



TamalpaisBancorp

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**Tamalpais Bancorp Announces Record Earnings and Assets
EPS up 22%, Net Income up 19% Continued Strong Asset Quality, Widening
Interest Margin**

Tamalpais Bancorp (the "Company") (NASDAQ:TAMB), the parent company for Tamalpais Bank and Tamalpais Wealth Advisors, today reported record quarterly earnings, robust asset growth, and minimal nonperforming assets. Net income for the quarter ended June 30, 2008 was \$1,266,000, an 18.6% increase over net income of \$1,067,000 over the same period last year. Quarterly diluted earnings per share of \$0.33 increased 22.2% over the comparable period last year.

Net income for six months ended June 30, 2008 was \$2,493,000, a 19.6% increase over net income of \$2,085,000 for the same period in 2007. 2008 Year-to-date diluted earnings per share of \$0.66 increased 26.9% over the comparable period last year.

On a sequential quarter basis, net income increased 3.2% and diluted earnings per share increased 6.2% over the first quarter of 2008. Per share results for 2007 have been restated for the 7% stock dividend paid February 14, 2007 and reflect the repurchase of 4.9% of the outstanding shares in the fourth quarter of 2007.

"The second quarter of 2008 was our best quarter ever for both net income and loan portfolio growth," said Mark Garwood, President/CEO. "We grew our loan portfolio by a record amount while widening our interest margin at the same time. Our asset quality remains exceptionally strong and we produced record earnings through recurring sources of revenue."

"Our focus on business and relationship banking in Marin County and throughout the greater Bay Area has enabled us to thrive in an environment that has been very difficult for most other financial institutions."

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The total assets of the Company increased to \$649.1 million as of June 30, 2008, up \$92.3 million (16.6%) from \$556.8 million as of December 31, 2007. For the three and six months ended June 30, 2008:

- net loans increased by \$55.8 million (11.2%) and \$88.4 million (19.0%), respectively, to \$553.1 million;
- deposits increased by \$23.1 million (5.8%) and \$57.7 million (16.0%), respectively, to \$418.9 million;
- checking accounts increased by \$1.7 million (5.2%) and \$2.9 million (9.9%), respectively, to \$33.1 million;
- investments decreased by \$3.1 million (5.3%) and increased by \$1.3 million (2.4%), respectively, to \$56.5 million;
- FHLB Borrowings increased by \$21.1 million (14.0%) and \$25.7 million (17.5%), respectively, to \$172.2 million; and,
- stockholders' equity increased by \$0.8 million (2.2%) and \$2.1 million (6.5%), respectively, to \$35.1 million.

For the quarter, net interest income before provision for loan losses increased by \$1,617,000 (38.4%). The net interest margin widened to 3.92%, up from 3.44% in the second quarter of 2007 and 3.71% from the first quarter of 2008. In the second quarter of 2008 the Company significantly lowered its cost of funds to 3.52%, down from 4.80% in the second quarter of 2007 and 4.05% in the first quarter of 2008. The Company benefited from the ongoing decreases in the Federal funds and discount rates through lower funding costs while asset yields remained relatively high due to the pricing structure of loans with floors, initial fixed rates, and prepayment penalties.

Based on the significant growth in the loan portfolio, the provision for loan losses was \$599,000 in the second quarter of 2008 compared to a provision of only \$10,000 in the second quarter of 2007, for an increase of \$589,000. The allowance for loan losses was 1.05% of loans receivable as of June 30, 2008, unchanged from the prior year.

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The Company had four nonperforming loans at June 30, 2008 totaling \$555,000, with an unguaranteed balance of \$140,000. Included in this amount is a 60 day delinquent \$552,000 commercial real estate SBA 7A loan that is 75% guaranteed by the SBA and three small consumer overdraft lines of credit. The Company is working closely with the SBA 7A loan borrower. Nonperforming loans were 0.10% of total loans and the unguaranteed balance of nonperforming loans was 0.02% of total loans at June 30, 2008.

"Our level of nonperforming assets declined in the second quarter from already low levels on both a sequential and year-over-year basis. Maintaining our remarkable asset quality in the current environment is a tribute to our team of banking professionals and to the customers that we serve. Our long history of diligent underwriting while providing flexible lending products tailored to fit our customers' needs has allowed us to maintain a near pristine credit quality and an attractive loan yield. We have never participated in subprime lending and have low exposure to residential mortgages, construction, and land loans. These categories, in total, comprise just 11.7% of the loan portfolio."

The Company did not sell any loans in the second quarter of 2008 and consequently did not recognize a gain on sale of loans. Noninterest income decreased \$269,000 (36.0%) from the second quarter of 2007 to \$477,000. The gain on sale of loans was \$259,000 in the second quarter of 2007 and \$166,000 in the first quarter of 2008. There may be additional periods in the coming quarters where no loan sales occur. In addition, the Company recorded a \$48,000 "other than temporary impairment charge" (OTTI) in the second quarter of 2008 related to Municipal Securities insured by MBIA, AMBAC, and XLCA. The OTTI charge equates to a decrease in earnings per share of less than \$0.01. The Company does not own any FNMA or FHLMC common or preferred stock.

Total noninterest expense in the second quarter of 2008 was \$3,763,000, a \$492,000 (15.0%) increase compared to \$3,271,000 for the same period in 2007. Salaries and benefits increased \$247,000 (13.5%) due primarily to planned increases in staff. The Company continued to expand its staff and management in the second quarter to strengthen its commercial and small business banking operations. Other administrative expenses increased \$133,000 (25.3%) due to ongoing growth throughout the Company.

Income tax provision for the second quarter of 2008 amounted to \$681,000, an increase of \$69,000 (11.3%) over the same period in 2007. The effective tax rate in the second quarter of 2008 was 35.0% compared to 36.4% in the second quarter of 2007. The Company has lowered

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its effective tax rate through tax benefits associated with Bank Owned Life Insurance, tax credits associated with Affordable Housing Fund investments, municipal securities, and lending in Enterprise Zones.

"We enter the third quarter of 2008 with a 'well capitalized' balance sheet, an increasing revenue stream, minimal nonperforming assets, and multiple and diverse sources of liquidity. We are pleased to see that our strategic plan to increase shareholder value by delivering customized financial solutions and exceptional services through our seasoned team of banking professionals is coming to fruition, while at the same time managing our enterprise risk and internal controls."

About Tamalpais Bancorp

Tamalpais Bancorp, through its wholly owned subsidiaries Tamalpais Bank and Tamalpais Wealth Advisors, offers business and consumer banking through its seven Marin County full service branches and two Northern California loan production offices, and wealth advisory services to high net worth families and institutional clients. The Company had \$649 million in assets and \$283 million in assets under management as of June 30, 2008. Shares of the Company's common stock are traded on the NASDAQ Capital Market System under the symbol TAMB.

This news release contains forward-looking statements with respect to the financial condition, results of operation and business of Tamalpais Bancorp and its subsidiaries. These include, but are not limited to, statements that relate to or are dependent on estimates or assumptions relating to the prospects of loan growth, credit quality, changes in securities or financial markets, and certain operating efficiencies resulting from the operations of Tamalpais Bank and Tamalpais Wealth Advisors. These forward-looking statements involve certain risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) competitive pressure among financial services companies increases significantly; (2) changes in the interest rate environment reduce interest margins; (3) general economic conditions, internationally, nationally or in the State of California are less favorable than expected; (4) legislation or regulatory requirements or changes adversely affect the businesses in which the consolidated organization is or will be engaged; (5) the ability to satisfy the requirements of the Sarbanes-Oxley Act and other regulations governing internal controls; (6) volatility or significant changes in the equity and bond markets which can affect overall growth and profitability of our wealth management business, and (7) other risks detailed in the Tamalpais Bancorp filings with the Securities and Exchange Commission. When relying on forward-looking statements to make decisions with respect to Tamalpais Bancorp, investors and others are cautioned to consider these and other risks and uncertainties. Tamalpais Bancorp disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.