

## Branch Locations & Hours

<b>COLMA</b> 1300 El Camino Real Colma, CA 94014 -ATM Only-	<b>MILLBRAE/SAN BRUNO</b> 1551 El Camino Real Millbrae, CA 94030 650 871.4400 Monday-Thursday 9AM-5PM Friday 9AM-6PM Saturday 9AM-1PM	<b>PESCADERO</b> 239 Stage Road Pescadero, CA 94060 650 879.0785 Monday-Thursday 9AM-4PM Friday 9AM-6PM	<b>SAN FRANCISCO</b> 65 Post Street San Francisco, CA 94014 415 781.0600 Monday-Friday 9AM-5PM	<b>SOUTH SAN FRANCISCO</b> 975 El Camino Real South San Francisco, CA 94080 650 583.8450 Monday-Thursday 9AM-5PM Friday 9AM-6PM Saturday 9AM-1PM
<b>DALY CITY</b> 6600 Mission Street Daly City, CA 94014 650 992.8800 Monday-Friday 9AM-6PM Saturday 9AM-1PM	<b>PACIFICA</b> 164 Eureka Square Shopping Center Pacifica, CA -ATM Only-	<b>REDWOOD CITY</b> 700 El Camino Real Redwood City, CA 94063 650 299.0700 Monday-Friday 9AM-6PM	<b>SAN MATEO</b> 150 E. Third Avenue San Mateo, CA 94401 650 340.1033 Monday-Thursday 9AM-5PM Friday 9AM-6PM Saturday 9AM-1PM	
<b>HALF MOON BAY</b> 756 Main Street Half Moon Bay, CA 94019 650 726.6373 Monday-Thursday 9AM-5PM Friday 9AM-6PM Saturday 9AM-1PM	<b>PACIFICA</b> 1450 Linda Mar Shopping Center Pacifica, CA 94044 650 359.5811 Monday-Thursday 9AM-5PM Friday 9AM-6PM Saturday 9AM-1PM	<b>SAN FRANCISCO</b> 699 Portola Drive San Francisco, CA 94127 415 661.4800 Monday-Thursday 9AM-5PM Friday 9AM-6PM	<b>SOUTH SAN FRANCISCO</b> 211 Airport Blvd. South San Francisco, CA 94080 650 873.0211 Monday-Friday 9AM-6PM	



Scott Buschman  
Photography

## Community Banks Get a Bad Rap

The financial mayhem that has hammered the economy of the United States and brought other countries to the brink of insolvency has regularly been blamed on the actions of banks. Much of the criticism is deserved. What has been missing from this often vitriolic discussion is a clearer understanding of just who these “banks” are.

While banks are members of the same genus, their species are distinctly different. Multinational, nationwide, regional and community banks compose the traditional hierarchy. Add to the mix; investment banks, hedge funds, insurance companies and other non bank financial organizations that are often referred to as shadow banks. Shadow banks do not take deposits, but lend money without much of the regulatory oversight common to commercial banks and have a much higher risk profile. So, when hearing how banks have savaged the economy

through excessive risk taking and greed, the reference should not apply to community banks like First National Bank of Northern California.

With the ongoing castigation of banks in the press, many community banks have taken a reputational beating, and if publically owned, seen their stock values plummet. Why, it’s guilt by association! Many community banks don’t make mortgage loans; often they don’t have the necessary infrastructure or can’t compete with rates offered by larger institutions. Those community banks that do offer mortgages generally provide traditional home loans and avoid the sub-prime market like the plague. Sadly, some got into subprime lending and are no longer in existence to tell us what a major error in judgment they made. Subprime lenders were subject to massive foreclosures and enormous write downs of capital and capital is the lifeblood of any bank.

Community banks, like First National Bank of Northern California, provide many benefits to local communities. A safe depository for customer’s money and that money stays in that community. It’s not sent out of the county or state. Local banks provide jobs to local residents and loans that may otherwise be too outside the box for the more rigid policies of larger banks. Many provide financial and volunteer support to the communities they serve, increasing the quality of life for people in their communities. The community bank model is actually quite simple, and centuries old; take local deposits from the local community and lend those dollars to local creditworthy borrowers who commit

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to repay the principal and interest. No collateralized mortgage or debt obligations, hedges or derivatives; if we have to look up the definition of a product in the dictionary, chances are we don’t offer that product.

In most cases when someone borrows from a community bank they are known to the bank, or have been referred to the bank by someone known to the bank. Everyone wins when times are good, but we all know it’s not a perfect world and inevitably, some borrowers run into unexpected difficulty in repaying their loan according to the agreed upon terms. This difficulty was magnified exponentially by the misdeeds of the denizens of Wall Street which sent the economy into freefall through their perilous and self serving Vegas style bets. Most Americans and businesses have been negatively impacted in one way or another. One can only speculate what excesses may have been taken

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thousands of years ago to a borrower who fell behind on payments, (perhaps today, many may believe that Wall Street should suffer the same indignities) however, First National Bank of Northern California, and all banks for that matter, want their borrowers to succeed and see the bank's investment protected as well. The defining difference is in how banks respond in difficult times. At the first sign of credit weakening, we will sit down with a borrower and work diligently to explore reasonable options to help the borrower fulfill his or her obligation. Larger institutions, impersonal and known to carry a big stick, are infamous for calling the loan of a troubled borrower, demanding complete and immediate repayment of principle and interest, and then showing the borrower the door. As we have all seen over the past five years, there is a significant difference between the ethos and ethics of Wall Street and Main Street.

So, next time you hear or read about the egregious avarice, greed and excess of banks, take a minute to think about who is being characterized. Very likely you can eliminate First National Bank of Northern California and other community banks from the conversation. Oh, and try to get the Chief Executive Officer on the phone at one of the regional or large banks, don't hold your breath!■

*This is an excerpt from an article that Tom McGraw writes for Examiner.com in the Business and Finance on-line section*

## How Safe is Your Debit Card?

### WE'VE GOT YOUR BACK WITH OUR NAME MISMATCH PROGRAM

**D**ebit card fraud is on the rise, and it usually happens when your card is skimmed. Thieves setup a small electronic device (skimmer) on an ATM machine, gas pump, or at a retail outlet—and collect the sensitive information programmed into your card's magnetic strip.

Then the thieves make a counterfeit card with a fake name, and go shopping. They sign for purchases, the charges go through—and you don't find out until it's too late. (This type of signature-based fraud is much easier to implement than the pin-based variety.)

When we submit your fraud claim, we get a signed receipt back from the merchant, and even though it does not show your signature or name, we are liable for that transaction. This is where the Name Mismatch Program comes in—it has the two-fold purpose of protecting your money from thieves and protecting the bank from having to pay claims due to fraudulent activity.

### HOW NAME MISMATCH WORKS

There is already a name embedded in the magnetic strip on the back of your card. With our new program, this name must match the name on the front of your card, or the transaction is denied. For example, you are Bill Jones and your debit card is skimmed. A fake card is generated with the name John Smith on the front. When the thief tries to use the card for a signature-based transaction, it will be denied because there is a name mismatch.

With programs such as Name Mismatch, we are trying to do as much as possible to protect our customers from fraud.■



## Online Account Opening

There's been this ugly rumor going around that free checking is a thing of the past. "Free Checking is disappearing", claimed the Huffington Post. USA Today told us to "say goodbye to Free Checking"\*. While this may be true for some banks, who shall remain unnamed in the interest of avoiding the rumor mill, First National Bank continues to lead the charge to offer quality customer service and products to our loyal customers via Online Account Opening with eFree Checking.

In spring 2011, First National Bank will be launching an Online Account Opening service available through our website, [www.fnbncal.com](http://www.fnbncal.com). As our community becomes more tech savvy and connected through the web, we strive to meet the changing needs of our customers and expand our definition of what customer service is. Soon, new and existing customers will have the convenience of opening an account from the comfort of their homes. Online account opening also gives us a chance to welcome new members to our family; residents of the nine Bay Area counties will have the opportunity to join First National Bank without worrying about a lengthy commute.

Where's the free checking? With the introduction of Online Account Opening we will be offering our newest product eFree Checking. This account comes with all the amenities of our other checking accounts but is designed for the online user. When opening an eFree Checking through our website, the customer will also enroll in free Personal Online Banking and eStatements. Rather than receive paper statement in the mail, an email notification will be sent when an electronic statement is ready to be reviewed online. Paperless statements, or eStatements, allow us to continue offering free checking to our customers. You will be able to use your debit card for purchases online and in stores, write unlimited checks (the basic style is on us), or try our online Bill Payment service free for the first three months. And yes, you can still walk into a branch and talk to a teller without worrying about obscure fees popping up on your next eStatement.

There is a kernel of truth to every rumor and unfortunately many banks are abandoning the notion of a free checking account. Times are changing and so is the concept of free checking and how people do their banking. Online Account Opening and eFree Checking give us the chance to continue offering outstanding service and products that meet the ever-evolving needs of our community without forgetting who we are: The Family Bank.■

*\*To read the above mentioned article, please type in the following url:  
[http://www.usatoday.com/money/industries/banking/2010-10-23-free-checkingaccounts\\_N.htm?csp=34money](http://www.usatoday.com/money/industries/banking/2010-10-23-free-checkingaccounts_N.htm?csp=34money)*

"Free checking is," NOT "a thing of the past. First National Bank continues to lead the charge to offer quality customer service and products to our loyal customers via Online Account Opening with eFree Checking."

### When considering whether to enroll, think about the benefits of eStatements:

- Increase security by limiting exposure of your banking information
- Reduce clutter by storing bank statements in paperless format
- Make a positive impact on the environment by eliminating the need for paper statements
- Gain immediate access to bank statements as they become available



## Bank Compliance: A New Focus

Following 9/11 and passage of the USA PATRIOT Act, the bank compliance spotlight was on terrorism and money laundering. And, while these concerns remain in the forefront for banks and regulators, the focus has shifted to the abuses of the home mortgage industry.

### DODD-FRANK ACT

The thrust of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which passed on July 21, 2010, is the following:

- Protect the consumer from abusive practices
- Increase the regulatory supervision of financial institutions
- Strengthen mortgage regulation

Among other things, the Dodd-Frank Act contains a long list of changes to mortgage practices and disclosures. The idea is to prevent a reoccurrence of the subprime mortgage meltdown where people were steered into predatory home loans, and ultimately could not afford the repayments. These very same mortgages became the shaky foundation for mortgage-backed securities that Wall Street financial institutions marketed worldwide.

### COMPLIANCE—WHAT'S IN IT FOR YOU?

In a few words: consumer protection. For example, financial institutions

must now disclose, up front, everything about a home loan in language that is simple and clear; no more hiding prepayment penalties or neglecting to explain that monthly payments will soon triple.

First National Bank of Northern California has never engaged in this type of predatory lending, nor has it made bad faith loan decisions or sold shady esoteric products. It follows the classic community bank model—raise local dollars and lend them to people in the community for business and home equity loans and commercial lines of credit. Conservative underwriting standards have been part of FNB's philosophy since it began, back in 1963.

### THAT \$42 CUP OF COFFEE

There have also been major changes in credit card laws, as a result of the Credit Card Act (or Credit Card, Accountability, Responsibility and Disclosure Act of 2009). One of these is that card issuers must give customers the chance to “opt-in” before imposing an overlimit fee. (Similar changes were made for the Electronic Funds Transfer Act to include debit cards.) This means you will not incur an over limit fee or a courtesy overdraft charge without your permission, and you'll avoid the surprise of \$39 tacked onto the price of your latte.

“We never offered courtesy overdraft programs. If there wasn't enough money in the customer's account when they used the debit card, it was declined. We don't try to earn money off the consumer who is not aware of exactly how much money is

in their account,” said Madeleine Lindsay, FNB's Compliance Officer.

In addition, credit card issuers cannot charge a penalty fee that exceeds the dollar amount associated with the consumer's violation of the account terms. An example: card issuers cannot charge a \$39 fee when a consumer is late with a minimum payment of \$20. The Credit Card Act also bans inactivity fees and requires 45 days notice of any rate increase.

### DO YOU SPEAK COMPLIANCE?

Compliance Officer Madeleine Lindsay and her team, Compliance Assistant Eileen Garcia and Risk Officer Assistant Yolanda Gonzalez, are fluent in compliance. They must be, in order to sort through the mass of information in the Dodd-Frank Act, including frequent mandatory compliance dates for hundreds of regulatory changes and updates. With government regulators ever more vigilant, fines for missing these deadlines are huge. We realize that some customers have credit cards with other banks and we suggest you monitor these changes, however, this might be a good time to consider moving your credit card accounts to First National Bank. We don't try to take advantage of you for being human.

So, if you happen to overhear Madeleine and her team speaking the language of compliance, which includes a vocabulary of unintelligible acronyms (such as ARM, CHARM, TILA, ECOA, HELOC, POA, OCC, EFTA, EFAA and FACTA), you'll know that they're just doing their job.■



## Introducing Lisa Angelot, Chairwoman of the Board



Scott Buschman Photography

For the very first time, First National Bank of Northern California's board of directors has appointed a woman as its chair. And why not—more and more talented women in both business and banking, such as Lisa Angelot, are being tapped for high profile positions.

“It is a challenge right now for anyone,” said Lisa. Banking and FNB are in her bloodline—Grandfather Rico Lagomarsino spearheaded the effort to organize the bank, which opened May 3, 1963. In addition, Lisa has served as a FNB board member since 1999.

To begin with, you might ask, “What exactly does the board do?” The board of directors is responsible for overall operation of the bank, and it defines policies and strategic direction, while at the same time safeguarding shareholders' investments. “We try to lead the bank in a direction that makes everybody happy: employees, shareholders, executives, customers—and we are the watchdog for the bank,” explained Lisa. As chairwoman, her job is to make sure the board stays focused on the issues.

An important issue for Lisa, and the other board members, is maintaining the bank's culture, which goes back to her grandfather and the founding tenants: take in local deposits, loan money at a local level, know your customers, and provide good service.

Lisa brings her common sense business perspective to the board's operations. Since 1992, she has managed a family trust, with property management the largest part of her responsibilities. “During my career, I've also been an employee,” she said, “One thing with the bank, that I could relate to from the beginning, was the employees. I pride myself in looking out for their best interests.”

She also looks out for those less fortunate—she volunteers with a church group that has gone to post-Katrina New Orleans every year since 2005 to paint and rehab houses.

### A WOMAN'S PERSPECTIVE

When asked, “What does a woman bring to the job that a man doesn't?” Lisa replied, “Women think differently than men. They take a little bit longer often times to make a decision. We need to process things a little bit more. The guys are able to make these snap decisions and appear so confident about it. I learned, after a while, that doesn't mean it's always right. There is nothing wrong with taking a little more time and giving it more thought.”

Until 2007 and the appointment of Merrie Turner Lightener (profiled in the Fall/Holiday 2008 issue of this newsletter), Lisa was the only woman on the board. “It's good having Merrie with us,” said Lisa.

Recently, Lisa attended a management banking conference in Chicago, and one of the other women, a frequent attendee, remarked that there were more women than she had seen previously. One of the indicators: for the first time, there was a line to the women's bathroom.■



## A Heads Up on Identity Theft from the

### South City PD

In the Fall of 2010, Detective Bob Collins of the South San Francisco Police Department visited our 975 El Camino Real branch to give a complimentary seminar on the current trends in identity theft. Since some of you were unable to attend, we thought it a good idea to recap the main points from this important and informative event.

#### IDENTITY THEFT: EVERYONE'S PROBLEM

It is the fastest growing crime in history—each year roughly 500,000 people are victims of identity theft. It happens when a criminal acquires key pieces of your personal information, such as name, address, date of birth, social security number, or mother's maiden name. With this data, the criminal can then commit numerous types of fraud against you.

While you may not have personally been a victim of identity theft, it is wise to remain vigilant. Here are some current types of this fraud that were discussed:

**Mail Theft**—This includes stealing from your home mailbox, outside the front door or at the curb. In fact, when you put your mail (such as bills with personal checks) in the curbside box and raise the flag, this is literally a “red flag” to

thieves who specialize in cruising neighborhoods. Some criminal gangs even study mail routes, determining the best time to hit many boxes at the same time. This type of theft also extends to the blue USPS mailboxes on the corner: “phishing” through the mail slot to hook envelopes, or actually pulling the box from its foundation and driving away with it.

Once the thieves have removed a signed personal check from an envelope, they can begin the process of check washing or removing the ink from two vital areas (“pay to” and dollar amount), using everyday chemicals. This creates a blank signed check, which they fill in with a new payee name and dollar amount.

**Dumpster Diving**—The criminal goal here is to find credit card or loan applications with your social security number, or the courtesy checks (with your name) that come with your credit card.

**Insider Access**—Sometimes an unscrupulous employee in a business, that has collected your personal information for a legitimate reason, will sell that info or use it to obtain credit in your name.

**Skimming**—Thieves set up a piece of electronic equipment (a skimmer, smaller

than a pager) on ATM machines and gas pumps to record your sensitive information. They can also use a skimmer to capture your credit card information at a retail outlet or restaurant. Afterwards, they create bogus ATM, debit, or credit cards—and go to work.

**Access to Your Purse or Wallet**—While an obvious way of obtaining your personal information, it is also common and very effective. The thieves break into vehicles or go into unattended offices looking for wallets or purses. They remove a credit card, copy the numbers, replace it, and create fictitious credit cards. It isn't until you get your statement that you know something is up.

**Impersonation**—Scammers pose as an employer, loan officer, or landlord

and obtain a copy of your credit history.

#### IDENTITY THEFT: HOW TO REDUCE THE RISK

You can certainly limit your exposure to identity theft and fraud by following some important guidelines. The most important is to check your credit report at least once a year. By doing this, you'll increase the chances of catching any fraudulent activity early and reduce your chances of becoming a victim.

**“Acting quickly is key—it will limit the unauthorized use of your credit identity and help speed the capture of the bad guys.”**

## Here Are Some Other Guidelines to Protect Your Identity:

#### CREDIT CARDS

- Don't carry more than two credit cards with you.
- Make copies (front and back) of all credit/debit cards in your wallet and put them in a safe place. This will help you move quickly should your wallet be stolen.
- Cancel your unused credit cards and limit the number of open credit card accounts.
- If credit card statements are late or missing, a scammer may have filed a change of address request. Check with both your post office and creditor.

#### SOCIAL SECURITY AND OTHER DOCUMENTS

- Do not carry your social security card, passport, or birth certificate with you, unless there is a specific and important reason.
- Give out your social security number only when necessary, and check your social security earnings and benefits statement once a year to make sure no one else is using your number.
- Do not print your social security or driver's license number on your checks.

#### THE MAILBOX

- Don't leave bill payment envelopes in your home mailbox; go to the post office or use an electronic bill payment system.
- Pick up new checks at the bank instead of having them mailed to your home.

#### COMMON SENSE

- Shred! Shred! Shred!—All bills, receipts, and financial information.
- Never give out personal information over the phone unless you initiate the call and have a trusted business relationship with the person.
- Shield the keypad when using an ATM.

#### IDENTITY THEFT: WHEN YOU'RE A VICTIM

Acting quickly is key—it will limit the unauthorized use of your credit identity and help speed the capture of the bad guys. For example, if a thief “hits” your mailbox and gets a hold of a payment envelope with a credit card number and personal check, immediately contact your bank and your credit card company, and then file a police report.

Even if an identity theft crime occurs in another city or state, never hesitate to go to the police department in your city of residence to file a report. They are obliged to take the information and share it with the police at the location of the crime. ■

**We know what you're thinking and — you're right. This corner doesn't need another bank.**