

Offices

Santa Rosa

500 Bicentennial Way
Santa Rosa, CA 95403
Admin (707) 568-6000
Branch (707) 568-6100

Rohnert Park

6305 Commerce Blvd.
Rohnert Park, CA 94928
(707) 568-4955

Montgomery Village

2300 Midway Drive
Santa Rosa, CA 95405
(707) 568-4975

Windsor

8836 Lakewood Drive
Windsor, CA 95492
(707) 568-4965

Petaluma

701 Sonoma Mountain Parkway
Petaluma, CA 94954
(707) 283-1120

www.summitstatebank.com



**SUMMIT
STATE BANK**

*Keeping
Your
Interest
First*

THIRD QUARTER REPORT
2007

Financial Highlights for the Nine Months Ending September 30, 2007

Annualized Return on Average Assets	0.62%
Annualized Return on Average Equity	4.17%
Annualized Return on Average Tangible Equity	4.56%
Tier 1 Capital Leverage Ratio	13.5%
Tier 1 Risk-Based Capital Ratio	15.0%
Total Risk Based Capital Ratio	16.2%
Book Value per Share	\$9.96
Shares Outstanding at End of Period	4,844,720
Growth over last 12 months:	
Assets	11%
Loans	11%
Deposits	10%
Stockholders' Equity	1%

Directors

John C. Lewis, *Chairman of the Board*

Terrance M. Davis	Allan J. Hemphill
John F. DeMeo	Jeanne D. Hubbard
Michael J. Donovan	Ron Metcalfe
Richard A. Dorr	Marshall T. Reynolds
Todd Fry	Robert B. St. Clair
George I. Hamamoto	Eugene W. Traverso

Officers

John C. Lewis, *CEO & Chairman*
Terrance M. Davis, *President/COO*
Dennis E. Kelley, *SVP/CFO*
Thomas Duryea, *SVP/CCO*
Linda Bertauche, *SVP/Compliance*
Diane Berthinier, *SVP/Business Development Officer*
Jan Southard, *SVP/Branch Operations Manager*
Nancy Farber, *Corporate Secretary*
Jacqueline A. Peterson, *RVP/Branch Manager*
Sheila Cargill, *VP/Loan Operations*
Wayne Hoffer, *VP/Commercial Loans*
Twyla Jacobson, *Controller*
Marshall MacDonald, *VP/Construction Loans*
Gail Baker, *AVP/Branch Manager*
Brenda Flory, *AVP/Loan Operations*
Patty Hoagland, *AVP/Information Services*
D Marlowe, *AVP/Branch Manager*
Judy Reynolds, *AVP/Branch Manager*
Candy Yandell, *AVP/Branch Manager*

To Our Shareholders and Friends:

After three quarters of fighting ever-tightening margins, we are beginning to see positive trends going forward. Once the 50 basis point drop in the Federal Discount Rate has a chance to flow through our Deposits and adjustable rate loans, there should be a positive impact on Net Interest Margin.

In the meantime, third quarter earnings increased to 10 cents per share against 8 cents earned in the second quarter, but still significantly less than the 16 cents per share earned in the third quarter last year.

Net Income of \$509,000 in the third quarter increased \$109,000 over the second quarter, but \$225,000 less than the third quarter 2006.

Loans grew \$11,733,000 during the third quarter with year-over-year growth of \$26,231,000 contributing to Total Asset growth of \$7,304,000 for the quarter and \$34,471,000 over the preceding year.

Another positive sign is reflected in the fact that funding for the \$34,471,000 Total Asset growth came from Deposit growth of \$21,935,000 and FHLB borrowings of \$11,816,000.

Our new Petaluma Branch opened July 19, 2007 and is showing better than expected Deposit growth. Loan quality continues to be stable and expenses are identical to last year as a percent of Total Assets. Our stock buyback just got underway October 1, 2007, and will move forward as quickly as allowed by regulations.

Because we do not have any sub prime loans or loan securitizations to be concerned with, we will continue to focus on building relationships with clients and capitalizing on our expanding marketplace.

Thank you for your continued support.

Sincerely,

John C. Lewis
Chairman and CEO

Terrance M. Davis
President and COO


Statement of Condition

in dollars (unaudited)	As of September 30, 2007	As of September 30, 2006
Cash and Investments	\$ 44,294,000	\$ 36,453,000
Loans Receivable, net	274,777,000	248,546,000
Premises and Fixed Assets (net)	8,577,000	8,290,000
Stock in Federal Home Loan Bank	2,203,000	1,876,000
Goodwill	4,119,000	4,119,000
Accrued Interest Receivable and Other Assets	4,047,000	4,262,000
Total Assets	338,017,000	303,546,000
Deposits	246,686,000	224,751,000
Advances from FHLB & Other Borrowings	42,374,000	30,558,000
Other Liabilities	725,000	646,000
Total Liabilities	289,785,000	255,955,000
Capital Stock	36,957,000	36,724,000
Retained Earnings	11,449,000	11,047,000
Accumulated Other Comprehensive Loss (net of taxes)	(174,000)	(180,000)
Total Stockholders' Equity	48,232,000	47,591,000
Total Liabilities and Stockholders' Equity	\$338,017,000	\$303,546,000

Additional financial and other information, including the Bank's Form 10Q, can be found at www.summitstatebank.com under the Shareholder Relations tab.


Statement of Income

in dollars (unaudited)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Interest on Loans	\$5,213,000	\$4,771,000	\$15,161,000	\$13,595,000
Interest on Investments	609,000	484,000	1,801,000	1,450,000
Total Interest Income	5,822,000	5,255,000	16,962,000	15,045,000
Interest on Deposit Accounts	2,613,000	2,059,000	7,384,000	5,684,000
Interest on Borrowed Funds	478,000	369,000	1,448,000	1,041,000
Total Interest Expense	3,091,000	2,428,000	8,832,000	6,725,000
Provision for Loan Loss	159,000	31,000	490,000	253,000
Net Interest Income After Provision for Loan Losses	2,572,000	2,796,000	7,640,000	8,067,000
Deposit Service Fees	76,000	100,000	256,000	262,000
Gain on Sale of Loans		40,000	41,000	63,000
Other Income	214,000	205,000	600,000	677,000
Total Other Income	290,000	345,000	897,000	1,002,000
Salaries and Employee Benefits	957,000	930,000	2,913,000	2,696,000
Occupancy and Equipment	431,000	335,000	1,187,000	996,000
Other Expenses	607,000	627,000	1,877,000	1,658,000
Total Operating Expense	1,995,000	1,892,000	5,977,000	5,350,000
Income Before Provision for Income Taxes	867,000	1,249,000	2,560,000	3,719,000
Provision for Income Taxes	358,000	515,000	1,059,000	1,552,000
Net Income	\$509,000	\$734,000	\$1,501,000	\$2,167,000
Diluted Earnings per Share	\$0.10	\$0.16	\$0.31	\$0.57