



March 9, 2010

Re: Financial Results – 4th Quarter 2009

Dear Shareholder,

I am pleased to report that Presidio Bank had a strong finish in 2009 which has positioned the Bank for success in 2010 and beyond. Significant accomplishments for the year included:

- Growth in both loans and core deposits exceeded 20% for the year. In addition, the deposit growth was heavily weighted to non-interest bearing demand deposits (which grew 60% year over year) as further evidence of the success of our relationship strategy.
- Significant progress was made in launching our long desired presence on the Peninsula. We have hired the nucleus of a top-performing relationship management and service team, secured an "A" location and aligned ourselves with a group of influential market insiders to aid our efforts. We plan to open in Palo Alto in March.
- Net Interest Margin, the gross profit of our loan and deposit activities, increased by 1.12% from the month of December 2008 to the month of December 2009. This represents an annualized impact on profitability in excess of \$2.7 million.
- Our expense discipline improved dramatically during the year. While revenue grew 44% during the year, our operating expenses (exclusive of provision for losses) grew by only 3%. This includes growth related expenditures in Palo Alto and Santa Rosa which were partially funded by decreases elsewhere in the company.
- Despite a challenging economy, we continue to outperform our peers in credit quality. With no delinquent loans, non-accrual loans totaling 0.2% and only one insignificant loan loss in the history of the bank, we are truly proud of our credit quality metrics. In addition, we boosted our loan loss reserves to 2.24% of total loans to provide a buffer for future economic uncertainty.

- Significant progress was made in our march to profitability. In the fourth quarter 2009, the bank earned an operating profit (prior to provision for loan losses) for the first time in our history. This combined with the trends noted above make us optimistic about the future for our bank.

As always, detailed financial information for 2009 and prior periods is available for your review on our website under the Investor Section at www.presidiobank.com. I invite you to contact me directly if you have any questions. I look forward to seeing you at our annual meeting on May 13th at the City Club in San Francisco. Full details of the meeting along with our annual proxy statement will be mailed to you on or about April 1st.

Thank you for your continued support of Presidio Bank.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Heitel", with a stylized flourish at the end.

Steve Heitel
President & CEO
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