

1Q

STATEMENT OF FINANCIAL CONDITION
As of March 31, 2010

BOREL PRIVATE BANK & TRUST COMPANY

Member of Boston Private Wealth Management Group



Greetings,

It is hard to believe that 2010 marks Borel Private Bank & Trust Company's 30th anniversary! During the past 30 years we have seen our assets grow from a few million dollars to \$1.6 billion and office locations increase from one to five. Three of the original 14 employees, Carol Olson, Emmy Allgood and Susan Kealey, are still with the Bank, a fact of which we are very proud.



We have found many ways to celebrate our 30th anniversary with "Borel After Hours" events and activities scheduled throughout the year. You should have all received a schedule of upcoming events in the mail. They are also posted in the lobbies of all of our offices.

I am happy to say that we have started 2010 with recognitions of which we are very proud. The San Mateo Area Chamber of Commerce honored Diann Jennison, Private Banker, as Ambassador of the Year and honored me with the prestigious Frances Bohannon Nelson Legacy award. Although our involvement in the community is at the core of the Bank's success, recognitions such as these are unexpected but greatly appreciated.

Financially, our balance sheet closed the quarter with \$1.4 billion in total loans – \$23 million or 2% above March of last year. During the quarter, we increased our loan loss reserve, which amounted to \$23.9 million or 1.72% of total loans. This is up from 1.44% at the end of December 2009 and up from 1.18% at March 2009. Total deposits amounted to \$1.5 billion - \$294 million or 24% over this time last year and assets under management (AUM) in our Trust and Investment business ended March at \$923 million – an increase of \$150 million over March 2009. We continue to achieve the "well capitalized" status, as reported to the FDIC, as our risk based capital ratio was reported at 11.69% in Q1 2010 up from 11.08% in Q1 2009.

The increase of our loan loss reserves as well as recognizing lower values in our other real estate owned portfolio resulted in first quarter net income of \$ 307,000. This fell below the \$4.8 million net income earned in Q1 of last year. While below our standards for income generation, we continue to work closely with our clients and have set higher goals for net income achievement.

Thank you for your continued loyalty and willingness to refer Borel Private Bank & Trust Company to your friends and associates. We look forward to another 30 years of serving our clients and community.

Sincerely,

A handwritten signature in dark ink, appearing to read "JAC", written in a cursive style.

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

(unaudited)

(\$ in Thousands)

As of March 31

	2010	2009	\$ Change	% Change
Assets				
Cash & Short Term Investments	\$211,801	\$16,216	\$195,585	1,206%
Investment Securities	44,698	36,307	8,391	23%
Loans Held for Sale	1,600	1,650	-50	-3%
Total Loans	1,398,554	1,375,230	23,324	2%
Less: Allowance for Loan Losses	23,986	16,191	7,795	48%
Net Loans	1,374,568	1,359,039	15,529	1%
Other Assets	56,865	43,500	13,365	31%
Total Assets	\$1,689,532	\$1,456,712	\$232,820	16%
Liabilities & Shareholders' Equity				
Demand Deposits	\$207,315	\$175,810	\$31,505	18%
Interest Bearing Accounts	1,302,999	1,040,060	262,939	25%
Total Deposits	1,510,314	1,215,870	294,444	24%
Borrowings	25,000	94,000	-69,000	-73%
Other Liabilities	11,043	11,928	-885	-7%
Total Liabilities	1,546,357	1,321,798	224,559	17%
Shareholders' Equity	143,175	134,914	8,261	6%
Total Liabilities & Shareholders' Equity	\$1,689,532	\$1,456,712	\$232,820	16%

Borel Private Bank & Trust Company

CONDENSED STATEMENT OF INCOME

(unaudited)

(\$ in Thousands)

For the three months ending March 31

	2010	2009	\$ Change	% Change
Interest Income	\$20,794	\$21,421	\$-627	-3%
Interest Expense	3,889	5,296	-1,407	-27%
Net Interest Income	16,905	16,125	780	5%
Provision for Loan Losses	5,825	1,721	4,104	238%
Net Interest Income After Provision	11,080	14,404	-3,324	-23%
Investment Management Fees	1,849	1,365	484	35%
Banking Fees	142	132	10	8%
Other Income including OREO gains/losses	-2,469	483	-2,952	-611%
Operating Expenses	10,065	8,099	1,966	24%
Income Before Income Taxes	537	8,285	-7,748	-94%
Income Taxes	230	3,491	-3,261	-93%
Net Income	\$307	\$4,794	\$-4,487	-94%

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

Lynn Thompson Hoffman

Roy E. Lave

Oscar E. Lopez-Guerra

Larry Nibbi

Kirk Charles Syme

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 Bovee 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



**Borel Private Bank
& Trust Company®**

160 Bovee Road · San Mateo, CA 94402
650.378.3700

PRSR STD
US POSTAGE
PAID
PERMIT NO. 688
REDWOOD CITY, CA
94063