



BANK OF NAPA, N.A.

April 22, 2009

Dear Fellow Bank of Napa Shareholder,

Despite the continued tumult in our national economy, we are pleased to tell you that our bank experienced significant growth in the first quarter of 2009. The bank's total deposits at March 31, 2009 were \$51.2 million, an increase from the same period last year of \$19.7 million. Loan balances at the end of the first quarter of 2009 were \$51.8 million, an increase of \$32.5 million. Bank of Napa had total assets of \$68.2 million at March 31, 2009, representing an \$18.7 million or 37.8% increase since March 31, 2008.

In the first quarter of 2009, the bank reported a net loss of \$197,000, an improvement of \$227,000 over the \$424,000 loss incurred in the first quarter of 2008. Attaining profitability is our major focus, and we continue to make steady progress. Our bank is meeting budgeted expectations, and is making progress towards attaining profitability commensurate with our strategic plan.

In past letters to you, we have noted that we were pleased with our balance sheet growth, the diversity of our loan portfolio, and our financial position as measured by our equity capital, liquidity, and credit quality. We continue to hold this view, as evidenced by the accompanying charts. At March 31, 2009, the bank had equity capital of \$16.7 million, and all capital ratios were in excess of the regulatory definition for a "well capitalized" designation. Bank of Napa's balance sheet, capital level, and liquidity remain sound.

The status of the economy has caused many people to be reluctant to change financial institutions, believing that they should "just sit tight". Fortunately, we have an experienced team of employees who, after working with each prospective client, are able to overcome this objection by providing sound advice and counsel. Their efforts have resulted in a consistent increase in the number of relationships, and allowed customers to recognize and appreciate the safety and service provided by Bank of Napa.

We would like to encourage you to visit our bank's website [www.thebankofnapa.com](http://www.thebankofnapa.com). Once there, you will find information useful to shareholders and customers. For those of you who are yet to enjoy our banking service, we have made available a *Switch Kit* to ease your transition as a Bank of Napa customer. You can also learn about Desk Top Banking, Business On-Line Banking and On-Line Bill Pay when visiting our website.

We wish to remind you that Bank of Napa's Annual Meeting of Shareholders is set for May 20, 2009. The meeting will be held at the bank's office at 2007 Redwood Road, and will begin at 6:00 pm. You may view proxy statement and annual report information at <http://www.cfpproxy.com/6070>.

If you have questions about our bank, our website, or wish to be included on our e-mail list, please give us a call. We thank you for your continued support, and look forward to seeing you at our annual meeting, and as a customer of Bank of Napa.

Sincerely,

Richard N. Anderson

Chairman of the Board

M. Thomas LeMasters

President & Chief Executive Officer



**BANK of NAPA, N.A.**  
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**First Quarter Report - March 31, 2009**  
**Balance Sheet**  
 (Unaudited)

	March 31,	
	2009	2008
<b>Assets</b>		
Cash and due from banks	\$ 8,243,000	\$ 2,443,000
Federal funds sold	-	5,690,000
Investment securities	6,781,000	20,320,000
Total loans	51,782,000	19,253,000
Less: allowance for loan losses	628,000	205,000
<b>Net Loans</b>	<b>51,154,000</b>	<b>19,048,000</b>
Premises and equipment, net	808,000	954,000
Other assets and interest receivable	1,230,000	1,042,000
<b>Total Assets</b>	<b>\$ 68,216,000</b>	<b>\$ 49,497,000</b>
<b>Liabilities and Shareholders' Equity</b>		
Demand deposits	\$ 10,424,000	\$ 7,225,000
Interest checking	4,749,000	2,683,000
Savings	1,309,000	957,000
Money market	17,516,000	15,203,000
Time deposits	17,201,000	5,452,000
<b>Total deposits</b>	<b>51,199,000</b>	<b>31,520,000</b>
Other liabilities and interest payable	316,000	222,000
<b>Total liabilities</b>	<b>51,515,000</b>	<b>31,742,000</b>
Common stock	11,442,000	11,442,000
Surplus	11,851,000	11,655,000
Accumulated other comprehensive income	90,000	149,000
Accumulated deficit	(6,485,000)	(5,067,000)
Net loss year-to-date	(197,000)	(424,000)
Total shareholders' equity	16,701,000	17,755,000
<b>Total liabilities and equity</b>	<b>\$ 68,216,000</b>	<b>\$ 49,497,000</b>

**Selected Ratios**

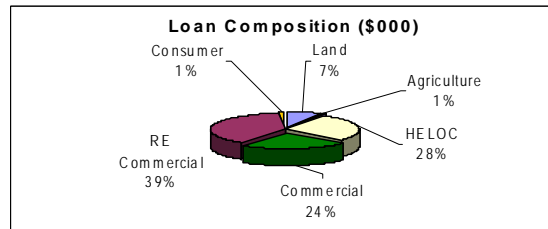
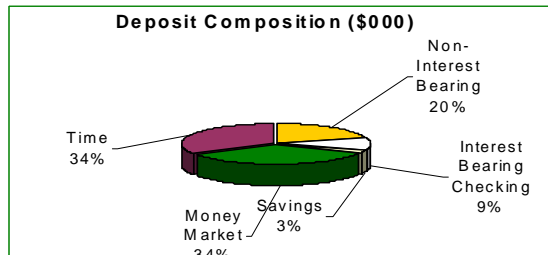
	March 31,	
	2009	2008
Book value per share	\$7.30	\$7.76
Earnings per share	(\$0.09)	(\$0.19)
Return on average assets	-1.20%	-3.55%
Return on average equity	-4.74%	-9.54%
Net interest margin	4.47%	3.31%
Efficiency ratio	137.91%	194.55%
Equity to assets	24.48%	35.87%
Nonperforming loans to assets	0.00%	0.00%
Loan to deposit ratio	101.14%	60.43%
Loan loss reserve to loans	1.21%	1.06%

**Statement of Operations**  
 (Unaudited)

	First Quarter March 31,	
	2009	2008
Interest and fees on loans	\$ 712,000	\$ 239,000
Interest on investments and fed funds	87,000	296,000
Total interest income	799,000	535,000
Deposit interest expense	166,000	150,000
<b>Net interest income</b>	<b>633,000</b>	<b>385,000</b>
<b>Other operating income</b>	<b>144,000</b>	<b>35,000</b>
Salaries and benefits	485,000	423,000
FF&E and occupancy expense	116,000	114,000
Other	272,000	212,000
<b>Total operating expenses</b>	<b>873,000</b>	<b>749,000</b>
Loss before provision and income taxes	(96,000)	(329,000)
Provision for loan losses	100,000	94,000
Provision for income taxes	1,000	1,000
<b>Net loss</b>	<b>\$ (197,000)</b>	<b>\$ (424,000)</b>

Net loss per share

\$ (0.09) \$ (0.19)



Member  
**FDIC**

