



Closer To Home

COMMUNICATIONS FOR
EMPLOYEES OF THE MECHANICS BANK

JANUARY 2005

PINOLE VISTA EPITOMIZES SPIRIT OF GIVING

It takes very special people to accomplish very special things. We're fortunate those kind of people work at The Mechanics Bank.

We all know the Bank supports the Richmond Firefighters' Toy Drive ... well the employees of the Pinole Vista Office decided to support it by doing more than just hosting a barrel in the office.

Instead of the normal "Secret Santa" gift exchange,

where names are picked and gifts are purchased for one another, the office's employees decided to donate \$20 each and pool the money to purchase brand new bikes and helmets for the toy drive.

"I WANT A TOY"

The idea started when Inge Clements put down on her original wish list (where everyone puts down three things that they would like for Christmas, so it is easier to buy for that person) "a toy for the

toy drive."

"Desiree Hernandez and I thought that was such an excellent idea that we both agreed to do the same," says Retail Banking Officer/Manager Brenda Crenshaw Coggins. "All the employees donated the same and some of the employees' family members and friends donated, too."

EIGHT NEW BIKES

The end result was the Pinole Vista office bought eight brand new bikes and helmets at Toys R Us, which was so impressed after Inge told them what the employees were doing that they waived the \$10-per-bike assembly fee on each bike.

Inge and her husband, Chuck, did all the shopping and the bikes were available for pickup weeks before Christmas.

"I am very proud of my staff and the individual efforts of Inge and Chuck and the support of Toys R Us," Brenda says.



WE'RE 100!

CHAIRMAN OF THE BOARD ED DOWNER AND VICE CHAIRMAN D.D. FELTON SPOKE TO MORE THAN 600 EMPLOYEES AND RETIREES ATTENDING THE KICKOFF DINNER OF THE BANK'S CENTENNIAL CELEBRATION DECEMBER 15 AT THE CONCORD HILTON.

GUESTS ENTERED UNDER A HOLLYWOOD MARQUEE AND WALKED A RED CARPET TO THE BANQUET ROOM, WHERE THEY MINGLED WITH CELEBRITY IMPERSONATORS MARILYN MONROE, ELVIS PRESLEY, ELIZABETH TAYLOR, LUCILLE BALL, CHARLIE CHAPLIN AND MICKEY MOUSE.



READY TO RIDE: YANNY RALLIS, DONNA BAKER, TERESA SLYTER, INGE CLEMENTS AND BRENDA CRENSHAW COGGINS WITH THE BIKES THEY BOUGHT FOR THE FIREFIGHTERS' TOY DRIVE.



FROM THE PRESIDENT

BY STEVE BUSTER, PRESIDENT

\$2,502,179 and other milestones

On December 9, 2004, The Mechanics Bank achieved a new milestone by exceeding total assets of \$2.5 billion. Beginning this month, we will celebrate our centennial year. It is natural to reflect on the probable thoughts of our founder Edward Downer, if he could only see us today.

Undoubtedly, our financial resources are beyond his wildest dreams, perhaps a size that only the largest banks of 1905 had achieved. Perhaps he would have admired our office network, soon to be 30, reaching from our Head Office in Richmond to San Francisco, Napa, and the Sacramento Valley. Or, it could be the sophistication of our products and services of which he would be most proud.

SOURCE OF PRIDE

Cash management, online banking, real-time processing, instant credit scoring, customized investment management, or any of our other modern capabilities could very well be the vision of his greatest pride. Think so? Well, think again.

Deeper examination of Downer family roots reveals a great deal more about our founder's likely sources of pride. It was never technological achievement,

financial footings, or the number of offices. Our Bank's culture is about doing the right thing, and it is undoubtedly the knowledge that after 100 years The Mechanics Bank is still living by its original values that would bring Edward Downer the most pride.

UNSUNG HEROES

Last month I wrote about 'unsung heroes' of the Bank. I have since visited Pinole Vista to identify the individual who so ably served our relocated Texas client, only to find that no individual would take credit. Each person recalled a number of new client experiences; however, each referred me to another employee as the likely unsung hero. No single person accepted the overdue praise.

Transition of an outgoing and incoming CEO brings many unknowns and complications to an organization. So, too, was our experience in 2004, during which the contributions of two of our senior managers were recognized as extraordinary.

They were taxed well beyond their normal job descriptions, working late hours on recruiting issues, regulatory notifications, special retirement and

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“Our Bank’s culture is about doing the right thing ... after 100 years The Mechanics Bank is still living by its original values that would bring Edward Downer the most pride.”

BOARD OF DIRECTORS

E.M. Downer, III
Chairman
Dianne Daiss Felton
Vice Chairman
Steven K. Buster
President/CEO
Deborah Downer Abono

Daniel W. Albert
John M. Bryan
Daniel M. Daiss
E. Michael Downer
Martin B. McNair
William S. Oliver

J. David Powell
Donald E. Pryde
John R. Segerstrom
Robert W. Snelling
James P. Staes
Mark F. Wilson



“I PLEDGE ALLEGIANCE ...”



Alba Vidauri, Senior Home Loan Specialist, Home Loans, Head Office, will always remember November 2, 2004.

On the day Americans elected a president, she was among 500 people who took the oath of allegiance to the United States at Masonic Auditorium in San Francisco and became citizens.

“I have here what I didn’t have in my country — freedom and peace,” says Alba, who will celebrate her 7th anniversary with the Bank in March. She came to the U.S. from El Salvador on December 31, 1984, when she was 14. Today she and her mother, brother and sister live in the Bay Area. Her mother, stepfather and brother previously became U.S. citizens. Alba’s sister, Lillian Chavez, a CSR at our Mira Vista office, was born in the U.S.

“I’ve been here for 20 years and I don’t want to go back to El Salvador,” says Alba. “I want to stay here. I like that I have things that I didn’t have there, like a house, a job, and my family. I went back to El Salvador last year after 18 years and it’s not the same. I feel much more comfortable here. I love this country.”



THINGS TO THINK ABOUT

- I saw a woman wearing a sweat shirt with “Guess” on it. So I said 60? She hit me.
- If convenience stores are open 24/7, 365 days a year, why are there locks on the doors?
- Why do we drive on parkways, and park on driveways?
- How come we choose from just two people for President, and 50 for Miss America?
- I signed up for an exercise class and was told to wear loose-fitting clothing. If I HAD any loose-fitting clothing, I wouldn’t have signed up in the first place!

Begin your 401(k) plan now

Employees are eligible to begin 401(k) payroll deductions immediately upon their employment or with ANY payroll period.

Once the election form is completed there is no need to wait until the next calendar quarter for your deferrals to begin.

As an active participant, you may change your investment selections to coincide with the beginning of any calendar quarter. You may change your payroll amount at any time, up to four times a year.

The maximum contribution for 2005 is \$14,000; for those 50 and older it is \$18,000.

To begin participation or to change your investment selections and/or level of contribution, obtains forms on Lotus Notes or call **DIANNA JENSEN**, Investment Management and Trust (510) 262-7297.

**THE
EMPLOYEE
CLUB
HOSTED
THE BANK’S
ANNUAL
KIDDIES
CHRISTMAS
PARTY ON
DECEMBER 11
AT THE
OPERATIONS
CENTER.**



HOW THE BANK WORKS

BY PAUL WINTROATH, VICE PRESIDENT, INVESTMENTS

Competition is everywhere

You never know where you'll find a competitor. They are everywhere and they would love to steal business away from The Mechanics Bank.

As this great game of banking changes we must be aware who our competition is. The business is evolving as you read this.

Since the dot-com bubble burst, people are looking for safe places to put their money. They are much more comfortable with their money in banks, rather than in the financial markets. For that reason, the banking business is booming with deposits. Enter competition.

There are more than 8,000 banks in the United States. However, now we have competition from non-bank financial institutions. These are companies that have a successful business outside of banking that decide to broaden their revenue streams by entering the banking arena. They do it by applying with regulators to become an "industrial loan company." Many of these non-banks are based out of Utah, because Utah is one of eight states that allow this type of company to form. Then they set up on the Internet and they are national.

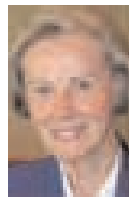
A couple of examples:

- Volkswagen Bank USA has opened an Internet bank offering checking and savings accounts and CDs.

- Toyota Financial Services is developing a host of banking products, including money market accounts, CDs and savings accounts.

CENTENNIAL SOUNDBITES

Q: What impact has the Bank had on your life?



**BREDA
MACKEY**

RETIREE

For the thirty seven years I was there it meant everything to me, except for my family. I liked my job, liked my boss, liked the people. The Bank was a great part of my life and it still is.



**DOREEN
DEL TESTA**

EMPLOYEE

It has provided a lot of opportunities for me to grow professionally and personally, which has made me a better person on the job and has allowed me to make many friends along the way.

We need your ideas

Closer to Home is always looking for story ideas and contributions from Bank employees.

The newsletter committee is particularly interested in newsworthy things going on in your office, whether it's an event, something special your office is doing (such as a promotion or community activity), a service success story, or an employee with an unusual interest or activity.

Please send your story ideas to **BENZER FLORES** at (510) 262-7278; Benzer_Flores@mechbank.com, in Human Resources.

If you send a photo, don't forget to put your name on the back of it. All photos will be returned.

The deadline for items for the February issue is Wednesday, January 12.

They are just the most recent car companies to join in on the financial glee. General Motors and BMW already have U.S. banks offering personal banking services. Retailers have also entered the game:

- Nordstrom has operated a federal savings bank since 2001. Its goal is to enhance your Nordstrom shopping experience by providing convenient banking and credit products, such as checking accounts, CDs and home mortgages.

- Sears, Federated Department stores (Bloomingdales, Macys) and Target have all recently obtained banking licenses, although they say they have no current plans to go into consumer banking.

Even the tax guys are get-

ting involved:

- H&R Block is applying to provide services that meet "general financial needs."

What do they all have in common? They have gotten their hands in the consumers' financial pockets by offering auto loans or credit cards or tax returns. Now they want to dig deeper in those pockets.

The Mechanics Bank has always had competition, plenty of it. We've succeeded because of the commitment of our kind, caring and knowledgeable people. Though we must be aware of our competitors, we are not afraid.

One hundred years has taught us some solid lessons about what our customers want from their financial institution. Something tells me we have a few more years left in us.

RETIREES' SPOTLIGHT

The Bank recently heard from Jim Smyth, who retired in 1996 after eight years as a courier and manager of the warehouse.

Before joining the Bank, he managed the data and printing processing functions for Pacific West Bound Conference, a shipping consortium, in San Francisco. Jim spent 21 years in the United States Air Force, retiring as a Senior Master Sergeant, and served a tour of duty in Vietnam.

He lives with his wife, Margaret, in Pinole.

“When the company I worked for in San Francisco dissolved, I looked for work in the East Bay, which would be closer to my home in Pinole. I was very happy when the Mechanics Bank employed me as a courier in 1988. In that capacity I drove around to all the offices, where I met some very loyal and friendly employees. I later became manager of the warehouse. I enjoyed being the ‘Jack of all Trades’ at home for a couple of years before my wife retired.

“Retirement has kept me busy. I play golf with John McDonald every Tuesday

JIM SMYTH



and attend the Sons In Retirement luncheons in Vallejo. I also enjoy attending the Bank’s Recognition Dinner, retirees’ luncheon and other Bank functions throughout the year, where I look forward to seeing old friends and associates. I enjoy watching old black and white movies, sports, and Masterpiece

Theatre on TV.

“Margaret and I have taken vacations to Lake Tahoe, Hawaii, Mexico, Canada, Connecticut, England and our homeland, Ireland. We were recently in Ireland for five weeks. We have visited Ireland eight years in a row to attend family weddings, and we, in turn, have entertained family members from there, showing them the wonderful scenic spots in the Golden State.

“We travel to Florida for three weeks at Easter to meet up with Margaret’s sister and her husband, and from there we have visited Key West, the Bahamas, Orlando, Sanibel Island and Saratoga.

“When we are at home we enjoy going to the theater and concerts in San Francisco and keeping in touch with friends. I enjoy reading *Closer to Home*, as it keeps me up to date with the great progress the Bank is making — long may it last!

“As the saying goes, ‘Time flies when you’re having fun,’ and this is indeed true.”

CENTENNIAL TIMELINE

Edward M. Downer was born in Yuba County on April 28, 1869. His father was James Edward Downer, a native of New York who crossed the plains and engaged in mining in California in the days of the gold rush.

Edward M. Downer was educated in the schools of Nevada City and began his business career as a telegraph operator with the Southern Pacific Railroad Company. He came to Pinole in late 1889 and on February 1, 1890, he became station agent at the Southern Pacific train depot at the end of Tennent Avenue, near the waterfront, and served as postmaster. In that same year he established the *Pinole Times*, the first and only paper printed in town.

During the last 10 years of the 19th century and the early part of the 20th century, he was one of the most influential and prominent business figures in Pinole and the surrounding areas including Richmond, El Cerrito and Albany. This was due to the chain of banking

houses that he and his family established in these cities and to his civic efforts and successes all through these areas.

— *History of Contra Costa County, Richmond Historical Society.*

— *City of Pinole: History of Pinole*



Shortly after the young telegrapher came to Pinole he was married to Lizzie Bouquet. They became parents of two children. Mrs. Downer passed away in October 1924, and in 1926, Downer married Mrs. Edna McLean. A son was born to this union.

— *Richmond Independent, January 10, 1938.*

On July 3, 1900, the first Santa Fe passenger train tugged into town. Ready to meet the passengers at the ferry terminal was the *Ocean Wave*, the first passenger ferry to

operate between Richmond and San Francisco.

— *Images of America, Richmond, Donald Bastin.*

YOUR COMPUTER

BY LISA HERN, HELP DESK SPECIALIST
AND MARCEL J. PALOMARES HELP DESK SUPPORT

Oh, you mysterious password

When you are at work, you are reminded to change your password (for Windows, Metaframe, ITI and various other applications) on a regular basis. Changing your password frequently is essential for keeping others from guessing (cracking) it.

If you use passwords to access bank account information online, for e-mail applications etc., you should consider changing those passwords regularly. Most Internet applications do not send reminders to individuals to change passwords. Remember, there are hackers who have computer programs that are designed to try to crack passwords, which could lead to identity theft.

Be sure to choose a password that contains both upper and lower case letters, and include at least one or more special characters, e.g., a comma or an asterisk. The more complex your password, the more difficult it is for a

cracker to steal it. Also, change your entire password, instead of just adding or deleting a couple of characters from the previous one.



EAP helps with everyday stresses

Now that the stress of the holiday season is behind you, new stresses may demand your attention.

If you or a household member are juggling overloaded schedules, have personal conflicts, need legal or financial counseling or feel pressured by other stresses, remember that our Employee Assistance Program, provided by Claremont EAP, is an excellent starting ground for seeking professional assistance.

Claremont offers its resources 24/7 just by calling 1 (800) 834-3773. All contact with Claremont is confidential and is generally free of charge.

Additionally, a new topic has been added to the Employee Assistance Program section of Employee Resources for your review: Support for Elder Care Givers.

More and more of our employees are caring for their parents and older relatives. The new posting lists many areas of expertise that are available.

Using the help provided by Claremont will point you in the right direction of dealing with complex issues that you may need help with.

Don't hesitate to call Claremont.

Lunch meat, anyone?

Do you remember spam? No, not the lunch meat that sits overstocked in your kitchen cabinet, but the other one — the *evil* spam.

You know, the one that floods the Internet and annoyingly imposes itself on your Inbox with junk and commercial ads.

The spam pandemic continues to intensify, despite the efforts of anti-spam legislation. Sadly, these processes are only limiting the number of these unsolicited e-mails, not stopping them completely.

The U.S. government stepped in, employing restrictive rules and regulations for spam communications. The CAN-SPAM Act that took effect at the beginning of 2004 has only produced a marginal difference in comparison to spam figures of a year ago.

The two main provisions of the act state that the header information in the message must be legitimate, meaning that the "To:" and "From:" fields must be accurate, clearly identifying the sender. Secondly, the subject message must not contain deceptive or false information that could mislead the recipient.

This law lays down restrictive rules in the distribution of commercial spam, as well as dictating criminal penalties to those companies who illegally go outside the boundary of spamming regulations. The government policies also give rights to consumers to have these e-mails ceased per their request.

Technically, e-mail spamming is legal, according to the government. Only when it is abused does it become unlawful.

With this policy in place, the rule-breakers have adapted to circumvent the legislation. Professional spammers are using loopholes and other means of anti-compliance techniques. Spoofing methods are utilized to disguise their spamming trails, making it complicated to trace their illegal activities. E-mail hijacking is commonplace and is frequently done behind the scenes, the majority of the time without the user's knowledge.

There are utilities in the market that are available to significantly decrease inbound spam. Norton and McAfee Security offer some of the best spam-filter products. Also, there are dozens of anti-junk mail filters, IP blockers and blacklists solutions that can be purchased on the web that are just as effective.

BANK DRAFTS



JENNIFER POSEY



MARK SCHMIDT



DENISE LEWIS



SUSAN HAMLIN



MARIAN ALMEDA



JEFFREY KNOX



TANYA STURM

Moving up

JENNIFER POSEY, from CSR II, to Senior CSR, Corporate Banking, St. Helena; **MARK SCHMIDT**, from Operations Manager-Technical, to Senior Operations Manager, Central Operations, Operations Center; **DENISE LEWIS**, from CSR I to CSR II, El Cerrito; **SUSAN HAMLIN**, from CSR II to FSR, El Dorado Hills; **MARIAN ALMEDA**, from FSR to FSO, Mira Vista.

On the move

LYNETTE HILL, from Account Services Representative, Account Services, to Operations Center Representative, Central Operations, Operations Center; **LORELEI AGBAYANI**, from CSR I, Orinda, to Walnut Creek; **JENALEE BAUGHMAN**, from CSR II, Roseville, to Senior Vault Teller, Main Vault, Hilltop; **CAROL COLLISON**, Vice President/Senior Relationship Manager, from Corporate Banking St. Helena, to Corporate Banking Napa; **HOLLY ANDRADE**, from Assistant CSO, El Dorado Hills, to Senior CSR, Roseville.

Milestones

20 YEARS

JEFFREY KNOX, Senior Business Application

Programmer Analyst, Information Application Support, Operations Center, January 1, 1985.

15 YEARS

TANYA STURM, Audit Officer, Audit, Operations Center, January 1, 1990.

10 YEARS

HELEN MARCUS, Vice President/Senior Relationship Manager, Real Estate Industries Group, Berkeley, January 1, 1995.

New employees

EBONY HOLLIDAY, Administrative Assistant, Investment Management & Trust Administration, Head Office; **ROLANDO TALAO**, Documentation Processor I; Loan Services, Operations Center; **JOSEPH VIGIL**, Courier, Courier Services, Operations Center; **KUNJ "HARRY" BEHARI**, Security Specialist, Hilltop; **J.D. SULLIVAN**, Business Development Officer I, San Rafael; **MONICA KLINGER**, Call Center Agent, Call Center, Operations Center.

Name changes

CAROL MILLER, from Carol Miller to Carol Ewers, Assistant CSO, North Berkeley.

FROM THE PRESIDENT

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compensation agreements, not to mention the important aspect of stabilizing the environment of their co-workers with positive, enthusiastic attitudes.

It was exemplary effort that the Board of Directors decided to acknowledge with a resolu-

tion and special bonus in gratitude of their service. Such an appropriate gesture is in keeping with the generous and appreciative tradition of The Mechanics Bank.

TEAM EFFORT

Except, they gave it back! It seems our two executives felt uncomfortable being singled

out when so many contributed behind the scenes during our transitional year. They explained they were only doing their jobs, and any such rewards should be allocated and received through the normal course of our bonus incentive program.

Our founder Edward Downer would be awed at the

many advancements of our Bank as we celebrate 100 years, but it is the unwavering commitment to his founding principles that would make him most proud.

OUR CUSTOMER

EL SOL AUTHENTIC MEXICAN DELICATESSEN 224 PACIFIC AVENUE, RODEO

PRINCIPALS

Armando and Josephine
Orozco

TYPE OF BUSINESS

Mexican delicatessen

YEARS IN BUSINESS

23

NUMBER OF EMPLOYEES

4

YEARS WITH THE MECHANICS BANK

8

CUSTOMER OF

Peggy Pierce
Retail Banking Officer/
Manager, Rodeo

NATURE OF BUSINESS

El Sol Authentic Mexican Delicatessen is a cross between a sit-down restaurant and a take-out deli. While they do a large take-out business, especially for lunch orders from major firms in the area — including The Mechanics Bank Operations Center, Bio-Rad and the ConocoPhillips oil refinery — customers may come in and order their food at the counter, sit down, and their food will be brought to them for dining in the restaurant.

While chili verde is its signature dish, El Sol offers a complete menu of Mexican favorites, such as tacos, enchiladas, burritos, quesadillas, chalupas and fajitas. They also have a thriving catering business used by The Mechanics Bank, Bio-Rad, ConocoPhillips, ChevronTexaco and companies in Benicia, and individuals and groups for weddings, dances, quinceañeras, anniversary parties and holiday parties. The catering accounts for 40% of El Sol's business.



ARMANDO, JOSEPHINE AND RAMON OROZCO

“We are very involved in the community. We live here and contribute to all the sports and youth programs. We take care of the community and the community takes care of us.”

— Josephine Orozco —

COMPANY HISTORY

Armando and Josephine were sweethearts at Harry Ells High School in Richmond. Following high school,

Armando worked for contractors at the Chevron oil refinery, while Josephine graduated from UC-Berkeley and went to work for the East Bay Regional

Parks District as a landscape architect. They celebrated their 19th wedding anniversary in December.

Armando opened the restaurant in 1982 with his father, Reynaldo, his brother, Reynaldo Jr. and his mom, Beatrice. Armando's parents have since retired and Reynaldo Jr., a probation officer for Contra Costa County, is no longer involved in the business.

Josephine left her job with the park district in 2000 to join her husband in running the deli. She is chairperson of the Rodeo Parks and Recreation Department, which is working on the Rodeo Town Plaza Project, part of the town's redevelopment plan.

Business, they say, is very good. They draw local customers and loyal patrons from as far away as Oakland, Antioch and Vacaville.

“We have a lot of customers who have moved out of the area but still come back to see us,” says Josephine.

KEYS TO SUCCESS

“Being polite to our customers, knowing our customers and being consistent with our food,” says Armando.

“People tell us they like coming here because they open the door and they feel welcome,” says Josephine. “We know them by name.”

“We're also very involved in the community. We live here and contribute to all the sports and youth programs. We take care of the community and the community takes care of us.”

Oh, what a great party it was!

WE KICKED OFF OUR 100TH ANNIVERSARY WITH ONE OF THE GREATEST EVENTS IN OUR HISTORY. HERE'S A PICTORIAL REMEMBRANCE OF A ONCE-IN-A-LIFETIME EVENING!



PHOTOS BY MARK LOPE AND JEFF RUBIN

Insert

The Inquiring Photographer



Q: What are your New Year's resolutions?



Liz Paulus, Trust Officer, Personal Trust, IMT, Oakland: "Last year I resolved to put everything I need to do on my calendar, so I wouldn't forget to do them. And it worked. This year? I resolve to get my closets organized. They're jam-packed with boxes from my move last March."



Catalina Gonsalves, Corporate Banking Assistant, Corporate Banking Operations, Walnut Creek: "Try to go on a diet and try to work hard and move up in my job. I'm hopeful that I'll have a good year healthwise and spend more time with my baby, who is two."



Kavita Dingreja, CSR II, Walnut Creek: "I want to buy a house. I also want to get a promotion with more pay."



Vivian Mui, Corporate Banking Officer/Senior Credit Analyst, Corporate Banking, San Francisco "Eat healthier, go to the gym more than twice and save more money."



Sherria Tavares, Senior Trust Administrator, Investment Management and Trust Services, Head Office: "I'm going to take a wait-and-see attitude on everything. I'm not going to worry about things, just see what happens."



Tony Kallingal, Assistant Vice President/Manager, Mira Vista: "To be more charitable. I want to help out with more non-profit organizations and be more involved with the community."