

FOR IMMEDIATE RELEASE

## Bank of San Francisco Reports Results for the Third Quarter of 2017

**SAN FRANCISCO – (11/28/2017)** – Bank of San Francisco, a modern community bank serving the Bay Area, announced unaudited results for the third quarter ended September 30, 2017 with net income of \$496,000, a 24% increase compared to the prior quarter, and an increase from \$490,000 earned in the third quarter of 2016.

“The Bank had a solid third quarter marked by higher profits and strong deposit growth. With the expansion of our relationship management team and a robust pipeline, we are moving forward in executing our accelerated growth plan,” said Wendy Ross, President, Bank of San Francisco.

### Financial Highlights:

- Net income was \$496,000 for the third quarter of 2017, compared to \$400,000 for the preceding quarter and \$490,000 for the third quarter of 2016. Results for the third quarter included gain on sale income of \$75,000 from the sale of SBA loans, versus \$190,000 in the preceding quarter and \$247,000 in the third quarter of 2016.
- Net interest income was \$2,524,000 for the third quarter of 2017, an increase of \$211,000 over the preceding quarter and \$364,000 over the \$2,160,000 achieved in the third quarter of 2016. The 17% increase over the prior year like quarter reflects the increased revenue from our continued loan growth and the impact of the rate increases by the Federal Reserve. Net interest margin decreased in the third quarter to 3.94% from 4.00% in the second quarter 2017, due mainly to higher levels of average Liquid Assets carried during the quarter.
- Operating expenses were \$1,756,000 for the third quarter of 2017, an increase of \$12,000 over the preceding quarter and an increase of \$133,000 over the \$1,623,000 reported for the third quarter of 2016. Higher compensation, reflecting four full-time additions to staff, contributed to the increase in operating expenses in the third quarter of 2017. Although operating expenses increased in the third quarter of 2017, the efficiency ratio improved as income growth outpaced expense growth.
- Basic earnings per common share were \$0.33 for the quarter, up \$0.06 from the prior quarter and flat compared to the third quarter of 2016. Diluted earnings per common share were \$0.33 for the quarter. The Bank adopted its first equity incentive plan in 2017 and granted 21,714 shares of restricted stock with a three-year vesting as of September 30, 2017.
- Total Loans, net of deferred fees, were up \$2 million from June 30, 2017 and up \$23 million from September 30, 2016. Loan growth was modest in the third quarter. With a

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strong pipeline, loan growth is expected to accelerate. The third-quarter loan growth was primarily from commercial real estate loans and is net of \$1 million in SBA loans sold.

- Total Deposits were up \$21 million from June 30, 2017 and up \$52 million from September 30, 2016. \$14 million of the third-quarter deposit growth came from non-interest bearing deposits, which is reflected in the 2.37% increase to 41.39% in the non-interest bearing to total deposits ratio. New relationships represented a greater portion of the deposit increase this quarter.
- Credit Quality remains strong and stable with no non-accrual loans and no nonperforming assets. Loan loss provision expense for the third quarter was \$100,000. The allowance for loan and lease loss reserve ratio was 1.38% at September 30, 2017, increasing from 1.35% at June 30, 2017.
- Book value per share increased to \$16.01 per share at September 30, 2017 from \$15.68 at June 30, 2017 and \$14.89 per share at September 30, 2016.
- The Bank continues to be well-capitalized with a Tier 1 Leverage Ratio of 8.85%, Tier 1 Risk Based Capital and Common Equity Tier 1 ratios of 12.87% and a Total Risk Based Capital ratio of 14.12%.

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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, owned 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](http://www.bankofsf.com). Bank of San Francisco is a member of the FDIC and is an Equal Housing Lender.

### **Forward-Looking Statement**

#### **Forward-Looking Statement**

This press release contains certain forward-looking statements that involve risks and uncertainties. These statements are 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 that may affect the operations, performance, development, growth projections and results of Bank of San Francisco’s business include, but are not limited to, the

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growth of the economy, interest rate movements, timely development by Bank of San Francisco of technology enhancements for its products and operating systems, the impact of competitive products, services and pricing, client-based requirements, Congressional legislation, changes in regulatory or generally accepted accounting principles and similar matters. Readers are cautioned not to place undue reliance on forward-looking statements, which are subject to influence by the named risk factors and unanticipated future events. Actual results, accordingly, may differ materially from management expectations.

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**Bank of San Francisco**

**Balance Sheets (Unaudited)**

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

	For the Periods Ended				Year Over Year Change	
	9/30/2017	6/30/2017	12/31/2016	9/30/2016	\$	%
<b>Assets</b>						
Cash and due from banks	\$ 5,104	\$ 4,678	\$ 4,564	\$ 4,669	\$ 435	9%
Interest bearing deposits in banks	65,593	45,745	40,562	34,200	31,393	92%
Total cash and cash equivalents	70,697	50,423	45,126	38,869	31,828	82%
Loans, net of deferred costs/fees	208,843	206,992	187,572	186,304	22,539	12%
Allowance for Loan Losses	(2,885)	(2,785)	(2,575)	(2,496)	(389)	16%
Loans, net of allowance of loan losses	205,958	204,207	184,997	183,808	22,150	12%
Premises and equipment, net	363	376	424	449	(86)	-19%
Accrued interest receivable & other assets	3,292	3,301	2,980	2,888	404	14%
<b>Total Assets</b>	<b>\$ 280,310</b>	<b>\$ 258,307</b>	<b>\$ 233,527</b>	<b>\$ 226,014</b>	<b>\$ 54,296</b>	<b>24%</b>
<b>Liabilities</b>						
Non-interest bearing deposits	\$ 105,690	\$ 91,298	\$ 89,343	\$ 83,356	\$ 22,334	27%
Interest bearing deposits	149,674	142,690	120,488	119,545	30,129	25%
Total deposits	255,364	233,988	209,831	202,901	52,463	26%
Accrued interest payable and other liabilities	921	790	970	761	160	21%
<b>Total Liabilities</b>	<b>256,285</b>	<b>234,778</b>	<b>210,801</b>	<b>203,662</b>	<b>52,623</b>	<b>26%</b>
<b>Shareholders' equity</b>						
Common stock	17,077	17,077	17,077	17,076	1	0%
Retained earnings	6,948	6,452	5,649	5,276	1,672	32%
<b>Total shareholders' equity</b>	<b>24,025</b>	<b>23,529</b>	<b>22,726</b>	<b>22,352</b>	<b>1,673</b>	<b>7%</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 280,310</b>	<b>\$ 258,307</b>	<b>\$ 233,527</b>	<b>\$ 226,014</b>	<b>\$ 54,296</b>	<b>24%</b>
Book Value per Common Share	\$ 16.01	\$ 15.68	\$ 15.14	\$ 14.89	\$ 1.12	8%
Total Common Shares Outstanding	1,500,675	1,500,675	1,500,675	1,500,675	-	0%
<b>Capital Ratios</b>						
Tier 1 Leverage ratio	8.85%	9.68%	9.66%	10.13%	-1.28%	-13%
Tier 1 RBC ratio	12.87%	13.09%	13.83%	13.14%	-0.27%	-2%
Common Equity Tier 1 RBC ratio	12.87%	13.09%	13.83%	13.14%	-0.27%	-2%
Total Risk-Based Capital (RBC) ratio	14.12%	14.35%	15.08%	14.40%	-0.28%	-2%
<b>Other Ratios</b>						
Non-interest bearing to Total Deposits	41.39%	39.02%	42.58%	41.08%	0.31%	1%
Loan to Deposit ratio	81.78%	88.46%	89.39%	91.82%	-10.04%	-11%
Allowance for Loan Losses to Total Loans	1.38%	1.35%	1.37%	1.34%	0.04%	3%
ALLL to Nonperforming Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Nonperforming Assets to Total Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0%

**Bank of San Francisco**

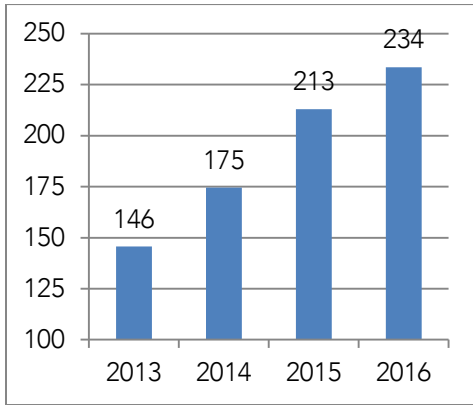
**Statement of Income (Unaudited)**

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

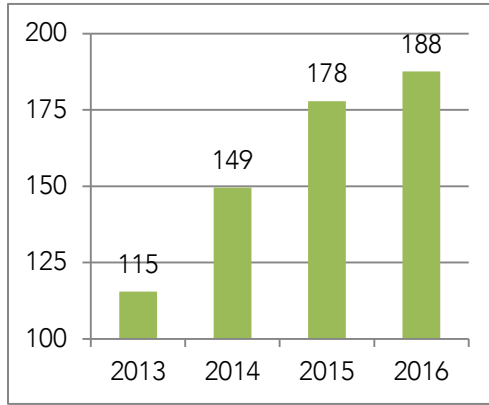
	Three Months Ended				Year Over Year Change	
	9/30/2017	6/30/2017	3/31/2017	9/30/2016	\$	%
Interest on loans, including fees	\$ 2,524	\$ 2,355	\$ 2,292	\$ 2,236	\$ 288	13%
Interest on deposits in banks	171	92	41	31	140	452%
Other interest income	18	16	21	20	(2)	-10%
<b>Total interest income</b>	<b>2,713</b>	<b>2,463</b>	<b>2,354</b>	<b>2,287</b>	<b>426</b>	<b>19%</b>
			0			
Deposits interest expense	(189)	(150)	(131)	(125)	(64)	51%
Other interest expense	-	-	(7)	(2)	2	-100%
<b>Total interest expense</b>	<b>(189)</b>	<b>(150)</b>	<b>(138)</b>	<b>(127)</b>	<b>(62)</b>	<b>49%</b>
<b>Net interest income</b>	<b>2,524</b>	<b>2,313</b>	<b>2,216</b>	<b>2,160</b>	<b>364</b>	<b>17%</b>
			-			
Provision for loan losses	(100)	(155)	(55)	(55)	(45)	82%
<b>Net interest income after provision</b>	<b>2,424</b>	<b>2,158</b>	<b>2,161</b>	<b>2,105</b>	<b>319</b>	<b>15%</b>
			-			
Service charges on deposits	49	52	49	51	(2)	-4%
Gains on sale of loans	75	190	82	247	(172)	-70%
Other non-interest income	53	27	47	56	(3)	-5%
<b>Total non-interest income</b>	<b>177</b>	<b>269</b>	<b>178</b>	<b>354</b>	<b>(177)</b>	<b>-50%</b>
Salaries and employee benefits expense	(1,129)	(1,114)	(1,103)	(1,007)	(122)	12%
Occupancy and equipment expense	(185)	(206)	(188)	(182)	(3)	2%
Other operating expense	(442)	(424)	(360)	(434)	(8)	2%
<b>Total non-interest expense</b>	<b>(1,756)</b>	<b>(1,744)</b>	<b>(1,651)</b>	<b>(1,623)</b>	<b>(133)</b>	<b>8%</b>
			0			
<b>Income before income taxes</b>	<b>845</b>	<b>683</b>	<b>688</b>	<b>836</b>	<b>9</b>	<b>1%</b>
Income tax expense	(349)	(283)	(285)	(346)	(3)	1%
<b>Net income</b>	<b>\$ 496</b>	<b>\$ 400</b>	<b>\$ 403</b>	<b>\$ 490</b>	<b>\$ 6</b>	<b>1%</b>
Basic Earnings per Share	\$ 0.33	\$ 0.27	\$ 0.27	\$ 0.33	\$ 0.00	1%
Average Shares Outstanding	1,500,675	1,500,675	1,500,675	1,500,675	0	0%
Diluted Earnings per Share	\$ 0.33	\$ 0.27	\$ 0.27	\$ 0.33	\$ 0.00	1%
Average Shares Outstanding	1,500,675	1,500,675	1,500,675	1,500,675	0	0%
<b>Performance Ratios</b>						
Return on Average Assets	0.71%	0.69%	0.72%	0.72%	-0.01%	-1%
Return on Average Common Equity	7.42%	6.94%	7.03%	7.44%	-0.02%	0%
Net Interest Margin	3.94%	4.00%	4.06%	4.06%	-0.12%	-3%
Cost of Funds	0.28%	0.26%	0.26%	0.25%	0.03%	13%
Efficiency Ratio	67.10%	68.23%	68.96%	69.67%	-2.57%	-4%

# FINANCIAL HIGHLIGHTS

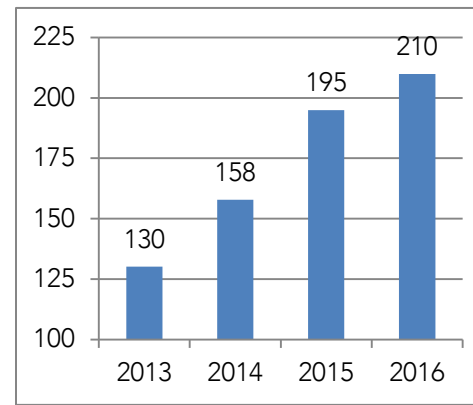
Total Assets (\$ Millions)



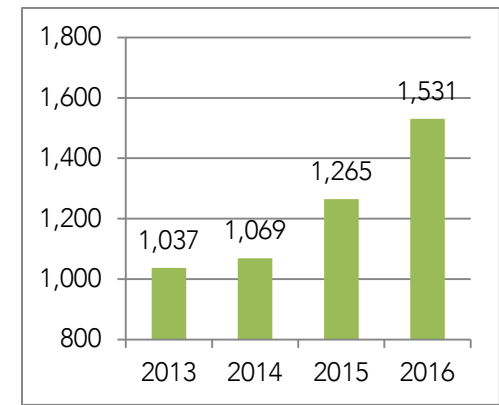
Total Loans (\$ Millions)



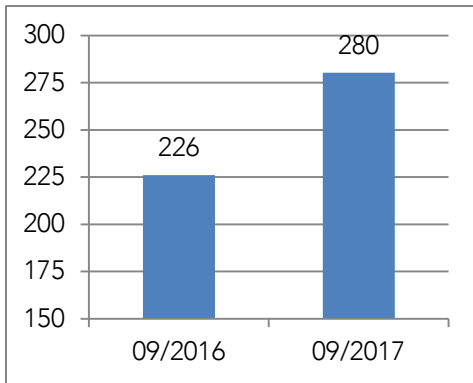
Total Deposits (\$ Millions)



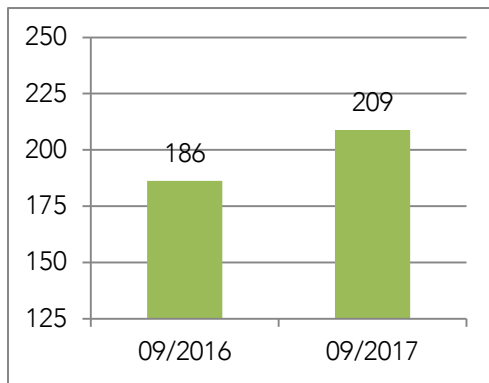
Net Profit (\$ Thousands)



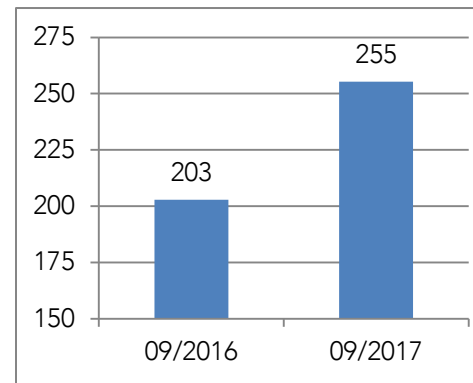
Total Assets (\$ Millions)



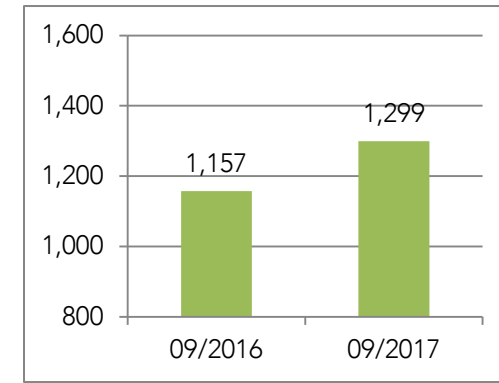
Total Loans (\$ Millions)



Total Deposits (\$ Millions)

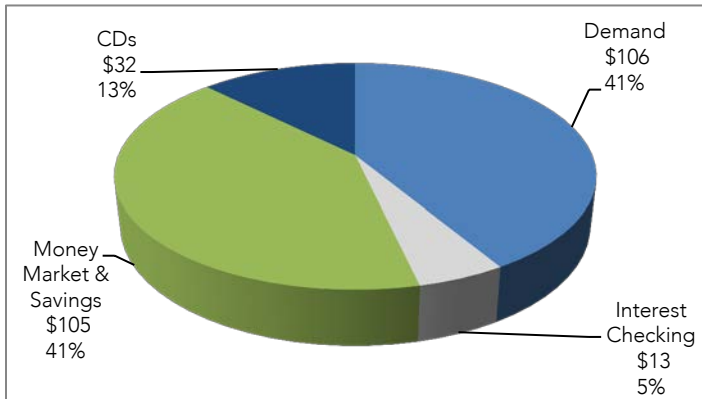


Net Profit (\$ Thousands)



Deposit Composition (\$ Millions)

As of 9/30/2017



Loan Composition (\$ Millions)

