

– 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 2<sup>nd</sup> 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](http://www.presidiobank.com)



# Quarterly Report

Period ended  
**December 31, 2009**

## FINANCIAL HIGHLIGHTS

**PRUDENT GROWTH** – both in loans and core deposits.

- Exceeded 20% for year
- 60% growth in non-interest bearing demand deposits. Further evidence of successful relationship strategy

**EXPENSE CONTROL** – Operating expenses (exclusive of loss provision) grew 3.0% while revenue grew 44%.

**MARGINS** – Net Interest Margin increased 1.12% from 12/08, annualized impact of \$2.7 million. This positive trend culminated in Presidio Bank's first operating profit (pre-loan loss reserve) in 4<sup>th</sup> quarter 2009.

**GOOD CREDIT QUALITY** – Despite a challenging economy, outperformed peers in credit quality.

- No delinquent loans
- 0.2% Non-accrual loans
- Boosted loss reserves to 2.24% of total loans as buffer for any future economic uncertainty

**EXPANSION** – launching presence on the mid-peninsula. Hired top-performing team, secured premiere Palo Alto location, and aligned with influential market insiders.

## Board of Directors

Craig F. Andersen

Paula Collins

Michael A. Covarrubias

Alison Davis

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**  
**Fourth Quarter Report - December 31, 2009**  
**Condensed Balance Sheet**  
(Unaudited)

**Assets**

Cash and due from banks	\$ 12,901,507	\$ 2,875,639
Federal funds sold	8,240,000	40,470,460
Cash and cash equivalents	21,141,507	43,346,099
Investment Securities	6,723,852	2,110,250
Total Loans	217,975,616	180,018,237
Less: allowance for loan losses	(4,926,017)	(2,983,000)
Net loans	213,049,599	177,035,237
Premises and equipment, net	999,185	944,528
Other assets and interest receivable	2,267,417	1,064,967

**Total assets**

	December 31, 2009	December 31, 2008
<b>Total assets</b>	<b>\$244,181,560</b>	<b>\$224,501,081</b>

**Liabilities and Shareholders' Equity**

Demand deposits	\$ 47,317,447	\$ 29,446,569
Money market	91,834,474	88,890,846
Interest checking	27,333,416	19,426,777
Savings	217,075	245,035
Time deposits	27,690,893	30,460,283
Total Deposits	194,393,305	168,469,509
Other liabilities and interest payable	11,631,612	25,719,038

**Total liabilities**

Total liabilities	206,024,917	194,188,547
Total shareholder's equity	38,156,643	30,312,534
<b>Total liabilities and equity</b>	<b>\$244,181,560</b>	<b>\$224,501,081</b>

**Condensed Statement of Operations**  
(Unaudited)

Interest and fees on loans	\$ 10,124,583	\$ 8,147,798
Interest on investments	150,227	1,099,883
Total interest income	10,274,809	9,247,681
Deposit interest expense	1,859,475	2,880,121
<b>Net interest income</b>	<b>8,415,335</b>	<b>6,367,561</b>
Provision for loan losses	1,950,894	1,915,000
Net interest income after provision	6,464,441	4,452,561
<b>Other operating income</b>	<b>242,657</b>	<b>261,358</b>
Salaries and benefits	6,299,120	6,044,861
FF&E and occupancy expense	946,706	974,077
Other	2,592,328	2,107,778
<b>Total operating expenses</b>	<b>9,838,154</b>	<b>9,126,716</b>
Income before income taxes	(3,131,056)	(4,412,797)
Provision for income taxes	0	0
<b>Net income</b>	<b>\$ (3,131,056)</b>	<b>\$ (4,412,797)</b>

	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
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	December 31, 2009	December 31, 2008
Book value per common share	\$6.84	\$7.58
Equity to Assets	15.63%	13.50%
Nonperforming assets to assets	0.20%	0.00%
Loan loss reserves to loans	2.26%	1.66%

