
FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 30, 2010

Summit State Bank

(Exact name of registrant as specified in its charter)

<u>California</u> (State or other jurisdiction of incorporation)	<u>32203</u> (FDIC Insurance Certificate No.)	<u>94-2878925</u> (IRS Employer Identification Number)
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<u>500 Bicentennial Way</u> <u>Santa Rosa, California</u> (Address of principal executive offices)	<u>95403</u> (Zip Code)
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(707) 568-6000
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 30, 2010, the registrant issued the press release attached hereto as Exhibit 99 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits:

The exhibit list called for by this item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Dated: April 30, 2010

SUMMIT STATE BANK

By: /s/ Dennis E. Kelley
Dennis Kelley
*Senior Vice President
and Chief Financial Officer
(Duly Authorized Officer)*

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99	Press release of Summit State Bank dated April 30, 2010 announcing results of operations for the three months ended March 31, 2010 and declaration of dividend.

Summit State Bank Reports Continued Profitability, Strong Margins, and Dividends in First Quarter

SANTA ROSA, CA – (April 30, 2010) – Summit State Bank (Nasdaq: SSBI) today reported net income for the Quarter ended March 31, 2010 of \$540,000. On April 26, 2010, the Board of Directors declared a common share cash dividend of \$.09 per share payable May 21 to shareholders of record on May 11.

Net Income and Results of Operations

The Bank had net income of \$540,000 and net income available for common stockholders, which deducts the preferred dividends, of \$402,000, or \$0.08 per diluted share, for the quarter ended March 31, 2010 compared to net income of \$847,000 and net income available for common stockholders of \$751,000, or \$0.16 per diluted share, for the quarter ended March 31, 2009.

“Our net income continues to be driven by our expanding relationship base, strengthening of our core operations, and keen attention to gaining greater efficiencies with all our resources. Our focus has resulted in record net interest margins to date in the first quarter,” stated Thomas Duryea, President and CEO.

The Bank’s net interest margin increased to 4.80% for the three months ended March 31, 2010 compared to 4.33% for the three months ended March 31, 2009. Net interest income increased 5%, to \$3,880,000 during the first quarter of 2010 compared to \$3,702,000 for the same quarter of 2009. “Our margins continue to improve due largely to our key strategies introduced in the past few years”, said CFO, Dennis Kelley.

The provisions for loan losses increased due to the negative current economic conditions, with a provision of \$1,010,000 for the first quarter of 2010 compared to \$450,000 for the same quarter in 2009, which impacted profit levels. The allowance for loan losses was 1.87% of total loans at March 31, 2010 an increase from 1.62% at December 31, 2009.

Higher operations performance has allowed continued dividends to our shareholders. The Bank’s efficiency ratio for the first quarter of 2010 was 55% compared to 54% for the first quarter of 2009.

Nonperforming loans at March 31, 2010 were \$11,442,000 compared to \$11,653,000 at December 31, 2009. Nonperforming loans to gross loans was 3.94% at March 31, 2010 compared to 3.98% at December 31, 2009. “Nonperforming loans consist of eight borrowers and are primarily secured by real estate,” said Guy Dana, Chief Credit Officer.

The Bank’s regulatory capital remains well above the required capital ratios with a Tier 1 capital leverage ratio of 15.1%, a Tier 1 risk-based capital ratio of 18.3% and a Total risk-based capital ratio of 19.5% at March 31, 2010

“Based on independent third party bank rating companies including Bauer Financial and Thetstreet.com, we remain the top rated bank in Sonoma County. During these times,

Sonoma County residents are especially concerned with the Bank's rating, financial strength, and commitment to our local community," stated Mr. Duryea.

Total assets increased to \$350,148,000 at March 31, 2010 compared to \$340,400,000 at December 31, 2009, as the Bank increased its liquidity position.

"Continuing to be recognized as Sonoma County's Top Rated Bank has enabled us to focus on promoting the Bank in our market area," said Mr. Duryea. "We are gaining key new business relationships attracted by our financial performance, strong capital position, and top quality staff that are committed to our local community and, above all, providing the best service experience to our expanding quality customer base." Mr. Duryea continued.

About Summit State Bank

Summit State Bank has total assets of \$350 million and total equity of \$56 million at March 31, 2010. Headquartered in Sonoma County, the Bank provides diverse financial products and services throughout Sonoma, Napa, San Francisco, and Marin Counties. Summit State Bank's stock is traded on the Nasdaq Global Market under the symbol SSBI. Further information can be found at www.summitstatebank.com.

Forward-looking Statements

Except for historical information contained herein, the statements contained in this news release, are forward-looking statements within the meaning of the "safe harbor" provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. This release may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties may include but are not necessarily limited to fluctuations in interest rates, inflation, government regulations and general economic conditions, and competition within the business areas in which the Bank will be conducting its operations, including the real estate market in California and other factors beyond the Bank's control. Such risks and uncertainties could cause results for subsequent interim periods or for the entire year to differ materially from those indicated. You should not place undue reliance on the forward-looking statements, which reflect management's view only as of the date hereof. The Bank undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

SUMMIT STATE BANK AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except for earnings per share data)

	Three Months Ended	
	March 31, 2010	March 31, 2009
	(Unaudited)	(Unaudited)
Interest income:		
Interest and fees on loans	\$ 4,473	\$ 4,744
Interest on Federal funds sold	2	-
Interest on investment securities and deposits in banks	359	598
Dividends on FHLB stock	2	-
	4,836	5,342
Total interest income		
Interest expense:		
Deposits	820	1,352
FHLB advances	136	288
	956	1,640
Total interest expense		
Net interest income before provision for loan losses	3,880	3,702
Provision for loan losses	1,010	450
	2,870	3,252
Net interest income after provision for loan losses		
Non-interest income:		
Service charges on deposit accounts	93	101
Office leases	126	225
Net securities gains	150	28
Loan servicing, net	12	27
Other income	46	25
	427	406
Total non-interest income		
Non-interest expense:		
Salaries and employee benefits	1,242	1,124
Occupancy and equipment	389	442
Other expenses	748	669
	2,379	2,235
Total non-interest expense		
Income before provision for income taxes	918	1,423
Provision for income taxes	378	576
	540	847
Net income		
Less: preferred dividends	138	96
	402	751
Net income available for common stockholders		
Basic earnings per common share	\$ 0.08	\$ 0.16
Diluted earnings per common share	\$ 0.08	\$ 0.16
Basic weighted average shares of common stock outstanding	4,745	4,745
Diluted weighted average shares of common stock outstanding	4,767	4,745

SUMMIT STATE BANK AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share data)

	March 31,	December 31,	March 31,
	2010	2009	2009
	(Unaudited)		(Unaudited)
ASSETS			
Cash and due from banks	\$ 4,410	\$ 2,933	\$ 2,675
Federal funds sold	10,800	-	-
Total cash and cash equivalents	15,210	2,933	2,675
Available-for-sale investment securities - amortized cost of \$28,667 at March 31, 2010 and \$27,393 and \$41,708 at December 31, and March 31, 2009	28,892	27,400	41,563
Loans, less allowance for loan losses of \$5,422 at March 31, 2010, and \$4,737 and \$4,442 at December 31, and March 31, 2009	284,890	288,277	297,781
Bank premises and equipment, net	7,574	7,721	7,695
Investment in Federal Home Loan Bank stock, at cost	2,942	2,942	2,942
Goodwill	4,119	4,119	4,119
Accrued interest receivable and other assets	6,521	7,008	5,329
Total assets	\$ 350,148	\$ 340,400	\$ 362,104
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Demand - non interest-bearing	\$ 18,336	\$ 15,706	\$ 11,647
Demand - interest-bearing	22,738	22,206	17,142
Savings	14,492	12,783	11,302
Money market	36,764	43,489	26,461
Time deposits, \$100 thousand and over	101,636	97,855	94,110
Other time deposits	80,928	72,214	89,338
Total deposits	274,894	264,253	250,000
Federal Home Loan Bank (FHLB) advances	19,000	20,120	52,320
Accrued interest payable and other liabilities	595	522	4,021
Total liabilities	294,489	284,895	306,341
Shareholders' equity			
Preferred stock, no par value; 20,000,000 shares authorized; shares issued and outstanding - 8,500 in 2010 and 2009; per share redemption of \$1,000 for total liquidation preference of \$8,500	8,021	7,989	7,898
Common stock, no par value; shares authorized - 30,000,000; shares issued and outstanding 4,744,720 at March 31, 2010, December 31, 2009 and March 31, 2009	36,281	36,275	36,256
Common stock warrant	622	622	622
Retained earnings	10,590	10,615	11,076
Accumulated other comprehensive income (loss), net of taxes	145	4	(89)
Total shareholders' equity	55,659	55,505	55,763
Total liabilities and shareholders' equity	\$ 350,148	\$ 340,400	\$ 362,104

Earnings Summary
(In Thousands)

	Three Months Ended	
	March 31, 2010	March 31, 2009
	(Unaudited)	(Unaudited)
Statement of Income Data:		
Net interest income	\$ 3,880	\$ 3,702
Provision for loan losses	1,010	450
Non-interest income	427	406
Non-interest expense	2,379	2,235
Provision for income taxes	378	576
Net income	\$ 540	\$ 847
Less: preferred dividends	138	96
Net income available for common stockholders	\$ 402	\$ 751
 Selected per Common Share Data:		
Basic earnings per common share	\$ 0.08	\$ 0.16
Diluted earnings per common share	\$ 0.08	\$ 0.16
Book value per common share (2)(3)	\$ 10.04	\$ 10.09
 Selected Balance Sheet Data:		
Assets	\$ 350,148	\$ 362,104
Loans, net	284,890	297,781
Deposits	274,894	250,000
Average assets	344,689	362,846
Average earnings assets	327,788	346,874
Average shareholders' equity	55,864	55,092
Average common shareholders' equity	47,252	46,587
Nonperforming loans	11,442	3,642
Total nonperforming assets	11,537	3,682
 Selected Ratios:		
Return on average assets (1)	0.64%	0.95%
Return on average common equity (1)	3.45%	6.54%
Return on average common tangible equity (1)	3.78%	7.17%
Efficiency ratio	55.24%	54.41%
Net interest margin (1)	4.80%	4.33%
Tier 1 leverage capital ratio	15.08%	14.41%
Tier 1 risk-based capital ratio	18.29%	17.68%
Total risk-based capital ratio	19.53%	18.93%
Common dividend payout ratio (4)	106.22%	56.86%
Average equity to average assets	16.21%	15.18%
Nonperforming loans to total loans (2)	3.94%	1.21%
Nonperforming assets to total assets (2)	3.29%	1.02%
Allowance for loan losses to total loans (2)	1.87%	1.47%
Allowance for loan losses to nonperforming loans (2)	47.39%	121.97%

(1) Annualized.

(2) As of period end

(3) Total shareholders' equity less, preferred stock, divided by total common shares outstanding

(4) common dividends divided by net income available for common stockholders