



Wendy and Ed with Director, Roberta Achtenberg (right)

Message from Ed and Wendy

It has been a very busy and exciting time at Bank of San Francisco! We are pleased to advise you that our bank continues to grow and operate profitably despite today's turbulent economic environment. We are proud of the fact that we are actively lending and serving our community without having had to take any TARP money.

We believe our positive results to date reflect the high quality and management strength of our clients. This is reflected most prominently in how well our loan portfolio has held up during the current recession. Within our loan portfolio of approximately \$75 million, we have only one non-performing loan in the amount of \$272 thousand and no delinquent loans beyond that one loan. Overdrafts can be an early sign of an emerging credit problem. We are proud of the fact that since our bank's founding 4 ½ years ago, we have had minimal overdrafts and none for more than five days. Time and again over the last two years, we have seen the management teams of our business and non-profit clients move quickly and decisively in taking steps to position their organizations to "weather the economic storm" without jeopardizing their long-term viability. Seeing these management teams "in action" has made us so proud to be their bank.

With the bank's relationship-orientation, deposits are just as important to us as loans, and we thank our clients who have kept such nice balances with us. Know that your deposits are being used to fund loans that are made to businesses, non-profit organizations and individuals within our community. In addition to the strength of our loan portfolio, the fact that we are self-funded through our own deposits has been a key factor in the bank's profitability.

Often we are asked how we get our new business. Almost all of our new clients come through referrals from our Board of Directors, Advisory Council, investors in our bank, existing clients and other "friends of the bank". We have also received outstanding referrals from our employees, including those who do not necessarily have direct business development responsibilities. The most recent example of an employee referral was a significant loan and deposit relationship introduced by Ken Chu, our bank's Credit Analyst. Thanks to Ken for thinking of Bank of San Francisco even during his "off hours".

As we continue to navigate through these uncertain times, we look forward to staying close to our clients and staying focused on providing quality service to the market we know best...privately-held companies, professionals, entrepreneurs, private schools and non-profits. We are strong believers in the power of community banking in serving the needs of those groups.

Thank you again for your support of Bank of San Francisco.

Sincerely,

Wendy Ross
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Online Banking Service Enhanced

At Bank of San Francisco, our clients' input is important to us. We recently sent a survey to our clients to see what we could do better. Many of the responses noted that the online banking system needed more features to meet our clients' needs on a timely basis. We took action and made changes. We tested the new and improved system to ensure that it provides the quality our clients have come to expect from Bank of San Francisco. It went live on November 9.

The new online banking system, NetTeller, is fully integrated and provides real-time information to our clients via Business OnLine Banking (formerly known as Cash Management) and Personal Online Banking (formerly known as Internet Banking). NetTeller integrates with other products that the bank offers, such as remote deposit capture. With one sign-on, Business Online Banking clients can access up-to-the-minute balance information, transfer money between Bank of San Francisco accounts, place stop payments and/or make deposits. A number of our clients have expressed their satisfaction with the clarity of the new reporting as well as being able to see incoming wires and ACH transactions in real time.

NetTeller also helps clients save time and money by giving them access to up to six months of account statements with download capability as well as download of account information into Quicken® or Quickbooks products. Two new features have just been added, e-Statement and Mobile Banking. e-Statement provides timely statements for our clients and reduces delivery costs while Mobile Banking allows clients to perform virtually all transactions from their cell phones, smart phones and other web-enabled devices. These features help make it even easier for our clients to access their account information more quickly from anywhere, anytime.

At Bank of San Francisco, we listen to our clients' feedback to make our services the best they can possibly be.

Interns to the Rescue!

Much has been written about the slow economy and its impact on businesses resulting in a lack of employment opportunities for recent college graduates. At Bank of San Francisco, our experience has been quite the opposite. Since we started our bank, we have worked with many college interns who are enthusiastic, hard-working and anxious to get work experience in their field of study. They typically bring a high level of IT skills, which lends itself well to special projects and analytical work. In turn, the bank provides training and a work environment where a graduate/student is exposed to business decision making to complement their education. Additionally, the network for their job search increases through exposure to experienced co-workers and bank clients. The knowledge and skills gained during the internship help the graduate/student discern their long-term career objectives.

All of the local universities (Cal, St. Mary's, USF, Golden Gate, SF State and Cal State East Bay) have career centers where businesses can post for temporary or full-time help. This is a great way for businesses to see if an intern may be a fit for permanent employment, or temporarily add to staff while determining if business is improving enough to add a full time employee. Our 2007 intern, Ken Chu, was hired as a full-time Credit Analyst in 2008. Our experience with the intern program has been a win-win for all parties concerned. Give it a try!

Extended Bank of San Francisco Family



Many of our clients know Satya Reddy, Vice President and Client Services Officer. Satya provides exceptional service in handling the day-to-day banking needs of our clients. When not busy at the bank, Satya enjoys spending time with Hadassah Jaya, her three-year-old granddaughter. Hadassah can already read and count. Satya is justifiably proud of Hadassah, who uses her knowledge of numbers to spot bargains during shopping expeditions with her grandmother. Just doing our part to stimulate the economy!

Electronic Funds Transfer (EFT) Fraud on the Rise

Does your company use web-based payment origination services such as wires or electronic funds transfers? While these services provide easy and efficient ways to move funds, they can lead to monetary losses to businesses and banks. In most cases, the fraudulent transfers are made from the accounts of companies whose online business banking software credentials have been compromised. Unlawful credentials can be obtained by various types of malicious code, or "crimeware", when an employee is visiting a website or opening an e-mail attachment. Many types of crimeware are difficult to detect due to the way they are installed. They can lie dormant until the targeted online banking session login is initiated. Assuring that you are equipped with the latest edition of your anti-virus software and undertaking frequent virus scans of your office PCs and server are good ways to protect your company from unwanted tampering. Many companies also install protection software at the server level to ensure that all PCs receive security updates promptly. The best approach to prevent crimeware from infecting your system is to use a designated computer to handle online banking activities and another to surf the web and e-mail.

At Bank of San Francisco, we call and speak to an authorized account signer to confirm the authenticity of an online wire. Sometimes the simple solutions work the best!

For some examples of common scams, take a look at www.fakechecks.org.