

Increasing our business lending when the community needs us most

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“We are lending, deposits are growing and new account totals are up, even during these unprecedented times,” said Thomas Duryea, President and CEO of Summit State Bank. “Our financial strength has allowed us to increase our business lending activities when the community needs it the most in the current economic cycle.”

Founded in 1984 with headquarters in Sonoma County, Summit State Bank provides diverse financial products throughout Sonoma, Napa and Marin counties as well as San Francisco. Publicly traded Summit State Bank (NASDAQ: SSBI) reported total assets of \$364 million and total equity of \$56 million as of December 31, 2008, making it the top capitalized bank in Sonoma County. With branches in Windsor, Rohnert Park, Petaluma and two in Santa Rosa at Montgomery Village and on Bicentennial Way, the bank continues to expand and plans to open a new branch in Healdsburg this July.

According to Mr. Duryea, everyone knows that the financial industry is challenged and loan qualifications have tightened. So the key task these days has less to do with brand loyalty and more about finding a financial institution willing to do business – one that is safe, sound and smart.

“We set a new record for loan growth in Q4 2008, adding \$24 million in new loans while also reporting strong continuous improvements in the bank’s net income, representing a 73 percent increase over the same 2007 quarter. We continue to benefit from measured asset growth with smart community lending, improved net interest margins, greater operational efficiencies and excellent asset quality,” Mr. Duryea added.

“With over 99% of our loans performing, our loan portfolio has performed better than that of our peers. At the end of last year, non-performing loans at Summit State Bank accounted for only 0.3% of our total of \$305 million for all loans written, or approximately \$1 million. The industry average is 3.0%. Part of this success is due to the fact that we did not write sub-prime loans and also because we exited the speculative construction loan market in anticipation of the eventual decline in this sector beginning in 2006.”

Summit State Bank has maintained its 5-Star “Superior” Bauer Financial rating for safety, soundness and overall performance for four consecutive quarters up through and including March of 2009. It is the only Sonoma County-based bank to achieve this highest rating during 2008 and beyond, placing it in the top tier of all financial institutions nationwide. Bauer Financial is the premier bank-rating benchmark for the banking industry, evaluating institutions

based on their reserve capital levels, profitability/loss trend, loan and investment portfolio performance, regulatory compliance and the FDIC's Community Reinvestment Act (CRA) rating.

“Today we are witnessing a flight to quality and security as people look for a bank with a courteous and friendly staff ready and willing to listen, respond and meet their needs. People ask us what we stand for, what we are all about – they want to understand our personality, our style and what makes us tick. For us, it is customer service. While every bank advertises that it provides high-quality customer service, at Summit State Bank our 10-point Summit Way is more than just a list of service standards, it is our number one priority and a way of life practiced by each employee.”

With a passion for delivering outstanding customer service and focused personal attention, Mr. Duryea encourages everyone to always “Expect Excellence in Yourself,” always exhibit a “Can Do” attitude, always say “Please and Thank You” and to always “Greet Customers by Name.” In addition, the staff should never say “It’s not my job,” but rather offer immediate solutions or find a person with the expertise to know the answer and respond in real time. From experience, he knows that the keys to success involve treating co-workers with the same respect given to customers. It also means paying attention to details and meeting deadlines as well as service standards – such as a 72-hour loan underwriting turnaround, a 48-hour loan documents turnaround and by responding to all phone calls and emails within 24 hours or less.

“Getting back to potential customers quickly often makes the difference between winning or losing new business. Several weeks ago our Rohnert Park branch received an email at 10:42 a.m. from the Healthcare Foundation of Northern Sonoma County in Healdsburg looking for a new bank. We called them back at 10:48 a.m., within just six minutes, and got their business. Days later this new customer told us that they still had not heard from the other banks they attempted to contact. This policy has led to our success in not only building trust, but also when it comes to establishing lasting relationships. Many of our customers have expressed similar sentiments.”

Fiona Barnett, general partner of Barnett Vineyards in St. Helena, Calif., said: “Summit State Bank’s customized approach to finding funding solutions is very helpful to us. And the speed at which they get things done is excellent. It’s not a huge bank – which I like. You can always get through to the person you need to talk to without having to go through an automated system.”

Andrea Horn, CFO of Factor 5 Inc., said: “My other bank didn’t believe in our business and wouldn’t grow with our needs. I wanted a bank that would change with us. Summit is doing that. You can talk to the right person right away without going through five hierarchies to get to someone. The people I work with directly are awesome. If there is some hurdle, it will be solved and you always get a quick answer.”

Summit State Bank also takes its role as a good corporate citizen very seriously. The bank is a season sponsor of the 6th Street Playhouse, an organization producing four musicals, seven plays and a holiday family special in Santa Rosa. It is also a proud sponsor of the Healthcare Foundation of Northern Sonoma County, a nonprofit organization that brings community donors

together to support health care in a region that includes Windsor, Healdsburg, Geyserville, Cloverdale and residents north to the Mendocino County line.

In addition, Summit State Bank supports the Redwood Empire Food Bank, which provides food for 9.2 million meals for low-income families and individuals each year, as well as the S.A.Y. Group (Social Advocates for Youth), providing counseling and advocacy programs for foster children and parents, as well as two safe homes for young people in need, The Coffee House and Tamayo House.

The bank is in the process of developing a new community partnership program to be announced soon as a way to facilitate financial contributions among its family of banking partners. Bank employees are active participants in a variety of nonprofit organizations from the Redwood Empire Council of the Boy Scouts of America to serving on Legal Aid Society of Sonoma County committees.

“Beyond direct bank contributions and employee involvement in worthy causes, our lending policies include making provisions for funding viable social service and health-based organizations seeking to grow and expand. For example, we recently granted a \$9.5 million loan to the Alzheimer’s Center of Petaluma to purchase land and acquire the center from its previous owner,” Mr. Duryea said.

“At the end of the day, banking success is all about treating people the way they want to be treated – with dignity, courtesy and respect. It’s also about walking the talk, showing others that you mean what you say, keeping your word and ultimately making a difference.”