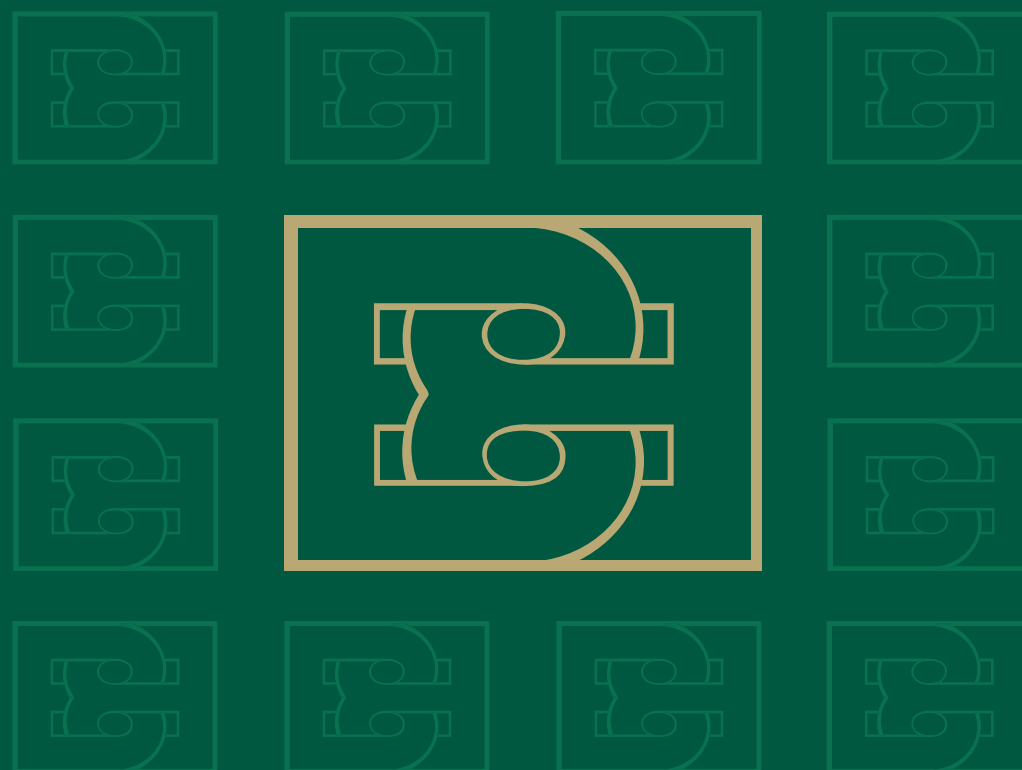


BOREL PRIVATE BANK & TRUST COMPANY



ANNUAL REPORT OF FINANCIAL CONDITION

As of December 31, 2008

Greetings,

*The year 2008 was an eventful one for the financial services industry, full of highs and lows, and for some financial institutions, a year best forgotten and hopefully not repeated. But for Borel Private Bank & Trust Company it was a year to be remembered and repeated. **I am happy to report that Borel experienced its best financial results ever recorded in our 28-year history.** Despite these challenging times, Borel's disciplined lending practices of sticking to the basics (character, capacity, credit, and a down payment!) while paying a fair rate of return to our depositors paved the way to continued success.*



We welcomed to our Bank many new clients who were attracted by the safety and soundness of our balance sheet and by our consistently high ratings by firms that independently evaluate financial institutions. These ratings are based strictly on the financial performance of banks. The increased limits of FDIC insurance coverage (\$250,000 per individual and unlimited insurance on non-interest bearing transaction accounts) also proved beneficial to both new and existing clients.

*At the core of our success is our commitment to and involvement in the communities we serve. Throughout 2008 Borel and its employees received honors from business, civic and nonprofit organizations. In April, the Bank received Child Care Coordinating Council's **Community Partner Award** which honors an organization for partnering with the 4Cs to change 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 and Borel was named for the fifth year one of the **100 Best Places to Work in the Bay Area**. We were especially pleased that our Los Altos Office, managed by SVP Steve Fick, was named **Business of the Year** by the Los Altos Chamber of Commerce. In November, I was honored by being named one of the "**Most Admired CEOs**" in the San Francisco Bay Area by the San Francisco Business Times.*

The Bank experienced solid business growth in all areas during 2008, and finished the year with net income of \$17.6 million, up 20% compared to the previous year. The Bank's balance sheet ended the year at approximately \$1.4 billion, up 21% compared to December 31, 2007. Our Trust Department's investment and trust business was strong, despite volatile markets, growing 21%. We continue to remain one of the few locally managed trust companies in the Bay Area.

We deeply appreciate your business and willingness to refer Borel Private Bank to your friends and associates. We believe that banking is all about relationships. Please stop by and visit with me at our San Mateo Office as I consider meeting with clients the most important and enjoyable aspects of my job.

Sincerely,



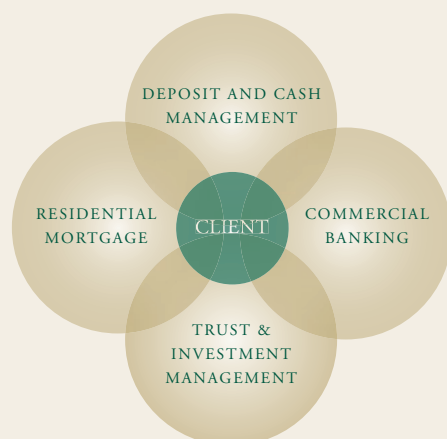
John A. Conover
President and CEO

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 December 31,		\$ Change	% Change
	2008	2007		
Assets				
Cash & Short Term Investments	12,279	81,491	-69,212	-85%
Investment Securities	44,807	20,159	24,648	122%
Total Loans	1,339,422	1,047,545	291,877	28%
Less: Allowance for Loan Losses	14,576	10,923	3,653	33%
Net Loans	1,324,846	1,036,622	288,224	28%
Other Assets	39,297	32,045	7,252	23%
Total Assets	1,421,229	1,170,317	250,912	21%
Liabilities & Shareholders' Equity				
Demand Deposits	189,972	183,263	6,709	4%
Interest Bearing Accounts	978,094	816,601	161,493	20%
Total Deposits	1,168,066	999,864	168,202	17%
Other Liabilities	123,183	65,186	57,997	89%
Total Liabilities	1,291,249	1,065,050	226,199	21%
Shareholders' Equity	129,980	105,267	24,713	23%
Total Liabilities & Shareholders' Equity	1,421,229	1,170,317	250,912	21%

Borel Private Bank & Trust Company CONDENSED STATEMENT OF INCOME (\$ in Thousands)	As of December 31,		\$ Change	% Change
	2008	2007		
Interest Income	81,368	74,689	6,679	9%
Interest Expense	25,491	28,278	-2,787	-10%
Net Interest Income	55,877	46,411	9,466	20%
Provision for Loan Losses	4,060	1,157	2,903	251%
Net Interest Income After Provision	51,817	45,254	6,563	15%
Investment Management Fees	5,855	4,853	1,002	21%
Banking Fees and Other Income	1,631	1,087	544	50%
Operating Expenses	30,265	26,994	3,271	12%
Income Before Income Taxes	29,038	24,200	4,838	20%
Income Taxes	11,417	9,475	1,942	20%
Net Income	17,621	14,725	2,896	20%

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
Lynn Thompson Hoffman
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

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

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*

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

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



Member FDIC



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