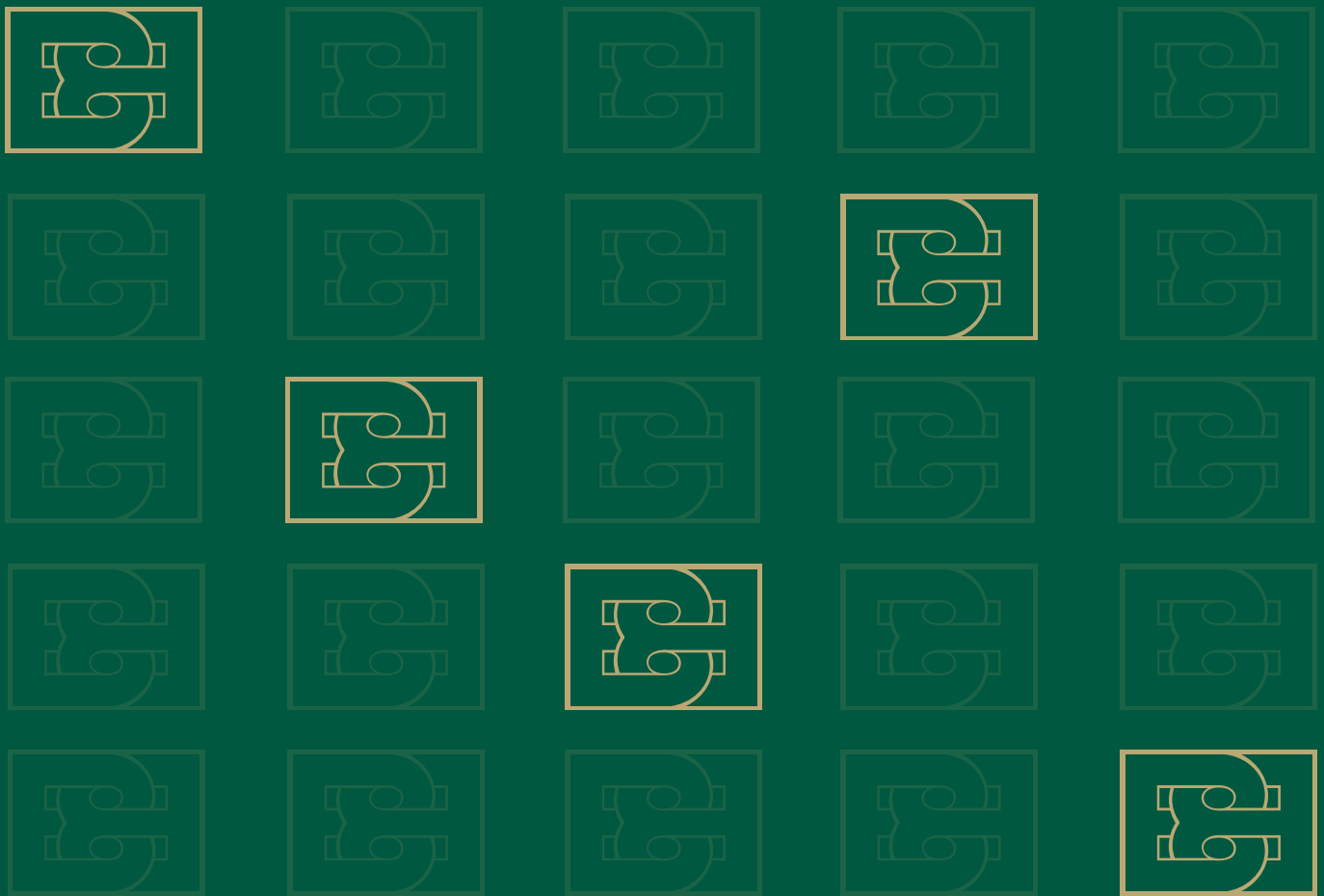


# BOREL PRIVATE BANK & TRUST COMPANY



ANNUAL REPORT OF FINANCIAL CONDITION

*As of December 31, 2007*



**Borel Private Bank  
& Trust Company®**

Dear Friend,

*The past year was filled with many challenges in the banking industry that are still affecting the market today. I am pleased to report that, even throughout the subprime mortgage crisis and the recent credit crunch, Borel Private Bank & Trust Company remains unaffected and continues to have strong liquidity and solid asset quality, benefitting from growth across all business areas.*



*2007 was a year of many achievements for Borel Private Bank. In January, Borel reached a milestone of over **\$1 billion in deposits and loans**. In April, we were named one of the **100 Best Places to Work in the Bay Area**, by the San Francisco Business Times. This award is based on an anonymous survey completed by our employees and we are thrilled to have made the list for the fourth year in a row. In October, we introduced our new **Visa Credit Card** for both our business and personal clients. In December, we opened our newest office in **Burlingame**, adding further convenience and accessibility for our clients located in Hillsborough and Burlingame.*

*Borel Private Bank & Trust Company also continues to be a strategic partner for many nonprofit organizations located throughout the San Francisco Bay Area, further deepening our commitment to the local community. Borel lent financial support to over 125 nonprofit organizations in 2007. In addition to financial support, our employees are active participants in community-based organizations. We were pleased to have had 32 of our employees, including myself, eagerly volunteer to teach the Junior Achievement curriculum to students, grades 1-5, at Sunnybrae Elementary School in San Mateo over a five-week period in September and October.*

*The Bank experienced solid business growth in all areas during 2007, despite a volatile market, and finished the year with **net income of \$14.7 million, up 8 percent** compared to the previous year. The growth was driven primarily by an increase in assets. The Bank's balance sheet ended the year at approximately **\$1.17 billion, up 21 percent** compared to December 31, 2006. In addition, our **Trust Department assets and fee revenues were up 12 percent**. We are very pleased with the Bank's financial performance during 2007.*

*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. Your loyalty is a privilege we hope to continue to earn for many years to come.*

Sincerely,



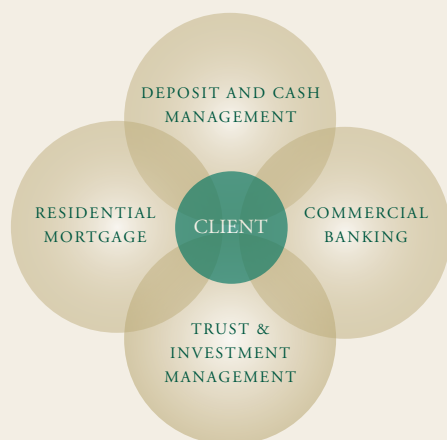
John A. Conover  
President and CEO

## 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)

	December 31,		\$ Change	% Change
	2007	2006		
<b>Assets</b>				
Cash & Short Term Investments	81,491	23,894	57,597	241%
Investment Securities	20,159	32,182	-12,023	-37%
Loans Held for Sale	0	1,725	-1,725	-100%
Total Loans	1,047,545	888,146	159,399	18%
Less: Allowance for Loan Losses	10,923	9,799	1,124	11%
Net Loans	1,036,622	878,347	158,275	18%
Other Assets	32,045	28,731	3,314	12%
<b>Total Assets</b>	<b>1,170,317</b>	<b>964,879</b>	<b>205,438</b>	<b>21%</b>

### Liabilities & Shareholder's Equity

Demand Deposits	183,263	187,477	-4,214	-2%
Interest Bearing Accounts	816,601	677,142	139,459	21%
Total Deposits	999,864	864,619	135,245	16%
Borrowings	55,000	0	55,000	100%
Other Liabilities	10,186	8,960	1,226	14%
Shareholders Equity	105,267	91,300	13,967	15%
<b>Total Liabilities &amp; Shareholders Equities</b>	<b>1,170,317</b>	<b>964,879</b>	<b>205,438</b>	<b>21%</b>

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

	December 31,		\$ Change	% Change
	2007	2006		
Interest Income	74,689	63,179	11,510	18%
Interest Expense	28,278	21,260	7,018	33%
Net Interest Income	46,411	41,919	4,492	11%
Provision for Loan Losses	1,157	707	450	64%
Net Interest Income After Provision	45,254	41,212	4,042	10%
Investment Management Fees	4,853	4,326	527	12%
Banking Fees and Other Income	1,087	909	178	20%
Operating Expenses	26,994	23,932	3,062	13%
Income Before Income Taxes	24,200	22,515	1,685	7%
Income Taxes	9,475	8,904	571	6%
<b>Net Income</b>	<b>14,725</b>	<b>13,611</b>	<b>1,114</b>	<b>8%</b>

## BOARD OF DIRECTORS

Julia M. Baigent  
*Woodside, CA*

Dede Barsotti  
*Woodside, CA*

Betsy Bechtel  
*Palo Alto, CA*

Stephen K. Cassidy  
*San Francisco, CA*

John A. Conover  
*Los Altos Hills, CA*

Richard M. DeLuna  
*Woodside, CA*

Sherie S. Dodsworth  
*Chairman of the Board*  
*Los Altos, CA*

Harold A. Fick  
*Vice Chairman*  
*Hillsborough, CA*

Ronald G. Fick  
*Atherton, CA*

Susan P. Haney  
*Boston, MA*

Roy E. Lave  
*Los Altos, CA*

Oscar E. Lopez-Guerra  
*San Mateo, CA*

Larry Nibbi  
*San Francisco, CA*

Jonathan H. Parker  
*San Francisco, CA*

Kirk Charles Syme  
*Burlingame, CA*

Timothy L. Vaill  
*Boston, MA*

Thomas H. Vocker  
*San Mateo, CA*

## 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 MANAGERS

Wanda Alfaro  
*Senior Vice President*  
*San Francisco Office Manager*

John Delaney  
*Senior Vice President*  
*Burlingame Office Manager*

Steve Fick  
*Senior Vice President*  
*Los Altos Office Manager*

Deborah Pappas  
*Senior Vice President*  
*Palo Alto Office Manager*

## OFFICE LOCATIONS

Burlingame Office  
*1440 Chapin Avenue, Suite 101*  
*Burlingame, CA 94010*

Los Altos Office  
*345 So. San Antonio Road*  
*Los Altos, CA 94022*

Palo Alto Office  
*245 Lytton Avenue, Suite 175*  
*Palo Alto, CA 94301*

San Francisco Office  
*433 California Street*  
*San Francisco, CA 94104*

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



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