

# Quarterly Earnings Report – December 31, 2018

Summit Bank reported net income for the fiscal year ended December 31, 2018 of \$5.76 million or \$1.10 per fully diluted share. Strong contributions from all of Summit's operating units combined with a lower effective federal tax rate during 2018 allowed the Bank to achieve a 71 percent increase in fully diluted earnings per share compared to the previous year. 2018 earnings represented a \$0.45 per fully diluted share increase over fiscal 2017 earnings of \$3.28 million or \$0.65 per share. Fully diluted pre-tax earnings per share for the fiscal year 2018 increased 27 percent compared to fiscal year 2017.

Earnings for the fourth quarter were similarly as strong with pre-tax fully diluted earnings per share of \$0.47, an increase over the 4<sup>th</sup> quarter of 2017 of \$0.17 or 58 percent.

Summit achieved its sixth consecutive year of annual loan growth in excess of 20 percent during 2018. Total net loans as of December 31, 2018, were \$342.1 million, representing a 24 percent increase over the fiscal 2017 total of \$276.5 million. Deposit growth mirrored loan increases, with total deposits increasing by \$72.8 million or 24 percent over the previous year. The Bank has maintained its profitability during the recent rapid growth, with return on average equity for 2018 of 15.3 percent marking Summit's sixth consecutive year producing return on equity in excess of 10 percent.

"The organizations and individuals we work with continued to prosper in 2018," said Craig Wanichek, President and CEO, "Summit did as well. We are also excited about the significant new relationships that were added throughout the year."

Earlier this year, the Bank announced it took the first steps toward entering Oregon's largest market, by hiring seven colleagues based in downtown Portland. The team currently operates a loan production office out of a professional suite. Summit Bank will open a full service office in downtown Portland in the near future. "We are excited to introduce Summit Bank to our Portland business, professional and non-profit community and are filling a niche that has been vacated by M&A activity in this town," said Steve Watts, the Portland team's Senior Vice President. "As entrepreneurial bankers, we provide our clients with nimble, creative and sensible solutions for their business banking needs."

Summit's liquidity and capital positions have remained strong as deposit growth has matched the Bank's loan growth and operating earnings have continued to increase as the Bank grows. Cash and short-term investments of \$61.1 million, increased by \$13.8 million or 29 percent over the trailing twelve months since December 31, 2017. Over the same period, total shareholders' equity increased by \$6.0 million to \$40.6 million, an increase of 17.5 percent.

Paul Weinhold  
Board Chair

Craig Wanichek  
President & Chief Executive Officer



# Quarterly Financial Report – December 31, 2018

The Bank continues to hold very low levels of non-performing assets with total non-performing assets at December 31<sup>st</sup>, 2018 representing just 0.55 percent of total assets, a slight increase over 0.42 percent at December 31<sup>st</sup> 2017.

(in thousands except per share data)

	Unaudited As of	
<b>Summary Statements of Condition</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
Cash and short term investments	\$ 56,519	\$ 40,965
Securities	4,507	6,242
Loans:		
Commercial	110,198	88,533
Commercial real estate	200,097	161,846
Other	38,167	32,285
Loan loss reserve and unearned income	(6,369)	(4,933)
Total net loans	342,093	276,502
Property and other assets	12,584	10,949
Repossessed property	765	1,031
<b>Total assets</b>	<b>\$ 416,468</b>	<b>\$ 335,689</b>

Deposits:		
Noninterest-bearing demand	\$ 92,610	\$ 86,498
Interest-bearing demand	259,137	185,882
Certificates of deposit	19,657	26,233
<b>Total deposits</b>	<b>371,404</b>	<b>298,613</b>
Other liabilities	4,499	2,543
Shareholders' equity	40,564	34,534
<b>Total liabilities and shareholders' equity</b>	<b>\$ 416,468</b>	<b>\$ 335,689</b>

Book value per share	\$ 7.88	\$ 6.74
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	Unaudited		Unaudited	
<b>Summary Statements of Income</b>	<b>For the twelve months ending Dec. 31, 2018</b>	<b>For the twelve months ending Dec. 31, 2017</b>	<b>For the three months ending Dec. 31, 2018</b>	<b>For the three months ending Dec. 31, 2017</b>
Interest income	\$ 21,538	\$ 16,368	\$ 6,057	\$ 4,469
Interest expense	(2,080)	(677)	(638)	(209)
<b>Net interest income</b>	<b>19,458</b>	<b>15,692</b>	<b>5,419</b>	<b>4,259</b>
Provision for loan losses	(2,167)	(2,280)	(433)	(512)
Noninterest income	1,733	1,358	437	301
Noninterest expense	(11,277)	(8,847)	(2,947)	(2,515)
<b>Net income before income taxes</b>	<b>7,748</b>	<b>5,922</b>	<b>2,476</b>	<b>1,533</b>
Provision for income taxes	(1,986)	(2,638)	(507)	(930)
<b>Net income</b>	<b>\$ 5,762</b>	<b>\$ 3,284</b>	<b>\$ 1,968</b>	<b>\$ 603</b>
Net income per share, basic	\$ 1.12	\$ 0.65	\$ 0.38	\$ 0.12
Net income per share, fully diluted	\$ 1.10	\$ 0.65	\$ 0.38	\$ 0.12

