CPP **ANNUAL USE OF CAPITAL SURVEY - 2010**

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Presidio Bank

Person to be contacted regarding this report:	Edward J. Murphy	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	165	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,080,000	FDIC Certificate Number: (For Depository Institutions)	58325
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Nov 20, 2009	City:	San Francisco
Date Repaid[1]:	N/A	State:	California

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	During 2010 the bank increased its total loans by 19% to $259 million from $218 million.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Presidio Bank primarily increased its lending to small and mid-sized businesses and commercial real estate (CRE) loans during 2010. Loans to small and mid-sized businesses increased over $22 million, approximately a 33% increase. CRE loans increased over $25 million or approximately 23%.
☐	Increase securities purchased (ABS, MBS, etc.).	

☐ Make other investments	
☐ Increase reserves for non-performing assets	
☐ Reduce borrowings	
☐ Increase charge-offs	
☐ Purchase another financial institution or purchase assets from another financial institution	
☐ Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP capital infusion allowed the bank to maintain its organic growth while maintaining strong capital ratios. The funds have allowed Presidio to defer capital raising activities until such time that market conditions are more favorable while continuing to grow and to lend within the communities the bank serves.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Presidio Bank was able to grow assets by 19% to $292 million from $244 million and increase its deposit base by 27% to $247 million from $194 million while maintaining strong capital levels. CPP funds helped facilitate strengthening of Presidio's balance sheet, increasing liquidity while reducing FHLB debt and adding longer-term liabilities in the form of three to five year term brokered deposits.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

During 2010 the bank was able to open a regional office in Palo Alto, California to serve small and mid-sized businesses on the San Francisco Peninsula. The CPP funds provided an appropriate capital cushion so that Presidio could expand its reach onto the Peninsula, ensuring that the bank could book the increased volumes of loans and deposits generated by this new office while maintaining a strong capital position.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.