



PRESIDIO
BANK

The Presidio *Post*

A newsletter for our clients, shareholders and the communities we serve

Message from the Chairman and CEO



James Woolwine, Chairman and CEO

Our Story began in July 2006 . . .

. . . when we founded Presidio Bank. As I look back, it is amazing to me how fast time has passed! Every day has been a mixture of excitement, pride and challenges. Opening our doors and heading into the waters of 21st century banking has been quite an experience...and I can say a rewarding one for Presidio Bank.

So where do we stand today?

Within our lending practices, we have consistently used prudent and conservative underwriting standards and remained focused on serving the local business market. I am proud to once again say that we have ***no sub-prime loans nor any mortgage-backed securities in our investment portfolio*** at Presidio Bank. A referendum on our strong credit culture and the quality of our borrowers is that we have had no charge-offs since our inception and have no past-due loans.

Now let me provide you with a glance into our performance for the first nine months of 2008, based on our latest regulatory public disclosure:

- A recorded increase of 55% in assets.
- Loans invested in our community's businesses increased 140%.
- Total deposits were up 55%.
- Net interest income increased 67% compared to the same period in 2007.
- No loan losses since opening our doors in 2006.
- No non-performing or non-accrual loans.

Relative to our peer group of 23 California banks, we rank:

- 1st in loan growth
- 3rd as to deposit growth

Another favorable condition contributing to our strong growth is that the Bay Area is one of the world's premier locations for business. The strength, vitality and economic assets of the Bay Area are strong and far exceed that of the rest of the nation.

Over the past several weeks we have seen dramatic changes in the financial markets with the U.S. Treasury placing the two housing GSEs, Fannie Mae and Freddie Mac, in conservatorship as well as the latest discussions among the Treasury, the Federal Reserve and Congressional leaders on what could become the biggest bailout in United States history. At the time of this writing, Congress had just approved their financial rescue plan with a full clarity of the details still unclear or to its market ramifications. At the core of this is an effort to stabilize and restore confidence in our mortgage and investment-banking markets. These headlines reflect a common thread, along with others such as Wachovia Bank,

WAMU, Indy Mac Bank, AIG and Lehman, in that all were driven by agencies and institutions heavily involved in either the direct acquisition of risky mortgage loans or the purchase of mortgage-backed securities.

Against this type of backdrop, all financial institutions tend to be painted with the same brush but, as noted above, that is not the case at Presidio Bank.

Most importantly, we continue to be a Well-Capitalized Bank according to regulatory standards and in comparison to our peer group of banks.

Challenging economic times will most likely continue for the near term, but our dedication to client relationships remains a top priority. Our strong financial position should allow us to continue to assist in the economic growth of business endeavors in our community. As we look toward the future, please know that we value your trust and we genuinely appreciate your business.

We are committed to maintaining our conservative business practices and remain focused on our community banking mission. We hope this will encourage you to refer business to your bank - we are proud to support and cultivate the strong economic development of our communities.

Your placement and referral of deposit accounts that we can lend locally will be helping your bank grow while at the same time improving our local economy. We again thank you for your support and value your confidence.

James Woolwine
Chairman & CEO

Employee Highlight

Your Team Behind The Scene

The Central Services Department is responsible for middle- and back-office functions, all systems services and provides Cash Management and Banking Relationship services for the Presidio Group as a whole. Central Services' cross-functional staff provides transaction and settlement processing along with compliance support functions.



Chanel Chen
AVP & Central Services Manager

7 years Bay Area banking experience

Chanel helps coordinate and support all Presidio Bank departments and banking offices in the daily processing and balancing of work. She assists our chief operations officer in coordinating the use

of technology in processing work efficiently, while overseeing a myriad of time-sensitive jobs requiring accurate completion, balancing and filing at the end of each banking day.



Grace Carpio
AVP & Central Services Specialist

16 years of Bay Area banking experience

As a Central Services' Specialist, Grace supports all bank departments and banking offices in the daily processing and balancing of operational work. She interacts with outside vendors who process

work for the bank in support of bank users of the various systems and software, along with coordinating the use of technology in processing bank work.



Fang Tan
AVP & Cash Management Operations Manager

11 years of Bay Area banking experience

In her role as the Manager of Cash Management Operations, Fang coordinates and supports clients, bank departments and banking offices in the daily processing

and balancing of work originated through the various cash management systems. She is Presidio Bank's go-to expert on the systems and software that make services such as remote deposit capture, online banking and automated clearing house originations (ACH) truly seamless for our clients.



Lydia Austero
Central Services Specialist

17 years of accounting, treasury and banking experience

Lydia, too, serves as a Central Services' Specialist in support of all bank departments and banking offices in the daily processing and balancing of

operational work. Having previously served in operations and client services at three Bay Area banks, Lydia knows how to anticipate and meet the needs of clients and her Presidio Bank colleagues.

Doing Great Things Together

Although many things have changed since 2006, one thing that has not changed is our commitment to our customers and to our community. Our employees take pride in being part of Presidio Bank. We also believe that our customers benefit by doing business with us because we are a locally owned financial institution that:

- Makes loan decisions locally, which results in quicker and more informed decision-making.
- Provides customers the opportunity to get to know and work directly with the decision-makers.
- Employs a team of people who understand the bank's local business communities and the challenges of doing business in the Bay Area.

- Demonstrates a strong community commitment through its employees' involvement in local organizations.
- Plays a key role in the local economy through its investment of local deposits in local businesses.

We are committed to maintaining our conservative business practices and remain focused on our community banking mission. We hope this will encourage you to refer business to your bank - we are proud to support and cultivate the strong economic development of our communities.

You will be helping your bank grow while at the same time improving our local economy, and we again thank you for your support and value your confidence.

When it comes to
business banking ...

WE HAVE YOU COVERED!

Lending Products

- Lines of Credit
- Term Loans
- Asset-Based Loans
- Commercial Real Estate
- Construction/Development
- Acquisition Financing
- Refinancing Existing Property
- Interim/Bridge Financing

Deposit Products

- Personal
 - Basic Checking
 - Presidio Plus Interest Checking
 - Savings/Time Deposits
- Business
 - Basic Checking
 - Now Accounts
 - Money Market
 - Automated Sweep Accounts
 - Savings/Time Deposits

Cash Management Products

- Personal
 - Online Banking
 - Bill Pay
 - Credit Cards
- Business
 - Online Banking
 - Remote Check Deposit
 - Wire Transfer
 - ACH Services
 - Merchant Card Processing
 - Credit Cards
 - International Services
 - Foreign Currency Wires
 - Hedging Products
 - Bill Pay
 - Tax Payments

Clients Making News

Did You Know?

Seagate Properties recently topped off the two-building expansion of the San Rafael Corporate Center, and is pushing to have the LEED-certified project wrapped up in late 2009. The \$82 million expansion is creating positive buzz about the Marin office market, and Seagate Properties President Wick Polite says he expects that “we’ll hit 50 percent leased pretty quickly.”

According to the *San Francisco Business Times*, “Seagate’s huge investment makes central San Rafael the sub-market to watch.”

California Bar Foundation, the educational arm of the California State Bar Association, in late September announced the distribution of \$147,500 in scholarships to future public-interest lawyers. California Bar Foundation Public Interest Scholarship recipients are nominated by their law schools and demonstrate a commitment to public service, academic excellence and financial need. The law students earn scholarships of up to \$7,500 to assist with tuition and related education expenses. Six of the awards are named for top California-based law firms having made multi-year commitments to the Foundation’s scholarship program, and one is being funded by a group of longtime friends and colleagues of Jim Pfeiffer, the Foundation’s founding executive director.

The Foundation also awarded \$110,000 in Diversity Scholarships to 20 incoming first-year law students in California. Diversity Scholars are California law students from communities under-represented in the California Bar. Eleven of California’s top law firms have committed \$330,000 to help fund this important affirmative-action initiative for years to come.

The ISU Group, a San Francisco insurance brokerage and financial services company with more than 100 offices coast to coast, created a new subsidiary called ISU Financial Services to cater to clients wishing to offer employees health savings accounts.

ISU offers health savings account management and administration services, called ISU HAS Manager.

The company’s CEO, T. J. Ryan III, sees health savings accounts and so-called consumer-driven health care as

the converging of health care, wealth management, wellness and the banking and insurance industries.

ISU International, the group’s first operating entity, was established in 1978 as the first commonly branded independent insurance agency network.

Emily Gasner, Program Director of **TMC Development Working Solutions** of San Francisco, has recently been honored with the Financial Services Champion of the Year Award from the U.S. Small Business Administration San Francisco District. Presidio Bank is a Fund Investor for their loan programs.

Client-driven **Linkenheimer’s CPA & Advisors** was voted Best Accounting Firm in the North Bay by readers of NorthBay Biz Magazine, after earning a Gold Award last year. Following in the path and leadership of their Managing Partner, John Jones, who is also a member of Presidio Bank’s North Bay Advisory Board, this past January, the entire firm flew to a remote area of Nicaragua to set up a short-term eye care clinic, dispensing 500 pairs of glasses to needy people.

Headquartered in San Francisco since 1998, **Sansome Pacific** has acquired or developed 74 properties in 14 states, including single- and multi-tenant developments; sale-leaseback portfolios net leased to national tenants; apartment and manufactured-housing properties; and individual and portfolio acquisition of surplus corporate real estate property. The company has been highly successful in originating, structuring, and executing a variety of types of value-added commercial real estate transactions throughout the United States.

Richard Stone, founder and CEO of **Salient Wealth Management**, was ranked No. 4 in the Top 25 Independent Wealth Management Advisers in Northern California and highest-rated in Marin County. Stone, who founded Salient in 1983, has also recently been ranked in the Top 100 Wealth Management Advisers in the United States by Worth Magazine. Later this year, he will participate in high-level wealth-management discussions as part of 10-day trip to Russia, sponsored by People-to-People International (PTPI), an organization founded by President Dwight D. Eisenhower. He was also recently named a Trustee of Dominican University of California.



Golden Deposits!

Deposits at Presidio Bank are up 55 percent during the first nine months of 2008.

Why? In addition to offering depositors great interest rates, local deposits at Presidio Bank become local loans.

It's our golden rule.



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For more information

Go to www.presidiobank.com or contact one of our four banking offices:

Headquarters

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San Francisco, CA 94104
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San Rafael

999 5th Avenue, Suite 300
San Rafael, CA 94901
415.456.6000

Santa Rosa

703 2nd Street, Suite 210
Santa Rosa, CA 95404
707.293.2950

Walnut Creek

1850 Mt. Diablo Blvd., Suite 640
Walnut Creek, CA 94596
925.287.7880

Ahh! FDIC has increased insurance coverage.

UNLIMITED Coverage* on all business and personal non-interest-bearing accounts such as checking and payroll.

150% Increase in Coverage* on all business and personal interest-bearing accounts such as savings, CDs, and money market accounts. Your coverage has increased to \$250,000. (Check with us about ways to maximize your coverage.)

Take advantage of our great service and competitive rates. At the same time, know your deposits are working to improve our local economy. At Presidio Bank, our focus is on local businesses.

SAFE ... SECURE ... STABLE ...



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** These temporary increases in FDIC insurance coverage's will expire on 12/31/2009.*

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