

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Summit State Bank

Point of Contact:	Dennis Kelley	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	148	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	8,500,000	FDIC Certificate Number: (For Depository Institutions)	32203
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Santa Rosa
Date Repaid ¹ :	N/A	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

With the additional capital that strengthened the Bank's already strong capital ratios during this time of economic certainty, we have been able to promote new loans in our community. However loan demand is muted due to the economy and new loans has not been able to offset paydowns.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Loans were generated across all our lending programs, primarily commercial real estate, small business loans and residential real estate related.

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Increase securities purchased (ABS, MBS, etc.).

Purchased additional MBA in late 2010 primarily made up of loans to low to moderate income individuals in our local market area.

Make other investments.

Increase reserves for non-performing assets.

Due to the economy and its effects on the Bank's borrowers, higher than normal provisions to the allowance for loan losses has resulted in the years 2009 and 2010.

Reduce borrowings.

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Increase charge-offs.

Due to the economy and its effects on the Bank's borrowers, higher than normal charge-offs to the allowance for loan losses has resulted in the years 2009 and 2010.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

The primary purpose for taking the capital was due to the uncertainty of the economy and to strengthen the Bank's capital ratios to weather the storm.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

At the time the CPP capital was applied for and received there was great uncertainty in the economy. The additional capital has allowed the bank to work with borrowers experiencing economic difficulties in a manner that may have been prohibitive if the capital levels of the bank were tight.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The Bank was able to aggressively market its services in the local market area due to the high capital ratios. New lending and deposit relationship have been established although totals do not reflect this due to run off of existing loans from existing customers deleveraging.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None.