

## MESSAGE FROM THE CEO



To Our Investors—

Last July there was an entertaining, insightful column in the *New York Times* called “When the Banker Knows Your Mother.” The viewpoint of the piece was this: ethical community banks that deliver true personal service and can offer customized, creative solutions that address their customers’ financial needs would be the ones who continue to prosper, despite the encroachment of Internet banks and the high interest they offer on deposit accounts, and despite the scope and power of the mega-banks.

Now, half a year later, those words seem prescient, especially with regard to many mega-banks that have tumbled badly in past months and how community banks like Alta Alliance have prospered.

While it was not an easy fourth quarter for some of our customers, we have helped them navigate the financial issues they faced, while continuing to develop business in market segments that are our strength. We learned a lot in 2008.

Our strategic plan to focus on customer segments that have traditionally been largely overlooked by bigger banks continues to work for us. Word-of-mouth keeps spreading about the high touch of our customer service and the high tech of the offerings we can provide to customers in niche markets such as nonprofit groups, faith-based organizations and small business professionals.

After two years in business, we still hear surprise and delight from new customers who never before had access to technology-based services like e-Deposit, or high-touch offerings like our Courier Service and or the 24/7 accessibility of our bankers. In 2009, we plan to focus our marketing and advertising efforts even more vigorously on reaching deeply into our “sweet spot” of customer markets, and are excited by the potential business results.

As of the fourth quarter 2008, Alta Alliance Bank reported assets of \$138 million, up 11 percent from third quarter 2008; deposits of \$113.3 million, up 36 percent from third quarter 2008; and loans of \$93.9 million, up 21 percent from third quarter 2008.

As we enter the new year, we remain dedicated to ongoing business development that will strengthen and expand our reach, both geographically and by market segment, and we appreciate your support.

*Arnold Grisham*

Arnold Grisham  
Chief Executive Officer

## NEW EMPLOYEES, NEW MARKETS

Four new employees have joined the bank, opening up market opportunities for construction lending throughout the Bay Area.

**Natalie Taaffe, Sandra Swenson** and **Maria Ybarra** joined as a construction lending team in the fourth quarter 2008 and are based in a new Alta Alliance office in Los Altos. **Margaret Lowell** joined the Oakland office, also in construction lending.

Natalie, Sandra and Maria had previously been with Vineyard Bank. At Alta Alliance, they will be working with general contractors, developers, realtors and architects to introduce them to the bank's products and services, and to build the bank's construction lending portfolio.

A Senior Vice President and Division Manager of Construction Lending, Natalie has more than 20 years of independent banking experience. She is a fifth-generation Californian, with deep historic ties to the Bay Area and its development. She traces ancestors back to the Murphy-Stevens party, the first wagon train to successfully traverse the Sierras in 1844 and settle in California. Another ancestor founded Sunnyvale. More recently, her father has had his own successful construction company.



*Natalie Taaffe*

"I am delighted with the opportunity to represent Alta Alliance in a new market and look forward to helping current clients with their construction lending needs, while expanding the bank's customer base on the Peninsula," she says.



*Sandra Swenson*

Sandra brings more than 20 years of experience to her role as Vice President and Construction Loan officer in Alta Alliance's new office. Maria completes the Los Altos team, and brings experience as a construction portfolio officer and credit administration executive to her role as Vice President and Construction Loan Portfolio Manager.



*Maria Ybarra*

In Oakland, Margaret joined the Oakland Office as Vice President and Construction Lender, bringing 20 years of experience in this industry to customers and prospects of Alta Alliance. She focuses primarily on luxury single-family residential construction loans. "I fell I love with this type of lending early in my career; it is rewarding to me personally to help customers build their dream house or renovate and older home that has historical or nostalgic meaning to them," she says.



*Margaret Lowell*

With these experienced construction lenders in place, the bank has positioned itself for continued strategic growth in a targeted, niche market.

## BUILDING THE ALTA ALLIANCE BRAND

**"Expect the Best." "Experience the Difference."** Last year, that tag line in the bank's advertising captured a key message that Alta Alliance wants to convey about its particular brand of customer service and broad range of products. Ads appeared in Bay Area magazines, selected community newspapers and industry publications as part of the bank's brand-building campaign.

In 2009 the bank is fine-tuning its approach and you can expect to see ads with that tag line in publications that reach very specific audiences such as faith-based organizations, nonprofit groups, women-owned businesses and professionals.

"Our goal is to see if a micro-strategy yields more measurable bottom-line results than simply building awareness, which was our goal for last year's campaigns," says COO Sedrick Tydus. "We believe it will, which will be important in this current economic environment.