Summit Bancshares Inc.

2023 Annual Report

Summit Bank

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED	2023	2022	2021	2020	2019	2018	2017
Net Income	$ 5,491,983	$ 3,401,310	$2,330,342	$2,786,061	$4,521,247	$3,081,791	$1,847,759
Earnings per common share	$4.72	$2.90	$1.95	$2.33	$3.79	$2.58	$1.54
Earnings per common share - assuming dilution	$4.72	$2.90	$1.95	$2.33	$3.79	$2.58	$1.54
AT YEAR END (in thousands)							
Deposits	$264,304	$312,117	$321,614	$262,269	$215,555	$231,125	$230,128
Loans (Net)	178,989	192,711	181,542	204,487	173,161	172,161	150,371
Assets	318,377	361,327	368,466	306,857	257,990	267,629	263,318
Shareholders' Equity	45,234	41,162	39,336	37,435	35,437	31,286	28,562
Non-performing Loans to Total Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.97%	0.07%
Allowance to Non-performing Loans	-	-	-	-	-	207.46%	3393.10%
Common Equity Tier 1 Capital	20.59%	18.42%	19.28%	17.74%	16.37%	15.42%	15.12%
Tier 1 Capital	20.59%	18.42%	19.28%	17.74%	16.37%	15.42%	15.12%
Total Capital	21.84%	19.68%	20.54%	19.11%	17.62%	16.68%	16.38%
Leverage Ratio	14.07%	10.64%	10.48%	11.63%	13.76%	11.45%	11.01%

MARKET PRICE OF THE COMPANY'S STOCK AND DIVIDENDS

The stock of the Company is not listed on any stock exchange but is publicly traded in limited and infrequent transactions in the "over the counter" market. According to information made available to the Company, the range of high and low sales prices for such common stock for each calendar quarter since January 2022 is contained below. The following prices reflect retail mark-up and may not represent actual transactions.

	HIGH	LOW	DIVIDENDS DECLARED
2023			
First Quarter	$40.00	$36.60	$0.51
Second Quarter	$37.50	$35.10	$0.51
Third Quarter	$37.55	$36.50	$0.10
Fourth Quarter	$38.99	$35.35	$0.10
Total			$1.22
2022			
First Quarter	$37.14	$37.06	$0.10
Second Quarter	$37.63	$37.57	$0.10
Third Quarter	$36.05	$36.04	$0.10
Fourth Quarter	$36.79	$36.77	$0.10
Total			$0.40

The Company presently intends to continue the policy of paying regular cash dividends. Future dividends will depend upon the earnings of the Company, management's assessment of the future needs for funds, and the regulatory limitations outlined in Footnote #10.

DEAR FELLOW SHAREHOLDERS,

We are pleased to report that 2023 marked the 42nd profitable year for Summit Bank. Our after tax-profit in 2023 was $5,492,000 compared to $3,401,000 in 2022. Earnings per share was $2.90 in 2022 compared to $4.72 for 2023.

We believe that the Bank's continuing history of profitability and stability is a result of conservative practices of sticking to the basics of banking. We have a fantastic team of co-workers who are dedicated to providing the best service to our clients. They do so while navigating an ever-challenging world of regulations and risks in the world today. This annual report will introduce you to our fantastic team so you may know those who work so hard for you every single day. We all work very hard to repay you for the trust and confidence you placed in us when you became a shareholder.

Summit Bank received the following recognition in 2023:

- We have been recognized in the Findley Reports throughout our lifetime as a high performing bank and in 2023 for the 19th time, as a "Super Premier" performing bank.
- Once again the Bauer Financial report lists us with a 'Five **Star** 'ranking, as one of the strongest financial institutions in the country.
- San Francisco Business Times has recognized us for the 6th consecutive year as '**Top 100 Corporate Philanthropist'.**

The banking industry has struggled as a result of failed institutions in early 2023. However, we are pleased to report that 2023 marked the 42nd profitable year for Summit Bank. The interest rate increases in 2023 helped improve the Bank's Net Interest Margin for the year. The expected interest rate decreases in 2024 could result in a decrease of interest income which we believe will be offset by an increase in loan demand. Managing interest rate risk continues to be a struggle in such a volatile environment. Securities in our portfolio are held only for the purpose of securing public deposits.

Our Return on Assets was 1.65% compared to 0.89% last year and Return on Equity was 13.34% compared to 8.26% in 2022. 2023 saw our total assets decrease to $318,377,000 from $361,327,000 in 2022 with deposits decreasing from $312,117,000 in 2022 to $264,304,000 in 2023 and loans decreased from $197,590,000 to $184,968,000.

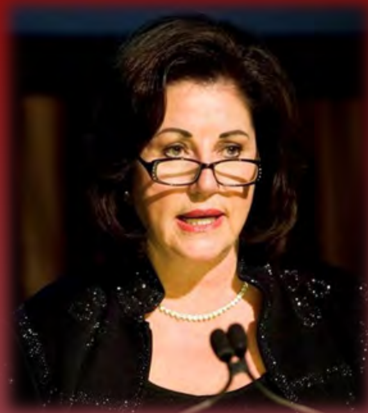
The book value of your stock increased to $38.85 from $35.36 while our Risk Based Capital Ratio increased from 19.68% to 21.84%. We distributed $1.22 per share for a total cash distribution of $1,420,313. We are well in excess of the Regulatory standard of 10% for a Well Capitalized Bank.

We would like to thank our Board members who provide oversight and direction of our policies and goals that add to the success that we have enjoyed for so many years. Our Board has the right mix of background perspectives and provides excellent oversight and guidance on what is necessary with the daily challenges we face. Our board is complemented by the best management team in the Bay Area and they are passionate about customer service and creating shareholder value. I would also like to thank all of our employees for the hard work and dedication they have given us at Summit Bank.

SHIRLEY W. NELSON
Chairman and CEO

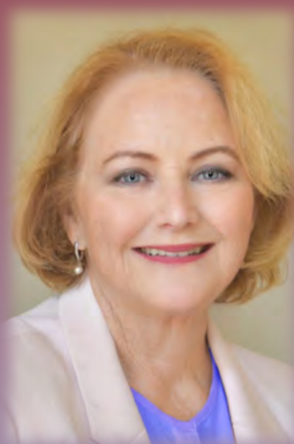
STEVE NELSON
President and CEO

Board of Directors



Shirley Nelson
Chairman and CEO
Summit Bancshares, Inc.

George Hollidge
Retired



Nancy O'Malley
Retired District Attorney
Alameda County

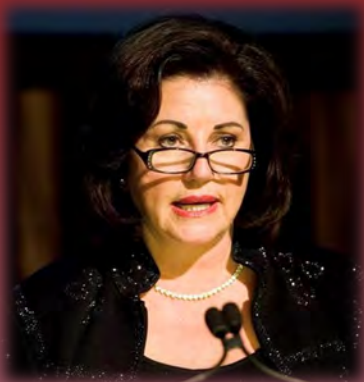
John Nohr
Retired

Bob Dillon
Brooker & Co., CPAs

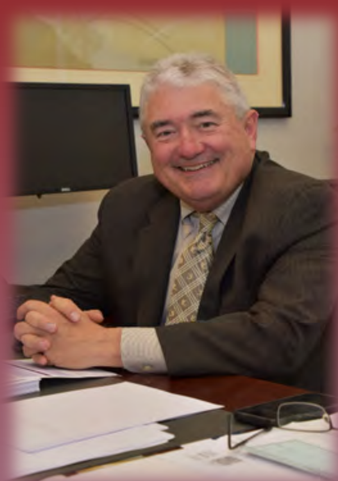
John Protopappas
Madison Park Financial Corporation

Jason Hill
R.G. Hill and Company

Executive Officers
Summit Bank

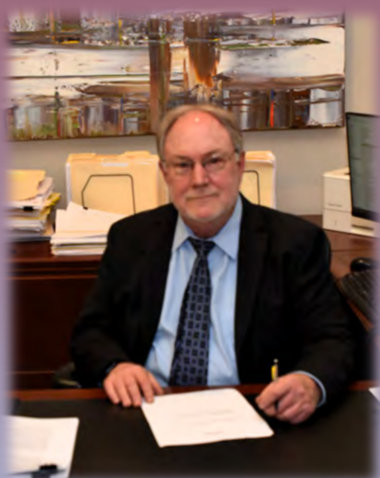


Shirley Nelson
Executive Chairman



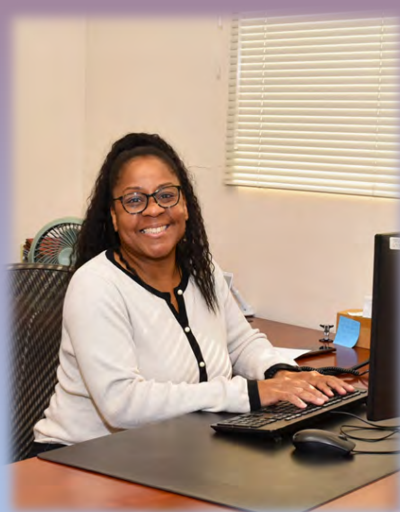
Steve Nelson
President and CEO

Mani Ganesamurthy
SVP Chief Financial Officer

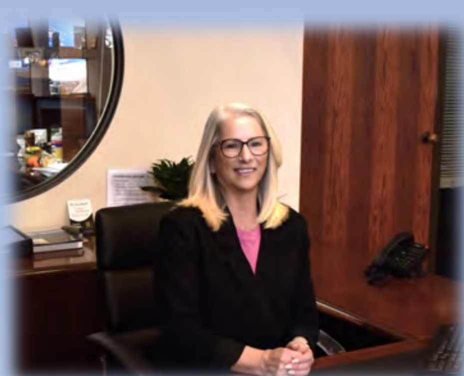


David Funkhouser
EVP Chief Credit Officer

Krystle Johnson
VP Operations Admin

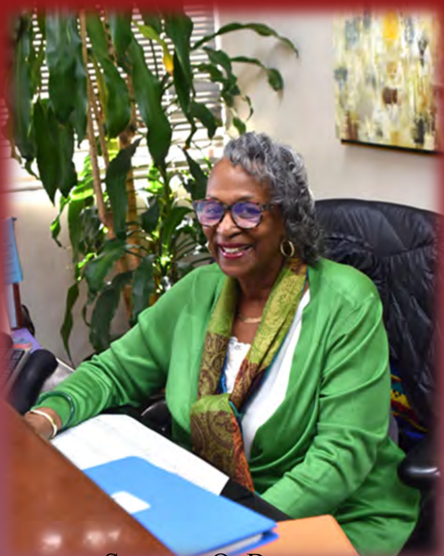


Michelle Nelson
Human Resources Manager



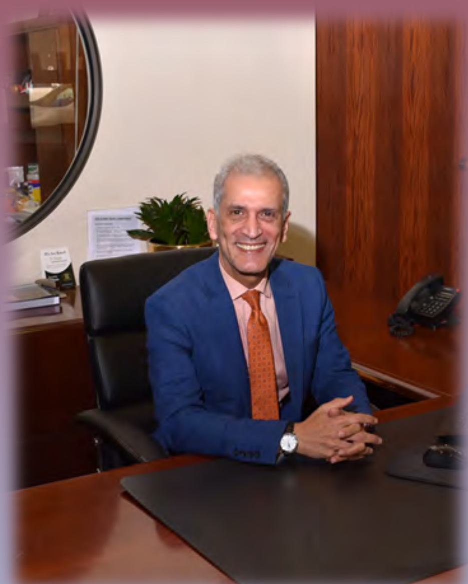
Sydnie Bauer
Executive Assistant
To Executive Chairman & CEO

Oakland Team

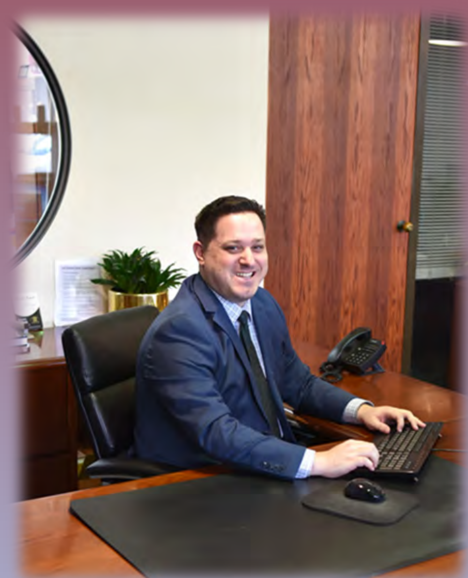


Suzanne O. Brown
Receptionist/Relations Specialist

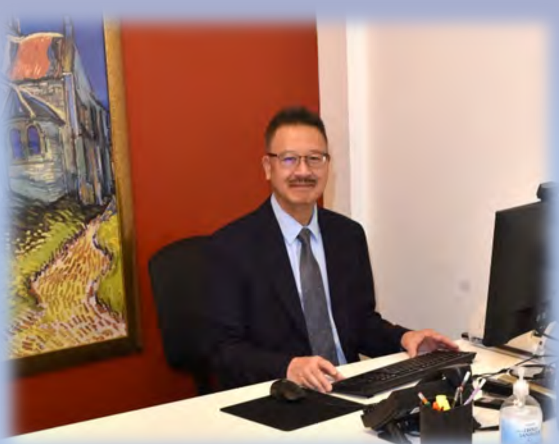
Benjamin Ezekwesili
VP Senior Business Portfolio Manager



Zack Noman
AVP Branch Service Manager

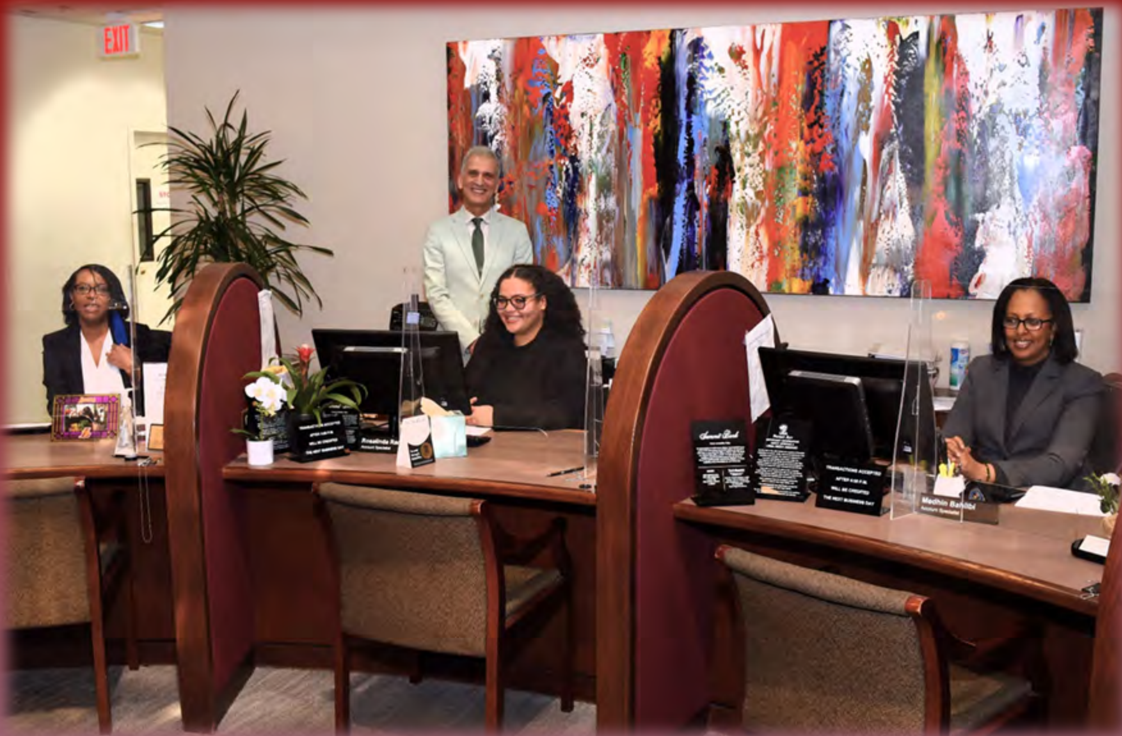


Chris Bausinger
AVP IT Manager

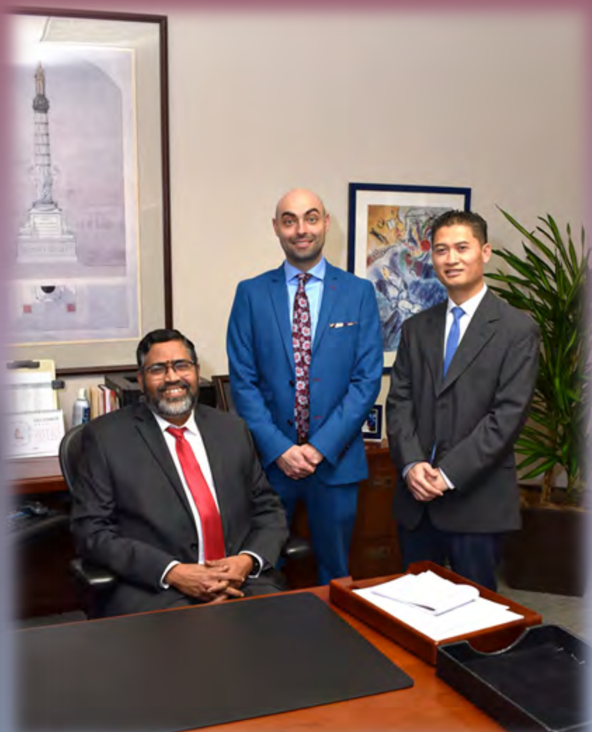


Bert Lee
AVP BSA/Compliance Officer

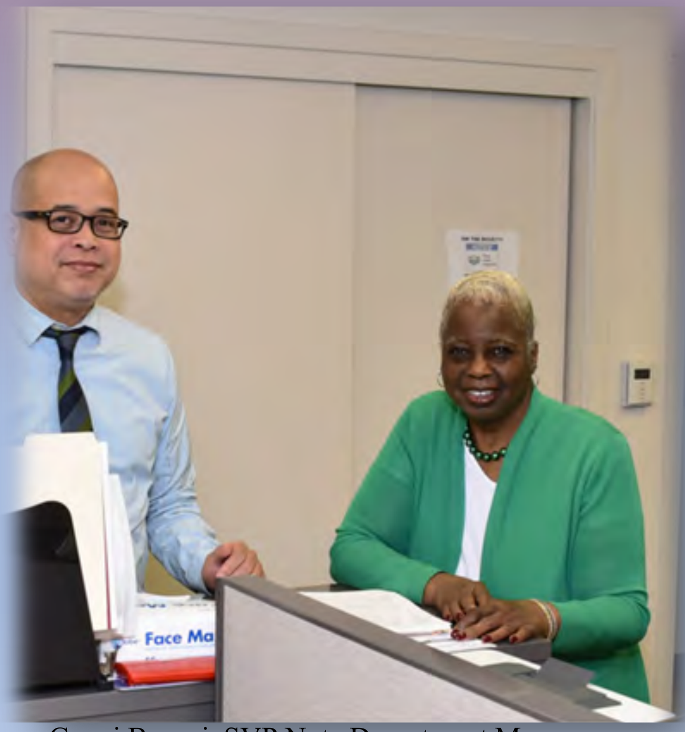
Yong Bai
SVP Senior Relationship Manager



Branch Tellers (left to right)
Sherry Glover, Universal Banker II
Rosalinda “Rosy” Ramos, Account Specialist
Medhin Bahlibi, Account Specialist



Mani Gaesamurthy, SVP Chief Financial Officer
Michael Coppoli, Account Assistant
Xong Chaymany, Staff Accountant



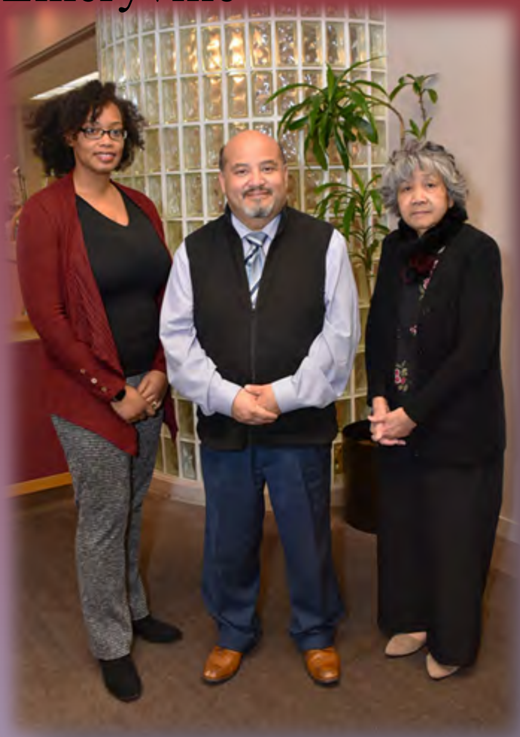
Ganni Bacani, SVP Note Department Manager
Catherine Johnson, AVP Loan Documents Processor

Oakland Team

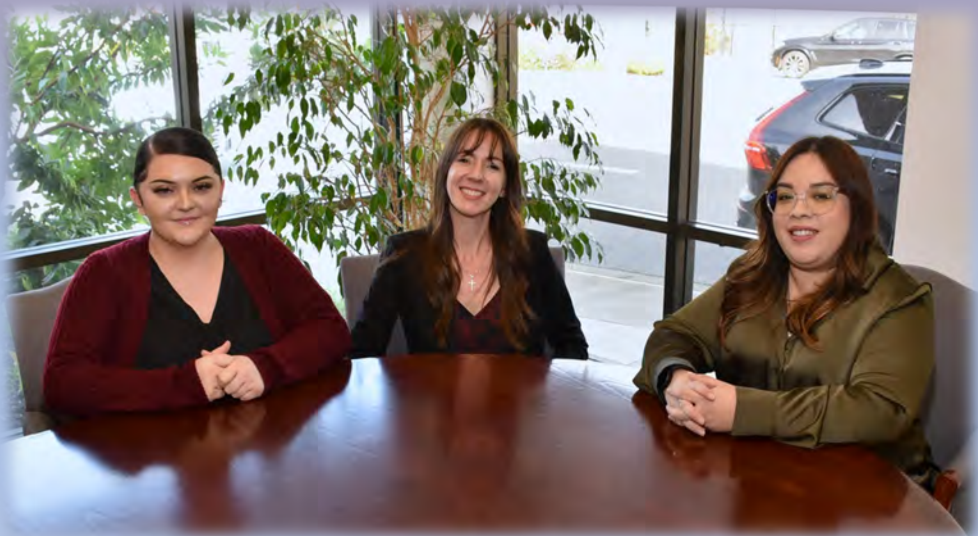
Steven Nelson, President, CEO, CIO and COO

Emeryville And Walnut Creek Teams

Emeryville



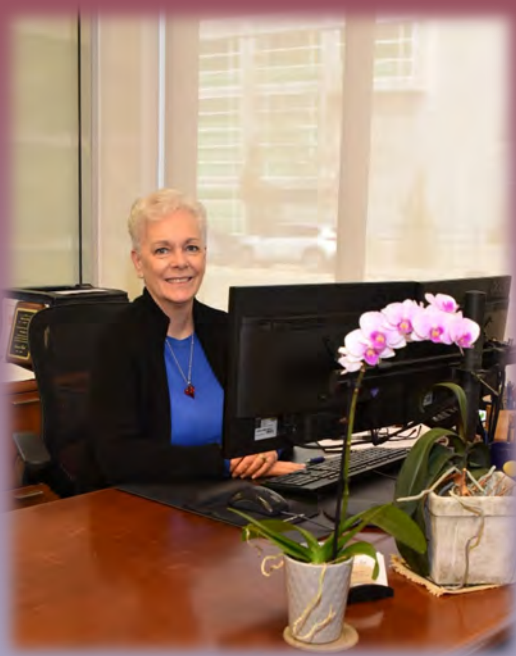
Stephanie Eggleton, Account Specialist
Mauricio Luna, Branch Service Manager
Vilma Merindo, Encoder/Remote Capture



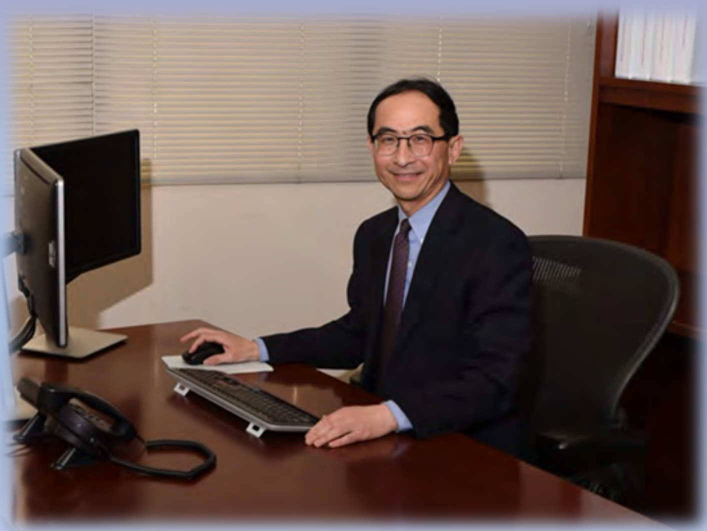
Minerva Team, Cannabis Department
Grace Carter, Personal Banker
Krystle Johnson, VP Operations Administrator
Jessica Lonardo, BSA Specialist

Walnut Creek Teams

Dion Williams, Universal Banker I
Wilma Borel, Branch Manager
Jessica Lonardo, BSA Specialist



Marcia Gerg
VP Senior Relationship Manager



George (DeChang) Yang
VP & Relationship Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The matters addressed in this Annual Report, with the exception of the historical information presented, may incorporate certain forward-looking statements involving risks and uncertainties, including the risks discussed under the heading "Certain Factors That May Affect Future Results" and elsewhere in this Report.

This section is a review of Summit Bancshares, Inc.'s (the "Company") results as reflected in the Consolidated Financial Statements. It discusses the principal items of income and expense and the factors affecting the Company's financial position. This discussion should be read together with the Selected Financial Data and Consolidated Financial Statements included elsewhere in the Annual Report.

The Company's wholly owned subsidiary, Summit Bank (the "Bank"), has conducted the business of a commercial bank since 1982. It provides commercial credit and various checking and savings account products for small and mid-sized businesses and for professionals as well as individual consumers.

Summary of Earnings

The Company's net income for 2023 was $5,492,000 compared to $3,401,000 in 2022, and $2,330,000 in 2021. The increase in the year 2023's net income from the year 2022 was caused primarily due to an increase in the net interest margin due to an increase in the prime rate. The net income of $5,492,000 for 2023 represents diluted earnings per share of $4.72 which compared to diluted earnings per share of $2.90 in 2022, and diluted earnings per share of $1.95 per share in 2021.

Net Interest Income

The primary source of income for the Company is Net Interest Income or "Gross Margin" which is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. In general, net interest income is affected by a change in interest rates. As interest rates rise or fall, so will the Company's net interest income, excluding changes in total assets. The primary reason for this is that the Company's investment portfolio earns income on a fixed interest rate basis while a majority of the lending portfolio earns income on a floating interest rate basis because loans are tied to the prime-lending rate. In addition, investments are held to maturity while 100% of the federal agency investments mature within one year. Regarding loans, approximately 19% of the loans outstanding mature within one year, while the longest maturity is ten years. In a rising interest rate environment, interest income on loans will generally rise faster than the investment income and vice versa. To offset any decline in interest income due to a declining interest rate environment, the Company monitors closely its interest expense on deposits. Of the total time certificates of deposit outstanding at year-end, approximately 23% matures after one year while 19% matures within 90 days. Thus, the Company is able to minimize the effects of a declining interest rate environment by repricing these instruments on a more frequent basis than if the average maturity were longer than one year.

Net interest income for 2023 was $16,681,000, an increase from $12,431,000 posted in 2022 and an increase as compared to $11,448,000 in 2021. The increase in 2023 was primarily the result of an increase in prime rate which caused an increase in net interest margin. Average earning assets decreased by 13.52% in 2023 to $315,059,000 from $364,313,000 in 2022 and as compared to $331,860,000 in 2021. Average total deposits were decreased by 15.74% to $286,406,000 in 2023 from $339,893,000 in 2022 and decreased 6.68% as compared to $306,891,000 in 2021.

Average loans outstanding increased by 5.66% in 2023 to $196,790,000 as compared to $186,245,000 in 2022 and decreased 3.66% as compared to $204,265,000 in 2021. The increase in average loans was primarily the result of booking a large commercial loan. Average outstanding investments decreased 33.58% to $118,268,000 in 2023 as compared to $178,068,000 in 2022 and decreased 7.31% as compared to $127,596,000 in 2021. The yield on average earning assets was 5.77% in 2023 as compared to 3.58% in 2022 and 3.61% in 2021. The increase in 2023 was primarily due to an increase in prime rate and the interest paid on overnight funds with Federal Reserve.

Interest expense increased 149.83% to $1,494,000 in 2023 from $598,000 in 2022 and increased 179.78% as compared to $534,000 in 2021. The increase in 2023 was primarily centered in the average rates paid on deposits. Average interest-bearing deposits decreased 7.49% to $140,764,000 in 2023 compared to $152,158,000 in 2022 and increased 2.25% as compared to $137,671,000 in 2021. Average non-interest-bearing deposits decreased 22.42% in 2023 to $145,642,000 as compared to $187,735,000 in 2022 and decreased 13.93% as compared to $169,219,000 in 2021. Overall cost of funds in 2023 was 1.06% as compared to 0.39% in 2022 and 0.39% in 2021. Interest expense increased for customers' time deposits and savings accounts in 2023 as compared to the interest expense in 2022.

Non-Interest Income and Expense

Non-interest income, consisting primarily of service charges on deposit accounts and other income, was $958,000 in 2023, a decrease of 13.25% from $1,105,000 in 2022, and a decrease of 14.31% from $1,118,000 in 2021. The decrease in Non-Interest income was primarily due to a decrease in DDA Service Charges. Total service charge income from deposit accounts decreased 18.93% to $686,000 in 2023 from $847,000 in 2022 and 13.49% from $793,000 in 2021 and total income from other charges increased 5.38% to $272,000 in 2023 from $258,000 in 2022 and decreased 16.56% from $326,000 in 2021.

Non-interest expenses increased 3.00% to $8,657,000 in 2023 from $8,405,000 in 2022 and $8,826,000 in 2021. Salary expense decreased 9.56% to $5,268,000 in 2022 from $5,825,000 in 2021 and $5,318,000 in 2020. Legal expenses increased by $1,000 in 2023 over 2022 and increased by $21,000 as compared to 2021. FDIC assessment expense increased to $150,000 in 2023 from $104,500 in 2022 and $90,500 in 2021, primarily due to an increase in assessment rates.

The Company's allowance for credit losses as a percent of loans was 3.23% as of December 31, 2023 as compared to 2.53% as of December 31, 2022 and 2.50% as of December 31, 2021. There was an accrual of $1,050,000 for loan loss provision in 2023, $300,000 in 2022 and 450,000 in 2021 and there were no charge offs during these years. At this time management believes that the allowance is appropriate.

Provision for Income Taxes

The provision for income taxes reflects a combined Federal and California effective tax rate of 29.40% in 2023, compared to 29.60% in 2022 and 29.18% in 2021, as described in Note 7 to the Financial Statements.

Liquidity and Capital

Liquidity is defined as the ability to meet present and future obligations either through the sale or maturity of existing assets or by the acquisition of funds through liability management. Additionally, the Company's investment portfolio is managed to provide liquidity as well as appropriate rates of return. It is the Company's practice to hold securities until maturity rather than actively trade its portfolio. As of December 31, 2023, the Company had $48,646,000 in cash and cash equivalents compared to $85,346,000 as of December 31, 2022 and $128,469,000 as of December 31, 2021. The decrease in 2023 was primarily due to a decrease in balances with Federal Reserve. The ratio of average loans to deposits for 2023 was 69.9% compared to 54.8% 2022 and 66.5% for 2021.

The Company maintains a portion of its assets in loans, time deposits with other financial institutions and investments with short-term maturities. More specifically, loans, time deposits with other financial institutions and investments due within one year totaled $90,570,000 at December 31, 2023 as compared to $99,536,000 at December 31, 2022, and $92,781,000 at December 31, 2021. This is equivalent to 28.5%, 27.6% and 25.2%, of total assets at the corresponding year-ends, respectively. The increase was mainly due to the fed funds sold and due from time deposits maturing in one year.

In addition, the Company's subsidiary Bank remains more than well-capitalized under current regulatory requirements.

Credit and Deposit Concentration

A part of the subsidiary Bank's marketing strategy is to offer quality financial services to physicians, other professionals and small business communities. The Company has been especially successful in targeting health care professionals. This segment has traditionally provided high levels of deposits and low loan losses. Over the past few years, the doctors and health care providers in the Company's communities have been adjusting to certain emerging trends in this industry. This includes higher percentages of patients on Medicare, closer scrutiny from insurance carriers, and movement to managed care and "capitation" contracts. Through this process, the Company has not experienced any noticeable deterioration in credit quality. The Company cannot predict the ultimate outcome of health care reform. However, the Company closely monitors the status of reform and considers the potential impact of any reform on its current customers and it's underwriting of loans to healthcare professionals.

Non-Performing Assets

As of December 31, 2023, 2022 and 2021, the Company had no non-performing assets.

Certain Factors that May Affect Results

The primary factor, which may affect future results, is the fluctuation of interest rates in the marketplace more commonly referred to as interest rate risk. Interest rate risk is the exposure of a bank's current and future earnings and equity capital arising from adverse movements in interest rates. It results from the possibility that changes in interest rates may have an adverse effect on a bank's earnings and its underlying economic value. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. As mentioned previously, the potential decrease in a declining interest rate environment would be minimized by an increase in assets as an increase in assets generally provides additional interest income. In addition, earnings and growth of the Company are and will be affected by general economic conditions, both domestic and international, and by monetary and fiscal policies of the United States Government, particularly the Federal Reserve Bank.

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors and Shareholders of
Summit Bancshares, Inc. and Subsidiary
Oakland, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Summit Bancshares, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023 and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Summit Bancshares, Inc. and Subsidiary as of December 31, 2023 and 2022, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Summit Bancshares, Inc. and Subsidiary, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as of January 1, 2023 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

What inspires you, inspires us. | eidebailly.com

25231 Paseo De Alicia, Ste. 100 | Laguna Hills, CA 92653-4615 | T 949.768.0833 | F 949.768.8408 | EOE

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Summit Bancshares, Inc. and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Summit Bancshares, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Summit Bancshares, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Eide Bailly LLP

Laguna Hills, California
March 28, 2024

SUMMIT BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS		2023		2022
Cash and due from banks		$ 8,396,388		$ 12,595,685
Federal funds sold		40,250,000		72,750,000
Cash and cash equivalents		48,646,388		85,345,685
Time deposits with other financial institutions		72,253,000		65,045,000
Debt securities held to maturity, at cost (fair value of $395,449 at December 31, 2023 and $1,387,094 at December 31, 2022)		395,703		1,395,480
Loans (net of related deferred loan fees)	184,967,771		197,590,359	
Less: allowance for credit losses	5,979,212		4,879,212	
Net loans		178,988,559		192,711,147
Premises and equipment, net		5,378,362		5,475,356
Right of use lease asset		1,333,363		1,104,301
Bank owned life insurance		5,591,382		5,452,538
Deferred tax assets		3,000,000		2,406,000
Interest receivable and other assets		2,790,272		2,391,275
Total Assets		$ 318,377,029		$ 361,326,782

LIABILITIES AND SHAREHOLDERS' EQUITY	2023	2022
Deposits:		
Demand	$ 124,702,618	$ 164,758,198
Interest-bearing transaction accounts	95,651,313	100,374,974
Savings	11,393,092	17,178,023
Time certificates $250,000 and over	29,206,923	26,479,843
Other time certificates	3,349,829	3,325,795
Total deposits	264,303,775	312,116,833
Interest payable and other liabilities	8,839,580	8,047,945
Total Liabilities	273,143,355	320,164,778
Commitments and contingent liabilities	-	-
Shareholders' Equity:		
Preferred stock, no par value:		
2,000,000 shares authorized, no shares outstanding	-	-
Common stock, no par value:		
3,000,000 shares authorized; 1,164,191 outstanding	2,027,688	2,027,688
Retained earnings	43,205,986	39,134,316
Total Shareholders' Equity	45,233,674	41,162,004
Total Liabilities and Shareholders' Equity	$ 318,377,029	$ 361,326,782

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
INTEREST INCOME:			
Interest and fees on loans	$ 12,617,768	$ 10,265,651	$ 11,311,248
Interest on time deposits with other financial institutions	2,871,545	757,859	546,076
Interest on U.S. government agency securities	17,411	13,620	374
Interest on federal funds sold	2,668,123	1,991,400	123,729
Total interest income	18,174,847	13,028,530	11,981,427
INTEREST EXPENSE:			
Interest on savings deposits	3,983	5,315	14,371
Interest on interest-bearing transaction accounts	605,043	256,000	218,002
Interest on time deposits	885,270	336,343	301,337
Total interest expense	1,494,296	597,658	533,710
Net interest income	16,680,551	12,430,872	11,447,717
Provision for credit losses	1,200,000	300,000	450,000
Net interest income after provision for credit losses	15,480,551	12,130,872	10,997,717
NON-INTEREST INCOME:			
Service charges on deposit accounts	686,300	846,599	792,761
Other Income	272,211	258,316	325,537
Total non-interest income	958,511	1,104,915	1,118,298
NON-INTEREST EXPENSE:			
Salaries and employee benefits	5,514,384	5,268,066	5,824,800
Occupancy expense	718,016	674,765	652,988
Equipment expense	562,193	690,936	722,134
FDIC assessment	150,000	104,500	90,500
Legal expense	121,000	122,000	101,000
Insurance expense	93,273	100,493	90,771
Other	1,497,697	1,444,229	1,343,389
Total non-interest expense	8,656,563	8,404,989	8,825,582
Income before income taxes	7,782,499	4,830,798	3,290,433
Provision for income taxes	2,290,516	1,429,488	960,091
Net income and comprehensive income	$ 5,491,983	$ 3,401,310	$ 2,330,342
EARNINGS PER SHARE			
Earnings per common share (basic)	$ 4.72	$ 2.90	$ 1.95
Earnings per common share (diluted)	$ 4.72	$ 2.90	$ 1.95

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	NUMBER OF SHARES OUTSTANDING	COMMON STOCK	RETAINED EARNINGS	TOTAL
Balance at January 1, 2021	1,193,641	$ 2,322,188	$ 35,113,180	$ 37,435,368
Issuance of cash dividends,				
$.36 per share	-	-	(429,712)	(429,712)
Net income	-	-	2,330,342	2,330,342
Balance at December 31, 2021	1,193,641	2,322,188	37,013,810	39,335,998
Issuance of cash dividends,				
$.40 per share	-	-	(468,622)	(468,622)
Repurchase of common stock	(29,450)	(294,500)	(812,182)	(1,106,682)
Net income	-	-	3,401,310	3,401,310
Balance at December 31, 2022	1,164,191	2,027,688	$ 39,134,316	$ 41,162,004
Issuance of cash dividends,				
$1.22 per share	-	-	(1,420,313)	(1,420,313)
Net income	-	-	5,491,983	5,491,983
Balance at December 31, 2023	1,164,191	$ 2,027,688	$ 43,205,986	$ 45,233,674

The accompanying notes are an integral part of these consolidated financial statements.

SUMMIT BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net Income	$ 5,491,983	$ 3,401,310	$ 2,330,342
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	155,783	138,777	148,553
Provision for credit losses	1,200,000	300,000	450,000
Deferred income tax expense (benefit)	(594,000)	(157,000)	(254,000)
BOLI income	(138,844)	(132,404)	(132,491)
Increase in other assets and liabilities	34,776	627,651	1,608,404
Net cash provided by operating activities	6,149,698	4,178,334	4,150,808
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in time deposits with other financial institutions	(7,208,000)	(23,731,000)	3,470,000
Maturity of debt securities	1,400,000	-	400,000
Purchase of debt securities	(400,223)	(981,921)	(399,757)
Purchase of FHLB stock	(21,200)	-	(130,800)
Net decrease (increase) in loans to customers	12,672,588	(11,469,001)	22,494,939
Purchases of premises and equipment	(58,789)	(47,034)	(201,696)
Net cash provided by (used in) investing activities	6,384,376	(36,228,956)	25,632,686
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in demand, interest bearing transaction, and savings deposits	(50,564,172)	(7,390,691)	58,205,969
Increase (decrease) in time deposits	2,751,114	(2,106,951)	1,139,947
Repurchase of common stock	-	(1,106,682)	-
Dividends paid	(1,420,313)	(468,622)	(429,712)
Net cash (used in) provided by financing activities	(49,233,371)	(11,072,946)	58,916,204
Net (decrease) increase in cash and cash equivalents	(36,699,297)	(43,123,568)	88,699,698
Cash and cash equivalents at the beginning of the year	85,345,685	128,469,253	39,769,555
Cash and cash equivalents at the end of the year	$ 48,646,388	$ 85,345,685	$ 128,469,253

Supplemental Cash Flow Disclosure

	2023	2022	2021
Income taxes paid	$ 3,439,100	$ 826,600	$ 1,296,449
Interest paid	$ 1,267,368	$ 587,585	$ 510,996
Lease liabilities arising from obtaining right-of-use assets	$ 548,670	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of Summit Bancshares, Inc. and its wholly owned subsidiary, Summit Bank (the "Bank"), a California state-chartered bank, conform with accounting principles generally accepted in the United States of America and general practice within the banking industry. The following are descriptions of the more significant of these policies.

Nature of Operations

The Bank has conducted the business of a commercial bank since July 1, 1982. The Bank operates three branches and provides commercial credit and other banking services to small and mid-sized businesses and professionals, including professional firms of physicians, attorneys, accountants, real estate developers, retailers, and service firms, wholesalers, and distributors.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure through March 28, 2024, which is the date the consolidated financial statements were available to be issued.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term is the determination of the allowance for credit losses.

Basis of Presentation

The consolidated financial statements include the accounts of Summit Bancshares, Inc. and the Bank, collectively referred to herein as the "Company". Significant inter-company transactions have been eliminated in consolidation. The Company's stock is listed and traded in the over-the-counter markets and is therefore considered a public business entity for financial reporting purposes.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, federal funds sold and interest-bearing deposits in other financial institutions with original maturities of less than 90 days. Net cash flows are reported for customer loan and deposit transactions and interest-bearing deposits in other financial institutions.

Time Deposits with Other Financial Institutions

Time deposits with other financial institutions are carried at cost and have maturities at origination ranging from three months to three years. The Company does not invest more than $250,000 in one institution in order to maintain Federal Deposit Insurance Corporation (FDIC) insurance on deposits in financial institutions.

Debt Securities Held-to-Maturity

Securities which the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

An allowance for credit losses (ACL) is established for losses on held-to-maturity debt securities at the time of purchase or designation, and is updated each period to reflect management's expectations of current expected credit losses as of the date of the consolidated balance sheets. The ACL is estimated collectively for groups of debt securities with similar risk characteristics, and is determined at the individual security level when the Company deems a security to no longer possess shared risk characteristics. Accrued interest receivable on held-to-maturity debt securities is excluded from the estimate of credit losses.

For debt securities where the Company has reason to believe the credit loss exposure is remote, a zero credit loss assumption is applied. Changes in the ACL on held-to-maturity debt securities are recorded as a provision for credit losses in the consolidated statements of operations. Losses are charged against the ACL when management believes the uncollectibility of a held-to-maturity debt security is confirmed.

Premises and Equipment

Premises and equipment are carried at cost, net of accumulated depreciation and amortization. Depreciation on premises, furniture and equipment is calculated on a straight-line basis over the estimated useful life of the property, generally thirty-nine years for premises, seven years for furniture and three to fifteen years for equipment. Leasehold improvements are amortized over the life of the related lease or the estimated life of the improvements, whichever is shorter.

Leases

The Company determines if an arrangement contains a lease at contract inception and recognize right-of-use ("ROU") assets and operating lease liabilities based on the present value of lease payments over the lease term. While operating leases may include options to extend the term, the Company does not take into account the options in calculating the ROU asset and lease liability unless it is reasonably certain such options will be reasonably exercised. The present value of lease payments is determined based on the Company's incremental borrowing rate and other information available at lease commencement. Leases with an initial term of 12 months or less are not recorded in the consolidated balance sheets. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected to account for lease agreements with lease and non-lease components as a single lease component.

Federal Home Loan Bank ("FHLB") Stock

The Company is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on the ultimate recovery of par value. Both cash and stock dividends are reported as income. The Company's investment in FHLB stock was $985,000 and $963,800 at December 31, 2023 and 2022, respectively.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans. Interest is accrued on the unpaid loan balance.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loans.

Loans on which the accrual of interest has been discontinued are designated as nonaccrual loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectibility. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Accrued interest receivable on loans totaling $982,115 at December 31, 2023 is included in interest receivable and other assets on the consolidated balance sheet and is excluded from the estimate of credit losses.

Allowance for Credit Losses (ACL) - Loans

The ACL for loans is a valuation account that is deducted from the loan's amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged-off against the allowance when management believes the recorded loan balance is confirmed as uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Management estimates the allowance balance using relevant information for each loan segment, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The ACL for loans is measured on a collective (pool) basis when similar risk characteristics exist. Historical credit loss experience since the year 2000, for a group of peer institutions of similar size and geographic location, provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Historical credit loss experience is further adjusted by a forecast element for a period of up to 12 months for the effect of U.S. gross domestic production (GDP) as projected the FRB Open Market Committee. After the forecast period ends, the loss rate immediately reverts back to the historical rate.

A loan is considered to be collateral dependent when repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the amortized cost basis of the financial asset less the fair value of the underlying collateral, adjusted for costs to sell, when applicable. If the value of the underlying collateral is determined to be less than the recorded amount of the loan, a specific reserve for that loan is recorded. If the Company determines that the loss represented by the specific reserve is uncollectible it records a charge-off for the uncollectible portion.

Portfolio segments identified by the Company include real estate, commercial and consumer loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans and credit scores, debt-to income, collateral type and loan-to-value ratios for consumer loans.

Allowance for Credit Losses (ACL) – Unfunded Commitments

The Company also maintains a separate allowance for unfunded loan commitments. Beginning January 1, 2023, management estimates anticipated losses using expected loss factors consistent with those used for the ACL methodology for loans described above, and utilization assumptions based on historical experience. Provision for credit losses – unfunded commitments is included in provision for credit losses in the consolidated statements of income and added to the allowance for unfunded commitments, which is included in interest payable and other liabilities in the consolidated balance sheets.

Loan Modifications

Prior to the adoption of ASU 2022-02 on January 1, 2023, a loan was classified as a TDR when the Company granted a concession to a borrower experiencing financial difficulties that it otherwise would not consider under its normal lending policies under ASC Subtopic 310-40, Troubled Debt Restructurings by Creditors. Upon the adoption of ASU 2022-02, the Company applied the general loan modification guidance provided in ASC 310-20 to all loan modifications, including modifications made for borrowers experiencing financial difficulty. The Company considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, insufficient cash flow to service all debt service requirements, inability to obtain funds from other sources at a market rate for similar debt to non-troubled borrowers, and currently classified as substandard loans that are categorized as having well-defined weaknesses.

ASU 2022-02 requires that certain types of modifications be reported, which consist of (1) principal forgiveness; (2) interest rate reduction; (3) other-than-insignificant payment delay; (4) term extension; and any combination of the above. Since adoption of ASU 2022-02 on January 1, 2023, the Company did not have any loan modifications under ASU 2022-02.

Bank Owned Life Insurance

The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the consolidated balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Revenue Recognition - Noninterest Income

All of the Company's revenue from contracts with customers is recognized in non-interest income and consists primarily of service charges on deposit accounts. The Company earns fees from its deposit customers for account-maintenance, transaction-based activity and overdraft services. Account maintenance fees consist primarily of account fees and analyzed account fees charged on deposit accounts on a monthly basis. The performance obligation is satisfied and the fees are recognized on a monthly basis as the service period is completed. Transaction-based fees, which include services such as stop payment charges, return item fees and wire transfer fees. The performance obligation is completed as the transaction occurs and the fees are recognized at the time each specific service is provided to the customer.

Income Taxes

Income taxes reported in the consolidated statements of income and comprehensive income are computed at current tax rates, including deferred taxes resulting from temporary differences between the recognition of items for tax and financial reporting purposes. The Company has adopted guidance issued by the Financial Accounting Standards Board (FASB) that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Comprehensive Income

The Company had no items of other comprehensive income for the twelve months ended December 31, 2023, 2022 and 2021. Accordingly, total comprehensive income was equal to net income for each of those periods.

Earnings Per Share (EPS)

Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. The Company had no dilutive shares for the years 2023, 2022 and 2021.

Adoption of Accounting Standards Codification Topic 326

On January 1, 2023, the Company adopted Accounting Standard Update ("ASU") 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326)*, as amended, which replaces the incurred loss methodology with an expected loss methodology referred to as current expected credit losses ("CECL"). The measurement of expected losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans, held-to-maturity debt securities and off-balance sheet credit exposures. In addition, Topic 326 made changes to the accounting for available-for-sale debt securities including the requirement to present credit losses as an allowance rather than a write-down on available-for-sale debt securities that management does not intend to sell or believes it is more likely than not they will be required to sell.

The Company adopted ASU 2016-13 using the modified retrospective transition approach which resulted in no change to the amounts previously recorded under the incurred loss methodology. Results for reporting periods beginning after January 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with the incurred loss methodology. As permitted under ASC 326, the Company elected to maintain the same loan segments that it previously identified prior to adoption of CECL.

At adoption of CECL and continuing through December 31, 2023, the Company did not record an ACL on debt securities held-to-maturity as this portfolio consisted of debt securities backed by the U.S. government and historically have had no credit loss experience. Refer to Note 2, Debt Securities, for more information.

Concurrent with the adoption of ASU 2016-13, the Company adopted ASU 2022-02, Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings (“TDR”) and Vintage Disclosures, which eliminated TDR accounting prospectively for all loan modifications occurring on or after January 1, 2023 and added additional disclosure requirements for current period gross charge-offs by year of origination in the credit quality disclosure for loans. It also prescribes guidance for reporting modifications for certain loan refinancings and restructurings made to borrowers experiencing financial difficulty.

2. Debt Securities

The amortized cost and estimated fair values of investments in debt securities held to maturity as of December 31, 2023 and 2022 are as follows:

December 31, 2023	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
U.S. Treasury Securities	$ 395,703	$ -	$ (254)	$ 395,449
December 31, 2022				
U.S. Treasury Securities	$ 1,395,480	$ -	$ (8,386)	$ 1,387,094

Securities held at December 31, 2023 are due within one year. There were no sales of investments in debt securities during 2023, 2022 and 2021. At December 31, 2023 and 2022, securities carried at $395,703 and $400,000, respectively, were pledged to secure public deposits as required by law.

3. Loans and Allowance for Credit Losses

The Company grants commercial, construction, real estate, and consumer loans to customers mainly in the California counties of Alameda and Contra Costa. Although the Company has a diversified loan portfolio, a substantial portion of its loan portfolio is concentrated in real estate related loans.

A summary of loans as of December 31, 2023, and 2022 (net of unearned loan fees of $754,011 and $964,792, respectively), is as follows:

	2023	2022
Real estate	$ 156,824,105	$ 169,919,606
Commercial loans	28,143,666	27,670,753
	184,967,771	197,590,359
Less: allowance for credit losses	(5,979,212)	(4,879,212)
	$ 178,988,559	$ 192,711,147

The changes in the allowance for credit losses on loans for the years ended December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Balance, beginning of period	$ 4,879,212	$ 4,579,212	$ 4,129,212
Provisions	1,050,000	300,000	450,000
Recoveries	50,000	-	-
Charge-offs	-	-	-
Balance, end of period	$ 5,979,212	$ 4,879,212	$ 4,579,212

The following table presents the activity in the allowance for credit losses for the year ended December 31, 2023, by portfolio segment:

December 31, 2023	Real Estate	Commercial	Total
Allowance for Loan Losses:			
Beginning of Year	$ 4,148,696	$ 730,516	$ 4,879,212
Provisions	762,356	287,644	1,050,000
Recoveries	-	50,000	50,000
Charge-offs	-	-	-
End of Year	$ 4,911,052	$ 1,068,160	$ 5,979,212

The following table presents the recorded investment in loans and impairment method as of December 31, 2022 and 2021 by portfolio segment and the activity in the allowance for loan losses for the years then ended:

December 31, 2022	**Real Estate**	**Commercial**	**Total**
Allowance for Loan Losses:			
Beginning of Year	$ 4,102,005	$ 477,207	$ 4,579,212
Provisions	46,691	253,309	300,000
End of Year	$ 4,148,696	$ 730,516	$ 4,879,212
Reserves:			
Specific	$ -	$ 18,147	$ 18,147
General	4,148,696	712,369	4,861,065
	$ 4,148,696	$ 730,516	$ 4,879,212
Loans Evaluated for Impairment:			
Individually	$ -	$ 362,948	$ 362,948
Collectively	169,919,606	27,307,805	197,227,411
	$ 169,919,606	$ 27,670,753	$ 197,590,359
December 31, 2021			
Allowance for Loan Losses:			
Beginning of Year	$ 3,281,614	$ 847,598	$ 4,129,212
Provisions	820,391	(370,391)	450,000
End of Year	$ 4,102,005	$ 477,207	$ 4,579,212
Reserves:			
Specific	$ -	$ 22,667	$ 22,667
General	4,102,005	454,540	4,556,545
	$ 4,102,005	$ 477,207	$ 4,579,212
Loans Evaluated for Impairment:			
Individually	$ -	$ 543,727	$ 543,727
Collectively	167,867,890	17,709,741	185,577,631
	$ 167,867,890	$ 18,253,468	$ 186,121,358

In addition to the ACL on loans, the Company has established an ACL on unfunded commitments. The changes in the allowance for credit losses on unfunded commitments for the years ended December 31, 2023, 2022, and 2021 are as follows:

	2023	2022	2021
Balance, beginning of period	$ 150,000	$ 150,000	$ 150,000
Provision for credit losses	150,000	-	-
Balance, end of period	$ 300,000	$ 150,000	$ 150,000

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on an ongoing basis as new information is obtained. The Company uses the following definitions for risk ratings:

Pass - Loans classified as pass include loans not meeting the risk ratings defined below.

Special Mention - Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful - Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The risk category of loans by class of loans and year of origination as of December 31, 2023 follows:

	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Real Estate						
Construction - Pass	$ 623,070	$ 3,371,136	$ 6,723,134	$ 472,286	$ -	$ 11,189,626
Residential						
Pass	3,019,930	4,532,822	2,800,465	10,962,116	4,018,163	25,333,496
Special mention	-	-	-	1,272,547	-	1,272,547
Substandard	-	-	-	708,801	-	708,801
	3,019,930	4,532,822	2,800,465	12,943,464	4,018,163	27,314,844
Commercial						
Pass	3,228,567	14,147,683	25,094,713	58,110,591	1,067,561	101,649,115
Special mention	-	-	-	8,426,845	349,915	8,776,760
Substandard	-	-	-	7,393,760	500,000	7,893,760
	3,228,567	14,147,683	25,094,713	73,931,196	1,917,476	118,319,635
Total real estate loans	6,871,567	22,051,641	34,618,312	87,346,946	5,935,639	156,824,105
Commercial						
Pass	988,223	12,652,347	-	681,883	11,817,818	26,140,271
Special mention	-	-	-	444,512	200,000	644,512
Substandard	-	-	-	1,358,883	-	1,358,883
Total commercial loans	988,223	12,652,347	-	2,485,278	12,017,818	28,143,666
Total loans	$ 7,859,790	$ 34,703,988	$ 34,618,312	$ 89,832,224	$ 17,953,457	$ 184,967,771
Total loans						
Pass	$ 7,859,790	$ 34,703,988	$ 34,618,312	$ 70,226,876	$ 16,903,542	$ 164,312,508
Special mention	-	-	-	10,143,904	549,915	10,693,819
Substandard	-	-	-	9,461,444	500,000	9,961,444
Total loans	$ 7,859,790	$ 34,703,988	$ 34,618,312	$ 89,832,224	$ 17,953,457	$ 184,967,771

The Company recorded no charge-offs during the three-year period ended December 31, 2023.

Based on the most recent analysis performed, the risk category of loans by class of loans is as follows as of December 31, 2022:

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2022					
Real estate	$ 154,398,116	$ 14,244,376	$ 1,277,114	$ -	$ 169,919,606
Commercial	23,954,119	2,083,165	1,633,469	-	27,670,753
	$ 178,352,235	$ 16,327,541	$ 2,910,583	$ -	$ 197,590,359

The Company had no loans past due over 30 days and no nonaccrual loans as of December 31, 2023 and 2022. There were no nonaccrual loans for which there was no ACL as of December 31, 2023 and there was no interest income recognized on nonaccrual loans during the year then ended.

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2022:

December 31, 2022	Unpaid Principal Balance	Recorded Investment	Impaired Loans Specific Allowance Without	Impaired Loans Specific Allowance With	Related Allowance	Average Recorded Investment
Commercial	$ 362,948	$ 362,948	$ -	$ 362,948	$ 18,147	$ 453,338

Interest income earned on impaired loans was $25,273, and $26,286 in 2022 and 2021, respectively.

The Company allocated $18,147, and $22,667, of specific reserves on loans with a recorded investment of $362,948, and $543,727, whose terms have been modified in troubled debt restructurings ("TDR") as of December 31, 2022 and 2021, respectively. The Company has committed to lend no additional amounts to customers with outstanding loans that are classified as troubled debt restructurings as of December 31, 2023, 2022 and 2021. There were no troubled debt restructurings for which there was a payment default within twelve months following the modification during the years ended December 31, 2023, 2022 and 2021.

4. Related Party Transactions

The Company has, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers, and principal shareholders and their associates. In management's opinion and as required by federal law, loans to related parties are granted on the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with others, and do not involve more than normal risk of collectability or present other unfavorable features.

As of December 31, 2023 and 2022, loans outstanding to directors, officers, and principal shareholders and their known associates were $3,711,173 and $2,680,560, respectively. In 2023, advances on current directors' loans were $1,513,336 and collections were $482,723. In 2022, advances on current directors' loans were $1,674,000 and collections were $1,574,680. In 2021 advances on current directors' loans were $2,221,812 and collections were $2,551,571. As of December 31, 2023 and 2022 total deposits of directors, officers and principal shareholders and their known associates totaled $9,465,365 and $13,564,036, respectively.

5. Premises and Equipment

Premises and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
December 31, 2023			
Land	$ 1,297,500	$ -	$ 1,297,500
Building	4,599,302	656,747	3,942,555
Leasehold improvements	1,258,978	1,225,381	33,597
Furniture and equipment	2,559,180	2,454,470	104,710
Total	$ 9,714,960	$ 4,336,598	$ 5,378,362
December 31, 2022			
Land	$ 1,297,500	$ -	$ 1,297,500
Building	4,599,302	538,015	4,061,287
Leasehold improvements	1,258,978	1,210,484	48,494
Furniture and equipment	2,500,391	2,432,316	68,075
Total	$ 9,656,171	$ 4,180,815	$ 5,475,356

Depreciation and amortization included in occupancy and equipment expenses was $155,783, $152,397, and $148,927 for the years ended December 31, 2023, 2022 and 2021, respectively.

6. Leases

All leases are operating leases for corporate offices and branch locations. The amount of the lease liability and ROU asset is impacted by the lease term and the discount rate applied to determine the present value of future lease payments. The remaining terms of operating leases range from 3.6 to 5.3 years.

Most leases include one or more options to renew, with renewal terms that can extend the lease term by varying amounts. The exercise of renewal options is at the sole discretion of the Company. Renewal option periods were not included in the measurement of ROU assets and lease liabilities as they are not considered reasonably certain of exercise.

Consolidated balance sheet and supplemental information at December 31, 2023 and 2022 are shown below.

	2023	2022
Operating lease right-of-use assets	$ 1,333,363	$ 1,104,301
Operating lease liabilities included in interest payable and other liabilities	$ 1,333,363	$ 1,104,301
Weighted-average remaining lease term, in years	4.25	4.23
Weighted-average discount rate	5.80%	5.00%

Other lease costs primarily represents variable payments such as common area maintenance and utilities. The following table represents lease costs and other lease information for the year ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	$ 323,124	$ 323,381
Other lease costs	71,797	54,016
Total lease costs	$ 394,921	$ 377,397
Other Information:		
Cash paid for amounts included in the measurement of lease liabilities	$ 370,679	$ 367,875
Right-of-Use assets obtained in exchange for lease obligations	$ 548,670	$ -

Maturities of lease liabilities for periods indicated:

Year Ending	
2024	358,472
2025	361,877
2026	365,384
2027	266,926
2028	127,749
2029	35,788
Total lease payments	1,516,196
Less imputed interest	(182,833)
Present value of net future minimum lease payments	$ 1,333,363

7. Income Taxes

The provision (benefit) for income taxes consists of the following:

	2023	2022	2021
Current:			
Federal	$ 1,863,159	$ 1,025,729	$ 740,227
State	1,021,357	560,759	473,864
Total current	2,884,516	1,586,488	1,214,091
Deferred:			
Federal	(416,000)	(113,000)	(127,000)
State	(178,000)	(44,000)	(127,000)
Total deferred	(594,000)	(157,000)	(254,000)
Total taxes	$ 2,290,516	$ 1,429,488	$ 960,091

The components of the net deferred tax asset of the Company as of December 31, 2023 and 2022, were as follows:

	2023	2022
Deferred Tax Assets:		
Allowance for credit losses	$ 1,330,000	$ 1,019,000
State taxes	212,000	118,000
Deferred salary	1,546,000	1,462,000
Other, net	366,000	328,000
	3,454,000	2,927,000
Deferred Tax Liabilities:		
Depreciation	(407,000)	(422,000)
Other	(47,000)	(99,000)
	(454,000)	(521,000)
Net Deferred Tax Asset	$ 3,000,000	$ 2,406,000

The provisions for income taxes applicable to operating income differ from the amount computed by applying the statutory federal tax rate to operating income before taxes. The reasons for these differences are as follows:

	2023		2022		2021	
	Amount	Percent	Amount	Percent	Amount	Percent
Federal income tax expense, based on the statutory federal income tax rate	$ 1,634,000	21.00%	$ 1,014,000	21.00%	$ 691,000	21.00%
State franchise taxes, net of federal income tax benefit	657,000	8.40%	408,000	8.40%	273,000	8.30%
Other, net	(484)	.00%	7,488	.20%	(3,909)	(.12%)
Tax provision	$ 2,290,516	29.40%	$ 1,429,488	29.60%	$ 960,091	29.18%

The Company records interest and penalties related to uncertain tax positions as part of operating expense. There was no penalty or interest expense recorded in the years 2023, 2022 and 2021. We do not expect the total amount of unrecognized tax benefits to significantly increase or decrease within the next twelve months.

The Company is subject to federal income tax and income tax of the state of California. Federal income tax returns for the years ended December 31, 2022, 2021 and 2020 are open to audit by the federal authorities and California state tax returns for the years ended December 31, 2022, 2021, 2020 and 2019, are open to audit by state authorities.

8. Time Deposits

Time deposits issued as of December 31, 2023, had $31,214,015 maturing in the year 2024, $333,666 maturing in the year 2025, and the remaining $1,009,071 maturing in 2027.

9. Borrowings

The Company has available or unused federal funds lines of credit agreements with other banks. The maximum borrowings available under these lines totaled $21,400,000 at December 31, 2023 and 2022. There were no borrowings outstanding under these agreements at December 31, 2023 and 2022.

The Company maintains a secured line of credit with the Federal Home Loan Bank of San Francisco (FHLB). Based on the FHLB stock requirement at December 31, 2023, this line provided for a maximum borrowing capacity of $8,752,533. There was no outstanding balance as of December 31, 2023 and 2022. At December 31, 2023, this borrowing line was collateralized by loans with a carrying value of $18,269,308.

10. Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

In July 2013, the federal bank regulatory agencies approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. The new rules became effective on January 1, 2015. Under the rules, minimum requirements increased for both the quantity and quality of capital held by the Bank. The rules include a new common equity Tier 1 ("CET1") capital to risk-weighted assets ratio with minimums for capital adequacy and prompt corrective action purposes of 4.5% and 6.5%, respectively. The minimum Tier 1 capital to risk-weighted assets ratio was raised from 4.0% to 6.0% under the capital adequacy framework and from 6.0% to 8.0% to be well-capitalized under the prompt corrective action framework. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital.

In addition, the rules introduced the concept of a "conservation buffer" of 2.5% applicable to the three capital adequacy risk-weighted asset ratios (CET1, Tier 1 and Total). If the capital adequacy minimum ratios plus the phased-in conservation buffer amount exceed actual risk-weighted capital ratios, then dividends, share buybacks and discretionary bonuses to executives could be limited in amount. Based on the level of actual risk-weighted capital ratios at December 31, 2023, the Bank is not limited by the provisions of the conservation buffer.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total, Tier 1 and CET1 capital to risk-weighted assets and of Tier 1 capital to average assets. Management believes, as of December 31, 2023 and 2022, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2023 and 2022, the most recent notification from Federal Deposit Insurance Corporation categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's consolidated and Bank's actual capital amounts and ratios are also presented in the table.

	Actual		For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2023						
Total Capital						
(to Risk Weighted Assets)						
Consolidated	$ 47,972,051	21.84%	$ 17,570,880	8.00%	$ 21,963,600	10.00%
Bank	47,972,000	21.84%	17,570,880	8.00%	21,963,600	10.00%
Common Equity Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	45,234,000	20.59%	9,883,620	4.50%	14,276,340	6.50%
Bank	45,183,000	20.57%	9,883,620	4.50%	14,276,340	6.50%
Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	45,234,000	20.59%	13,178,160	6.00%	17,570,880	8.00%
Bank	45,183,000	20.57%	13,178,160	6.00%	17,570,880	8.00%
Tier 1 Capital						
(to Average Assets)						
Consolidated	45,234,000	14.07%	12,858,680	4.00%	16,073,350	5.00%
Bank	45,183,000	14.06%	12,858,680	4.00%	16,073,350	5.00%
As of December 31, 2022						
Total Capital						
(to Risk Weighted Assets)						
Consolidated	$ 43,981,000	19.68%	$ 17,877,880	8.00%	$ 22,347,349	10.00%
Bank	43,500,000	19.47%	17,875,200	8.00%	22,344,000	10.00%
Common Equity Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	41,161,000	18.42%	10,056,307	4.50%	14,525,777	6.50%
Bank	40,680,000	18.21%	10,054,800	4.50%	14,523,600	6.50%
Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	41,161,000	18.42%	13,408,410	6.00%	17,877,880	8.00%
Bank	40,680,000	18.21%	13,406,400	6.00%	17,875,200	8.00%
Tier 1 Capital						
(to Average Assets)						
Consolidated	41,161,000	10.64%	15,470,660	4.00%	19,338,325	5.00%
Bank	40,680,000	10.52%	15,469,320	4.00%	19,336,650	5.00%

11. Restrictions

The Bank is regulated by the Federal Deposit Insurance Corporation, whose regulations do not specifically limit payment of dividends, and the State of California Department of Financial Institutions. California banking laws limit dividends that the Bank may transfer to the Company, to the lesser of retained earnings or net income less dividends paid for the last three years. Under these restrictions, at December 31, 2023, the Bank could pay dividends to the Company of up to approximately $8.5 million without prior regulatory approval.

Banking regulations require that all banks maintain a percentage of their deposits as reserves in cash or on deposit with the Federal Reserve Bank. Effective March 12, 2021, the Federal Reserve's board of directors approved a final rule reducing the required reserve requirement ratios to zero percent, effectively eliminating the requirement to maintain reserve balances in cash or on deposit with the Federal Reserve Bank.

12. Commitments and Contingent Liabilities

The Company is subject to various pending and threatened legal actions, which arise in the normal course of business. There are currently no claims pending.

13. Employee Plans

Pension Plan

The Company provides pension benefits for all its eligible employees through a 401(k) Profit Sharing Program, which was adopted in 1984. Under the terms of the plan, eligible employees are allowed to contribute, under the 401(k) portion of the plan, 85% of compensation up to $22,500 with a Catch-Up contribution of $7,500 of their salaries. The Company in turn will match the employee's contribution up to a maximum of 4% of the employee's total annual compensation. Under this part of the plan, $107,923 was contributed in 2023, $113,085 in 2022 and $122,572 in 2021.

Stock Appreciation Plan

The Company adopted the 2018 Stock Appreciation Plan ("Employee Plan") for the purpose of encouraging staff to see Summit as a place where long term commitment is rewarded by providing additional incentive compensation to employees contributing to the successful operation of the Company. The Plan provides for a base of 50 phantom shares to be issued for the first year of service with that base increased at each employment anniversary date by 5 additional shares. Phantom shares vest 5 years after the employment anniversary date except that shares granted to employees with 5 years or more of Company employment at the time of the grant are subject to immediate vesting. The base value of each phantom share issued is the fair market value of the stock on the date of grant.

The Company also adopted a similar plan in 2014 for certain executives ("Executive Plan"), granting 30,000 phantom shares in 2014 and 2015 at a weighted-average price of $15.35 per share. Shares vest over a 5 year period from the date of grant, with exercise restricted until the advent of a change in control event. In 2021, the Company extended the expiration date of these executive phantom shares to December 31, 2023 and removed the change in control requirement to exercise. A total of 20,000 Executive Plan phantom shares were exercised in 2022 and the remaining 10,000 shares were exercised in 2023.

A summary of the status of the phantom unvested shares under the Employee Plan as of December 31, 2023 and 2022, and changes during the years then ended, follows:

	2023		2022	
	Unvested Shares	Weighted-Average Grant Date Value	Unvested Shares	Weighted-Average Grant Date Value
Balance, beginning of year	515	$ 35.73	1,175	$ 37.03
Granted	2,795	37.43	2,720	36.84
Vested	(2,255)	37.61	(3,010)	37.36
Forfeited	(150)	36.56	(370)	34.82
Balance, end of year	905	$ 34.00	515	$ 35.73

Compensation expense associated with the stock appreciation plans was $25,000 in 2023, $180,000 in 2022, and $427,140 in 2021.

Salary Continuation and Deferred Compensation Plans

The Company has established a salary continuation plan and a deferred compensation plan for certain executives. Benefits under the salary continuation plan are payable for a period of 15 years upon retirement or death. The Company expenses annually an amount sufficient to accrue the present value of the benefit to be paid to the executives upon their retirement. Additionally, the key executives' beneficiaries are entitled to certain death benefits under the plan in the event the executive dies while employed by the Company.

In accordance with the provisions of the deferred compensation plan, participants may choose to defer a portion of their annual compensation. The Company expenses the compensation annually regardless of whether or not the officer has chosen to defer compensation. Benefits under the plan are payable over a fifteen-year period. In the event of death, while an employee, the beneficiary will receive an amount that would have been paid to the employee. Death benefits payable under both plans is funded by life insurance policies purchased by the Company. Compensation expense associated with the salary continuation plan was $343,137 in 2023, $321,159 in 2022, and $300,860 in 2021.

14. Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheet. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies and procedures in making commitments and conditional obligations as it does for on-balance-sheet instruments
.

At December 31, 2023 and 2022, financial instruments whose contract amounts represent credit risk are as follows:

	Contract Amount	
	2023	2022
Commitments to extend credit in the future	$ 39,391,000	$ 50,880,000
Standby letters of credit	531,000	741,000
Total	$ 39,922,000	$ 51,621,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counter-party. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. All guarantees expire within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

15. Fair Value Measurements

Fair value is a market-based measurement and defined as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. In general, the transaction price will equal the exit price and, therefore, represent the fair value of the asset or liability at initial recognition. In determining whether a transaction price represents the fair value of the asset or liability at initial recognition, each reporting entity is required to consider factors specific to the asset or liability, the principal or most advantageous market for the asset or liability, and market participants with whom the entity would transact in the market.

Fair Value Hierarchy

FASB guidance established a fair value hierarchy to prioritize the inputs of the valuation techniques used to measure fair value. The inputs are evaluated and an overall level for the measurement is determined. This overall level is an indication of how market observable the fair value measurement is and defines the level of disclosure. The guidance clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability. The objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price). In order to determine the fair value, entities must determine the unit of account, highest and best use, principal market, and market participants. These determinations allow the reporting entity to define the inputs for fair value and level of hierarchy.

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

To increase consistency and comparability in fair value measures, the fair value hierarchy prioritizes the inputs used in valuation techniques to measure fair value into three broad levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities
- Level 2 - directly or indirectly observable inputs other than quoted prices, and
- Level 3 - unobservable inputs.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair Value on a Recurring and Nonrecurring Basis

The Company does not have any assets measured at fair value on a recurring or nonrecurring basis as of December 31, 2023 or 2022.

Fair Value of Financial Instruments

The carrying amount and estimated fair value of financial instruments not measured at fair value at December 31, 2023 and 2022 are as follows (dollars in thousands):

		2023		2022	
	Fair Value Hierarchy	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Assets					
Cash and cash equivalents	Level 1	$ 48,646	$ 48,646	$ 85,346	$ 85,346
Time deposits in other financial institutions	Level 2	72,253	72,253	65,045	65,045
Debt securities held to maturity	Level 2	396	395	1,395	1,387
Loans, net	Level 3	178,989	171,840	192,711	191,686
FHLB stock	Level 2	985	985	964	964
Liabilities					
Noninterest-bearing deposits	Level 1	124,703	124,703	164,758	164,758
Interest-bearing deposits	Level 2	139,601	138,485	147,359	145,282

16. Summit Bancshares, Inc. (parent company only)

The following are the balance sheets as of December 31, 2023 and 2022 and the related statements of income and cash flows for the years ended December 31, 2023, 2022 and 2021 for Summit Bancshares, Inc. (parent company only):

BALANCE SHEET	2023	2022
ASSETS:		
Cash	$ 13,219	$ 447,844
Investment in subsidiary	45,182,672	40,680,666
Other assets	37,783	33,494
Total Assets	$ 45,233,674	$ 41,162,004
LIABILITIES:		
Other liabilities	$ -	$ -
Total Liabilities	-	-
Shareholders' Equity:		
Common Stock	2,027,688	2,027,688
Retained Earnings	43,205,986	39,134,316
Total Shareholders' Equity	45,233,674	41,162,004
Total Liabilities and Shareholders' Equity	$ 45,233,674	$ 41,162,004

STATEMENTS OF INCOME (year ended December 31)	2023	2022	2021
INCOME:			
Interest on short-term investments and loans	$ -	$ -	$ -
Other income	-	-	-
Total income	-	-	-
EXPENSE:			
Miscellaneous expense	14,311	10,374	9,694
Total expense	14,311	10,374	9,694
Income (loss) before income tax and equity in earnings of subsidiary	(14,311)	(10,374)	(9,694)
Income tax provision (benefit)	(4,284)	(3,112)	(2,909)
Income (loss) before equity in earnings of subsidiary	(10,027)	(7,262)	(6,785)
Equity in earnings of subsidiary:			
Distributed	1,000,000	1,500,000	275,000
Undistributed	4,502,010	1,908,572	2,062,127
Net Income	$ 5,491,983	$ 3,401,310	2,330,342

The following are the statements of cash flows for the years ended December 31, 2023, 2022 and 2021 for Summit Bancshares, Inc. (parent company only):

	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Dividends received	$ 1,000,000	$ 1,500,000	$ 275,000
Cash paid to suppliers	(14,312)	(10,374)	(9,691)
Income taxes received (paid)	-	162,042	-
Net cash provided by operating activities	985,688	1,651,668	265,309
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash provided by investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid	(1,420,313)	(468,622)	(429,712)
Repurchase of common stock	-	(1,106,682)	-
Net cash (used in) financing activities	(1,420,313)	(1,575,304)	(429,712)
Net (decrease) increase in cash and cash equivalents	(434,625)	76,364	(164,403)
Cash at the beginning of the year	447,844	371,480	535,883
Cash at the end of the year	$ 13,219	$ 447,844	$ 371,480
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 5,491,983	$ 3,401,310	$ 2,330,342
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash earnings from subsidiary	(4,502,010)	(1,908,572)	(2,055,342)
(Increase) decrease in other assets and liabilities	(4,285)	158,930	(9,691)
Total adjustments	(4,506,295)	(1,749,642)	(2,065,033)
Net cash provided by operating activities	$ 985,688	$ 1,651,668	$ 265,309

Corporate Directory

Directors of Summit Bancshares, Inc. and Summit Bank

Shirley W. Nelson
Chairman and CEO
Summit Bancshares, Inc.
Executive Chairman
Summit Bank
Oakland

George Hollidge
Retired
Danville

John Protopappas
President and CEO
Madison Park Financial Corp.
Oakland

John F. Nohr
Retired
Moraga

Jason Hill
President
R.G. Hill and Company
Walnut Creek

Robert Dillon
Owner
Brooker & Co –CPAs
San Ramon

Nancy O'Malley
Retired
District Attorney
Alameda County

Market Makers
Justin Mazzon
American Blue Chip
700 Larkspur Landing
#199
Larkspur, CA 94939
(415) 464-4822

Summit Bank Officers

Shirley W. Nelson
Executive Chairman

Steven P. Nelson
President and CEO

Sydnie Bauer
Executive Assistant to President & CEO

David Funkhouser
Executive Vice President
Credit Administrator

Mani Ganesamurthy
Senior Vice President
Chief Financial Officer

Krystle Johnson
Vice President
Compliance Officer/Operations Administrator

Michelle Nelson
HR Manager

Yong Bai
Senior Vice President
Senior Portfolio Manager

Marcia Gerg
Vice President
Senior Portfolio Manager

George Yang
Vice President
Senior Portfolio Manager

Benjamin Ezekwesili
Vice President
Senior Portfolio Manager

Anna Sukhovnin
Assistant Vice President
Senior Portfolio Manager

Ganni Bacani
Senior Vice President
Note Department Manager

Zack Noman
Assistant Vice President
Branch Service Manager

Wilma Borel
Branch Service Manager

Mauricio Luna
Branch Service Manager

Summit Bank Foundation Board of Directors

Shirley W. Nelson
Chairman

Joe Rainero
President
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Wei Z. Ai, M.D.
Professor, Oncologist, UCSF

Eddie C. Cheung, M.D., FACG, FIAP
Gastroenterologist, UC Davis

John A. Linfoot, M.D.
Endocrinologist

Stuart S. London, M.D.
Radiologist - Retired

Frank McCormick, PhD,
FRS Director, UCSF

Mark Moasser, M.D.
Oncologist, UCSF

Wade S. Smith, PhD, M.D.
Neurovascular Services Director, UCSF

Oakland Office
2969 Broadway
Oakland, CA 94611
(510) 839-8800
www.summitbanking.com

Walnut Creek Office
1701 N. California Blvd.
Walnut Creek, CA 94596
(925) 935-9220

Emeryville Office
2000 Powell Street
Emeryville, CA 94608
(510) 428-1868

Corporate Counsel
Steven B. Piser, Esq.
Law Office of Steven Piser
1300 Clay Street
Suite 1050
Oakland, CA 94612

Independent Auditors
Eide Bailly LLP
Laguna Hills, CA

Register & Transfer Agent
Syed Hussain
Computershare
Shareholder Services
P.O. Box 30170M
College Station, TX 77842-3170
(800) 368-5948

Summit Bank

SUMMIT BANCSHARES INC.
2023 ANNUAL REPORT

Member FDIC

EQUAL HOUSING OPPORTUNITY

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Summit Bancshares, Inc.
Executive Chairman
Summit Bank
Oakland

George Hollidge
Retired
Danville

John Protopappas
President and CEO
Madison Park Financial Corp.
Oakland

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Robert Dillon
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San Ramon

Nancy O'Malley
Retired
District Attorney
Alameda County

Market Makers
Justin Mazzon
American Blue Chip
700 Larkspur Landing
#199
Larkspur, CA 94939
(415) 464-4822

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Steven P. Nelson
President and CEO

Sydnie Bauer
Executive Assistant to President & CEO

David Funkhouser
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Credit Administrator

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Chief Financial Officer

Krystle Johnson
Vice President
Compliance Officer/Operations Administrator

Michelle Nelson
HR Manager

Yong Bai
Senior Vice President
Senior Portfolio Manager

Marcia Gerg
Vice President
Senior Portfolio Manager

George Yang
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Senior Portfolio Manager

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Assistant Vice President
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