



BANK OF NAPA, N.A.

October 29, 2009

Dear Fellow Bank of Napa Shareholder,

Bank of Napa continues to make steady and consistent progress towards the goal of attaining profitability, and our credit quality and capital level remain strong. As of September 30, 2009, the bank's total deposits equaled \$61.6 million, an \$18.0 million annual increase. Loan balances at the end of the third quarter of 2009 were \$57.2 million, an increase of \$18.6 million since September 30, 2008. Bank of Napa had total assets of \$78.5 million at September 30, 2009, representing a \$17.7 million or 29.1% annual increase.

Through September 2009, the bank reported a net loss of \$542,000, an improvement of \$547,000 over the \$1,089,000 loss incurred through September of 2008. In the third quarter of 2009, the bank's net loss was \$210,000, a marked improvement over the third quarter 2008 loss, which was \$320,000.

At September 30, 2009, the bank had equity capital of \$16.5 million, and all capital ratios were in excess of the regulatory definition for a "well capitalized" designation. During the third quarter, Bank of Napa underwent its annual "safety & soundness" examination from our primary regulator, the Office of the Comptroller of the Currency, in satisfactory fashion.

Make no mistake, our board of directors and senior management team will continue to focus on growing a balance sheet of quality. You should also know that we are paying particular attention to the goal of attaining profitability, which we believe will be attained in the very near future.

Our strong balance sheet and steady growth are serving us well in these historic and tumultuous times. In fact, we intend to leverage this strength in future advertising with our slogan of "We Take Banking Seriously". What with troubled financial institutions and a general lack of consultative services offered by many banks, the safety provided to customers via our credit quality and capital level, in combination with the superior service offered by Bank of Napa, is being acknowledged in the Napa Valley marketplace.

We thank you for your support, and look forward to continuing to serve you as both a shareholder and customer of Bank of Napa.

Sincerely,

Malcolm A. Mackenzie

Chairman of the Board

M. Thomas LeMasters

President & Chief Executive Officer



BANK of NAPA, N.A.
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Third Quarter Report - September 30, 2009

Balance Sheet
(Unaudited)

	September 30,	
	2009	2008
Assets		
Cash and due from banks	\$ 2,371,000	\$ 4,578,000
Federal funds sold	8,690,000	5,110,000
Investment securities	9,091,000	10,874,000
Total loans	57,181,000	38,564,000
Less: allowance for loan losses	795,000	384,000
Net Loans	56,386,000	38,180,000
Premises and equipment, net	724,000	886,000
Other assets and interest receivable	1,251,000	1,158,000
Total Assets	\$ 78,513,000	\$ 60,786,000
Liabilities and Shareholders' Equity		
Demand deposits	\$ 13,300,000	\$ 10,580,000
Interest checking	5,464,000	3,168,000
Savings	1,559,000	841,000
Money market	21,565,000	19,301,000
Time deposits	19,724,000	9,714,000
Total deposits	61,612,000	43,604,000
Other liabilities and interest payable	412,000	219,000
Total liabilities	62,024,000	43,823,000
Common stock	11,442,000	11,442,000
Surplus	11,934,000	11,761,000
Accumulated other comprehensive income	140,000	(84,000)
Accumulated deficit	(6,485,000)	(5,067,000)
Net loss year-to-date	(542,000)	(1,089,000)
Total shareholders' equity	16,489,000	16,963,000
Total liabilities and equity	\$ 78,513,000	\$ 60,786,000

Selected Ratios

	September 30,	
	2009	2008
Book value per share	\$ 7.20	\$ 7.41
Earnings per share	\$ (0.24)	\$ (0.48)
Return on average assets	-1.03%	-2.75%
Return on average equity	-4.34%	-8.31%
Net interest margin	4.42%	3.68%
Efficiency ratio	123.54%	155.18%
Equity to assets	21.00%	27.91%
Nonperforming loans to assets	0.00%	0.00%
Loan to deposit ratio	92.81%	88.44%
Loan loss reserve to loans	1.43%	1.00%

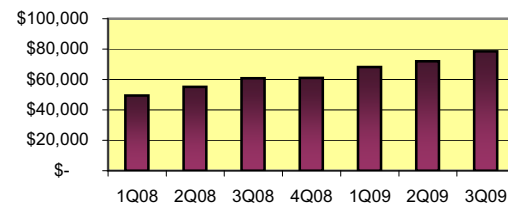
Statement of Operations
(Unaudited)

	Nine Months Ended	
	2009	2008
Interest and fees on loans	\$ 2,343,000	\$ 1,124,000
Interest on investments and fed funds	249,000	636,000
Total interest income	2,592,000	1,760,000
Deposit interest expense	515,000	417,000
Net interest income	2,077,000	1,343,000
Other operating income	215,000	134,000
Salaries and benefits	1,405,000	1,270,000
FF&E and occupancy expense	354,000	344,000
Other	807,000	678,000
Total operating expenses	2,566,000	2,292,000
Loss before provision and income taxes	(274,000)	(815,000)
Provision for loan losses	267,000	273,000
Provision for income taxes	1,000	1,000
Net loss	\$ (542,000)	\$ (1,089,000)
Net loss per share	\$ (0.24)	\$ (0.48)

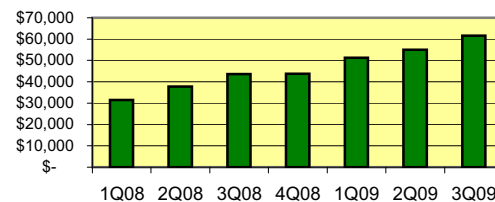
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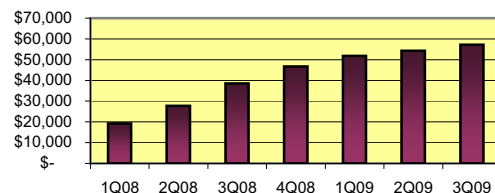
Total Assets \$(000)



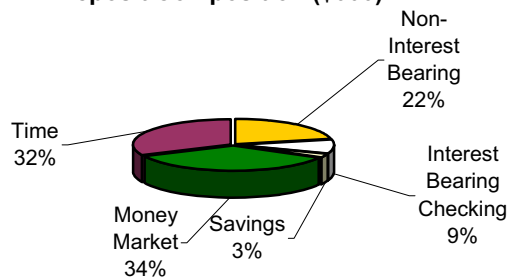
Total Deposits \$(000)



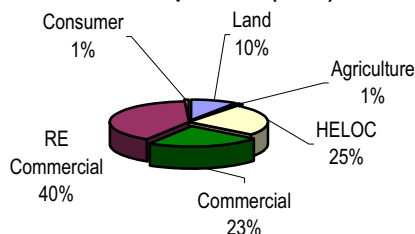
Total Loans \$(000)



Deposit Composition (\$000)



Loan Composition (\$000)



Stock Price
OTCBB Trading Symbol - BNNP

