

ANNUAL REPORT OF FINANCIAL CONDITION
As of December 31, 2009

BOREL PRIVATE BANK & TRUST COMPANY

Member of Boston Private Wealth Management Group



Greetings,

Borel Private Bank & Trust Company's experience in 2009 was that of relatively smooth sailing. As one would expect in this economic climate, we had to do some tacking along the way but our strong and experienced crew was able to navigate the rough waters that came our way. I am happy to say that we arrived at our destination at year-end safe, sound, and stronger than ever.



Borel had a great year from the standpoint of growing our market presence, hiring talented people and remaining on top of our credit portfolio. That's not to say that some of our clients were not challenged by the overall impact of the US economy. I believe we are well positioned in 2010 to continue and even accelerate our growth.

In a year when many banks and other companies tightened their contributions to nonprofit organizations, we increased ours by 20%. Community involvement and our financial support of nonprofit organizations have always been a top priority for the Bank and our return on that investment tenfold. We recognize the challenges the nonprofits have had during this crisis and we tried to help.

2009 was another year of significant honors for Borel and its employees. Deborah Pappas, manager of our Palo Alto Office, was recognized as one of the 2009 Women of Influence in the Silicon Valley by the San Jose Business Journal and she also received the prestigious 2009 Athena Award awarded by the Palo Alto Chamber of Commerce. Wanda Alfaro, manager of our San Francisco Office, was recognized for the second year as being one of the 100 most influential women in the Bay Area by the San Francisco Business Times. I am especially proud of Borel Private Bank being named as one of the 100 Best Places to Work in the Bay Area for the sixth year in a row by the San Francisco Business Times.

Borel's 2009 year-end results were impacted by our continued maintenance of prudent loan loss reserves and increased FDIC assessments paid by all banks to build the FDIC reserves. We finished the year with net income of \$12.4 million. In California, over 50% of banks were unprofitable. The Bank's total assets ended the year over \$1.6 billion, up 14% compared to December 31, 2008. Our Investment and Trust Department's performance was strong—one of the fastest growing California investment and trust departments in 2009.

We thank you for your continued business and willingness to refer Borel Private Bank & Trust Company to your friends and associates. I wish you success and hope for clear skies and smooth sailing ahead in 2010!

Sincerely,

A handwritten signature in black ink, appearing to read "JAC", written over a light-colored background.

John A. Conover
President and CEO

Experience the Borel Difference:

Continuity of Personnel

The average tenure of our officers is eleven years, so you will enjoy long-term relationships with the people who know you and understand your long-term and short-term financial goals and objectives.

Access to Top-Level Decision-Makers

You'll have access to our most senior professionals, who are capable of providing the advice and decisions you need to manage your finances and serve all your banking needs.

Customized Solutions

Unlike some institutions that offer only "cookie-cutter" products, we provide flexible accounts and services tailored to meet your individual needs:

- deposit and cash management
- residential mortgages
- commercial lending
- investment management
- trust services

Convenience

We provide easy, anytime, anywhere access to your personal and business accounts online, by telephone, or via ATMs.

Our Commitment:



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

For the twelve months ending 12/31/2009

	2009	2008	\$ Change	% Change
Assets				
Cash & Short Term Investments	163,286	12,279	151,007	1230%
Investment Securities	37,951	44,807	(6,856)	-15%
Total Loans	1,385,679	1,339,422	46,257	3%
Less: Allowance for Loan Losses	19,949	14,576	5,373	37%
Net Loans	1,365,730	1,324,846	40,884	3%
Other Assets	58,462	39,297	19,165	49%
Total Assets	1,625,429	1,421,229	204,200	14%

Liabilities & Shareholders' Equity

Total Deposits	1,446,942	1,168,066	278,876	24%
Other Liabilities	35,996	123,183	(87,187)	-71%
Total Liabilities	1,482,938	1,291,249	191,689	15%
Shareholders' Equity	142,491	129,980	12,511	10%
Total Liabilities & Shareholders' Equity	1,625,429	1,421,229	204,200	14%

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

For the twelve months ending 12/31/2009

	2009	2008	\$ Change	% Change
Interest Income	84,935	81,368	3,567	4%
Interest Expense	20,548	25,491	(4,943)	-19%
Net Interest Income	64,387	55,877	8,510	15%
Investment Management Fees	6,182	5,855	327	6%
Banking Fees and Other Income	1,111	1,631	(520)	-32%
Total Revenue	71,680	63,363	8,317	13%
Provision for Loan Losses	13,761	4,060	9,701	239%
Operating Expenses	36,465	30,265	6,200	20%
Income Before Income Taxes	21,454	29,038	(7,584)	-26%
Income Taxes	9,042	11,417	(2,375)	-21%
Net Income	12,412	17,621	(5,209)	-30%

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
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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