



MESSAGE FROM THE CEO



During the first quarter, the groundwork for the recovery of the US economy was laid, primarily through the \$787 billion stimulus package of tax cuts and government spending to spur growth, as well as the Federal Reserve's actions in reducing interest rates.

Simultaneous with that, consumer spending increased slightly in the first quarter, rising at a 2.2 percent annual rate for the first time since the middle of last year, but job losses continued to dominate news headlines.

These powerful economic events buffeted Alta Alliance during the first three months of the year, as they did all banks in the country, but we have held our own. Our assets increased to \$150.1 million in the first quarter, from \$138 million as of December 31, 2008. Thanks to the strength of our deposit-gathering team of bankers, we saw an uptick in deposits to \$136.1 million in the first quarter, from \$113.3 million at the end of last year. Additionally, our parent company, Western Alliance Bancorporation, and all five banks in its network each have total capital levels that exceed the levels considered to be "well capitalized" by federal banking regulations.

Our focus on niche industries continues to be successful and we have expanded this approach, adding single-family, residential construction lending to our mix. With our new construction lending team in Los Altos and a recently hired construction lender in Oakland who serves Alameda and Contra Costa counties, we are gaining traction in this area. What our customers realize on a daily basis is that we understand the specific banking requirements of the segments we serve, and have banking specialists who work one on one with each of them to address their financial needs

As we move into the second quarter, the questions still remain: Will consumer spending hold up? Will job losses ease? We have no answers, but we can tell you that we will continue to work hard and focus on our strengths so that Alta Alliance continues to grow and flourish.

Arnold Grisham

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Chief Executive Officer

BULLISH ON WINE



“In wine there is truth...”

That ancient Roman proverb remains true today, but as Alta Alliance has discovered, in wine there is also an emerging business opportunity for the bank.

Through the efforts of Banker **Mike Farstad**, a wine – industry specialist who understands the intricate financing needs of vintners and wine-grape growers, the bank has booked several deals with Napa and Sonoma county vintners who make both premier and mass-market wines.

“Most people in the wine industry we talk to are bullish, despite the economy,” he says. “That’s because there is always a market for their wines. When times are soft, as they are now, the less-expensive wines, such as those

in the \$5 to \$15 range, sell well, and when times are good, the more expensive wines sell equally well,” he explains.

“Financing the wine industry is a real specialty, and not many banks want to take the time to understand the process in winemaking – which starts at the land and ends in the bottle,” he says. “Alta Alliance does, and word of mouth is spreading about us.”

Besides meeting the lending needs of growers and vintners, the bank also offers services such as inventory financing and leasing for equipment, besides business checking and deposit accounts.

Currently, Mike is working with prospective customers from San Luis Obispo, Napa, Livermore, Mendocino and Morgan Hill on banking relationships. These leads emerged from an email campaign Alta Alliance launched in concert with Vintage Capital Company in Sonoma, which is partnering with the bank to expand financing options for wineries and wine grape growers. ♦

YOUTH UPRISING

One of Alta Alliance’s newest customers is a striking example of the role a community bank can play beyond its role in forging a partnership that helps an organization thrive financially.

Youth Uprising (YU) is a nonprofit organization dedicated to the advancement of youth leadership to create positive community change. It offers a wide range of programs and services that help young people increase their creativity, strength and skill as effective leaders who are competitive in the marketplace. The organization grew out of the needs articulated by Oakland youth in 1997 after racial tension at Castlemont High School erupted into violence.

In the meetings the bank had Youth Uprising to discuss their banking relationship with Alta Alliance, Banker

Daryle Whyte let their management know that the bank could help in other ways. Daryle is chairman of 100 Black Men of the Bay Area and discussed ways in which that organization could dovetail with YU’s ongoing work.

“We discussed potential youth mentoring activities and partnering on certain programs,” he says. “Also, we discussed how 100 Black Men could serve as a partner between YU and the Oakland Police Department in building stronger, most positive relationships between the police and young people in Oakland.”

“This represents the essence and the best of community banking,” says **Sedrick Tydus**, COO. “It melds our financial abilities with the volunteer activities of each of our bankers and brings that combination to the role we play with our customers.” ♦

