

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

www.summitstatebank.com



**SUMMIT
STATE BANK**

*Keeping
Your
Interest
First*

**FIRST QUARTER REPORT
2007**

Financial Highlights for the Nine Months Ending March 31, 2007

Annualized Return on Average Assets	0.76%
Annualized Return on Beginning Tangible Equity	5.46%
Annualized Return on Beginning Equity	4.99%
Tier 1 Capital Leverage Percentage	14.08%
Tier 1 Risk-Based Capital Percentage	16.63%
Total Risk Based Capital Percentage	17.88%
Book Value per Share	\$9.96
Shares Outstanding at end of period	4,844,720
Growth over last 12 months:	
Assets	13%
Loans	8%
Deposits	0%
Stockholders' Equity	76%

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*
Josh Cox, *SVP/Marketing*
Diane Berthinier, *SVP/Branch Administrator*
Linda Bertauche, *SVP/Compliance*
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:

The impact of a flat yield curve, reduced real estate activity, and increased major project expenses resulted in a \$158,000 reduction in first quarter Net Income to \$592,000, as compared to the first quarter of 2006. Earnings per share of 12 cents was down five cents per share due to the increased number of shares generated by our IPO and was down five cents per share due to the issues mentioned above.

Summit's Asset Growth of 13%, in the first quarter comparison with 2006, was almost exclusively the result of increase Loan Receivables and increased Investments. Earning Asset growth will be particularly important in the quarters and years to come as we drive to build the Bank.

Even though the Petaluma Office is not expected to be open for several months, project development and staff training are two categories of expenses that necessarily precede the second quarter opening of our fifth office.

In order to diminish the Earnings impact of competitive pressures on Cost of Funds, we have utilized FHLB Borrowings as a partial alternative to Certificates of Deposits. The result is that Deposit totals are nearly identical to the first quarter of 2006 while Borrowings have increased almost \$16,000,000.

Stockholders Equity increased \$20,807,000 during the one year comparison period, due primarily to over \$19,000,000 generated by the Initial Public Offering completed during the second quarter of 2006. This capital will allow us to approximately double the size of the Bank.

As we plan to increase our market penetration and grow the size of the Bank, you should know that we have, likewise, added staff to the Compliance and Risk Management Department. As you read about the concerns around sub prime residential lending, you should know that Summit did not engage in that type of lending and has none of those loans on its books. The slow down in the real estate market place naturally has an effect on the volume of business available, but our commercial orientation continues to be a part of the marketplace where we see the opportunity to add value in the financial services sector. Prospects for continued growth look good.

Thank you for your continued support of Summit State Bank.

Sincerely,

John C. Lewis
Chairman and CEO

Terrance M. Davis
President and CEO


Statement of Condition

in dollars (unaudited)	As of March 31, 2007	As of March 31, 2006
Cash and Investments	\$ 47,933,000	\$ 29,607,000
Loans Receivable, net	256,521,000	238,499,000
Premises and Fixed Assets (net)	8,228,000	8,506,000
Stock in Federal Home Loan Bank	2,181,000	2,273,000
Goodwill	4,119,000	4,119,000
Accrued Interest Receivable and Other Assets	4,359,000	3,717,000
Total Assets	323,341,000	286,721,000
Deposits	238,451,000	238,148,000
Advances from FHLB & Other Borrowings	36,100,000	20,796,000
Other Liabilities	550,000	344,000
Total Liabilities	275,101,000	259,288,000
Capital Stock	36,956,000	17,395,000
Retained Earnings	11,413,000	10,362,000
Accumulated Other Comprehensive Loss (net of taxes)	(129,000)	(324,000)
Total Stockholders' Equity	48,240,000	27,433,000
Total Liabilities and Stockholders' Equity	\$323,341,000	\$286,721,000

Additional financial and other information can be found at www.summitstatebank.com under the Shareholder Relations tab.


Statement of Income

in dollars (unaudited)	Quarter Ended March 31,	
	2007	2006
Interest and Fees on Loans	\$4,962,000	\$4,271,000
Interest on Federal Funds and Investments	571,000	601,000
Total Interest Income	5,533,000	4,872,000
Interest on Deposit Accounts	2,345,000	1,866,000
Interest on Borrowed Funds	424,000	204,000
Total Interest Expense	2,769,000	2,070,000
Net Interest Income Before Provision for Loan Losses	2,764,000	2,802,000
Provision for Loan Loss	71,000	111,000
Net Interest Income After Provision for Loan Losses	2,693,000	2,691,000
Deposit Service Fees	85,000	84,000
Gain on Sale of Loans	14,000	17,000
Office Lease Income	166,000	151,000
Other Income	29,000	70,000
Total Other Income	294,000	322,000
Salaries and Employee Benefits	999,000	877,000
Occupancy and Equipment	367,000	322,000
Other Expenses	614,000	534,000
Total Operating Expense	1,980,000	1,733,000
Income Before Taxes	1,007,000	1,280,000
Provision for Income Taxes	415,000	530,000
Net Income	\$592,000	\$750,000
Diluted Earnings per Share	\$0.12	\$0.22
Diluted Weighted Average Shares	4,841,696	3,377,930