618)	(414)
Net income	\$ 1,723	\$ 1,265	\$ 960	\$ 684
Net income per share, basic	\$ 0.45	\$ 0.36	\$ 0.24	\$ 0.19
Net income per share, fully diluted	\$ 0.44	\$ 0.35	\$ 0.23	\$ 0.19

