

INFORMATION TECHNOLOGY: HOW SECURE ARE WE?

Since the birth of electronic commerce, banks have stepped up online security measures to try to make the process less vulnerable to attacks. Unfortunately, that hasn't stopped hackers. We see a rising swarm of cyber-robberies targeting small firms, local governments, school districts, churches and non-profits with Trojan and Malware programs. The bad guys are stepping up ways to place them onto PCs at these organizations and then use them to manipulate two distinctive, decades-old banking technologies: Automated Clearing House (ACH) transfers and wire transfers.



Recently, the FBI described a common trend: Company computers becoming infected when employees (ones with the authority to initiate funds transfers) click on infected e-mail attachments or visit infected websites. The Trojan or Malware installed on these computers harvests bank account logon information allowing cyber-criminals to initiate ACH or wire transfers. An FBI report describing the problem estimates attempted thefts totaled about \$100 million as of October. "Criminals go where the money is," says Avivah Litan, banking security analyst at Gartner, a leading technology consulting firm. "The reason they're going after organizations such as this is the controls are antiquated and a smart program can often get the money out."

The security and integrity of our online services is a top priority at Presidio Bank and we continually work with leading industry vendors to review and implement enhanced protections. Although nothing is full-proof, we believe that if all of us are knowledgeable about the weaknesses that criminals are capitalizing upon and by working together with our clients, we can discourage criminals, forcing them to find easier targets. This is truly an example of 'knowledge is power.' Together, we can continue to make online banking safe and secure.



Fred Bailard
Executive Vice President
Cash Management Solutions

Forward Looking Statements

This newsletter contains certain forward-looking statements that involve risk and uncertainties. These statements are identifiable by use of the words "believe, expect," "intend," "anticipate," "plan," "estimate," "project," or similar expressions. The risks and uncertainties that may affect the operations, performance, development, growth projections and results of Presidio Bank's business include, but are not limited to, the growth of the economy, interest rate movements, timely development by Presidio Bank of technology enhancements for its products and operating systems, the impact of competitive products, services and pricing, client-based requirements, Congressional legislation, changes in regulatory or generally accepted accounting principles and similar matters. Readers are cautioned not to place undue reliance on forward-looking statements which are subject to influence by the named risk factors and unanticipated future events. Actual results, accordingly, may differ materially from management expectations.



PRESIDIO
BANK

The Community

Clients Making News

MagnoGrip on Black Enterprise Magazine Cover



MagnoGrip (based in San Francisco) was founded by Andre Woolery in his college dorm while he was a student at Stanford University. From these humble bootstrapped beginnings, MagnoGrip has evolved into a company that is focused on developing bold magnetic work gear for professional tradesmen and do-it-yourselfers.

Biggest SF Office Lease in 5 Years



Zynga, one of the world's fastest growing technology companies, signed a seven-year lease to occupy 270,000 square feet in Townsend Center. The 650,000 square foot property is owned by TMG Partners and leased by CAC Group, both Presidio Bank clients.



Michael Covarrubias
Chairman and CEO,
TMG Partners
(Presidio Bank client and
board member)



Steven Anderson
Principal, The CAC Group
(Presidio Bank client and
shareholder)

Forell/Elsesser Engineers Nation's "Best Structural Engineering Firm to Work For"



Structural Engineering & Design Magazine honored Forell/Elsesser Engineers based on their workplace practices, employee benefits, training programs, employee retention rates, and other workplace related factors. In addition, they earned "Best Collaborative Environment" and the "Best Professional Development Program."

100 Fastest Growing Bay Area Private Companies (SF Business Times)

- #49 – Mekanism
- #56 – CPrime
- #95 – Burr Pilger Mayer Inc.

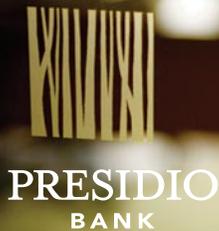
Marcy Wong of Marcy Wong & Donn Logan Architects featured in Entrepreneur Profile

(Oct. 22 – 28 issue of the SF Business Times)

Project by Kathy Kuhner, Dogtown Development Company, featured in SF Chronicle

They used their credit facility with Presidio Bank to build a residential construction project at 55th St. in Oakland.

Cecil Humes, Partner of Linkenheimer, Named 2010 Rotarian of the Year by Santa Rosa Rotary Club



New Connections

Further Expanding Presidio Bank's Talent Pool: Three New Board Members

As Presidio Bank grows, it is also expanding the breadth and experience of its board of directors. These three talented individuals bring valuable expertise to an already prestigious list of names.



Bruce H. Cabral – Former SEVP and Chief Credit Officer of Union Bank (Retired December 2009). During his 32 year career at Union Bank, he held various positions in commercial and real estate lending gaining valuable banking experience. Bruce received a Bachelor's degree in

Economics from Stanford University and completed the Stanford Executive Program.



Steven H. Oliver – President, Oliver & Company. In addition to over 40 years of experience as a general contractor, Steve has extensive background in the arts. Most notably, he was Chairman of SFMOMA and served on the Board of Trustees for the Smithsonian. He received his

Bachelor's degree from U.C. Berkeley.



Marina H. Park - CEO, Girl Scouts of Northern California. Prior to the Girl Scouts, Marina was the Managing Partner of an international law firm and gained over 20 years of broad legal experience as an attorney specializing in technology transactions, intellectual property,

licensing and litigation for emerging growth and established companies. She received a Bachelor of Arts degree (with honors) from U.C. Berkeley and law degree from University of Michigan. In 2006, 2008, 2009 and 2010, the San Francisco Business Times recognized Marina with the Most Influential Women in Business Award.

SFMade Speaker Series

Presidio Bank sponsored the first SFMade Speaker Event which featured Mark Dwight, founder/CEO of Rickshaw Bagworks, and Presidio Bank Founding Shareholder. SFMade (not-for-profit) was recently established to focus on building San Francisco's economic base by developing the local manufacturing sector.

Recently Joined the Presidio Bank Network:

Study Abroad Italy

This new client financed the purchase of their commercial building in Sebastopol through Presidio Bank. VIVA, residing in the new building, is their signature program that helps to spread Italian culture through language and culinary courses, Italian movie nights, and demos by Italian chefs.



Kraft 'Fight Hunger Bowl'



Since its inception, Kraft Fight Hunger Bowl has generated more than \$100 million in economic impact for San Francisco. Presidio Bank is proud to support this client which directly benefits many local organizations including the San Francisco Food Bank, Glide Memorial, City College of San Francisco, All-Stars Helping Kids, Laney College, and local Pop Warner youth football leagues.

Tickets for the January 9, 2011 Fight Hunger Bowl are available at <http://www.kraftbowl.org/>.

Restaurant Pairing: Cotogna and Quince



Michael and Lindsay Tusk (Presidio Bank clients and owners of Quince restaurant) recently opened Cotogna next door to Quince. Having two restaurants under the same roof enables them to share the same pastry kitchen, dish washing station, and most notably, the same quality ingredients, albeit in different interpretations. Renowned chef Ryan Childs

(Chez Pansse alum) is at Cotogna and Tim Caspare (from New York's Eleven Madison Park) is at Quince.

Financial Highlights

Third Quarter 2010

Total Loans:	\$230.2 Million
Total Assets:	\$283.1 Million
Total Deposits:	\$239.6 Million
Total Shareholders Equity:	\$38.9 Million
Net Income YTD:	\$520,158

At Presidio Bank

Bank News

SBA 504 Loan Program Changes

Presidio Bank makes SBA 504 loans providing long term financing to business owners to acquire real estate or equipment, for expansion or renovation, contributing to the economic development of the communities in which we do business. This is ideal financing for property acquisition and expansion or renovation construction, and/or the purchase of long term machinery and equipment. The SBA 504 Loan program has been positively impacted by the Small Business Job and Credit Act. Some notable changes that are already implemented include:

- **Extension of SBA Fee Waivers** through year-end or when funds run out
- **Maximum Limit Increased:** Permanently increased to \$5 Million and \$5.5 Million for qualified manufacturers and energy loans
- **Business Eligibility Size Limit:** Increased to include larger businesses – net worth of \$15 Million instead of \$8.5 Million, and a two-year average net income of \$5 Million instead of \$3 Million.

The combination of these changes and historical low rates makes this a great time to take advantage of the SBA 504 Loan program.

New Type of Triple Threat: Financial, Artistic & International Expertise

Donatella Levintow Relationship Manager (North Bay)

Donatella provides vast international and commercial lending experience to Presidio Bank. Born and raised in Florence, Italy, Donatella earned her Accounting degree from the Istituto Tecnico Commerciale per Ragionieri.



She expanded her breadth by earning her Instrument and Theory Diploma from the Conservatory of Music of Bologna and Instrument Major in Flute from the Conservatory of Music of Perugia. Donatella worked for three years teaching music at junior high schools in Florence and performing with symphonic orchestras. Shortly thereafter, Donatella utilized her finance background and began her banking career at the San Francisco branch of Banca di Roma.

Twelve years later, she joined National Bank of the Redwoods and stayed there through the bank's acquisition by Westamerica Bank. She left the Sonoma National Bank lending team to join Presidio Bank when it started in 2006. Donatella's 25 years of commercial lending experience is a huge asset to Presidio Bank and her clients.

For More Information

Website: www.presidiobank.com

San Francisco: One Montgomery Street, Suite 2300, San Francisco, CA 94104
North Bay: 999 5th Avenue, Suite 300, San Rafael, CA 94901
East Bay: 1850 Mt. Diablo Boulevard, Suite 640, Walnut Creek, CA 94596
Mid-Peninsula: 325 Lytton Avenue, Suite 100, Palo Alto, CA 94301

415.229.8400
415.456.6000
925.287.7880
650.321.0500