

– Locations –

**San Francisco**

1 Montgomery Street  
Suite 2300  
San Francisco, CA 94104  
415.229.8400

**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  
June 30, 2008**

To Our Shareholders and Clients:

During this era of less than encouraging news about the financial services industry, both nationally and internationally, we are particularly pleased to bring you up to speed on the progress of your local, community business bank.

For those of you who suffered through the trials and tribulations of the banking industry in the late '80's and early '90's, today's events and headlines may appear very familiar. However, when you analyze some key industry variables, there are significant differences. The banking industry through the first quarter of 2008 had a collective capital/ assets ratio of 10.34%; in 1990 that same ratio was 6.45%. There were 90 banks on the FDIC's problem-bank list in March of 2008; there were 1,496 in 1990. Eight banks have failed so far this year; 382 banks failed in 1990. Another big difference is the media coverage. In the early '90's we had daily newspapers and network news shows. Today, we have expanded coverage on cable TV, the internet, and blogs. To utilize a current phrase, we have more "noise" this time around.

In addition to the industry being stronger than it is portrayed in the media, we would like to assure you that your bank, Presidio Bank, is a safe place to do business. We have an experienced and talented staff, a strong management team, and a fully engaged Board of Directors. We have not only invested our valuable reputations, but stand alongside you as shareholders as well. Our capital remains strong with a Capital/ Assets ratio of 20%. By regulatory standards we are classified as Well Capitalized. Our growth since opening our doors in July of 2006 has been steady and prudent. The Bank's total assets have grown by 24% this year. Our credit standards have remained high and uncompromising and we have increased our Loan Loss Reserve to 1.52% of total loans, well above our peer banks. Liquidity is within our policy guidelines and we have contingent liquidity sources available when and if needed. We employ multiple independent industry experts to monitor and review all facets of the Bank and continue to receive excellent reports. Above all, we hold ourselves to very high standards in safeguarding your investment.

You should not hesitate to refer business to our Bank. We are well positioned to actively pursue our growth plans and are prepared to transition new business opportunities with our attention to detail.

Thank you for your confidence in our Bank.

Sincerely yours,

James R. Woolwine  
Chairman & CEO

Robert B. Leet  
President

### Board of Directors

Craig F. Andersen  
Paula Collins  
Michael A. Covarrubias  
Alison Davis  
Robert B. Leet  
Stephen D. Mayer  
Gregory J. Moss  
James R. Woolwine

### Management Team

James R. Woolwine, Chairman  
Robert B. Leet, President  
Todd Allen, EVP & President, Marin  
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  
Michael A. Skubic, EVP & Head,  
East Bay Commercial Banking



**PRESIDIO  
BANK**

It's About Time.



**PRESIDIO BANK**  
**Second Quarter Report - June 30, 2008**  
**Condensed Balance Sheet**

(Unaudited)

**Assets**

Cash and due from banks	\$ 4,454,072	\$ 1,773,923
Federal funds sold	12,590,000	50,710,000
Cash and cash equivalents	17,044,072	52,483,923
Investment Securities	9,516,150	1,169,100
Total Loans	135,483,517	38,266,168
Less: allowance for loan losses	(2,058,000)	(456,000)
Net loans	133,425,517	37,810,168
Premises and equipment, net	1,057,432	857,255
Other assets and interest receivable	986,155	317,153
<b>Total assets</b>	<b>\$162,029,326</b>	<b>\$92,637,599</b>

**Liabilities and Shareholders' Equity**

Demand deposits	\$ 19,120,438	\$ 7,282,336
Money market	80,303,240	38,792,917
Interest checking	16,468,341	2,787,937
Savings	301,898	225,132
Time deposits	9,929,685	6,761,759
Total Deposits	126,123,603	55,850,080
Other liabilities and interest payable	3,948,096	629,843
<b>Total liabilities</b>	<b>130,071,698</b>	<b>56,479,923</b>
Total shareholder's equity	31,957,627	36,157,676
<b>Total liabilities and equity</b>	<b>\$162,029,326</b>	<b>\$92,637,599</b>

**Condensed Statement of Operations**  
(Unaudited)

	<b>For the Six Months Ended June 30, 2008</b>	<b>For the Six Months Ended June 30, 2007</b>
Interest and fees on loans	\$ 3,087,323	\$ 1,688,508
Interest on investments	873,299	327,307
Total interest income	3,960,622	2,015,815
Deposit interest expense	1,252,817	554,754
<b>Net interest income</b>	<b>2,707,805</b>	<b>1,461,061</b>
Provision for loan losses	990,000	677,000
Net interest income after provision	1,717,805	784,061
<b>Other operating income</b>	<b>197,578</b>	<b>26,133</b>
Salaries and benefits	3,106,290	1,642,971
FF&E and occupancy expense	471,191	245,670
Other	909,948	502,102
<b>Total operating expenses</b>	<b>4,487,428</b>	<b>2,390,742</b>
Income before income taxes	(2,572,045)	(1,580,549)
Provision for income taxes	0	0
<b>Net income</b>	<b>\$ (2,572,045)</b>	<b>\$ (1,580,549)</b>

**June 30, 2007**

Book value per share	<b>June 30, 2008</b>	<b>June 30, 2007</b>
Equity to Assets	\$7.99	\$9.04
Nonperforming assets to assets	19.72%	39.03%
Loan loss reserves to loans	0.00%	0.00%
	1.52%	1.19%

