SUMMIT BANCSHARES, INC.

2011 ANNUAL REPORT

Summit Bank

FINANCIAL HIGHLIGHTS

For the Year Ended	2011	2010	2009	2008	2007
Net Income	$905,182	$983,660	$517,424	$2,088,279	$3,685,311
Earnings per common share	$0.70	$0.76	$0.40	$1.58	$2.37
Earnings per common share - assuming dilution	$0.70	$0.76	$0.40	$1.58	$2.37
Cash Dividends per Share, declared	-	-	-	$0.375	$1.375
At Year End (in thousands)					
Deposits	$163,446	$163,264	$158,166	$161,696	$160,158
Loans (Net)	112,271	123,124	119,769	120,436	118,506
Assets	186,256	184,934	179,311	182,168	183,926
Shareholders' Equity	20,301	19,396	18,413	17,895	21,182
Non-performing Loans to Total Loans	7.68%	6.33%	4.27%		2.70%
Allowance to Non-performing Loans	29.72%	34.08%	52.15%	58.00%	-
Tier 1 Capital	14.69%	13.06%	13.17%	12.62%	14.45%
Total Capital	15.94%	14.32%	14.43%	13.87%	15.60%
Leverage Ratio	10.44%	9.96%	10.36%	9.58%	11.28%

Market Price of the Company's Stock and Dividends

The stock of the Company is not listed on any stock exchange but is publicly traded in limited and infrequent transactions in the "over the counter" market. According to information made available to the Company by the Market Maker, American Blue Chip, the range of high and low bids for such common stock for each calendar quarter since January 2011 is contained below. The following prices reflect retail mark-up and may not represent actual transactions.

	High	Low	Dividends Declared
2011			
First Quarter	$8.78	$8.76	$ --
Second Quarter	9.27	9.26	--
Third Quarter	8.26	8.24	--
Fourth Quarter	6.94	6.92	--
Total			$ --
2010			
First Quarter	$9.50	$8.00	$ --
Second Quarter	11.00	8.50	--
Third Quarter	9.15	8.50	--
Fourth Quarter	8.63	8.10	--
Total			$ --

The Company presently intends to continue the policy of not paying regular semi-annual cash dividends. Future dividends will depend upon the earnings of the Company, management's assessment of the future needs for funds, and the regulatory limitations outlined in Footnote #12.

This annual report is furnished to shareholders and customers of the bank pursuant to the requirements of the Federal Deposit Insurance Corporation (FDIC) to provide an annual disclosure statement. This annual report has not been reviewed or confirmed for the accuracy or relevance by the FDIC.

SUMMIT BANCSHARES, INC.

Letter to Our Shareholders

THE YEAR OF 2011 was another year for the history books and I am happy to report to you that your company has once again produced a profit for you while navigating through a very uncertain economy and new regulatory rules and restrictions. All of us at Summit Bank take enormous pride that we have been able to produce a return on equity of 4.46% and a return on assets of 0.49%. Total assets are at $186,256,000 and our Tier 1 Capital Ratio is 14.69%.

One of the biggest issues facing community banks is the onerous burden of the Dodd Frank Regulatory Bill. This bill was supposedly aimed at the biggest banks who were too big to fail but according to William Isaac, former Chairman of the FDIC, "it is the worst piece of legislation and didn't address any of the causes of this most recent crises nor will it prevent a future crisis. It is volumes and volumes of legislation which cannot be absorbed by community banks in this country. The Regulation requires the tightening of lending standards and it hurts the people who need it the most, small business." Small businesses are the life's blood of this country and yet they are unsure of the future and what it will cost them to run their businesses. Until these people feel more positive we will feel the effects in the banking industry. At the local level for sure we are affected with too much liquidity and not enough loan demand which we expect to continue in 2012. Our recent profit trends are a direct result of this slow loan growth and margin pressures and no bank is immune to the fallout of margin pressures and loan growth.

The banking industry in our country is undergoing its greatest change in a generation and we are all facing the toughest operating environment in many, many years. All these changes are creating a new normal in the world of banking which we must accept as a new reality and learn to incorporate as we transition from what we have done for thirty years to this new world of banking.

To that end we welcome Susan Biba as our Chief Credit Officer. She is a seasoned veteran in banking and will be a great mentor to us all. We also welcome Chris Brothers who has created and heads up our new Mortgage Department. Andrea Head who is in charge of our Real Estate Division and lastly Fereba Ashufta who is our Compliance Officer and Operations Administrator. We are so fortunate to have people with their experience and dedication and along with our very qualified executive staff they will guide us through this transition.

As you know no one can predict what the future will bring but our overall expectation for 2012 is that the challenges will continue in the industry and our economy will continue to waver as it has for the past few years. We anticipate growth to be slow but positive.

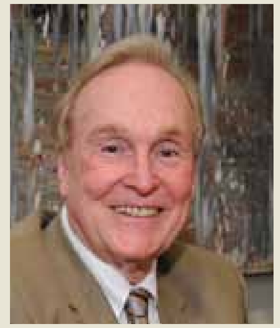
I personally want to thank our Directors who are working harder than ever on your behalf. We welcome Jason Hill to the board and look forward to his guidance as well. I truly appreciate their guidance and support during these difficult times. I also want to thank the wonderful people at Summit Bank for all their hard work and acceptance of the belt tightening they have had to endure during this prolonged downturn.

As I do every year I ask that you as shareholders to support us by doing business with us and referring your friends to us. We will be celebrating our 30th anniversary in 2012 and have successfully shown profitability each and every month and each and every year since August 1982, so you should be proud to refer business to a bank which you own.

Shirley W. Nelson
Chairman and CEO

BOARD OF DIRECTORS

Shirley Nelson
Summit Bank
Chairman: *Loan Committee, 401(k) Profit Sharing Committee*
Member: *Directors' Personnel Committee, Strategic Planning Committee, Investment & Funds Management Committee*



John Nohr
Chairman: *Investment and Funds Management Committee*
Member: *Directors' Personnel Committee, Audit and Compliance Committee, 401(k) Profit Sharing Committee, Loan Committee, E-Technology & Security Committee*

Jason Hill
R.G. Hill and Company
Member: *Audit & Compliance Committee, Loan Committee*

John Protopappas
Madison Park Financial Corporation
Chairman: *Directors' Personnel Committee*
Member: *Loan Committee, Investment & Funds Committee, Strategic Planning Committee*

George Hollidge
Chairman: *Strategic Planning Committee, E-Technology & Security Committee*
Member: *Audit and Compliance Committee, Loan Committee, 401(k) Profit Sharing Committee, Director's Personnel Committee, Investment & Funds Management Committee*

Mary Warren
HMS Associates
Member: *Audit & Compliance Committee, Investment & Funds Management Committee, Summit Bank Foundation Board of Directors*

Kikuo Nakahara
Chairman: *Audit & Compliance Committee*
Member: *401(k) Profit Sharing Committee, Investment & Funds Management Committee, Loan Committee*

ADMINISTRATIVE OFFICERS

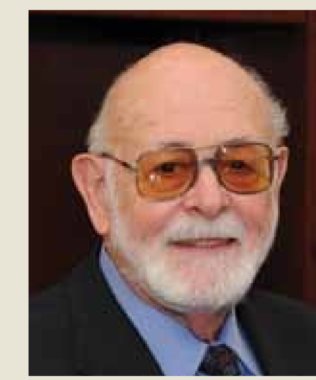
Shirley W. Nelson
Chairman and Chief Executive Officer

C. Michael Ziemann
President and Chief Financial Officer

Stephen P. Nelson
Executive Vice President, Chief Operating Officer and Chief Information Officer

Andrea Head
Executive Vice President, Real Estate Division

Susan Biba
Senior Vice President, Chief Credit Officer



P.L. "Chris" Brothers
Senior Vice President, Mortgage Loan Division

Mani Ganesamurthy
Assistant Vice President, Controller

Fereba Ashufta
Assistant Vice President, Compliance Officer/Operations Administrator

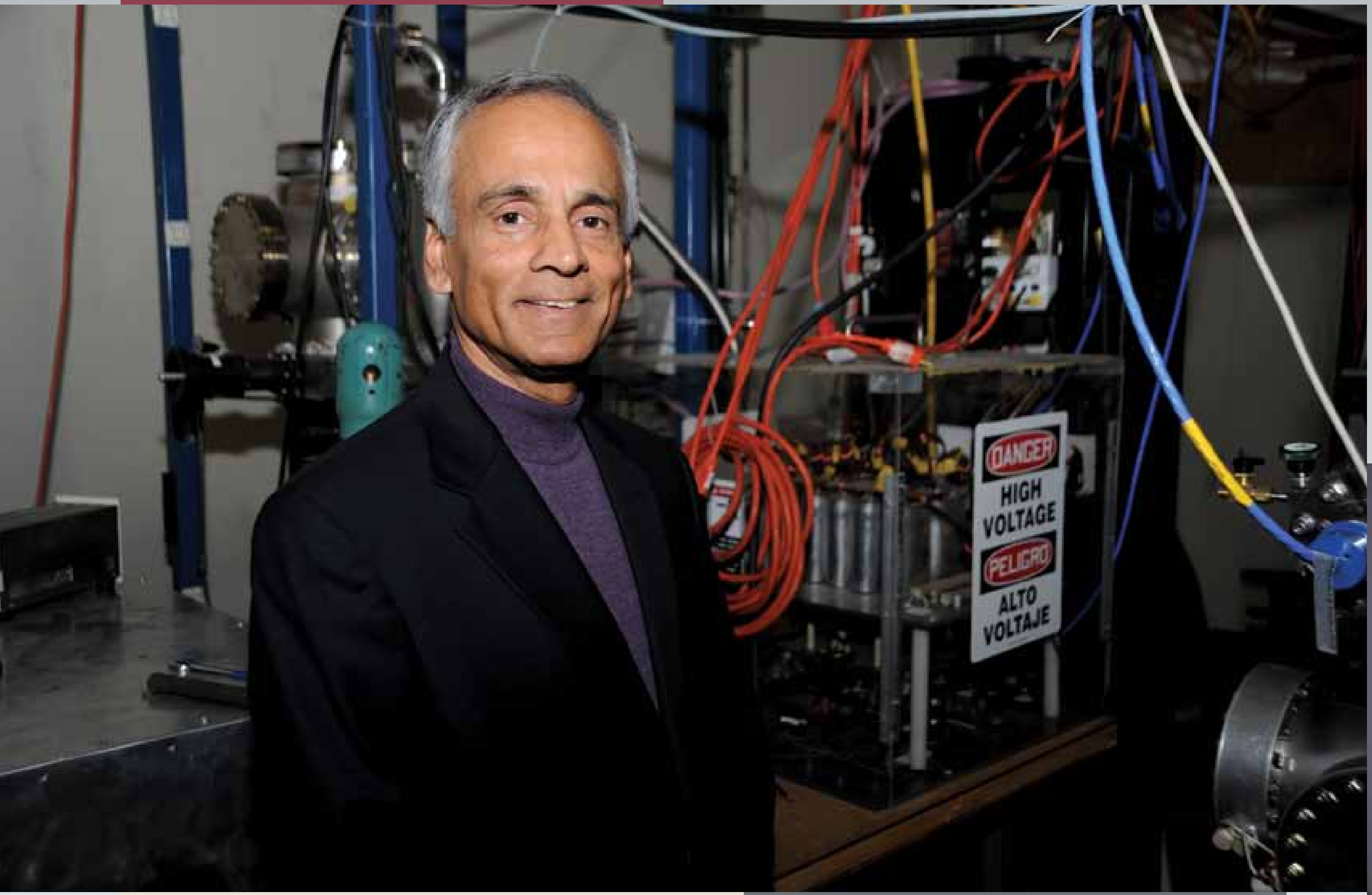
Our Clients Say it Best

Founded in 2002, Oakland School for the Arts balances an immersive arts program with a comprehensive academic curriculum, providing students unique opportunities for learning, innovation, expression and personal growth.

Oakland School for the Arts

Antonette G. West, CPA, Director of Finance

OAKLAND SCHOOL FOR THE ARTS wanted to bank with a local institution that supports its community and we found that in Summit Bank. They have played an instrumental role in our growth and success. We started as a small school of a few dozen students in one grade. We are now the East Bay's premier arts school providing an immersive arts education coupled with a college prep curriculum to over 600 middle and high school students.



Founded in 1994, Alameda Applied Sciences Corporation performs cutting edge R&D in pulsed plasma technology and they commercialize the resulting products, technologies and services.

Alameda Applied Sciences Corporation

Dr. Mahadevan Krishnan, President

THROUGHOUT OUR 17 YEAR HISTORY, we have competed against larger companies and managed to stay competitive by emphasizing assets that are unique to small businesses: agility, rapid response to special customer requests, flexibility and emphasis on quality over just the bottom line. These are all qualities that we see in Summit Bank. In an era of consolidation and behemoth banks, Summit has stayed small and true to its founding principles and is an ideal partner for a small, high-tech company such as Alameda Applied Sciences.

East Bay Family Practice Medical Group

Sharon Healy, Office Manager

SUMMIT HAS BEEN OUR BANKING PARTNER since we moved to Oakland in 1998. The convenience of location is a big plus but the remarkable thing about Summit Bank is the personal attention we get on a daily basis. The staff is excellent and always timely in responding to questions we may have. It has and will always be a pleasure to bank with Summit.

East Bay Family Practice Medical Group provides high quality, personalized medical care to families of the East Bay Community. For more than 30 years, their dedicated family practitioners have been committed to serving the needs of men, women and children of all ages.

Left to right: Ana Carranza, billing dept.; Sharon Healy, Office Manager; Sarah White, NP; Edie Silber, NP, Managing Partner; Audrey D'Andrea, MD Maria Arreola, Medical Assistant; Caroline Schreiber, MD

RGM and Associates

Ralph Caputo, President and CEO

I HAVE ALWAYS PREFERRED the smaller more personal business banks and was fortunate to have found Summit Bank in 1999. Shirley Nelson, Mike Ziemann, Steve Nelson and the entire Summit team of dedicated professionals provide us the quality and personalized customer service that continually exceed our expectations. Summit Bank has set a standard of excellence that few banks if any can match.

RGM and Associates specializes in coordinating the design and construction of public facilities, including K-12, Higher Education, City and County and other public facilities. They also provide a full menu of Pre-Construction and Construction Services and can assist with planning and design management, construction management, and general contracting services.

Rona Z. Silkiss, MD, FACS

Chief, Division of Ophthalmic Plastic, Reconstructive and Orbital Surgery
California Pacific Medical Center

Dr. Rona Silkiss and staff are experts in Oculofacial Plastic, Reconstructive and Orbital Surgery. They specialize in eyelid and facial reconstruction and rejuvenation using the most sophisticated invasive and noninvasive techniques available. Whether performing a delicate cancer reconstruction, removing an orbital tumor or performing cosmetic rejuvenation services, Dr. Silkiss provides compassionate care using state of the art techniques.

I CHOSE TO HAVE A BANKING RELATIONSHIP with Summit because I believe in community banking. It is important to support our local businesses, especially one in which the CEO, Shirley Nelson, will return my calls. I can always count on Summit Bank and truly appreciate the personal care that they offer.

John W. Brooker & Company CPA's provide the finest accounting, tax management, financial and investment advisory services to help each client reach his/her maximum potential.

John W. Brooker & Company, CPA's

Dan Beatty, Principal

WE HAVE LONG ENCOURAGED our business clients to bank with a community bank. Summit Bank is the bank where everybody knows your name. One of the main problems with the big banks is their revolving door of bank managers. At Summit, we are able to go straight to the CEO; Shirley Nelson will make sure you are taken care of. Try that at one of the big banks.

The Miraculous Foundation

Dr. Patricia Scott-Brooks and Dr. E. Jenee Scott, Pastors

THE MIRACULOUS FOUNDATION is extremely proud that Summit Bank has valued us as an important client. Fortunately, Summit has been an exemplary model of unity and teamwork which are key ingredients for a great business partnership. Summit's staff is personable, trustworthy and very supportive. We applaud their commitment and community banking excellence.

The Miraculous Foundation is a thriving church in Oakland. It's mission is to improve the East Bay Community by building strong families.

Medi-Bill, Inc.

Skip Cressman, President, Mary Cressman, Vice President/Secretary

MEDI-BILL, INC. DEPENDS ON SUMMIT BANK to safeguard the millions of dollars we have on deposit that belong to our clients. These clients have entrusted us to provide a lifetime of future medical need expenses for thousands of individuals who have suffered on the job injuries or have settled personal injury claims. For over 20 years, the officers and employees of Summit Bank have been the most responsive service oriented bankers we have ever worked with and they understand the tremendous fiduciary responsibility we have to our clients. Summit Bank does a fantastic job and has never let us down. We consider Summit Bank an important partner in our continued growth and success.

Medi-Bill, Inc. is a Walnut Creek based company providing professional administration to Medicare Set Asides and US Government Lifetime Reversionary Trusts nationwide.

A&A Auto Repair offers a full spectrum of auto repair services. Their associated towing service, North Main Tow, is available to bail you out of a tight spot 24 hours a day, 7 days a week.

A&A Auto Repair and North Main Tow

Alberto Guzman, Owner

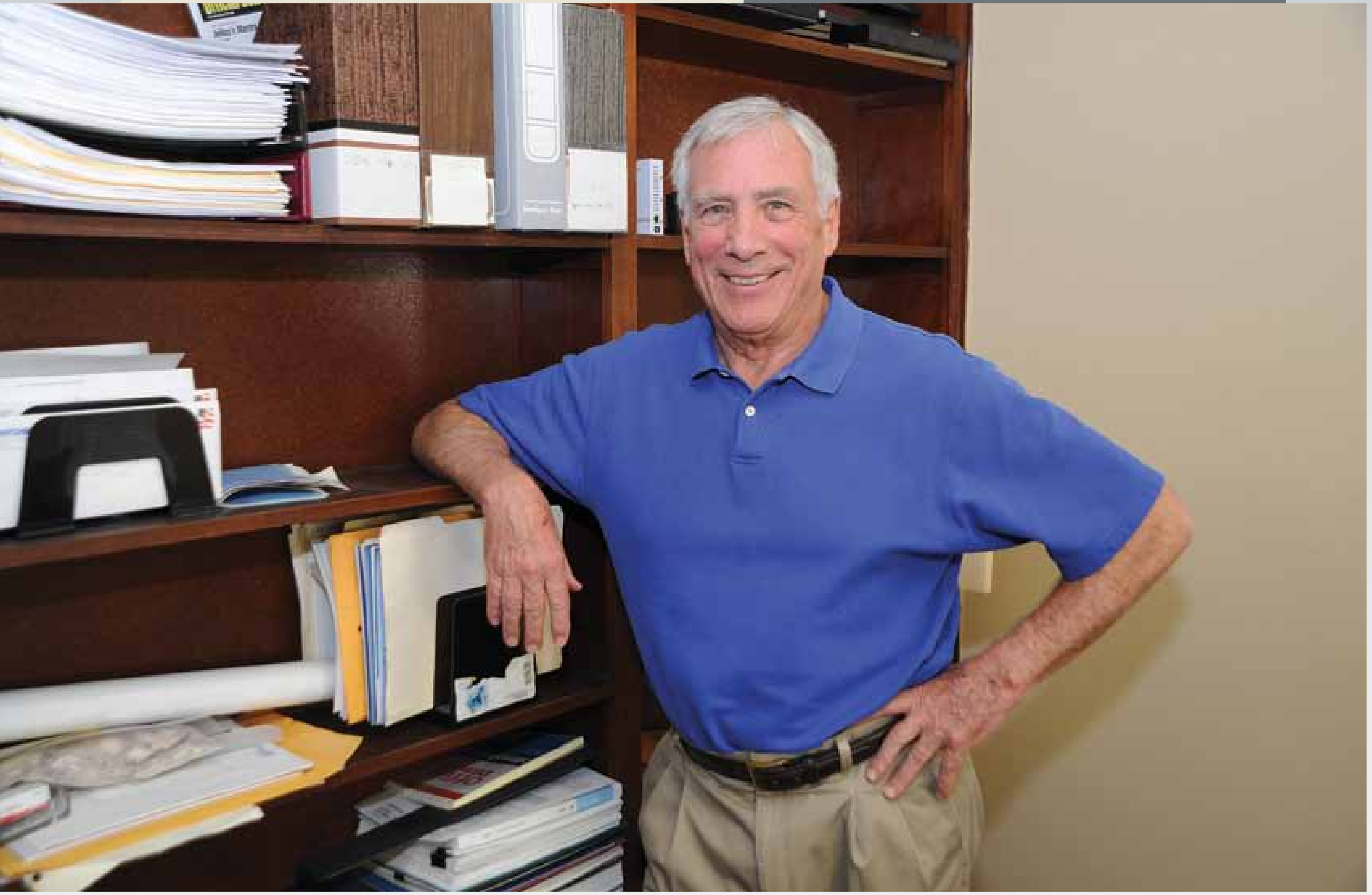
A&A AUTO REPAIR AND NORTH MAIN TOW is a family owned and operated business. We chose Summit Bank because they offer personalized service and they have always worked with us to provide the financing needed to help our business grow. We know we can count on Summit Bank to provide excellent service every time. It is truly a pleasure to work with a bank that applies such an emphasis on their customers and takes the time to understand our business needs. We are proud to partner with Summit Bank and highly recommend their outstanding service.

East Bay Holdings, LLC

Fritz Sparks, President

I CAN CONFIDENTLY SAY that our staff appreciates the friendly manner in which we are all treated by everyone at Summit Bank. We sometimes find ourselves asking the people at Summit for assistance with out of the ordinary issues and they immediately try to assist us in any way they can; no complaints and no comments about it not being their job. They just help. We enjoy knowing that we are all known as your customers. It is quite a different experience from our former bank where we were one of many and felt like it.

East Bay Holdings supplies raw materials to paper mills in Asia for their manufacturing needs. They supply pulp and recyclable paper, all from North America, Europe and the UK.



Management's Discussion and Analysis of Financial Condition and Results of Operations

The matters addressed in this Annual Report, with the exception of the historical information presented, may incorporate certain forward-looking statements involving risks and uncertainties, including the risks discussed under the heading "Certain Factors That May Affect Future Results" and elsewhere in this Report.

This section is a review of Summit Bancshares, Inc.'s (the "Company") results as reflected in the Consolidated Financial Statements. It discusses the principal items of income and expense and the factors affecting the Company's financial position. This discussion should be read together with the Selected Financial Data and Consolidated Financial Statements included elsewhere in the Annual Report.

The Company's wholly owned subsidiary; Summit Bank (the "Bank") has conducted the business of a commercial bank since 1982. It provides commercial credit and various checking and savings account products for small and mid-sized businesses and for professionals as well as individual consumers.

Summary of Earnings

The Company's net income for 2011 was $905,000 compared to $984,000 in 2010, and $517,000 in 2009. The decrease in the year 2011's net income from the year 2010 was caused by an increase in the loan loss provision and also a decrease in interest income from the time deposits with other financial institutions. The net income of $905,000 for 2011 represents diluted earnings per share of $0.70 compared to diluted earnings per share of $0.76 in 2010, and diluted earnings per share of $0.40 per share in 2009.

Net Interest Income

The primary source of income for the Company is Net Interest Income or "Gross Margin" which is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. In general, net interest income is affected by a change in interest rates. As interest rates rise or fall, so will the Company's net interest income, excluding changes in total assets. The primary reason for this is that the Company's investment portfolio earns income on a fixed interest rate basis while a majority of the lending portfolio earns income on a floating interest rate basis because loans are tied to the prime-lending rate. In addition, investments are held to maturity while 100% of the federal agency investments mature within one year. Regarding loans, approximately 34% of the loans outstanding mature within one year, while the longest maturity is eleven years. In a rising interest rate environment, interest income on loans will generally rise faster than the investment income and vice versa. To offset any decline in interest income due to a declining interest rate environment, the Company monitors closely its interest expense on deposits. Of the total time certificates of deposit outstanding at year-end, approximately 4% matures after one year while 39% matures within 90 days. Thus the Company is able to minimize the effects of a declining interest rate environment by repricing these instruments on a more frequent basis than if the average maturity were longer than one year.

Net interest income for 2011 was $7,604,000, an increase from $7,470,000 posted in 2010 and as compared to $7,642,000 in 2009. The increase in 2011 was primarily the result of a decrease in the interest expenses on interest bearing transaction accounts. Average earning assets increased 3.07% from $167,614,000 in 2010 to $172,758,000 in 2011 and as compared to $173,159,000 in 2009. Average total deposits increased 1.56% from $164,755,000 in 2010 to $167,319,000 in 2011 and increased 4.90% as compared to $159,499,000 in 2009.

Average loans outstanding increased by 1.92% in 2011 to $122,086,000 as compared to $119,788,000 in 2010 and $120,748,000 in 2009. Average outstanding investments increased 5.95% to $50,672,000 in 2011 as compared to $47,826,000 in 2010 and $52,411,000 in 2009. The yield on average earning assets was 4.43% in 2011 as compared to 4.72% in 2010 and 4.85% in 2009. The decrease in 2011 was due to reversal of interest income and an increase in the non performing loans.

Interest expense decreased 26.54% to $897,000 in 2011 from $1,221,000 in 2010 and as compared to $1,526,000 in 2009. The decrease in 2011 was primarily centered in the average rates paid on deposits. Average interest-bearing deposits increased 0.49% to $104,880,000 compared to $104,373,000 in 2010 and $101,709,000 in 2009. Average non-interest bearing deposits increased 3.40% in 2011 to $62,438,000 as compared to $60,383,000 in 2010 and $57,790,000 in 2009. Overall cost of funds in 2011 was 0.85% as compared to 1.17% in 2010 and 1.50% in 2009. The decrease in the overall cost of funds was a direct result of the changes in the deposit rates.

Non-Interest Income and Expense

Non-interest income, consisting primarily of service charges on deposit accounts, and other customer fees and charges, was $700,000 in 2011, an increase of 3.71% from $675,000 in 2010, and $688,000 in 2009. Total service charge income from deposit accounts increased 6.88% to $497,000 in 2011 from $465,000 in 2010 and $484,000 in 2009, while total income from other charges decreased 3.33% to $203,000 in 2011 from $210,000 in 2010 and $205,000 in 2009. The decrease in 2011 was due to the decrease in wire transfer fees and merchant sales draft fees.

Non-interest expenses decreased 4.88% to $5,301,000 in 2011 from $5,573,000 in 2010, and $5,107,000 in 2009. Salary expense decreased 2.24% to $2,834,000 in 2011 from $2,899,000 in 2010 and $2,650,000 in 2009. Legal fees decreased to $124,000 in 2011 from $150,000 in 2010 and $90,000 in 2009. FDIC assessment expense decreased to $217,000 in 2011 from $457,000 in 2010 and $492,000 in 2009, primarily due to change in the method of calculation of assessment charges from total deposits to total average assets.

The Company's allowance for loan losses as a percent of loans was 2.28% as of December 31, 2011 as compared to 2.17% as of December 31, 2010 and 2.24% as of December 31, 2009. The provision of $1,520,000 for the year 2011 was directly related to the past due and charged off loans in 2011. This compares to the provision of $973,000 in 2010. At this time management has determined that the allowance is appropriate. Loans charged off in 2011 amounted to $1,939,000 compared to $1,466,000 in 2010.

Provision for Income Taxes

The provision for income taxes reflects a combined Federal and California effective tax rate of 39.0% in 2011, compared to 38.5% in 2010 and 43.8% in 2009, as described in Note 6 to the Financial Statements.

Liquidity and Capital

Liquidity is defined as the ability to meet present and future obligations either through the sale or maturity of existing assets or by the acquisition of funds through liability management. Additionally, the Company's investment portfolio is managed to provide liquidity as well as appropriate rates of return. It is the Company's practice to hold securities until maturity rather than actively trade its portfolio. As of December 31, 2011, the Company had $12,576,000 in cash and cash equivalents compared to $18,694,000 as of December 31, 2010 and $15,038,000 as of December 31, 2009. The decrease in 2011 was primarily due to a decrease in federal funds sold and balances with correspondent bank accounts. The ratio of net loans to deposits as of December 31, 2011 was 68.7% compared to 75.4% as of December 31, 2010 and 75.7% as of December 31, 2009.

The Company maintains a portion of its assets in loans, time deposits with other financial institutions and investments with short-term maturities. More specifically, loans, time deposits with other financial institutions and investments due within one year totaled $84,670,000 at December 31, 2011 as compared to $105,516,000 at December 31, 2010, and $79,089,000 at December 31, 2009. This is equivalent to 43.6%, 57.0%, and 44.1% of total assets at the corresponding year-ends, respectively. The decrease was mainly due to the amount of loans maturing in one year.

In addition, the Company's subsidiary Bank remains more than well-capitalized under current regulatory requirements.

Credit and Deposit Concentration

A part of the subsidiary Bank's marketing strategy is to offer quality financial services to physicians, other professionals and small business communities. The Company has been especially successful in targeting health care professionals. This segment has traditionally provided high levels of deposits and low loan losses. Over the past few years, the doctors and health care providers in the Company's communities have been adjusting to certain emerging trends in this industry. This includes higher percentages of patients on Medicare, closer scrutiny from insurance carriers, and movement to managed care and "capitation" contracts. Through this process, the Company has not experienced any noticeable deterioration in credit quality. The Company cannot predict the ultimate outcome of health care reform. However, the Company closely monitors the status of reform and considers the potential impact of any reform on its current customers and it's underwriting of loans to healthcare professionals.

Non-Performing Assets

As of December 31, 2011, the Company had $11,490,026 in non-performing assets including other real estate owned of $2,668,535. As of December 31, 2010, total non performing assets were $10,954,420, including other real estate owned of $2,940,123.

Certain Factors that May Affect Results

The primary factor, which may affect future results, is the fluctuation of interest rates in the market place more commonly referred to as interest rate risk. Interest rate risk is the exposure of a bank's current and future earnings and equity capital arising from adverse movements in interest rates. It results from the possibility that changes in interest rates may have an adverse effect on a bank's earnings and its underlying economic value. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. As mentioned previously, the potential decrease in a declining interest rate environment would be minimized by an increase in assets as an increase in assets generally provides additional interest income. In addition, earnings and growth of the Company are and will be affected by general economic conditions, both domestic and international, and by monetary and fiscal policies of the United States Government, particularly the Federal Reserve Bank.

Summit Bancshares, Inc. and Subsidiary
Consolidated Statements of Financial Position
as of December 31, 2011 and 2010

Assets		2011		2010
Cash and due from banks		$6,575,713		$6,694,168
Federal funds sold		6,000,000		12,000,000
Cash and cash equivalents		12,575,713		18,694,168
Time deposits with other financial institutions		49,214,000		30,505,000
Investment securities held to maturity, at cost (fair value of $399,960 at December 31, 2011 and $770,651 at December 31, 2010)		399,714		771,621
Loans	114,893,446		125,855,060	
Less: allowance for loan losses	2,622,593		2,730,952	
Net loans		112,270,853		123,124,108
Premises and equipment, net		316,035		427,865
Bank Owned Life Insurance		2,954,501		2,847,839
Deferred Tax Assets		1,884,000		1,918,000
Other Real Estate Owned		2,668,535		2,940,123
Interest receivable and other assets		3,972,278		3,705,400
Total Assets		**$186,255,629**		**$184,934,124**
Liabilities And Shareholders' Equity				
Deposits:				
Demand		$58,564,130		$60,135,083
Interest-bearing transaction accounts		67,892,623		60,206,717
Savings		3,185,880		3,175,486
Time certificates $100,000 and over		29,094,475		34,164,371
Other time certificates		4,708,690		5,582,189
Total deposits		163,445,798		163,263,846
Interest payable and other liabilities		2,508,359		2,273,988
Total Liabilities		**165,954,157**		**165,537,834**
Commitments and contingent liabilities		-		-
Shareholders' Equity:				
Preferred Stock, no par value:				
2,000,000 shares authorized, no shares outstanding		-		-
Common Stock, no par value:				
3,000,000 shares authorized;				
1,300,178 shares outstanding at December 31, 2011 and 2010		3,387,558		3,387,558
Retained Earnings		16,913,914		16,008,732
Total Shareholders' Equity		**20,301,472**		**19,396,290**
Total Liabilities and Shareholders' Equity		**$186,255,629**		**$184,934,124**

The accompanying notes are an integral part of these consolidated financial statements.

Summit Bancshares, Inc. and Subsidiary
Consolidated Statements of Income
for the Years ended December 31, 2011, 2010 and 2009

	2011	2010	2009
Interest Income:			
Interest and fees on loans	$8,185,791	$8,177,098	$8,208,059
Interest on time deposits with other financial institutions	270,389	465,452	913,967
Interest on U.S. government agency securities	1,780	3,250	13,659
Interest on federal funds sold	42,733	45,349	32,001
Total interest income	**8,500,693**	**8,691,149**	**9,167,686**
Interest Expense:			
Interest on savings deposits	11,433	9,736	4,624
Interest on interest-bearing transaction accounts	459,738	556,067	546,884
Interest on time deposits	425,520	655,403	974,350
Interest on federal funds purchased	1	2	-
Total interest expense	**896,692**	**1,221,208**	**1,525,858**
Net interest income	**7,604,001**	**7,469,941**	**7,641,828**
Provision for loan losses	1,520,000	973,239	2,303,000
Net interest income after provision for loan losses	**6,084,001**	**6,496,702**	**5,338,828**
Non-Interest Income:			
Service charges on deposit accounts	496,711	465,073	483,740
Other customer fees and charges	203,459	209,814	204,566
Total non-interest income	**700,170**	**674,887**	**688,306**
Non-Interest Expense:			
Salaries and employee benefits	2,834,159	2,899,171	2,649,814
Occupancy expense	441,456	453,953	513,553
Equipment expense	545,560	412,203	435,065
FDIC assessment	216,792	457,252	491,692
Legal expense	123,500	150,181	89,639
Insurance expense	84,163	72,092	69,907
Other	1,055,464	1,127,701	857,085
Total non-interest expense	**5,301,094**	**5,572,553**	**5,106,755**
Income before income taxes	**1,483,077**	**1,599,036**	**920,379**
Provision for income taxes	577,895	615,376	402,955
Net Income	**$905,182**	**$983,660**	**$517,424**
Earnings Per Share			
Earnings per common share (Basic)	$0.70	$0.76	$0.40
Earnings per common share (Diluted)	**$0.70**	**$0.76**	**$0.40**

The accompanying notes are an integral part of these consolidated financial statements.

Summit Bancshares, Inc. and Subsidiary
Consolidated Statement of Changes in Shareholders' Equity
for the Years ended December 31, 2011, 2010 and 2009

	Number of Shares Outstanding	Common Stock	Retained Earnings	Total
Balance at January 1, 2009	1,300,178	3,387,558	14,507,648	17,895,206
Net Income	-	-	517,424	517,424
Balance at December 31, 2009	1,300,178	3,387,558	15,025,072	18,412,630
Net Income	-	-	983,660	983,660
Balance at December 31, 2010	1,300,178	3,387,558	16,008,732	19,396,290
Net Income	-	-	905,182	905,182
Balance at December 31, 2011	1,300,178	$3,387,558	$16,913,914	$20,301,472

The accompanying notes are an integral part of these consolidated financial statements.

Summit Bancshares, Inc. and Subsidiary
Consolidated Statements of Cash Flows
for the Years ended December 31, 2011, 2010 and 2009

	2011	2010	2009
Cash Flows From Operating Activities:			
Interest received	$8,676,027	$8,860,285	$8,649,525
Fees received	$593,508	567,814	1,316,970
Interest paid	($949,436)	(1,238,381)	(1,697,282)
Cash paid to suppliers and employees	($5,365,314)	(5,087,671)	(5,005,277)
Income taxes paid	($220,980)	(812,642)	(433,163)
Net cash provided by operating activities	**2,733,805**	**2,289,405**	**2,830,773**
Cash Flows From Investing Activities:			
(Increase) decrease in time deposits with other financial institutions	(18,709,000)	3,077,000	(901,000)
Maturity of investment securities	773,000	1,396,000	2,104,000
Purchase of FHLB Stock	(20,800)	-	-
Purchase of investment securities	(399,312)	(1,445,772)	(1,227,377)
Net (increase) decrease in loans to customers	8,802,131	(7,795,002)	(2,970,968)
Recoveries on loans previously charged-off	-	483,852	-
(Increase) in premises and equipment	(40,688)	(141,495)	(82,521)
Proceeds from sale of OREO	560,457	694,426	-
Net cash provided by (used in) investing activities	**(9,034,212)**	**(3,730,991)**	**(3,077,866)**
Cash Flows From Financing Activities:			
Increase (decrease) in demand, interest bearing transaction, and savings deposits	6,125,347	10,205,065	12,179
Net increase (decrease) in time deposits	(5,943,395)	(5,107,226)	(3,542,038)
Net cash provided by (used in) financing activities	**181,952**	**5,097,839**	**(3,529,859)**
Net increase (decrease) in cash and cash equivalents	**(6,118,455)**	**3,656,253**	**(3,776,952)**
Cash and cash equivalents at the beginning of the year	18,694,168	15,037,915	18,814,867
Cash and cash equivalents at the end of the year	**$12,575,713**	**$18,694,168**	**$15,037,915**
Reconciliation Of Net Income To Net Cash Provided By Operating Activities:			
Net Income	$905,182	$983,660	$517,424
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	150,737	155,581	240,866
Provision for loan losses	1,520,000	973,239	2,303,000
Deferred Income Tax Expense (benefit)	34,000	(413,000)	(593,000)
(Increase) decrease in other assets	(246,078)	607,218	(226,078)
OREO expenses	242,255	23,286	572,228
BOLI Income	(106,662)	(107,073)	(114,220)
Increase (decrease) in other liabilities	234,371	66,494	130,553
Total adjustments	1,828,623	1,305,745	2,313,349
Net cash provided by operating activities	**$2,733,805**	**$2,289,405**	**$2,830,773**
Supplemental Cash Flow Disclosures			
Net noncash transfers to foreclosed property	$423,736	$3,401,430	$786,404

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
December 31, 2011

1. Summary of Significant Accounting Policies

The accounting and reporting policies of Summit Bancshares, Inc. (the Company), and its wholly owned subsidiary, Summit Bank (the Bank), a California state-chartered bank, conform with accounting principles generally accepted in the United States of America and general practice within the banking industry. The following are descriptions of the more significant of these policies.

Nature of Operations

The Bank has conducted the business of a commercial bank since July 1, 1982. The Bank operates three branches and provides commercial credit and other banking services to small and mid-sized businesses and professionals, including professional firms of physicians, attorneys, accountants, real estate developers, retailers, and service firms, wholesalers, and distributors.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and the Bank. Significant inter-company transactions have been eliminated in consolidation.

Investment Securities

All investment securities are classified as held to maturity and are carried at cost, adjusted for amortization of premium and accretion of discount using a method that approximates the effective interest method. Gains and losses on sale or redemption of securities are determined using the specific identification method. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The Company's policy of classifying investment securities as held to maturity is based upon its ability and intent to hold such securities to maturity.

Time Deposits with Other Financial Institutions

Time deposits with other financial institutions are carried at cost and have maturities at origination ranging from 30 days to 730 days. The Bank does not invest more than $250,000 in one institution in order to maintain Federal Deposit Insurance Corporation (FDIC) insurance on deposits in financial institutions.

Premises and Equipment

Premises and equipment are carried at cost, net of accumulated depreciation and amortization. Depreciation on furniture and equipment is calculated on a straight-line basis over the estimated useful life of the property, generally seven years for furniture and three to fifteen years for equipment. Leasehold improvements are amortized over the life of the related lease or the estimated life of the improvements, whichever is shorter.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding unpaid principal balances reduced by any charge-offs or specific valuation accounts and net of any deferred fees or costs on originated loans, or unamortized premiums or discounts on purchased loans.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield of the related loans.

Loans on which the accrual of interest has been discontinued are designated as nonaccural loans. The accrual of interest on loans is discontinued when principal or interest is past due 90 days or when, in the opinion of management, there is a reasonable doubt as to collectibility. When loans are placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Income on nonaccrual loans is subsequently recognized only to the extent that cash is received and the loan's principal balance is deemed collectible. Interest accruals are resumed on such loans only when they are brought current with respect to interest and principal and when, in the judgment of management, the loans are estimated to be fully collectible as to all principal and interest.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. Amounts are charged-off when available information confirms that specific loans or portions thereof, are uncollectible. This methodology for determining charge-offs is consistently applied to each portfolio segment.

The allowance consists of specific and general reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Factors considered in determining impairment include payment status, collateral value and the probability of collecting all amounts when due. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Bank selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

The Bank recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans, for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired with measurement of impairment as described above.

If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Smaller balance, homogeneous loans are collectively evaluated for impairment.

General reserves cover non-impaired loans and are based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Portfolio segments identified by the Bank include commercial, real estate and construction, and consumer loans. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans and credit scores, debt-to income, collateral type and loan-to-value ratios for consumer loans.

Other Real Estate Owned

Other real estate owned is comprised of properties acquired through foreclosure. These properties are carried at the lower of the recorded loan balance or their estimated fair value net of disposal costs. When the recorded loan balance exceeds the fair value of the property, the difference is charged to the allowance for loan losses at the time of acquisition. Subsequent declines in value from the recorded amount, if any, and gains or losses upon disposition are included in non-interest expense or income as appropriate. Operating expenses related to other real estate owned are charged to non-interest expense in the period incurred. As of December 31, 2011 and 2010, the Bank had $2,668,535 and $2,940,123 in other real estate owned, respectively.

Income Taxes

Income taxes reported in the statements of income are computed at current tax rates, including deferred taxes resulting from temporary differences between the recognition of items for tax and financial reporting purposes. The Bank has adopted guidance issued by the Financial Accounting Standards Board ("FASB") that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Interest and penalties related to uncertain tax positions are recorded as part of income tax expense.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds sold are purchased and sold for one-day periods.

Comprehensive Income

The Company had no items of other comprehensive income for the twelve months ended December 31, 2011, 2010 and 2009. Accordingly, total comprehensive income was equal to net income for each of those periods.

Stock Based Compensation

The Bank recognizes the cost of employee services received in exchange for awards of stock options, or other equity instruments, based on the grant-date fair value of those awards. This cost is recognized over the period which an employee is required to provide services in exchange for the award, generally the vesting period. See Note 11 for additional information on the Bank's stock option plan.

Reclassifications

Certain reclassifications have been made in the 2010 and 2009 financial statements to conform to the presentation used in 2011. These reclassifications had no impact of the Bank's previously reported financial statements.

Subsequent events

The Company has evaluated subsequent events for recognition and disclosure through April 6, 2012, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standards

In July 2010, the Financial Accounting Standard Board ("FASB") amended guidance to require significantly more information about the credit quality of the Bank's loan portfolio. Although this statement addresses only disclosure and does not seek to change recognition or measurement, the disclosure represents a meaningful change in practice. The new disclosures are effective for annual reporting periods ending after December 15, 2011 and are included in these financial statements.

Newly Issued But Not Yet Effective Standards

In April 2011, the FASB amended existing guidance for assisting a creditor in determining whether a restructuring is a troubled debt restructuring ("TDR"). The amendments clarify the guidance for a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. This guidance will be effective for annual reporting periods ending after December 15, 2012, and applied retrospectively to the beginning of the annual period of adoption. The new guidance is not expected to have a significant impact on the Bank's determination of whether a restructuring is a TDR.

In May, 2011, the FASB issued an amendment to achieve common fair value measurement and disclosure requirements between U.S. and International accounting principles. Overall, the guidance is consistent with existing U.S. accounting principles; however, there are some amendments that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendment in this guidance will be effective for annual reporting periods beginning after December 15, 2011. The amendment is not expected to significantly impact the Bank.

In September 2011, the FASB amended existing guidance and eliminated the option to present the components of other comprehensive income as part of the statement of changes in shareholder's equity. The amendment requires that comprehensive income be presented in either a single continuous statement or in two separate consecutive statements. This amendment will be effective for annual reporting periods beginning after December 15, 2011. The adoption of this amendment will change the presentation of the components of comprehensive income for the Bank as part of the statement of shareholder's equity.

2. Investment Securities

The amortized cost and estimated fair values of investments in debt securities held to maturity as of December 31, 2011 and 2010 are as follows:

December 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury Securities	$399,714	$246	-	$399,960

December 31, 2010	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. agencies	$771,621	$970	$1,940	$770,651

In analyzing an insurer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, no losses are deemed to be other-than-temporary.

The amortized cost and estimated fair value of debt securities at December 31, 2011, by contractual maturities are shown below.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$399,714	$399,960
Total	$399,714	$399,960

There were no sales of investments in debt securities during 2011 or 2010. At December 31, 2011, securities carried at $399,714 were pledged to secure public deposits, as required by law.

Management periodically evaluates each investment security for other than temporary impairment, relying primarily on industry analyst reports and observation of market conditions and interest rate fluctuations. Management believes it will be able to collect all amounts due according to the contractual terms of the underlying investment securities and there is only an increase in fair value.

3. Loans and Allowance for Loan Losses

A summary of loans as of December 31, 2011, and 2010 (net of unearned loan fees of $572,000 and $723,000, respectively), is as follows:

	2011	2010
Commercial loans	$33,658,785	$37,123,197
Real estate loans	57,603,056	67,978,121
Real estate construction loans	7,162,312	3,298,977
Consumer loans	16,469,293	17,454,766
	114,893,446	125,855,060
Less: Allowance for loan losses	(2,622,593)	(2,730,952)
	$112,270,853	$123,124,108

The changes in the allowance for loan losses for the years ended December 31, 2011, 2010, and 2009 are as follows:

	2011	2010	2009
Balance, beginning of period	$2,730,952	$2,739,371	$1,899,183
Provision for loan losses	1,520,000	973,239	2,303,000
Recoveries	311,246	483,852	75,513
Loans charged-off	(1,939,605)	(1,465,510)	(1,538,325)
Balance, end of period	$2,622,593	$2,730,952	$2,739,371

The following table presents the activity in the allowance for loan losses for the year 2011 and 2010 and the recorded investment in loans and impairment method as of December 31, 2011 and 2010 by portfolio segment:

December 31, 2011	Real Estate and Construction	Commercial	Consumer	Total
Allowance for Loan Losses:				
Beginning of Year	$ 1,457,789	$ 779,277	$ 493,886	$ 2,730,952
Provisions	988,000	456,000	76,000	1,520,000
Charge-offs	(1,066,461)	(873,144)	-	(1,939,605)
Recoveries	249,219	25,027	37,000	311,246
End of Year	$ 1,628,547	$ 387,160	$ 606,886	$ 2,622,593
Reserves:				
Specific	$ 88,618	$ 381,117	$ 122,672	$ 592,407
General	1,177,640	584,135	268,411	2,030,186
	$ 1,266,258	$ 965,252	$ 391,083	$ 2,622,593
Loans Evaluated for Impairment:				
Individually	$ 8,748,278	$ -	$ -	$ 8,748,278
Collectively	56,017,090	33,658,785	16,469,293	106,145,168
	$ 64,765,368	$33,658,785	$16,469,293	$114,893,446
December 31, 2010				
Reserves:				
Specific	$ 478,904	$ 427,199	$ 199,737	$ 1,105,840
General	978,885	352,078	294,149	1,625,112
	$ 1,457,789	$ 779,277	$ 493,886	$ 2,730,952
Loans Evaluated for Impairment:				
Individually	$ 13,093,132	$ 1,509,720	$ 41,330	$ 14,644,182
Collectively	58,183,966	35,613,477	17,413,435	111,210,878
	$ 71,277,098	$37,123,197	$17,454,765	$125,855,060

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

SUMMIT BANCSHARES, INC.

Pass – Loans classified as pass include loans not meeting the risk ratings defined below.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Impaired – A loan is considered impaired, when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Additionally, all loans classified as troubled debt restructurings are considered impaired.

The risk category of loans by class of loans was as follows as of December 31, 2011.

December 31, 2011	Pass	Special Mention	Substandard	Impaired	Total
Commercial Real Estate:					
Construction and Land Development	$ 4,643,739	$ 681,179	$ -	$ 1,837,394	$ 7,162,312
Other	47,658,160	3,034,012	-	6,910,884	57,603,056
Commercial	32,729,838	431,866	497,081	-	33,658,785
Consumer	14,781,183	276,719	1,411,391	-	16,469,293
	$ 99,812,920	$ 4,423,776	$ 1,908,472	$ 8,748,278	$ 114,893,446

Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2011:

December 31, 2011	Still Accruing 30-89 Days Past Due	Still Accruing Over 90 Days Past Due	Nonaccrual
Commercial Real Estate:			
Construction and Land Development	$ -	$ -	$ 1,837,394
Other	-	-	6,910,884
Commercial	103,135	-	73,213
	$ 103,135	$ -	$ 8,821,491

Information relating to individually impaired loans presented by class of loans was as follows as of December 31, 2011:

December 31, 2011	Unpaid Principal Balance	Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
With No Related Allowance Recorded					
Commercial Real Estate:					
Construction and Land					
Development	$ 2,072,726	$ 1,837,394	$ -	$ 1,970,211	$ 18,136
Other	8,181,559	6,910,884	-	8,739,053	77,178
	$ 10,254,285	$ 8,748,278	$ -	$ 10,709,264	$ 95,314

A summary of the investment in impaired loans, the related allowance for loan losses, income recognized thereon and information pertaining to nonaccrual and past due loans follows as of December 31:

	2011	2010
Recorded Investment in Impaired Loans:		
With an Allowance	$ -	$ -
Without an Allowance	$ 8,748,278	$ 14,644,182
Related Allowance for Loan Losses	$ -	$ -
Average Recorded Investment in Impaired Loans	$ 10,709,264	$ 9,260,000
Interest Income Recognized During Impairment	$ 95,314	$ 263,556
Interest Income Included Above Recognized on a Cash Basis	$ -	$ -
Past Due Over 90 Days Still on Accrual	$ -	$ -
Nonaccrual Loans	$ 8,821,491	$ 8,014,297

The Bank has allocated $0 and $0 of specific reserves to customers whose loan terms have been modified in troubled debt restructurings as of December 31, 2011 and 2010. The Bank has committed to lend no additional amounts to customers with outstanding loans that are classified as troubled debt restructurings as of December 31, 2011 and 2010.

There were no loans modified as troubled debt restructurings that occurred during the period ended December 31, 2011.

A loan is considered to be in payment default once it is 90 days contractually past due under the modified terms.

The Bank grants commercial, construction, real estate, and installment loans to customers mainly in the California counties of Alameda and Contra Costa. Although the Bank has a diversified loan portfolio, a substantial portion of its loan portfolio is concentrated in real estate related loans.

4. Related Party Transactions

The Bank has, and expects to have in the future, banking transactions in the ordinary course of its business with directors, officers, and principal shareholders and their associates. In management's opinion and as required by federal law, loans to related parties are granted on the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with others, and do not involve more than normal risk of collectibility or present other unfavorable features. As of December 31, 2011, and 2010, loans outstanding to directors, officers, and principal shareholders and their known associates were $4,212,335 and $4,414,142 respectively. In 2011, advances on current directors' loans were $1,272,055, and collections were $1,473,862. In 2010, advances on such loans were $0, and collections were $82,278. As of December 31, 2011 and 2010 total deposits of directors, officers and principal shareholders and their known associates totaled $2,773,587 and $2,827,030 respectively.

5. Premises and Equipment

Premises and equipment consisted of the following:

December 31, 2011	Cost	Accumulated Depreciation	Net Book Value
Leasehold improvements	$1,200,099	$1,137,660	$62,439
Furniture and equipment	2,728,952	2,475,356	253,596
Total	$3,929,051	$3,613,016	$316,035
December 31, 2010			
Leasehold improvements	$1,200,099	$1,117,148	$82,951
Furniture and equipment	2,688,562	2,343,648	344,914
Total	$3,888,661	$3,460,796	$427,865

Depreciation and amortization included in occupancy and equipment expenses was $152,219, $155,581, and $240,866 for the years ended December 31, 2011, 2010, and 2009, respectively.

6. Income Taxes

The provision (benefit) for income taxes consists of the following:

	2011	2010	2009
Current:			
Federal	$438,000	$776,000	$687,000
State	106,000	252,000	309,000
Total current	544,000	1,028,000	996,000
Deferred:			
Federal	39,000	(313,000)	(448,000)
State	(5,000)	(100,000)	(145,000)
Total deferred	34,000	(413,000)	(593,000)
Total taxes	$578,000	$615,000	$403,000

The components of the net deferred tax asset of the Company as of December 31, 2011, 2010 and 2009, were as follows:

	2011	2010	2009
Deferred Tax Assets:			
Allowance for loan losses	$749,000	$864,000	$933,000
State taxes	36,000	49,000	105,000
Installment sale	(368,000)	(368,000)	(417,000)
Depreciation	117,000	167,000	176,000
Other real estate owned	518,000	448,000	273,000
Deferred Salary	870,000	770,000	714,000
Other	(38,000)	(12,000)	49,000
Net Deferred Tax Asset	$1,884,000	$1,918,000	$1,833,000

The deferred tax asset at December 31, 2010 has been restated to reflect final tax return adjustments to existing temporary differences. This has no impact on recorded net income as the adjustments are equally offset by changes to previously reported current tax expense.

The provisions for income taxes applicable to operating income differ from the amount computed by applying the statutory federal tax rate to operating income before taxes. The reasons for these differences are as follows:

	2011		2010		2009	
	Amount	Percent	Amount	Percent	Amount	Percent
Federal income tax expense, based on the statutory federal income tax rate	$504,000	34.00%	$544,000	34.00%	$313,000	34.00%
State franchise taxes, net of federal income tax benefit	72,000	4.90%	115,000	7.20%	66,000	7.20%
Other, net	3,000	0.10%	(44,000)	(2.30%)	24,000	2.60%
Tax provision	$579,000	39.00%	$615,000	38.90%	$403,000	43.80%

We record interest and penalties related to uncertain tax positions as part of operating expense. There was no penalty or interest expense recorded as of December 31, 2011. We do not expect the total amount of unrecognized tax benefits to significantly increase or decrease within the next twelve months.

The Bank is subject to federal income tax and income tax of the state of California. Our federal income tax returns for the years ended December 31, 2010, 2009 and 2008 are open to audit by the federal authorities and our California state tax returns for the years ended December 31, 2010, 2009, 2008 and 2007, are open to audit by state authorities.

7. Time Deposits

Time deposits issued as of December 31, 2011, had $32,507,698 maturing in the year 2012, $681,747 maturing in 2013, $357,366 maturing in 2014, $156,214 maturing in 2015 and the remaining $100,140 maturing in 2016.

8. Borrowings

The Bank has available or unused federal funds lines of credit agreements with other banks. The maximum borrowings available under these lines totaled $12,500,000 at December 31, 2011. There were no borrowings outstanding under these agreements at December 31, 2011 and December 31, 2010.

The Bank maintains a secured line of credit with the Federal Home Loan Bank of San Francisco (FHLB). Based on the FHLB stock requirement at December 31, 2011, this line provided for a maximum borrowing capacity of $5,791,067. There was no outstanding balance as of December 31, 2011. At December 31, 2011, this borrowing line was collateralized by mortgage loans with a book value of $13,312,856. Interest expense related to FHLB borrowings totaled $0 in 2011, $0 in 2010 and $0 in 2009, respectively.

9. Shareholders' Equity and Earnings per Share

Basic Earnings Per Share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted Earnings Per Share is computed by dividing net income available to shareholders by the weighted average number of common shares outstanding and potential common shares, which include dilutive stock options. The computation of potential common stock equivalent shares is based on the weighted average market price of the Company's common stock throughout the period. The following is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the years ended December 31, 2011, 2010, and 2009.

	FOR THE YEAR ENDED								
	December 31, 2011			December 31, 2010			December 31, 2009		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net Income	$905,182			$983,660			$517,424		
Basic EPS Income Available to Common Stockholders	905,182	1,300,178	$0.70	983,660	1,300,178	$0.76	517,424	1,300,178	$0.40
Effect of Dilutive Securities									
Stock Options									
Diluted EPS Income Available to Common Stockholders and Assumed Conversion	$905,182	1,300,178	$0.70	$983,660	1,300,178	$0.76	$517,424	1,300,178	$0.40

For the periods reported, the Company had no reconciling items between net income and income available to common shareholders. The last of the options expired in 2011.

10. Regulatory Capital

The Company and the Bank are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2011, that the Company and the Bank have met all capital adequacy requirements.

As of December 31, 2011, the most recent notification from Federal Deposit Insurance Corporation categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

The consolidated and Bank's actual capital amounts and ratios are also presented in the table.

	Actual		For Capital Adequacy Purposes		To be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2011						
Total Capital						
(to Risk Weighted Assets)						
Consolidated	$21,715,000	15.94%	$10,895,360	8.00%	$13,619,200	10.00%
Bank	20,646,000	15.18%	10,882,000	8.00%	13,602,500	10.00%
Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	20,001,000	14.69%	5,447,680	4.00%	8,171,520	6.00%
Bank	18,934,000	13.92%	5,441,000	4.00%	8,161,500	6.00%
Tier 1 Capital						
(to Average Assets)						
Consolidated	20,001,000	10.44%	7,662,501	4.00%	9,578,126	5.00%
Bank	18,934,000	9.92%	7,631,481	4.00%	9,539,351	5.00%
As of December 31, 2010						
Total Capital						
(to Risk Weighted Assets)						
Consolidated	20,893,000	14.32%	11,673,680	8.00%	14,592,100	10.00%
Bank	19,875,000	13.64%	11,656,720	8.00%	14,570,900	10.00%
Tier 1 Capital						
(to Risk Weighted Assets)						
Consolidated	19,057,000	13.06%	5,836,840	4.00%	8,755,260	6.00%
Bank	18,042,000	12.38%	5,828,360	4.00%	8,742,540	6.00%
Tier 1 Capital						
(to Average Assets)						
Consolidated	19,057,000	9.96%	7,656,965	4.00%	9,571,206	5.00%
Bank	18,042,000	9.47%	7,618,723	4.00%	9,523,404	5.00%

11. Stock Option Plan

In 1992, the shareholders approved the 1992 Employee and Consultant Stock Option Plan (the "1992 Plan"), which was designed to replace the 1982 Incentive Stock Option Plan that expired on February 28, 1992, after which no new unallocated stock options may be granted. The 1992 Plan was designed to carry forward the remaining 329,340 options reserved but not granted under the 1982 Incentive Plan at the then current market price. No new additional shares of the Company have been reserved for issuance under the 1992 Plan although some shares have been forfeited and subsequently granted to other individuals.

Share-based compensation expense is recorded for all awards granted after the adoption date and for the unvested portion of previously granted awards outstanding on the adoption date. Compensation cost for awards granted after the adoption date is based on the grant date fair value estimated in accordance with guidance issued by the FASB. There was no compensation cost recorded during the year ended December 31, 2011.

A summary of option activity of the Company's stock option plan is presented below.

	Vested Shares	Weighted - Average Exercise Price
Vested, January 1, 2011	4,741	$ 12.23
Granted	-	-
Exercised	-	-
Vested	-	-
Forfeited	(4,741)	12.23
Expired	-	-
Vested, December 31, 2011	-	$ -

As of December 31, 2011, there was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan, which was expired in October 2011.

The total intrinsic value of options exercised during the year ended December 31, 2011, 2010 and 2009, was $0, $0, and $0 respectively. Cash received from options exercised under the Plan for the years ended December 31, 2011, 2010 and 2009 was $0, $0, and $0 respectively.

12. Restrictions

The Bank is regulated by the Federal Deposit Insurance Corporation, whose regulations do not specifically limit payment of dividends, and the State of California Department of Financial Institutions. California banking laws limit dividends that the Bank may transfer to the Company, to the lesser of retained earnings or net income less dividends paid for the last three years. Under these restrictions, at December 31, 2011, the Bank could pay dividends to the Company of up to approximately $2,401,336 without prior regulatory approval.

The Bank is required by federal regulations to maintain certain minimum average balances with the Federal Reserve. Required deposits held with the Federal Reserve at December 31, 2011, were $2,218,000.

13. Commitments and Contingent Liabilities

The Company is obligated for rental payments under certain operating lease and contract agreements. Total rental expense for all leases included in occupancy and equipment expenses was $333,733, $349,220 and $398,317, for the years ended December 31, 2011, 2010, and 2009.

At December 31, 2011, the approximate future minimum payments for non-cancelable leases with initial or remaining terms in excess of one year were as follows:

2012	$ 307,725
2013	294,992
2014	236,776
2015	243,885
2016	251,141
2017	137,661
Total	$1,472,180

The Company is subject to various pending and threatened legal actions, which arise in the normal course of business. There are currently no claims pending.

14. Pension Plan and Salary Continuation Program

Pension Plan

The Company provides pension benefits for all its eligible employees through a 401(k) Profit Sharing Program, which was adopted in 1984. Under the terms of the plan, eligible employees are allowed to contribute, under the 401(k) portion of the plan, up to 15% of their salaries. The Company in turn will match the employee's contribution up to a maximum of 4% of the employee's total annual compensation. Under this part of the plan, $32,926 was contributed in 2011, $25,764 in 2010 and $45,184 in 2009.

In addition, the Company may contribute up to 15% of eligible employees' annual compensation to the profit sharing portion of this plan. Such contributions were $0 in 2011, $0 in 2010, and $0 in 2009. Employees' interest in the contributions made by the Company on their behalf becomes 100% vested in accordance with the seven-year program. Any forfeited amounts are redistributed among the remaining participants in the plan.

Salary Continuation Plan

The Company has established a salary continuation plan and a deferred compensation plan for certain executives. Benefits under the salary continuation plan are payable for a period of 15 years upon retirement or death. The Company expenses annually an amount sufficient to accrue the present value of the benefit to be paid to the executives upon their retirement. Additionally, the key executives' beneficiaries are entitled to certain death benefits under the plan in the event the executive dies while employed by the Company.

In accordance with the provisions of the deferred compensation plan, participants may choose to defer a portion of their annual compensation. The Company expenses the compensation annually regardless of whether or not the officer has chosen to defer compensation. Benefits under the plan are payable over a fifteen year period. In the event of death, while an employee, the beneficiary will receive an amount that would have been paid to the employee. Death benefits payable under both plans is funded by life insurance policies purchased by the Company. Compensation expense associated with the plans was approximately $242,753 in 2011, $136,860 in 2010, and $136,860 in 2009.

15. Financial Instruments with Off-Balance-Sheet Risk

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the statement of financial position. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual notional amount of those instruments. The Company uses the same credit policies and procedures in making commitments and conditional obligations as it does for on-balance-sheet instruments. At December 31, 2011 and 2010, financial instruments whose contract amounts represent credit risk are as follows:

	2011	2010
Commitments to extend credit in the future	$22,972,099	$28,130,441
Standby letters of credit	1,244,689	1,945,751
Total	$24,216,788	$30,076,192

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company upon extension of credit is based on management's credit evaluation of the counter-party. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties. Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. All guarantees expire within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

16. Fair Value of Financial Instruments

The Bank adopted guidance issued by the FASB regarding fair value measurement on January 1, 2008. Such guidance defines fair value, establishes a framework for measuring fair value under U.S. GAAP and expands disclosures about fair value measurements. The guidance applies whenever other accounting pronouncements require or permit assets or liabilities to be measured at fair value. The guidance does not expand the use of fair value in any new circumstances.

Under the guidance issued by the FASB, fair value is a market-based measurement and defined as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. In general, the transaction price will equal the exit price and, therefore, represent the fair value of the asset or liability at initial recognition. In determining whether a transaction price represents the fair value of the asset or liability at initial recognition, each reporting entity is required to consider factors specific to the asset or liability, the principal or most advantageous market for the asset or liability, and market participants with whom the entity would transact in the market.

Fair Value Hierarchy

FASB guidance established a fair value hierarchy to prioritize the inputs of the valuation techniques used to measure fair value. The inputs are evaluated and an overall level for the measurement is determined. This overall level is an indication of how market observable the fair value measurement is and defines the level of disclosure. The guidance clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability. The objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price). In order to determine the fair value, entities must determine the unit of account, highest and best use, principal market, and market participants. These determinations allow the reporting entity to define the inputs for fair value and level of hierarchy.

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Current accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

To increase consistency and comparability in fair value measures, the fair value measures, the fair value hierarchy prioritizes the inputs used in valuation techniques to measure fair value into three broad levels:

- *Level 1 - quoted prices in active markets for identical assets or liabilities*
- *Level 2 - directly or indirectly observable inputs other than quoted prices, and*
- *Level 3 - unobservable inputs.*

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair Value on a Recurring Basis

The Bank doesn't have any assets measured at fair value on a recurring basis as of December 31, 2011 or 2010.

Fair Value on a Nonrecurring Basis

Assets measured at fair value on a non-recurring basis include certain impaired loans and other real estate owned (OREO). The following table presents the hierarchy and fair value of financial assets and liabilities that are measured at fair value on a non-recurring basis as of December 31, 2011 and 2010.

	As of December 31, 2011			
Fair Value Hierarchy	**Total**	**Level 1**	**Level 2**	**Level 3**
Impaired loans	$8,748,278	-	-	$8,748,278
Other real estate owned	2,668,535	-	-	$2,668,535
Total assets at fair value	$11,416,813	-	-	$11,416,813

	As of December 31, 2010			
Fair Value Hierarchy	**Total**	**Level 1**	**Level 2**	**Level 3**
Impaired loans	$9,305,154	-	-	$9,305,154
Other real estate owned	2,940,123	-	-	$2,940,123
Total assets at fair value	$12,245,277	-	-	$12,245,277

Other real estate owned (OREO) had carrying amounts of $2,668,535 and $2,940,123 as of December 31, 2011 and 2010 respectively. Write-downs of OREO were $241,330 and $2,000 for the years ended December 31, 2011 and 2010, respectively.

The Company is required to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized in the balance sheet, for which it is practical to estimate fair value. Following is a summary of the estimated fair value for each class of financial instrument as of December 31, 2011, and December 31, 2010, and the methods and assumptions used to evaluate them.

2011	**Carrying Value**	**Estimated Fair Value**
Cash and due from banks and Fed funds sold	$12,575,713	$12,575,713
Investment securities	399,714	399,960
Time deposits with other financial institutions	49,214,000	49,263,060
Loans	112,270,853	112,365,143
Bank owned life insurance	2,954,501	2,954,501
Accrued interest receivable	403,976	403,976
Deposits		
Demand	58,564,130	58,564,130
Interest bearing transaction accounts	67,892,623	67,892,623
Savings	3,185,880	3,185,880
Time certificates	33,803,165	33,929,290
Accrued interest payable	78,566	78,566

2010	**Carrying Value**	**Estimated Fair Value**
Cash and due from banks	$18,694,168	$18,694,168
Investment securities	771,621	770,651
Time deposits with other financial institutions	30,505,000	30,575,947
Loans	123,124,108	122,725,694
Bank owned life insurance	2,847,839	2,847,839
Accrued interest receivable	428,892	428,892
Deposits		
Demand	60,135,083	60,135,083
Interest bearing transaction accounts	60,206,717	60,206,717
Savings	3,175,486	3,175,486
Time certificates	39,746,560	39,789,146
Accrued interest payable	131,310	131,310

Cash and due from banks have a relatively short period of time between their origination and their expected realization and are valued at their carrying amounts. The fair value of investment securities and time deposits with other financial institutions were estimated using quoted market prices or dealer quotes. For certain variable rate loans, fair value is estimated at carrying value, as these loans reprice to market frequently. The fair value of other types of loans is estimated by discounting the future cash flows, using the current rates at which similar loans would be made to similar borrowers with similar credit ratings and for the same remaining maturities. The fair value of loans is shown net of the related allowance for loan losses. The fair value of non-interest-bearing, interest-bearing transaction accounts and savings deposits is equal to their carrying value. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. The Bank has off-balance-sheet commitments comprising letters of credit and loan commitments with a contract amount of $1,244,689 and $22,972,099 respectively. The fair value of these off-balance-sheet commitments is not material.

17. Summit Bancshares, Inc. (parent company only)

The following are the balance sheets as of December 31, 2011, and 2010, and the related statements of income and cash flows for the years ended December 31, 2011, 2010, and 2009, for Summit Bancshares, Inc. (parent company only).

Balance Sheet	2011	2010
Assets:		
Cash	$903,129	$972,339
Loan participation with subsidiary (net of allowance for loss reserve of $0 at December 31, 2011 and $0 at December 31, 2010)	100,000	100,000
Investment in subsidiary	19,233,556	18,448,070
Other assets	64,787	53,345
Total Assets	**$20,301,472**	**$19,573,754**
Liabilities:		
Income taxes payable	$-	$177,464
Total Liabilities	-	**177,464**
Shareholders' Equity:		
Common Stock	3,387,558	3,387,558
Retained Earnings	16,913,914	16,008,732
Total Shareholders' Equity	**20,301,472**	**19,396,290**
Total Liabilities and Shareholders' Equity	**$20,301,472**	**$19,573,754**

Statements of Income (year ended December 31)	2011	2010	2009
Income:			
Interest on short-term investments and loans	$6,594	$4,526	$87,897
Rental and other income	6,778	256	2,847
Total income	**13,372**	**4,782**	**90,744**
Expense:			
Miscellaneous expense	4,007	39,946	56,504
Total expense	**4,007**	**39,946**	**56,504**
Income (loss) before income tax and equity in earnings of subsidiary	9,365	(35,164)	34,240
Provision for income taxes	3,895	(14,624)	14,240
Income (loss) before equity in earnings of subsidiary		5,470	
(20,540)			20,000
Equity in earnings of subsidiary			
Distributed	-	-	-
Undistributed	899,712	1,004,200	497,424
Net Income	**$905,182**	**$983,660**	**$517,424I**

Summit Bancshares, Inc. Statements of Cash Flows for the Years Ended December 31, 2011, 2010, and 2009

	2011	2010	2009
Cash Flows from Operating Activities:			
Interest received	$6,053	$3,723	$95,969
Rental income	-	-	-
Fees Received	6,778	256	2,847
Cash received from sale of land	-	-	-
Notes Receivable charged off	-	-	20,000
Other income (expense)	-	-	-
Cash paid to suppliers	(4,007)	(39,946)	(47,504)
Income taxes paid	(126,028)	(16,195)	(151,637)
Net cash provided by (used in) operating activities	**(117,204)**	**(52,162)**	**(80,325)**
Cash Flows from Investing Activities:			
Net decrease (increase) in loans	57,423	295,830	
Transfer of tax reserves	47,128	-	-
Interest received from subsidiary	866	-	-
Net cash provided by (used in) investing activities	**47,994**	**57,423**	**295,830**
Cash Flows from Financing Activities:			
Stock options exercised	-	-	-
Repurchase of common stock	-	-	-
Dividends paid	-	-	-
Net cash (used in) financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(69,210)	5,261	215,505
Cash at the beginning of the year	972,339	967,078	751,573
Cash at the end of the year	**$903,129**	**$972,339**	**$967,078**
Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Net Income	$905,182	$983,660	$517,424
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	-	-	9,000
Non-cash earnings from subsidiary	(899,712)	(1,004,200)	(497,424)
(Increase) Decrease in other assets	54,790	(6,725)	3,011
Increase (Decrease) in other liabilities	(177,464)	(24,897)	(112,336)
Total adjustments	(1,022,386)	(1,035,822)	(597,749)
Net cash provided by (used in) operating activities	**($117,204)**	**($52,162)**	**($80,325)**

Independent Auditor's Report

The Board of Directors and Shareholders
Summit Bancshares, Inc.

We have audited the accompanying consolidated statements of financial position of Summit Bancshares, Inc. (a California corporation) and subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Summit Bancshares, Inc. and subsidiary as of December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the years in the three year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
April 6, 2012

(Left to right) Susan Jue, Jennifer Lee, Andrea Stamps, David Ruegg, Shirley Nelson, Joe Rainero, Susan Casper, Odette Pollar, Keith Thomas, Mary Warren

Summit Bank Foundation

SINCE ITS CREATION IN 1998, the Summit Bank Foundation has grown and evolved. Currently, the only focus of the Foundation is to provide four year college scholarships to deserving students in the Oakland community who might not otherwise have access to a college degree.

We have established four Scholarship Funds: the Bill Russell Scholarship Fund, the Joe Morgan Scholarship Fund, the Craneway Scholarship Fund and the James D. Falaschi Scholarship Fund. The students that are chosen to receive these scholarships are from Castlemont High School, Joe Morgan's Alma Mater and McClymonds High School, Bill Russell's Alma Mater.

SUMMIT BANK FOUNDATION

Our Foundation raises money for these scholarships from the proceeds of our two annual events, the Joe Morgan Celebrity Golf Tournament and the Red and White Ball. Hopefully, these events will encourage corporate volunteerism throughout the community.

The Foundation is extremely grateful for all of the donors and volunteers who have been so generous with their donations and continuous support thoughout the year.

Mission Statement

To provide four year college scholarships to under-privileged students of the East Bay.

To recognize and encourage corporate volunteerism and support throughout the nonprofit community.

2011 Scholarship Recipients

Miriam Neal, *Bill Russell Scholarship*
Cal State Northridge

Bill Russell and Miriam Neal

Marcina Brown, *Joe Morgan Scholarship*
UC Riverside

Marcina Brown and Joe Morgan

Dione Green, *James D. Falaschi Scholarship*
Cal State Sacramento

Jim Falaschi and Dione Green

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