

– Locations –

San Francisco

One Montgomery Street
Suite 2300
San Francisco, CA 94104
415.229.8400

Palo Alto

325 Lytton Avenue
Suite 100
Palo Alto, CA 94301
650.321.0500

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 Boulevard
Suite 640
Walnut Creek, CA 94596
925.287.7880

Ticker Symbol: PDOB

www.presidiobank.com



Quarterly Report

**Period ended
March 31, 2010**

FINANCIAL HIGHLIGHTS

PROFITABILITY – Achieved a profit for the quarter of \$181,000.

EXPENSE CONTROL

- Operating expenses (exclusive of loss provision) grew 3.0% quarter over quarter primarily due to expenses related to opening the Mid-Peninsula office.
- Infrastructure essentially complete and anticipate continued client growth going forward with only modest increases in expense structure, which should lead to improvement in profitability.
- Compared to 1st quarter 2009, revenue is up 39% versus a 3% increase in expenses

PRUDENT GROWTH

- Core deposit growth – exceeded 8% for the quarter or 32% annualized rate.
- Non-interest bearing demand deposits – 40% annualized growth rate.
- Loans declined 1% for the quarter due to low credit line utilization and payoffs, which more than offset new loans booked.

MARGINS

- Net Interest Margin (NIM) – flat for the quarter as the bank carried higher liquidity levels, which yielded lower returns that offset the improvement in loan and deposit pricing.
- Loan Yield – increased from 5.45% to 5.51% during the quarter as new loans are being booked at higher rates than the average rate of the existing portfolio.
- Deposit Costs – decreased by another 4 basis points to 0.69% as the bank continued its disciplined deposit pricing strategy.

GOOD CREDIT QUALITY

- Credit quality remained strong
- No losses during the quarter
- Only 0.2% of all loans were non-performing
- These key benchmarks represent best-in-class credit metrics

Board of Directors

Craig F. Andersen

Paula Collins

Michael A. Covarrubias

Stephen G. Heitel

Robert B. Leet

Stephen D. Mayer

Gregory J. Moss

James R. Woolwine

Management Team

James R. Woolwine, Chairman

Stephen G. Heitel, President & CEO

Todd Allen, EVP & President, North Bay

Fred Bailard, EVP & Manager,
Cash Management Solutions

Mary Leonard-Wilson, EVP & CCO

Edward J. Murphy, EVP & CFO

Vern Padgett, EVP & President, East Bay

Sherry A. Price, EVP & COO

Forward Looking Statements

This letter includes forward-looking statements, which are not historical facts and pertain to future operating results. These forward-looking statements are intended to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

These forward looking statements are subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. Accordingly, actual results may differ materially from anticipated results.



**PRESIDIO
BANK**



PRESIDIO BANK
First Quarter Report - March 31, 2010
Condensed Balance Sheet
(Unaudited)

Assets

Cash and due from banks	\$ 29,770,968	\$ 12,901,507	\$ 3,737,289
Other overnight investments	6,600,000	8,240,000	30,135,000
Cash and cash equivalents	36,370,968	21,141,507	33,872,289
Investment Securities	6,715,362	6,723,852	2,110,250
Total Loans	215,071,638	217,975,616	177,126,101
Less: allowance for loan losses	(4,926,017)	(4,926,017)	(2,983,000)
Net loans	210,145,621	213,049,599	174,143,101
Premises and equipment, net	1,675,512	999,185	907,907
Other assets and interest receivable	2,264,734	2,267,417	1,057,295
Total assets	\$257,172,197	\$244,181,560	\$212,090,842

Liabilities and Shareholders' Equity

Demand deposits	\$ 52,042,459	\$ 47,317,447	\$ 30,194,025
Money market	98,512,491	91,834,474	93,713,304
Interest checking	25,616,621	27,333,416	19,299,924
Savings	1,348,505	217,075	277,488
Time deposits	32,810,397	27,690,893	25,757,483
Total Deposits	210,330,473	194,393,305	169,242,224
Other liabilities and interest payable	8,368,409	11,631,612	13,004,512
Total liabilities	218,698,882	206,024,917	182,246,736
Total shareholder's equity	38,473,315	38,156,643	29,844,106
Total liabilities and equity	\$257,172,197	\$244,181,560	\$212,090,842

Condensed Statement of Operations
(Unaudited)

	For the Three Months Ended March 31, 2010	For the Three Months Ended December 31, 2009	For the Three Months Ended March 31, 2009
Interest and fees on loans	\$ 2,914,974	\$ 2,888,813	\$ 2,313,700
Interest on investments	46,631	37,788	32,249
Total interest income	2,961,605	2,926,602	2,345,948
Deposit interest expense	410,812	425,659	512,210
Net interest income	2,550,793	2,500,943	1,833,738
Provision for loan losses	0	533,017	0
Net interest income after provision	2,550,793	1,967,926	1,833,738
Other operating income	67,835	68,937	45,318
Salaries and benefits	1,552,557	1,505,825	1,591,496
FF&E and occupancy expense	324,345	243,915	239,757
Other	560,399	619,422	533,333
Total operating expenses	2,437,301	2,369,162	2,364,586
Income before income taxes	181,327	(332,299)	(485,530)
Provision for income taxes	0	0	0
Net income	\$ 181,327	\$ (332,299)	\$ (485,530)

	March 31, 2010	December 31, 2009	March 31, 2009
Book value per common share	\$ 6.91	\$ 6.84	\$ 7.46
Equity to Assets	14.96%	15.63%	14.07%
Nonperforming assets to assets	0.17%	0.20%	0.00%
Loan loss reserves to loans	2.29%	2.26%	1.68%

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