

Quarterly Earnings Report – December 31, 2016

Summit Bank reported net income for the fourth quarter of \$759 thousand or 21 cents per fully diluted share. Comparable earnings for the fourth quarter of 2015 were \$647 thousand or 19 cents per share. Fiscal year earnings were \$2.86 million or \$0.80 per fully diluted share, compared to \$2.74 million or \$0.80 per share for the full year 2015. Summit's new Central Oregon office in Bend, which opened in Q3 2015, finished the fiscal year ahead of projections for asset growth and operating performance.

"We are pleased with the performance of the Central Oregon Branch Office," said Craig Wanichek, president and CEO. "We ended the year with over \$30 million in loans and nearly \$15 million in deposits in Central Oregon. We are delighted that Summit will be the only community bank in the market based on the announced acquisition of another local competitor."

Summit achieved its fourth consecutive year of annual loan growth in excess of 20 percent during 2016. Total net loans as of December 31, 2016, were \$227.0 million, representing a 23.1 percent increase over the fourth quarter 2015 total of \$184.4 million. Deposit growth was robust, as well, with total deposits increasing by \$44.0 million or 21.0 percent over the previous year.

"Due to the significant growth we have achieved and the current market opportunity as a result of the pending acquisitions of local competitors by out of state banks, the Summit Bank Board of Directors have unanimously approved an additional capital raise," said Wanichek. "The terms of the common equity raise will be released by early March. It is presently expected to be in the \$5 million range and open to existing shareholders and new investors."

"The Bank exceeded 2015 net income as a result of greater income in our Eugene area commercial lending group in 2016, offsetting reduced profits in our equipment financing division," Wanichek said.

The Bank continues to hold very low levels of non-performing assets. Total non-performing assets at December 31, 2016, consisted primarily of one parcel of other real estate owned and represented just 0.5 percent of total assets, equaling the result at December 31, 2015.

Paul Weinhold
Board Chair

Craig Wanichek
President & Chief Executive Officer



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(in thousands except per share data)

	Unaudited	
	As of	
Summary Statements of Condition	Dec. 31, 2016	Dec. 31, 2015
Cash and short term investments	\$ 36,649	\$ 34,389
Securities	6,557	6,295
Loans:		
Commercial	72,005	60,685
Commercial real estate	129,315	103,923
Other	29,765	23,183
Loan loss reserve and unearned income	(4,117)	(3,382)
Total net loans	226,969	184,409
Property and other assets	10,807	10,223
Repossessed property	1,016	988
Total assets	\$ 281,998	\$ 236,305
Deposits:		
Noninterest-bearing demand	\$ 89,511	\$ 59,410
Interest-bearing demand	136,743	132,601
Certificates of deposit	27,455	17,718
Total deposits	253,710	209,729
Other liabilities	3,395	4,822
Shareholders' equity	24,892	21,754
Total liabilities and shareholders' equity	\$ 281,997	\$ 236,305
Book value per share	\$ 6.99	\$ 6.28

	Unaudited		Unaudited	
	For the twelve months ending		For the three months ending	
Summary Statements of Income	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Interest income	\$ 12,681	\$ 10,656	\$ 3,409	\$ 2,916
Interest expense	(414)	(318)	(108)	(93)
Net interest income	12,268	10,338	3,301	2,823
Provision for loan losses	(1,383)	(977)	(411)	(295)
Noninterest income	1,105	1,479	306	352
Noninterest expense	(7,390)	(6,427)	(1,969)	(1,830)
Net income before income taxes	4,600	4,412	1,227	1,050
Provision for income taxes	(1,745)	(1,671)	(468)	(402)
Net income	\$ 2,855	\$ 2,740	\$ 759	\$ 647
Net income per share, basic	\$ 0.81	\$ 0.82	\$ 0.21	\$ 0.19
Net income per share, fully diluted	\$ 0.80	\$ 0.80	\$ 0.21	\$ 0.19

