



Ann Marie Mehlum  
President & CEO

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**SUMMITBANK**

96 EAST BROADWAY EUGENE OR 97401

**SUMMITBANK**



IMPORTANT SHAREHOLDER  
INFORMATION



Quarterly Report

March 2009



**SUMMITBANK**

## To our shareholders:

The first quarter of 2009 began in much the same way that 2008 ended, with plenty of negative news about the local, national and world economies. Summit Bank continues to chart its way carefully through these difficult times and recorded another solid quarter of growth and performance. Year over year, total assets increased 19 percent to \$104.5 million with net loans increasing by \$15 million or 21 percent. Deposit growth over the last twelve months has continued to be strong with an increase of \$18 million or 25 percent.

Summit continues to respond to the uncertain economic climate by reserving for possible future losses. We added \$67,000 to our provision for loan losses, bringing the total allowance to \$1.21 million or 1.37 percent of gross loans outstanding at quarter-end. Additionally, the Bank proactively wrote down the carrying value of its sole parcel of foreclosed real estate by \$100,000. Even with a significant negative impact on earnings from these two actions, Summit's net income of \$99,000 for the quarter exceeded last year's first quarter net income of \$95,000.

The Bank's loan portfolio is holding up comparatively well as Summit's clients manage their economic challenges. While the total amount of foreclosed real estate, non-performing loans, and past due loans is higher than we would normally like to see, as a percentage of equity, Summit's non-performing assets are significantly less than Oregon and national peer averages. Our loan team will continue to work closely with our clients to help them weather this recession.

There are still challenges ahead for both our economy and the banking industry. Summit Bank is proceeding with as much of a "business as usual" mindset as is possible in such uncertain times. You can be assured that your Bank will proceed with the same careful and conservative approach that has brought it this far as we continue through the remainder of the year.

Gretchen Pierce  
Board Chair

Ann Marie Mehlum  
President and CEO

(in thousands except per share data)	Unaudited As of Mar. 31, 2009	Unaudited As of Mar. 31, 2008
<b>Summary Statements of Condition</b>		
Cash and short term investments	\$ 5,121	\$ 4,540
Securities	6,204	6,573
Loans:		
Commercial	22,624	21,094
Commercial real estate	40,946	34,051
Other	25,419	18,344
Loan loss reserve and unearned income	(1,461)	(1,042)
Total net loans	87,528	72,447
Property and other assets	5,067	3,652
Foreclosed real estate	600	0
Total assets	\$104,520	\$ 87,211
Deposits:		
Noninterest-bearing demand	\$ 15,580	\$ 10,845
Interest-bearing demand	40,725	38,809
Certificates of deposit	32,704	21,281
Total deposits	89,009	70,934
Other liabilities	4,883	6,276
Shareholders' equity	10,628	10,001
Total liabilities and shareholders' equity	\$104,520	\$ 87,211
Book value per share	\$10.64	\$10.19
<b>Summary Statements of Income</b>		
Interest income	\$ 1,316	\$ 1,373
Interest expense	(238)	(551)
Net interest income	1,077	821
Provision for loan losses	(67)	(24)
Asset charge-offs	(100)	0
Noninterest income	99	113
Noninterest expense	(852)	(757)
Net income before income taxes	158	153
Provision for income taxes	(59)	(59)
Net income	\$ 99	\$ 95
Net income per share, basic	\$ 0.10	\$ 0.10
Net income per share, fully diluted	\$ 0.10	\$ 0.09