

News Release

For Immediate Release

Contact: Dennis E. Kelley, Senior VP and CFO, Summit State Bank (707)568-4910

Summit State Bank Reports First Quarter Earnings and Declaration of Dividend

SANTA ROSA, CA – (April 30, 2007) – Summit State Bank (Nasdaq GM: SSBI) today reported net income of \$592,000 or \$0.12 per diluted share for the quarter ended March 31, 2007 compared to net income of \$750,000 or \$0.22 per diluted share for the first quarter of 2006. Also the Board of Directors declared a dividend of nine cents per share on the Company's common Stock. Earnings and dividends per share information for all periods presented give effect to the 2-for-1 stock split issued in June 2006.

Dividend

Today the Board of Directors has declared a quarterly cash dividend of nine cents per share on the Company's common Stock. The dividend is payable May 21, 2007 to shareholders of record as of May 10, 2007.

Net Income

The Bank had net income of \$592,000 or \$0.12 per diluted share for the quarter ended March 31, 2007. This compares to net income of \$750,000 or \$0.22 per diluted share for the first quarter of 2006.

On August 16, 2006, SSB completed an underwritten public offering of 1,432,700 shares of common stock. These shares increased the weighted average shares outstanding for the first quarter ending March 31, 2007 over the first quarter in 2006 by 43%. The diluted earnings per share decline in the first quarter of 2007 of \$0.10 per share as compared to the prior year period was comprised of a decline of \$0.05 per share attributable to the decline in net income and \$0.05 per share decline attributable to the increase in weighted average shares outstanding.

Total shareholder equity was \$48,240,000 at March 31, 2007 compared to \$27,433,000 at March 31, 2006. At March 31, 2007 there were 4,844,720 common shares outstanding with a per share book value of \$9.96 compared to 3,361,430 shares outstanding at March 31, 2006 with a per share book value of \$8.16.

Annualized return on average assets was 0.76% for the three months ended March 31, 2007, as compared to 0.98% for the same period one year ago. Annualized return on average equity was 4.99% for the three months ended March 31, 2007, as compared to 11.09% for the same period one year ago. Annualized return on average tangible equity was 5.46% for the three months ended March 31, 2007, as compared to 13.05% for the same period one year ago.

The Bank experienced a decline in net income during the first quarter of 2007 when compared to the first quarter of 2006 due to increased operating expenses, lower non-interest income and relatively unchanged net interest income.

Net Interest Income

Net interest income declined \$38,000 or 1% to \$2,764,000 during the first quarter of 2007 compared to \$2,802,000 for the same quarter of 2006. The net interest margin declined to 3.75% for the three months ended March 31, 2007, compared to 3.89% for the three months ended March 31, 2006. The net interest margin continues to be impacted as rates on deposits continue to reprice while the change in yields on earning assets have slowed as the Federal Reserve stopped increasing short-term rates.

Average earning assets were \$298,851,000 for the first quarter of 2007, as compared to \$292,080,000 for the first quarter of 2006. The yield on earning assets was 7.51% and the cost of interest-bearing liabilities was 4.39% for the first quarter of 2007, as compared to the yield on earning assets of 6.76% and cost of interest-bearing liabilities of 3.11% for the first quarter of 2006.

Non-interest Income

For the first quarter 2007, total non-interest income was \$294,000, as compared to \$322,000 for the first quarter of 2006. The decline was due to the lower number of Section 1031 Real Estate Exchanges handled by the bank, lower loan servicing income and a lower amount of miscellaneous other income.

Management continues to concentrate on building service charge income by focusing marketing efforts on increasing the number of consumer and business checking accounts and related services. Management plans to launch remote deposit capture services for businesses in the second quarter of 2007.

Non-interest Expense

For the first quarter 2007, non-interest expense increased \$247,000 or 14% to \$1,980,000, compared to the same quarter in 2006. Salaries and employee benefit expense increased \$122,000 or 14% to \$999,000. The increase in expense relates to additional staffing added during 2006 and first quarter of 2007 to support the planned growth in deposits and assets. Occupancy and equipment expenses increased \$45,000 or 14% and other operating expenses increased \$80,000 or 15% for the first quarter of 2007 as compared to the first quarter of 2006. Part of the increase in expenses is attributable to space leased and personnel hired in the first quarter of 2007 for the new regional office in Petaluma which is scheduled to open in the second quarter of 2007.

Loan and Deposit Activity

Total loans as of March 31, 2007 were \$260,078,000, an increase of \$17,936,000 or 7%, compared to total loans of \$242,142,000 at March 31, 2006.

Total deposits were \$238,451,000 at March 31, 2007, compared to \$238,148,000 at March 31, 2006. Deposits at March 31, 2006 included a large \$22 million tax deferred exchange transaction deposit, which as expected, was withdrawn after the first quarter of 2006.

Total assets were \$323,341,000 at March 31, 2007, an increase of \$36,620,000 or 13%, compared to \$286,721,000 at March 31, 2006 and an increase of \$10,391,000 or 3% compared to \$312,950,000 at December 31, 2006.

Nonperforming Assets

Loans on nonaccrual were \$2,110,000 or 0.8% of gross loans at March 31, 2007. This is a decline to the nonaccrual loan total at December 31, 2006 which was \$2,383,000. The nonaccrual amount consisted of three loans. The Small Business Administration (SBA) guarantees back \$323,000 of the nonaccrual loan balances. One real estate secured loan on nonaccrual status, with a book balance of \$1,380,000, after a partial write-down, was transferred to other real estate owned subsequent to March 31, 2007.

The provision for loan losses was \$71,000 for the first quarter ended March 31, 2007 as compared to \$111,000 in the first quarter of 2006. The Bank charged-off \$250,000 in loans to the allowance for loan losses in the first quarter of 2007. At March 31, 2007, the allowance for loan losses to gross loans was 1.37% and the allowance for loan losses to nonaccrual loans was 169%.

About Summit State Bank

Summit State Bank has total assets of \$323 million and total equity of \$48 million at March 31, 2007. It provides diverse financial products and services which are marketed through Sonoma County, California with offices located in Santa Rosa, Rohnert Park and Windsor. Summit State Bank stock is traded on the Nasdaq Global Market under the symbol SSBI.

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. These forward-looking statements are subject to risks and uncertainties. Actual results may differ materially from those set forth in or implied by forward-looking statements. These risks are described from time to time in Summit State Bank's filings with the Federal Deposit Insurance Corporation, including its Registration Statement on Form 10, Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Summit State Bank disclaims any intent or obligation to update these forward-looking statements.

SUMMIT STATE BANK AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2007 and March 31, 2006
(In thousands except for earnings per share data)

	Three Months Ended	
	March 31, 2007	March 31, 2006
	(Unaudited)	(Unaudited)
Interest income:		
Interest and fees on loans	\$ 4,962	\$ 4,271
Interest on Federal funds sold	0	240
Interest on investment securities and deposits in banks	543	340
Dividends on FHLB stock	28	21
	<u>5,533</u>	<u>4,872</u>
Total interest income		
Interest expense:		
Deposits	2,345	1,866
Securities sold under repurchase agreements	1	97
FHLB Advances	423	107
	<u>2,769</u>	<u>2,070</u>
Total interest expense		
Net interest income before provision for loan losses	2,764	2,802
Provision for loan losses	71	111
	<u>2,693</u>	<u>2,691</u>
Net interest income after provision for loan losses		
Non-interest income:		
Service charges	85	84
Office leases	166	151
Gains on sales of loans	14	17
Real estate exchange fees	5	16
Loan servicing, net	10	17
Other income	14	37
	<u>294</u>	<u>322</u>
Total non-interest income		
Non-interest expense:		
Salaries and employee benefits	999	877
Occupancy and equipment	367	322
Other expenses	614	534
	<u>1,980</u>	<u>1,733</u>
Total non-interest expense		
Income before provision for income taxes	1,007	1,280
Provision for Income taxes	415	530
	<u>\$ 592</u>	<u>\$ 750</u>
Net income		
Basic earnings per share	<u>\$ 0.12</u>	<u>\$ 0.22</u>
Diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.22</u>
Basic weighted average shares of common stock outstanding	<u>4,828,053</u>	<u>3,361,430</u>
Diluted weighted average shares of common stock outstanding	<u>4,841,696</u>	<u>3,377,930</u>

SUMMIT STATE BANK AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2007	December 31, 2006	March 31, 2006
	(Unaudited)		(Unaudited)
ASSETS			
Cash and due from banks	\$ 4,697	\$ 10,606	\$ 3,313
Federal funds sold	2,200	-	800
Total cash and cash equivalents	6,897	10,606	4,113
Time deposits in banks	160	457	1,047
Available-for-sale investment securities - amortized cost of \$36,092 at March 31, 2007 and \$26,104 and \$20,009 at December 31, and March 31, 2006	35,876	25,829	19,447
Held-to-maturity investment securities - market value of \$4,886 at March 31, 2007 and \$4,868 and \$4,803 at December 31, and March 31, 2006	5,000	5,000 #	5,000
Loans, less allowance for loan losses of \$3,557 at March 31, 2007 and \$3,736 and \$3,643 at December 31, and March 31, 2006	256,521	252,860	238,499
Bank premises and equipment, net	8,228	8,175	8,506
Investment in Federal Home Loan Bank stock, at cost	2,181	1,699	2,273
Goodwill	4,119	4,119	4,119
Accrued interest receivable and other assets	4,359	4,205	3,717
Total assets	\$ 323,341	\$ 312,950	\$ 286,721
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Demand - non interest-bearing	\$ 12,632	\$ 11,188	\$ 10,230
Demand - interest-bearing	13,271	12,623	14,542
Savings	14,659	19,331	45,088
Money market	56,129	47,335	52,236
Time deposits, \$100,000 and over	88,526	80,160	60,096
Other Time deposits	53,234	62,337	55,956
Total deposits	238,451	232,974	238,148
Securities sold under repurchase agreements	125	257	597
Federal Home Loan Bank (FHLB) advances	35,975	31,460	20,200
Accrued interest payable and other liabilities	550	447	343
Total liabilities	275,101	265,138	259,288
Shareholders' equity			
Preferred stock, no par value; 20,000 shares authorized; none issued			
Common stock, no par value; shares authorized - 30,000; shares issued and outstanding - 4,845 at March 31, 2007 and 4,795 and 3,361 outstanding at December 31, and March 31,	36,956	36,698	17,395
Retained earnings	11,413	11,256	10,362
Accumulated other comprehensive loss, net of taxes	(129)	(142)	(324)
Total shareholders' equity	48,240	47,812	27,433
Total liabilities and shareholders' equity	\$ 323,341	\$ 312,950	\$ 286,721

Earnings Summary
(In Thousands)

	Three Months Ended	
	March 31, 2007	March 31, 2006
	(Unaudited)	(Unaudited)
Statement of Income Data:		
Net interest income	\$ 2,764	\$ 2,802
Provision for loan losses	71	111
Noninterest income	294	322
Noninterest expense	1,980	1,733
Provision for income taxes	415	530
Net income	\$ 592	\$ 750
 Selected per Share Data:		
Basic earnings per share	\$ 0.12	\$ 0.22
Diluted earnings per share	\$ 0.12	\$ 0.22
Book value per share	\$ 9.96	\$ 8.16
 Selected Ratios: (1)		
Return on average assets	0.76%	0.98%
Return on average equity	4.99%	11.09%
Return on average tangible equity	5.46%	13.05%
Efficiency ratio	64.75%	55.47%
Net interest margin	3.75%	3.89%
Dividend payout ratio	73.65%	40.33%
Average equity to average assets	15.13%	8.83%
Nonperforming loans to total loans	0.81%	0.14%
Allowance for loan losses to total loans	1.37%	1.50%

(1) All ratios in the table are annualized with the exception of efficiency ratio, dividend payout ratio, and average equity to average assets.