

Northern Empire Bancshares

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Company Description

Northern Empire Bancshares is a bank holding company for Sonoma National Bank, founded in 1985. The Bank operates four branches in suburban communities in Sonoma County, California. The fourth office is an in-store facility opened in November 1998. An additional in-store facility is planned for 1999. The Bank has earned the status as an SBA Preferred Lender and also operates SBA loan production facilities in Phoenix, Arizona, and San Francisco and Sacramento, California. The Bank makes commercial and real estate loans to customers who are predominantly small and middle-market businesses.

	12/31/98	12/31/97	12/31/96	12/31/95
Per Share Information				
Stock Price	13.62	15.30	6.91	4.00
Earnings Per Share	1.39	0.98	0.70	0.55
Price / Earnings Ratio	9.80	15.61	9.87	7.27
Book Value Per Share	6.83	5.42	4.45	4.11
Price / Book Value %	199.41	282.29	155.28	97.32
Dividends Per Share	0.0	0.0	0.0	0.19
Annual Financial Data				
Operating Results (000's)				
Net Interest Income	14,296.0	11,454.0	9,232.0	7,565.0
Loan Loss Provision	-480.0	-650.0	-420.0	-250.0
Non-Interest Income	1,702.0	1,403.0	1,620.0	1,602.0
Non-Interest Expense	-7,582.0	-6,716.0	-6,407.0	-5,859.0
Income Before Taxes and Other	7,936.0	5,491.0	4,025.0	3,058.0
Other Items	0.0	0.0	0.0	0.0
Income Tax	-3,171.0	-2,218.0	-1,719.0	-1,338.0
Net Income	4,765.0	3,273.0	2,306.0	1,720.0
Balance Sheet (000's)				
Cash & Securities	46,338.0	23,272.0	53,290.0	32,306.0
Loans, Net	267,029.0	204,408.0	165,681.0	129,587.0
Total Assets	322,124.0	233,737.0	224,793.0	166,962.0
Deposits	295,969.0	214,747.0	209,235.0	154,221.0
Stockholders' Equity	22,608.0	17,709.0	14,338.0	11,982.0
Performance & Financial Condition				
Return on Avg Stockholders' Equity %	23.64	20.43	17.52	15.51
Return on Average Assets %	1.71	1.43	1.18	1.19
Equity to Assets %	7.02	7.58	6.38	7.18
Net Interest Margin	5.36	5.22	5.31	5.64
Reserve as a % of Total Loans	1.12	1.23	1.22	1.28
Reserve as a % of Problem Loans	4,869.35	542.52	466.21	421.11
Compound Growth %'s	EPS % 36.21	Net Income % 40.45	Net Interest Income % 23.63	Asset Growth % 24.49

Comments

The Company declared a 2 for 1 stock split in 1998 and 5% stock dividends in each of the last five years. All per share amounts were adjusted accordingly. Northern Empire continues to produce the best combination of solid growth while maintaining outstanding returns on equity and assets. 1998 results exceeded budget projections in all areas. President and CEO Debbie Meekins is a no-nonsense professional who knows exactly what she wants to achieve and how to do it. Debbie has assembled an extremely loyal and hardworking team to execute the Company's plans and has little employee turnover. Loan quality is excellent with only 0.02% of total loans in noncurrent status. We haven't rated our 100 bank stocks in the order that we picked them but you can be sure that Northern Empire is right up there at the top.

Officers	Position	Ownership Information
Deborah A. Meekins	President, CEO	Number of Shares Outstanding 3,309,712
David F. Titus	Exec VP, Senior Loan Officer	Market Capitalization \$ 45,078,277
JoAnn Barton	Senior VP	Frequency of Dividends Quarterly
Jane M. Baker	Senior VP, CFO	Where Listed / Symbol OTC-BB / NREB

Other Information	Loan Mix	%
Transfer Agent ChaseMellon Shareholder Services Ridgefield Park, NJ	R/E Mortgages	45.5
Auditor PricewaterhouseCoopers LLP	Commercial	43.5
Market Maker Hoefer & Arnett Inc. (800)346-5544	Construction	10.4
Everen Securities Inc. (800)321-2338	Consumer	0.6
Broker Dealer Regular Stockbroker		