



BANK OF NAPA, N.A.

July 18, 2008

Dear Fellow Bank of Napa Shareholder,

We are pleased to report that our bank experienced significant growth in the second quarter of 2008. The bank's total deposits at June 30, 2008 were \$37.7 million, an increase from the same period last year of \$22.9 million. Loan balances at the end of the second quarter of 2008 were \$27.8 million which is an increase of \$25.3 million. Bank of Napa had total assets of \$55.1 million at June 30, 2008, representing a \$20.9 million or 61.3% increase since June, 2007. Our team of banking professionals performed well, and continues to attract quality customer relationships.

Our bank, which opened for business on August 14, 2006, reported a net loss of \$344,000 in the second quarter of 2008, an improvement of \$59,000 over the \$403,000 loss incurred in the second quarter of 2007. Through the first six months of 2008 the bank's net loss was \$769,000, a \$40,000 improvement over the first half of 2007. At June 30, 2008, the bank had equity capital of \$17.1 million, and all capital ratios were in excess of the regulatory definition for a "well capitalized" designation.

As you know, losses are common for de novo banks like ours due to the lead time required to attract clients. We continue to meet our budgeted expectations and are making progress towards attaining profitability commensurate with our strategic plan. Our financial position as measured by our equity capital, liquidity, and credit quality remain strong, and will allow us to continue to grow, despite the current challenging economic times.

We are pleased with the quality and diversity of the loan portfolio we continue to build. You are no doubt aware that many financial institutions have been affected through their involvement in sub-prime lending. Bank of Napa has no such exposure, as we do not engage in this type of lending. Additionally, we are pleased with the results of the reviews, audits and examinations we are routinely subject to from our auditors, public accountants and regulators. By all industry measures Bank of Napa is strong and growing stronger.

The market continues to be relentless to financial sector stock valuations. In the first half of 2008 the large money center banks such as Citibank and Bank of America have seen over a 40% decline in the value of their stock price. Additionally, the NASDAQ index of US bank stocks has shown a similar decline, dropping by almost 23%. These declines in valuation have been widely reported in the financial press. While our stock value has been affected similarly, we have a sound balance sheet, no problem loans and no exposure to sub prime credit unlike many in our industry. We will continue to adhere to our strategic plan by growing our balance sheet, increasing the size and quality of our loan portfolio, and managing our noninterest expenses to attain profitability.

Enclosed with this letter is more detailed information regarding the financial performance of our bank. We hope you find it to be informative. We are pleased with what we have accomplished to date and recognize that much is yet to be done. Regardless of the uncertainty of our national economy and the competition we face in our Napa Valley marketplace, we remain optimistic.

To those of you who have become customers we thank you. For those of you who are yet to open your accounts with us we encourage you to join us to support your investment and experience the Bank of Napa difference. Thanks to our capital level, asset quality, management team, and balance sheet strength we believe there has never been a better time to bank with us. With your continued support we look forward to great things.

Sincerely,

Richard N. Anderson

M. Thomas LeMasters

Chairman of the Board

President & Chief Executive Officer



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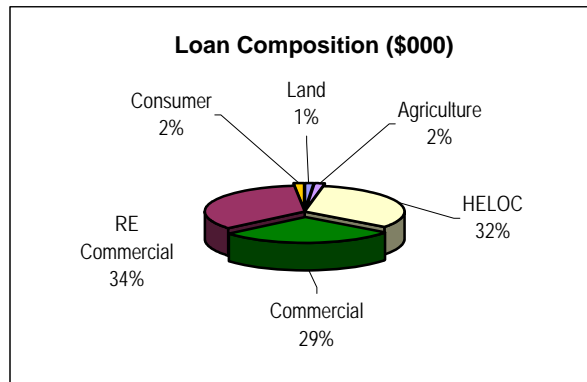
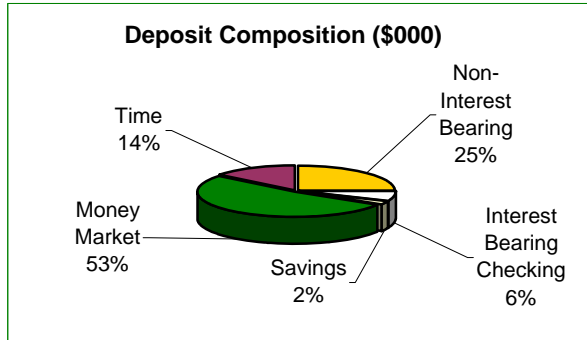
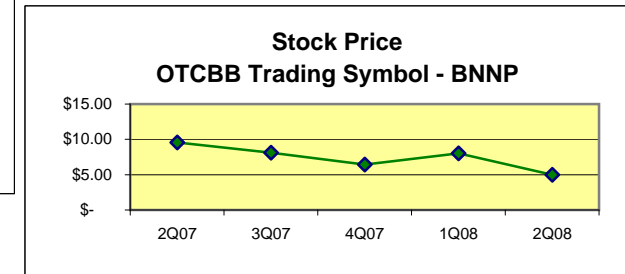
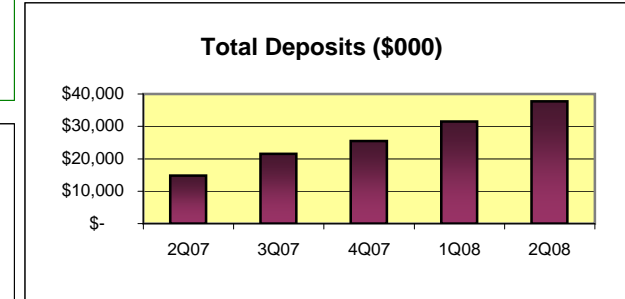
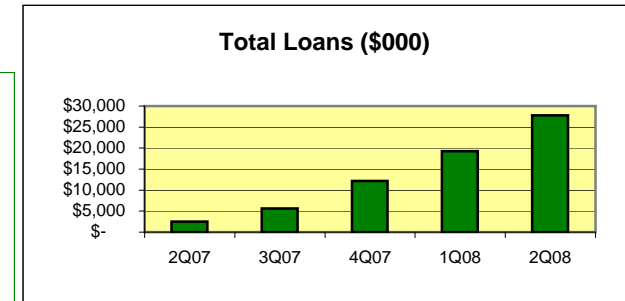
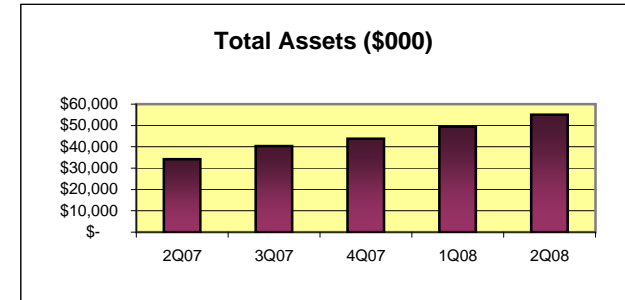
Second Quarter Report - June 30, 2008
Balance Sheet
 (Unaudited)

	June 30, 2008	June 30, 2007
Assets		
Cash and due from banks	\$ 5,172,000	\$ 827,000
Federal funds sold	5,280,000	25,540,000
Investment securities	15,270,000	3,494,000
Total loans	27,803,000	2,498,000
Less: allowance for loan losses	272,000	47,000
Net Loans	27,531,000	2,451,000
Premises and equipment, net	915,000	1,040,000
Other assets and interest receivable	953,000	822,000
Total Assets	\$ 55,121,000	\$ 34,174,000

	June 30, 2008	June 30, 2007
Liabilities and Shareholders' Equity		
Demand deposits	\$ 9,433,000	\$ 2,133,000
Interest checking	2,389,000	1,600,000
Savings	859,000	650,000
Money market	19,730,000	7,210,000
Time deposits	5,329,000	3,261,000
Total deposits	37,740,000	14,854,000
Other liabilities and interest payable	235,000	194,000
Total liabilities	37,975,000	15,048,000
Common stock	11,442,000	11,441,000
Surplus	11,708,000	11,541,000
Accumulated other comprehensive income	(168,000)	(6,000)
Retained earnings	(5,067,000)	(3,041,000)
Net loss year-to-date	(769,000)	(809,000)
Total shareholders' equity	17,146,000	19,126,000
Total liabilities and equity	\$ 55,121,000	\$ 34,174,000

	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
Statement of Operations (Unaudited)		
Interest and fees on loans	\$ 603,000	\$ 134,000
Interest on investments and fed funds	498,000	664,000
Total interest income	1,101,000	798,000
Deposit interest expense	279,000	163,000
Net interest income	822,000	635,000
Other operating income	102,000	12,000
Salaries and benefits	846,000	810,000
FF&E and occupancy expense	232,000	216,000
Other	453,000	410,000
Total operating expenses	1,531,000	1,436,000
Loss before provision and income taxes	(607,000)	(789,000)
Provision for loan losses	161,000	20,000
Provision for income taxes	1,000	-
Net loss	\$ (769,000)	\$ (809,000)
Net loss per share	\$ (0.34)	\$ (0.35)

	June 30, 2008	June 30, 2007
Book value per share	\$ 7.49	\$ 8.36
Earnings per share	\$ (0.34)	\$ (0.35)
Return on average assets	-3.05%	-5.33%
Return on average equity	-8.75%	-8.35%
Net interest margin	3.50%	4.43%
Efficiency ratio	165.69%	221.95%
Equity to Assets	31.11%	80.46%
Nonperforming assets to assets	0.00%	0.00%
Loan to deposit ratio	73.67%	16.50%
Loan loss reserve to loans	0.98%	1.88%



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