



**CALIFORNIA
REPUBLIC
BANK**

July 23, 2008

Dear Customers, Shareholders and Friends,

At a time when most Financial Institutions are struggling with poor asset quality and its effect on earnings, California Republic Bank is taking advantage of the opportunities this environment creates. Our **CAPITAL STRENGTH, ABUNDANT LIQUIDITY, and OUTSTANDING ASSET QUALITY** create a unique position to support growth and create future profitability.

A few of the facts are:

CAPITAL is strong. California Republic Bank has one of the highest capital ratios of any bank in the state at 39.6% as of June 30, 2008 compared with an average for all California banks at 11.5%. Equity capital is three and one half times the state average for all banks.

LIQUIDITY is abundant. Liquid assets as a percentage of total assets are 66.9% as of June 30, 2008, one of the highest liquidity ratios of any California bank. Funding is provided by bank customer deposits and equity capital with absolutely no dependence on risky purchased or hot money.

ASSET QUALITY is outstanding. The bank has no risky construction or subprime loans or investments. We have no past due, non accrual, or non performing assets.

Dollars in Thousands as of June 30, 2008 Unaudited

Total Assets	\$125,868
Equity Capital	\$49,888
Liquid Assets	\$84,205

California Republic Bank is financially well positioned to support strong growth and future earnings. Your support and confidence are appreciated. We look forward to the rest of the year with great optimism.

Respectfully submitted,


Robert P. Bulseco
Chief Executive Officer