

FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Results for the Second Quarter of 2019

SAN FRANCISCO, CA – (08/01/2019)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the second quarter ended June 30, 2019. Net income for the second quarter of 2019 was \$835,000, or \$0.41 diluted earnings per share, down 12% compared to the preceding quarter, and up 5% from \$793,000, or \$0.47 diluted earnings per share, earned in the second quarter of 2018.

“With loans and deposits each increasing by \$18 million, we were very pleased with our second quarter growth. While most of the loan growth occurred at the end of the quarter, we will benefit from the increased interest income from those loans in coming quarters.” said Wendy Ross, President, Bank of San Francisco.

Financial Highlights:

- Net Income was \$835,000 for the second quarter compared to \$953,000 for the preceding quarter. Total Interest Income was \$4,053,000 for the second quarter of 2019, an increase of \$274,000 from the preceding quarter. The Bank continued to experience an increase in the cost of funds primarily due to the competitive deposit environment causing upward pressure on rates. In addition, the seasonality of our relationship deposits resulted in the utilization of higher-cost secondary funding sources to supplement core deposit growth. The Bank also incurred higher operating expenses as a result of the new loan production office, annual performance-based salary increases, non-recurring recruiting fees, and hiring of new talent.
- Net Interest Income was \$3,444,000 for the second quarter of 2019, an increase of \$130,000 from the preceding quarter and a \$311,000 increase from the \$3,133,000 in the second quarter of 2018. Net interest margin decreased in the second quarter to 4.18% from 4.23% in the preceding quarter and 4.21% in the second quarter of 2018. The lower liquidity levels, use of secondary funding sources and pressure to offer higher deposit rates affected net interest margin during the second quarter.
- Operating Expenses were \$2,355,000 for the second quarter of 2019, an increase of \$230,000 from the preceding quarter and an increase of \$244,000 from the \$2,111,000 reported for the second quarter of 2018. As discussed above, the higher second quarter operating expenses reflected the annual performance-based salary increases, non-recurring recruiting expense, and the increase in our employee headcount. With the opening of the new Walnut Creek Loan Production Office at the end of the first quarter of

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2019, the Bank incurred a full quarter of office expense in the second quarter. The efficiency ratio was 64.93% for the second quarter compared to 59.77% for the first quarter 2019 and 61.38% for the second quarter of 2018. We continue to focus on balancing our goal to improve the efficiency ratio with the opportunities presented in the market for talent acquisition and long-term growth potential.

- Diluted Earnings per Common Share were \$0.41 for the quarter, down \$0.06 compared to the first quarter of 2019 and the second quarter of 2018. Earnings per Common Share were impacted by the compression of the net interest margin, increase in operating expenses and the addition of 500,000 common shares issued on May 29, 2018.
- Total Loans, net of deferred fees, were up \$18 million from March 31, 2019, and up \$46 million from June 30, 2018. The loan growth in the second quarter of 2019 was primarily from commercial loans and residential real estate loans.
- Total Deposits were up \$18 million from March 31, 2019 and up \$37 million from June 30, 2018. The deposit growth in the second quarter of 2019 was primarily due to the increase in commercial client relationships. The increase in deposits through the quarter reduced the use of brokered deposits by \$7 million by June 30, 2019. The use of secondary funding sources and the competitive deposit rate environment contributed to the increase in cost of funds from 0.64% to 0.80%.
- Credit Quality remains strong and stable with no non-accrual loans or loans more than 30 days past-due. The Allowance for Loan Loss reserve ratio was 1.34% at June 30, 2019, a decrease of .06% from March 31, 2019. Loan loss provision expense for the second quarter was \$85,000.
- Book Value per Share increased to \$19.09 per share at June 30, 2019, from \$18.67 at March 31, 2019 and \$17.19 per share at June 30, 2018.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 11.35%, Tier 1 Risk Based Capital and Common Equity Tier 1 ratios of 15.12%, and a Total Risk Based Capital ratio of 16.38%.

“While there continues to be intense pressure for deposits, we are pleased that most of the loans booked at the end of the second quarter were with new business and nonprofit clients that are in the process of transitioning their operating accounts to the bank. Handling the noninterest-bearing accounts of our clients is fundamental to our low-cost funding strategy.” said Ed Obuchowski, CEO, Bank of San Francisco.

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About Bank of San Francisco

Bank of San Francisco, headquartered in San Francisco, is a progressive community bank that reflects the best of San Francisco and Bay Area culture – flexible, entrepreneurial, and forward-thinking. We are a local bank, with significant ownership by members of the community, serving Bay Area businesses, nonprofits, individuals, and families. Bank of San Francisco delivers high-touch, personalized service with agility and accountability. Our team is as diverse as the community we serve, which allows us to understand our clients' unique needs and goals. We invite you to learn more about Bank of San Francisco and to join our family of successful, community-minded clients. For more information about Bank of San Francisco, please call us at (415) 744-6700, or visit us at www.bankofsf.com. Bank of San Francisco is a member of the FDIC and is an Equal Housing Lender.

Forward-Looking Statement

This press release contains certain forward-looking statements that involve risks and uncertainties, including statements relating to our anticipated growth. Forward-looking statements are those that are not statements of historical fact and may be identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “plan,” “estimate,” “project,” or similar expressions. These statements are based on current expectations, estimates and projections about Bank of San Francisco's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties may affect the operations, performance, development, growth projections, capital needs and results of Bank of San Francisco's business and include, but are not limited to, local and national economic conditions, interest rate movements, changes in the financial performance and/or condition of our loan and deposit clients, changes in the levels of performing and nonperforming assets and charge-offs, timely implementation by Bank of San Francisco of technology enhancements for its products and operating systems, the impact of competitive products, services and pricing, acts of war or terrorism, or natural disasters, such as earthquakes, clients' requirements and preferences, federal, state and local legislation and regulatory developments, the ability to retain or increase market share, retain or grow client relationships and control expenses, changes in regulatory or generally accepted accounting principles and other similar matters. Readers are cautioned not to place undue reliance on forward-looking statements, which are subject to influence by the foregoing risk factors and unanticipated future events. Actual results, accordingly, may differ materially from management expectations. Bank of San Francisco undertakes no obligation to update such forward-looking statements except as required by law.

Bank of San Francisco**Balance Sheets (Unaudited)**

(\$000, except share and per share amounts)

	For the Periods Ended			Year Over Year Change		
	6/30/2019	3/31/2019	12/31/2018	6/30/2018	\$	%
Assets						
Cash and due from banks	\$ 5,527	\$ 8,181	\$ 9,344	\$ 7,028	\$ (1,501)	-21%
Interest bearing deposits in banks	37,630	35,680	38,757	41,848	(4,218)	-10%
Total cash and cash equivalents	43,157	43,861	48,101	48,876	(5,719)	-12%
Loans, net of deferred costs/fees	305,930	287,767	280,636	259,932	45,998	18%
Allowance for Loan Losses	(4,100)	(4,015)	(3,940)	(3,625)	(475)	13%
Loans, net of allowance of loan losses	301,830	283,752	276,696	256,307	45,523	18%
Premises and equipment, net *	373	241	274	313	60	19%
Accrued interest receivable & other assets	6,969	5,900	4,017	3,790	3,179	84%
Total Assets	\$ 352,329	\$ 333,754	\$ 329,088	\$ 309,286	\$ 43,043	14%
Liabilities						
Non-interest bearing deposits	\$ 101,926	\$ 96,845	\$ 118,328	\$ 113,606	\$ (11,680)	-10%
Interest bearing deposits	208,341	195,868	172,727	159,955	48,386	30%
Total deposits	310,267	292,713	291,055	273,561	36,706	13%
Accrued interest payable and other liabilities	3,472	3,315	1,289	987	2,485	252%
Total Liabilities	313,739	296,028	292,344	274,548	39,191	14%
Shareholders' equity						
Common stock	26,530	26,501	26,472	26,414	116	0%
Retained earnings	12,060	11,225	10,272	8,324	3,736	45%
Total shareholders' equity	38,590	37,726	36,744	34,738	3,852	11%
Total Liabilities & Shareholders' Equity	\$ 352,329	\$ 333,754	\$ 329,088	\$ 309,286	\$ 43,043	14%

*The right to use asset was reclassified from Premises and equipment, net to other assets for the quarter ended March 31, 2019.

Book Value per Common Share	\$ 19.09	\$ 18.67	\$ 18.18	\$ 17.19	\$ 1.90	11%
Total Common Shares Outstanding	2,021,003	2,021,003	2,021,003	2,021,003	-	0%

Capital Ratios

Tier 1 Leverage ratio	11.35%	11.62%	10.97%	11.29%	0.06%	1%
Tier 1 RBC ratio	15.12%	15.72%	15.76%	15.36%	-0.24%	-2%
Common Equity Tier 1 RBC ratio	15.12%	15.72%	15.76%	15.36%	-0.24%	-2%
Total Risk-Based Capital (RBC) ratio	16.38%	16.97%	17.02%	16.61%	-0.23%	-1%

Other Ratios

Non-interest bearing to Total Deposits	32.85%	33.09%	40.65%	41.53%	-8.68%	-21%
Loan to Deposit ratio	98.60%	98.31%	96.42%	95.02%	3.58%	4%
Allowance for Loan Losses to Total Loans	1.34%	1.40%	1.40%	1.39%	-0.05%	-4%
ALLL to Nonperforming Loans	n/a	n/a	n/a	n/a	n/a	n/a
Nonperforming Assets to Total Assets	n/a	n/a	n/a	n/a	n/a	n/a

Bank of San Francisco**Statement of Income (Unaudited)**

(\$000, except share and per share amounts)

	Three Months Ended				Year Over Year Change	
	6/30/2019	3/31/2019	12/31/2018	6/30/2018	\$	%
Interest on loans, including fees	\$ 3,810	\$ 3,600	\$ 3,628	\$ 3,140	\$ 670	21%
Interest on deposits in banks	220	156	261	198	22	11%
Other interest income	23	23	45	18	5	28%
Total interest income	4,053	3,779	3,934	3,356	697	21%
Deposits interest expense	603	360	298	223	380	170%
Other interest expense	6	105	1	-	6	n/a
Total interest expense	609	465	299	223	386	173%
Net interest income	3,444	3,314	3,635	3,133	311	10%
Provision for loan losses	85	75	185	200	(115)	-58%
Net interest income after provision	3,359	3,239	3,450	2,933	426	15%
Service charges on deposits	52	52	50	48	4	8%
Gains on sale of loans	75	148	-	201	(126)	-63%
Other non-interest income	56	41	43	57	(1)	-2%
Total non-interest income	183	241	93	306	(123)	-40%
Salaries and employee benefits expense	1,578	1,457	1,421	1,430	148	10%
Occupancy and equipment expense	241	211	191	195	46	24%
Other operating expense	536	457	535	486	50	10%
Total non-interest expense	2,355	2,125	2,147	2,111	244	12%
Income before income taxes	1,187	1,355	1,396	1,128	59	5%
Income tax expense	352	402	386	335	17	5%
Net income	\$ 835	\$ 953	\$ 1,010	\$ 793	\$ 42	5%
Basic Earnings per Share	\$ 0.42	\$ 0.47	\$ 0.50	\$ 0.47	\$ (0.05)	-11%
Average Shares Outstanding	2,007,451	2,007,451	2,007,451	1,681,994	325,457	19%
Diluted Earnings per Share	\$ 0.41	\$ 0.47	\$ 0.50	\$ 0.47	\$ (0.06)	-13%
Average Shares Outstanding	2,012,374	2,011,655	2,009,505	1,687,463	324,911	19%
Annualized Performance Ratios						
Return on Average Assets	0.99%	1.18%	1.21%	1.04%	-0.05%	-5%
Return on Average Common Equity	8.75%	10.24%	11.15%	10.68%	-1.93%	-18%
Net Interest Margin	4.18%	4.23%	4.47%	4.21%	-0.03%	-1%
Cost of Funds	0.80%	0.64%	0.42%	0.33%	0.47%	142%
Efficiency Ratio	64.93%	59.77%	57.59%	61.38%	3.55%	6%

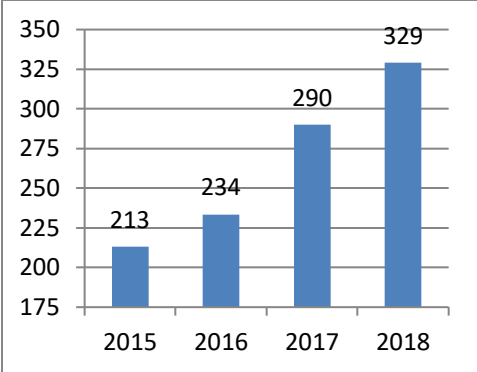
Bank of San Francisco**Statement of Income (Unaudited)**

(\$000, except share and per share amounts)

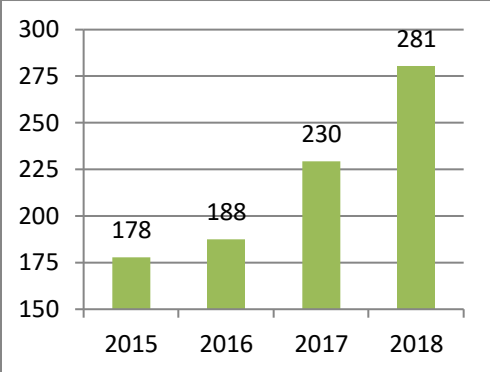
	Six Month Ended		Year Over Year Change	
	6/30/2019	6/30/2018	\$	%
Interest on loans, including fees	\$ 7,410	\$ 6,033	\$ 1,377	23%
Interest on deposits in banks	376	339	37	11%
Other interest income	46	36	10	28%
Total interest income	7,832	6,408	1,424	22%
Deposits interest expense	963	407	556	137%
Other interest expense	111	-	111	n/a
Total interest expense	1,074	407	667	164%
Net interest income	6,758	6,001	757	13%
Provision for loan losses	160	460	(300)	-65%
Net interest income after provision	6,598	5,541	1,057	19%
Service charges on deposits	104	96	8	8%
Gains on sale of loans	223	285	(62)	-22%
Other non-interest income	97	127	(30)	-24%
Total non-interest income	424	508	(84)	-17%
Salaries and employee benefits expense	3,035	2,745	290	11%
Occupancy and equipment expense	452	384	68	18%
Other operating expense	993	978	15	2%
Total non-interest expense	4,480	4,107	373	9%
Income before income taxes	2,542	1,942	600	31%
Income tax expense	754	578	176	30%
Net income	\$ 1,788	\$ 1,364	\$ 424	31%
Basic Earnings per Share	\$ 0.89	\$ 0.86	\$ 0.03	3%
Average Shares Outstanding	2,007,451	1,591,835	415,616	26%
Diluted Earnings per Share	\$ 0.89	\$ 0.85	\$ 0.04	5%
Average Shares Outstanding	2,012,374	1,596,523	415,851	26%
Performance Ratios				
Return on Average Assets	1.08%	0.93%	0.15%	16%
Return on Average Common Equity	9.49%	9.80%	-0.31%	-3%
Net Interest Margin	4.20%	4.20%	0.00%	0%
Cost of Funds	0.72%	0.30%	0.42%	140%
Efficiency Ratio	62.38%	63.10%	-0.72%	-1%

FINANCIAL HIGHLIGHTS

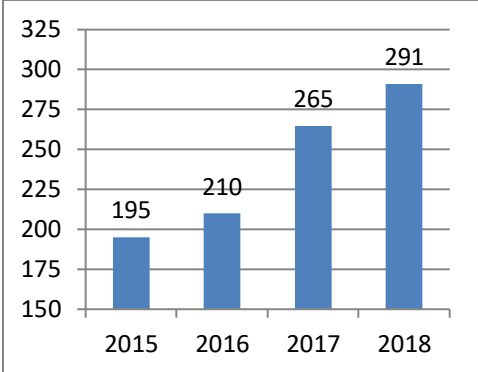
Total Assets (\$ Millions)
As of December 31,



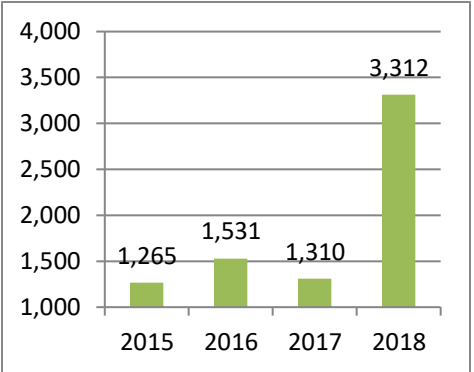
Total Loans (\$ Millions)
As of December 31,



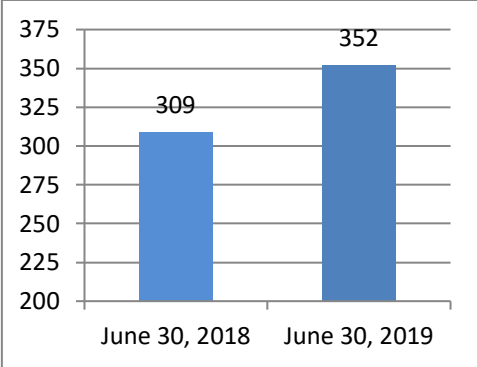
Total Deposits (\$ Millions)
As of December 31,



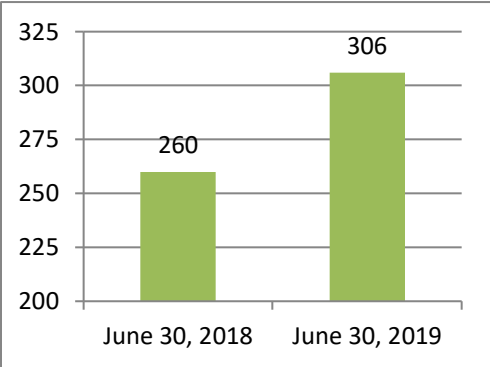
Net Profit (\$ Thousands)
Year Ended December 31,



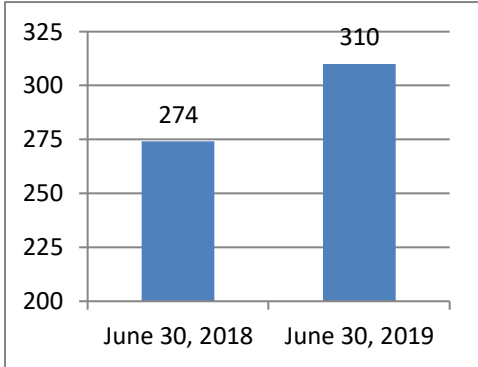
Total Assets (\$ Millions)



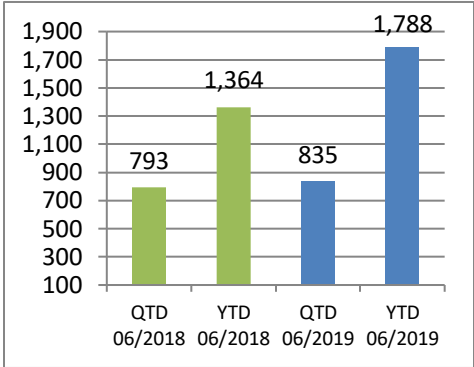
Total Loans (\$ Millions)



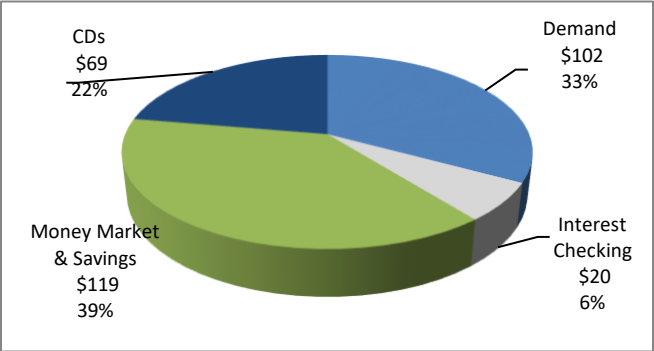
Total Deposits (\$ Millions)



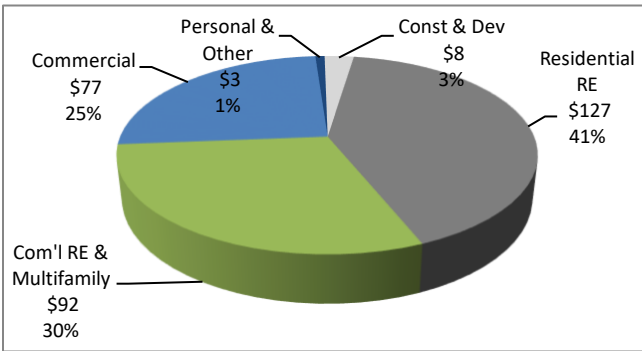
Net Profit (\$ Thousands)
Three & Six Months Ended June 30,



Deposit Composition (\$ Millions) As of June 30, 2019



Loan Composition (\$ Millions)



BANK OF SAN FRANCISCO