

# BOREL PRIVATE BANK & TRUST COMPANY



## STATEMENT OF FINANCIAL CONDITION

*As of June 30, 2008*

Greetings,

*I am pleased to report that the first half of 2008 has proven to be outstanding for Borel Private Bank & Trust Company on many fronts. Not only do we have solid financial performance to report but we have also been honored to have received recognitions of which we are quite proud. Despite the instability that continues to trouble the financial services industry, Borel has had excellent performance. We soared to new heights in May by achieving the best month financially in the history of the Bank, and had a strong second quarter.*



*2008 thus far has proven to be a year of achievements and honors for Borel Private Bank & Trust Company. The Bank received the Child Care Coordinating Council's **Community Partner Award** which honors an organization which partners with the 4Cs to change and improve the way we serve children and families. **Wanda Alfaro**, SVP and Manager of our San Francisco Office was recognized as being **one of the 100 most influential women in the Bay Area** by the San Francisco Business Times, an accomplishment of which we are all quite proud. I am happy to announce that Borel was, once again, named one of the **100 Best Places to Work in the Bay Area**, an honor we have received in each of the last five years.*

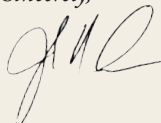
*Over the past year, there have been a number of media reports regarding the safety and stability of banks. Recently, reports focusing on problems with the mortgage agencies – Fannie Mae and Freddie Mac and the FDIC takeover of Indy Mac have raised concerns. Borel is very different than Indy Mac and other troubled financial institutions in that we have had strong, consistent financial performance over many years and have not, nor have we ever been, involved in the sub prime lending market. One of the key differences and a major strength includes our excellent loan portfolio evidenced by a 28-year history of exceeding peer group performance. Past due loans have been virtually non-existent. Borel is considered a “well capitalized” bank under FDIC guidelines.*

*There are a number of firms that independently rate financial institutions. Borel Private Bank & Trust Company has consistently enjoyed high ratings by these firms which are based strictly on the financial performance of banks. Three such firms include The Findley Report – [www.findley-reports.com](http://www.findley-reports.com), Bankrate.com – [www.bankrate.com](http://www.bankrate.com), and Bauer Financial – [www.bauerfinancial.com](http://www.bauerfinancial.com). I hope you will take the time to visit these sites to access the rating status of Borel. I know you will be pleased with what you find.*

*Our 2008 financial performance continues strong. Through June, net income amounts to \$7.6 million up 2.7% over 2007. Loan demand remains strong in our markets, helping us grow to \$1.2 billion or 25% above last year. Deposits are approaching \$1 billion or 12% ahead of last year. Our Trust Department continues to benefit from the acquisition of new clients, growing over 35%. We remain one of the few locally managed trust companies in the Bay Area.*

*As always, we appreciate your business and willingness to refer Borel Private Bank to your friends and associates. We believe that banking is all about relationships. Please contact me with any questions you may have.*

Sincerely,



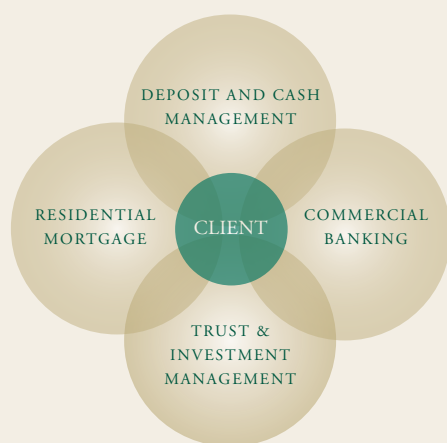
*John A. Conover  
President and CEO*

## Who we are

Borel Private Bank & Trust Company offers private banking, trust and investment services to successful individuals, their families and their businesses.

## What we offer

Our reputation for high client satisfaction is the direct result of our small platform approach and service excellence across four key offerings:



## Our Commitment

We have earned the trust of our devoted clients by providing exceptional service, ongoing access to key decision-makers, customized financial solutions, responsiveness and expertise.

### Borel Private Bank & Trust Company CONDENSED BALANCE SHEET (\$ In Thousands)

	As of June 30,		\$ Change	% Change
	2008	2007		
<b>Assets</b>				
Cash & Short Term Investments	22,525	22,758	-233	-1%
Investment Securities	25,086	30,753	-5,667	-18%
Total Loans	1,199,168	958,465	240,703	25%
Less: Allowance for Loan Losses	12,442	9,932	2,510	25%
Net Loans	1,186,726	948,533	238,193	25%
Other Assets	35,572	31,381	4,191	13%
<b>Total Assets</b>	<b>1,269,909</b>	<b>1,033,425</b>	<b>236,484</b>	<b>23%</b>
<b>Liabilities &amp; Shareholder's Equity</b>				
Demand Deposits	184,977	175,986	8,991	5%
Interest Bearing Accounts	804,456	711,168	93,288	13%
Total Deposits	989,433	887,154	102,279	12%
Other Liabilities	167,632	46,125	121,507	263%
Total Liabilities	1,157,065	933,279	223,786	24%
Shareholders Equity	112,844	100,146	12,698	13%
<b>Total Liabilities &amp; Shareholders Equities</b>	<b>1,269,909</b>	<b>1,033,425</b>	<b>236,484</b>	<b>23%</b>

### Borel Private Bank & Trust Company CONDENSED STATEMENT OF INCOME (\$ in Thousands)

	As of June 30,		\$ Change	% Change
	2008	2007		
Interest Income	38,986	35,929	3,057	9%
Interest Expense	13,380	13,348	32	0%
Net Interest Income	25,606	22,581	3,025	13%
Provision for Loan Losses	1,535	142	1,393	981%
Net Interest Income After Provision	24,071	22,439	1,632	7%
Investment Management Fees	2,846	2,368	478	20%
Banking Fees and Other Income	682	576	106	18%
Operating Expenses	14,336	13,095	1,241	9%
Income Before Income Taxes	13,263	12,288	975	8%
Income Taxes	5,577	4,807	770	16%
<b>Net Income</b>	<b>7,686</b>	<b>7,481</b>	<b>205</b>	<b>3%</b>

## BOARD OF DIRECTORS

Julia M. Baigent  
Dede Barsotti  
Betsy Bechtel  
Stephen K. Cassidy  
John A. Conover  
James D. Dawson  
Richard M. DeLuna  
Sherie S. Dodsworth  
Harold A. Fick  
Ronald G. Fick  
Susan P. Haney  
Roy E. Lave  
Oscar E. Lopez-Guerra  
Larry Nibbi  
Kirk Charles Syme  
Timothy L. Vaill  
Thomas H. Vocker

## EXECUTIVE OFFICERS

John A. Conover  
*President & CEO*

Barbara L. Evers  
*Executive Vice President  
Marketing Director*

Bruce K. Farrell  
*Executive Vice President  
Chief Credit Officer*

Nancy E. Johnson  
*Executive Vice President  
Senior Trust Officer*

Constance Katsaros  
*Executive Vice President  
HR Strategic Development*

Carol J. Olson  
*Executive Vice President  
Senior Operations Officer*

Stephen A. Rossi  
*Executive Vice President  
Chief Financial Officer  
Corporate Secretary*

## OFFICE LOCATIONS & MANAGERS

Burlingame Office  
Manager: John Delaney, SVP  
*1440 Chapin Avenue, Suite 101  
Burlingame, CA 94010*

Los Altos Office  
Manager: Steve Fick, SVP  
*345 So. San Antonio Road  
Los Altos, CA 94022*

Palo Alto Office  
Manager: Deborah Pappas, SVP  
*245 Lytton Avenue, Suite 175  
Palo Alto, CA 94301*

San Francisco Office  
Manager: Wanda Alfaro, SVP  
*433 California Street  
San Francisco, CA 94104*

San Mateo Office  
*160 Bovet Road  
San Mateo, CA 94402*



Member FDIC



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