

# Quarterly Earnings Report – December 31, 2017

Summit Bank reported net income for the fiscal year ended December 31, 2017 of \$3.28 million, or a 15% increase in earnings over \$2.86 million in 2016. 2017 earnings per fully diluted share of \$0.83 represented a \$0.03 per fully diluted share increase over fiscal 2016 earnings of \$0.80 per share. Earnings per share increase was impacted as a result of 447,000 new shares offered in the successful \$6 million capital raise in the first quarter of 2017.

Earnings for the 4<sup>th</sup> quarter were negatively affected by \$0.08 per share in additional federal income tax expense associated with the passage of the Tax Cuts and Jobs Act of 2017 which became effective in December 2017. As a result, earnings for Q4 2017 were \$605 thousand or \$0.15 per fully diluted share compared to Q4 2016 earnings of \$759 thousand or \$0.21 per fully diluted share.

“Like many other banks across the nation, the Tax Cuts and Jobs Act of 2017 had a negative impact in 4<sup>th</sup> quarter of 2017; however, we anticipate the Act will reduce our marginal tax rate in 2018 to 28% from 38%,” said Craig Wanichek, President and CEO. “The additional benefit from the Act will also result in a greater capacity to continue to make economic investments in our two primary markets of Eugene/Springfield and Central Oregon.”

Summit achieved its fifth consecutive year of annual loan growth in excess of 20% during 2017. Total net loans as of December 31, 2017, were \$276.5 million, representing a 21.8% increase over the fiscal 2016 total of \$227.0 million. Total assets at the end of the year were \$336 million, an increase of 19.0% over total assets of \$282 million at the end of 2016. Deposit growth was similarly strong, with total deposits increasing by \$44.9 million or 17.7% over the previous year.

“Our clients’ growth this past year added significantly to our progress in 2017,” said Wanichek. “But, the addition of key new relationships helped us achieve the loan growth in excess of 20%. Our strong balance sheet position has also allowed us to increase rates for our depositors twice over the last seven months.”

The Bank reported \$47.0 million of cash & short-term investments in securities at the end of 2017. This is a 9.3% increase over \$43.2 million held in cash & short-term investments in securities at the end of 2016. The Bank continues to hold very low levels of non-performing assets. Total non-performing assets at December 31, 2017 consisted primarily of one parcel of other real estate owned and represented just 0.4 percent of total assets, a reduction from 0.5 percent at December 31, 2016.

Paul Weinhold  
Board Chair

Craig Wanichek  
President & Chief Executive Officer



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(in thousands except per share data)

Summary Statements of Condition	Unaudited	
	As of Dec. 31, 2017	As of Dec. 31, 2016
Cash and short term investments	\$ 40,965	\$ 36,649
Securities	6,242	6,557
Loans:		
Commercial	87,304	72,005
Commercial real estate	161,846	129,315
Other	32,285	29,765
Loan loss reserve and unearned income	(4,933)	(4,117)
Total net loans	276,502	226,968
Property and other assets	10,949	10,807
Repossessed property	1,031	1,016
Total assets	<u>\$ 335,689</u>	<u>\$ 281,997</u>

Deposits:		
Noninterest-bearing demand	\$ 86,498	\$ 89,511
Interest-bearing demand	185,882	136,743
Certificates of deposit	26,233	27,455
Total deposits	298,613	253,709
Other liabilities	2,543	3,395
Shareholders' equity	34,534	24,892
Total liabilities and shareholders' equity	<u>\$ 335,689</u>	<u>\$ 281,997</u>

Book value per share	\$ 8.43	\$ 7.01
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Summary Statements of Income	Unaudited		Unaudited	
	For the twelve months ending Dec. 31, 2017	For the twelve months ending Dec. 31, 2016	For the three months ending Dec. 31, 2017	For the three months ending Dec. 31, 2016
Interest income	\$ 16,368	\$ 12,681	\$ 4,469	\$ 3,409
Interest expense	(677)	(414)	(209)	(108)
Net interest income	15,691	12,268	4,260	3,301
Provision for loan losses	(2,280)	(1,381)	(512)	(411)
Noninterest income	1,358	1,103	302	306
Noninterest expense	(8,847)	(7,391)	(2,515)	(1,969)
Net income before income taxes	5,922	4,599	1,535	1,227
Provision for income taxes	(2,638)	(1,745)	(930)	(468)
Net income	<u>\$ 3,283</u>	<u>\$ 2,855</u>	<u>\$ 605</u>	<u>\$ 759</u>
Net income per share, basic	\$ 0.84	\$ 0.81	\$ 0.15	\$ 0.21
Net income per share, fully diluted	\$ 0.83	\$ 0.80	\$ 0.15	\$ 0.21

