

2Q

STATEMENT OF FINANCIAL CONDITION
As of June, 30, 2010

BOREL PRIVATE BANK & TRUST COMPANY

Member of Boston Private Wealth Management Group



Greetings,

As we cross the midpoint of the year, we hope we have put the most challenging part of the year behind us and that the second half will bear the fruits of our discipline, diligence, and hard work. The economic crisis continues to impact our communities and therefore, our clients. We work hard to identify and work with our clients both on the credit side as well as the overall economic side. We were later than our banking peers to be affected by the economic downturn and remain optimistic that we will be "late in, early out!"



We continue to celebrate our 30th anniversary with Borel After Hours events, the most recent being our Economic Forecast presentation by Dr. Esmael Adibi at the Green Hills Country Club on May 11th. Future events include the entertaining golf duo of Mitch Juricich and John Abendroth from "Hooked on Golf" on September 2nd and well-known travel author, Karen Brown, on October 21st. Both events will be held at the Peninsula Golf & Country Club. Additionally, our Wealth Management Team is holding a series of seminars on Being a Trustee, August 24th and Retirement Planning, October 26th in our San Mateo Office. These events have proven to be very popular, so please reserve early as space is limited.

We are honored to be recognized as one of the Best Places to Work in the Bay Area by the San Francisco Business Times. I am delighted to report that Borel was number 30 on the list in our 30th year and that this was our 7th consecutive year of receiving this award. I would also like to thank the San Mateo County Development Association (SAMCEDA) for presenting me with the David Bohannon Memorial Award for community commitment and service. We firmly believe that at the core of Borel's success is our commitment to the community, and that remains unchanged, in both good and challenging times.

Our balance sheet closed the quarter with \$1.630 billion in total assets - \$137 million or 9% above last year. Given the challenges our clients face with the economic environment, we took steps to strengthen our balance sheet and increased our loan loss reserve to \$29.7 million, or 2.1% of total loans. Total deposits amounted to \$1.481 billion - up \$162 million or 12% over this time last year and assets under management (AUM) in our Investment and Trust business ended June at \$889 million - an increase of \$32 million or 4% over June 2009. We continue to achieve the "well capitalized" status, as reported to the FDIC and our total risk-based capital was reported at 11.6% in Q2 2010, up from 11.37% in Q2 2009.

The increase in our loan loss reserves as well as recognizing lower values in our commercial real estate portfolio resulted in a second quarter loss of \$ 2.6 million. We believe that our prudent treatment of additional loan loss reserves will serve us well going forward.

Thank you for your continued loyalty and confidence in Borel. I believe it is well placed and greatly appreciated. We will be happy when the economic situation improves and our clients, community, as well as ourselves feel the impact.

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

(unaudited)

(\$ in Thousands)

As of June 30

	2010	2009	\$ Change	% Change
Assets				
Cash & Short Term Investments	\$138,122	\$37,033	\$101,089	273%
Investment Securities	46,193	36,901	9,292	25%
Loans Held for Sale	1,538	3,023	(1,485)	-49%
Total Loans	1,416,538	1,383,909	32,629	2%
Less: Allowance for Loan Losses	29,720	17,275	12,445	72%
Net Loans	1,386,818	1,366,634	20,184	1%
Other Assets	56,954	49,328	7,626	15%
Total Assets	\$1,629,625	\$1,492,919	\$136,706	9%

Liabilities & Shareholders' Equity

Demand Deposits	\$222,195	\$198,495	\$23,700	12%
Interest Bearing Accounts	1,258,810	1,120,264	138,546	12%
Total Deposits	1,481,005	1,318,759	162,246	12%
Borrowings	-	25,000	(25,000)	-100%
Other Liabilities	8,334	10,489	(2,155)	-21%
Total Liabilities	1,489,339	1,354,248	135,091	10%
Shareholders' Equity	140,286	138,671	1,615	1%
Total Liabilities & Shareholders' Equity	\$1,629,625	\$1,492,919	\$136,706	9%

Borel Private Bank & Trust Company

CONDENSED STATEMENT OF INCOME

(unaudited)

(\$ in Thousands)

For the six months ending June 30

	2010	2009	\$ Change	% Change
Interest Income	\$41,446	\$42,828	\$(1,382)	-3%
Interest Expense	6,914	10,420	(3,506)	-34%
Net Interest Income	34,532	32,408	2,124	7%
Provision for Loan Losses	18,775	4,021	14,754	367%
Net Interest Income After Provision	15,757	28,387	(12,630)	-44%
Investment Management Fees	3,629	2,883	746	26%
Banking Fees	292	264	28	11%
Other (Losses)/Gains including OREO (Losses)/Gains	(3,524)	956	(4,480)	-469%
Operating Expenses	20,067	17,497	2,570	15%
(Loss)/Income Before Income Tax/(Benefit)	(3,913)	14,993	(18,906)	-126%
Income Tax/(Benefit)	(1,637)	6,358	(7,995)	-126%
Net (Loss)/Income	\$(2,276)	\$8,635	\$(10,911)	-126%

BOARD OF DIRECTORS

Julia M. Baigent
Elizabeth Bechtel
Stephen K. Cassidy
John A. Conover
James D. Dawson
Richard M. DeLuna
Clayton G. Deutsch
(effective August 2, 2010)
Sherie S. Dodsworth
Harold A. Fick
Lynn Thompson Hoffman
Roy E. Lave
Oscar E. Lopez-Guerra
Lawrence Nibbi
Kirk C. 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 Lending Officer*
Nancy E. Johnson
*Executive Vice President
Senior Trust Officer*
Constance I. Katsaros
*Executive Vice President
HR Strategic Development*
Mark K. McDonald
*Executive Vice President
Chief Credit Officer*
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



160 Bovet Road · San Mateo, CA 94402
650.378.3700

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