

COMMUNITY MATTERS STATEMENT of Bank of San Francisco



BANK OF SAN FRANCISCO

WITH YOU WHEN IT MATTERS

COMMUNITY MATTERS STATEMENT

To say that 2020 was a challenging year would be an understatement. The COVID-19 pandemic was unlike anything most of us had ever experienced—resulting in millions of infections, and hundreds of thousands of fatalities in the U.S. alone. Lives were turned upside down. Shelter-in-place mandates brought businesses and daily life to a screeching halt. The experience of Bank of San Francisco was no exception. In response to safety protocols put forth by our local government, we began the process of identifying employees whose duties could be accomplished outside of the office. Last year, roughly 75% of staff began working remotely, all while meeting the needs of our clients with little to no interruption.

On March 31, 2020, the Paycheck Protection Program (PPP) was introduced by the U.S. Small Business Administration (SBA) as a lifeline for businesses. The PPP was designed to assist businesses and nonprofits with payroll and other related expenses through forgivable loans. Bank of San Francisco understood its role in helping to deploy these funds to the community by accepting PPP applications from clients and non-clients. With many employees working remotely, relationship managers and underwriters began processing applications around the clock, seven days a week, for the next few months. In 2020, the Bank processed 539 PPP loan applications, effectively deploying more than \$178 million¹ in funds to restaurants, nonprofits and dental practices, among others, and helping to preserve more than 13,000 jobs. We are especially proud to have advanced approximately 30% of the PPP loan funding to Bay Area nonprofits.

In 2020, our country saw massive Black Lives Matter demonstrations in the wake of the senseless death of George Floyd, and so many others. Bank of San Francisco was quick to release a statement decrying the racial injustices endured by the Black community, and all other forms of hate and inequity. Diversity, equity and inclusion (DEI) have always been at the core of our Bank's values. By writing our statement last year, we were prompted to self-reflect, identify and solidify how we could improve in these areas throughout our organization and industry. With input from our team, we identified six DEI initiatives for 2021, including:

¹ The Bank processed a total of 929 PPP loan applications, deploying more than \$259 million in funds, during both rounds of funding, from April 2020 to May 2021.

- Forming a DEI Team to ensure we maintain our ongoing DEI initiatives, with measurable results;
 - At the staff's urging, the DEI Team was formed, and charged by the Board of Directors to present quarterly updates to the Bank team and directors to ensure progress. Its first order of business was to Adopt a DEI Statement:

Diversity: The key to our success.

At Bank of San Francisco, diversity has long been at the core of our mission and values. We are proud of our diverse workforce, and empower our employees by fostering a culture that welcomes varying perspectives. We believe diversity, equity and inclusion in the workplace benefit our team, clients and the community we serve.

- Diversifying our team and leadership groups;
 - Upon reviewing the demographic data provided by our Bank's June 2021 census, we found that 84.44% of our employees participated in answering the optional questions about ethnicity and race. Of those employees: 18.42% self-identified as Asian, 7.89% self-identified as Black/African American, 21.05% self-identified as Hispanic/Latino, and 10.53% self-identified as Native Hawaiian/Other Pacific Islander.
 - The average age in our workforce is approximately 48 years old.
 - 57.78% of our employees self-identify as female, and 50% of our C-level executives self-identify as female. We are actively working to diversify our Board of Directors, and will provide an update on our progress in 2021. Going forward, we will survey our employees on an annual basis to gauge whether they feel valued, and that their work environment is safe, welcoming and inclusive. In the future, we intend to address other areas of diversity, including self-identified sexual orientation and self-identified disabilities, among others.
- Reviewing the Bank's outreach and product development to help meet the banking needs of our community, diversify our client base, and promote greater involvement with underrepresented businesses and organizations;
 - We continue to feature businesses and organizations owned by or supporting underrepresented individuals in our quarterly newsletters, and in our social media campaigns.
 - We participate in and facilitate government-sponsored lending programs—California's Small Business Loan Guarantee Program, PPP, Main Street

Lending Program, SBA 7(a), SBA 504, and more—in order to help as many small businesses and organizations as possible.

- We developed our Small Loan Program, the processes and procedures for which allow us to be able to lend to small businesses, and to those in low-moderate income census tracts, as efficiently as possible. With this program in place, we showed a 150% increase year-over-year in commercial loans (measured by number of loans) made to businesses within our assessment area with gross annual revenues of \$1 million or less excluding PPP loans, and a 176% increase year-over-year in commercial loans (measured by dollars) made to businesses within our assessment area with gross annual revenues of \$1 million or less, excluding PPP loans. While there was a small year-over-year increase in loans that were distributed in low-moderate income census tracts (measured by number of loans), we have identified this as an area that needs attention and improvement.
- Stepping up the Bank’s paid Volunteer Program, with specific emphasis on supporting underrepresented groups;
 - Members of the DEI Team have begun presenting financial literacy seminars at local community colleges in the Bay Area, with plans to expand the literacy seminars by partnering with nonprofit organizations that have missions to support underserved school districts and communities.
- Focusing the Bank’s Internship Program to benefit college students of diverse and underrepresented backgrounds;
 - The restrictions put in place due to Covid-19 required the suspension of our Bank’s Internship Program in 2020. Going forward, we intend to expand our outreach to local colleges and universities to promising candidates of diverse and underrepresented backgrounds.
- Issuing an Annual Community Matters Statement, holding us accountable for the initiatives we have undertaken in support of diversity, equity and inclusion.

For many in the nonprofit community, 2020 brought about a change in the format of fundraising. Many nonprofits cancelled annual galas, fundraising activities and other efforts to support the financial wellbeing of their respective organizations. We are proud to say that we were able to support 19 organizations through corporate sponsorships and charitable contributions of varying amounts. We were also able to assist some

organizations in applying for COVID-19-related grants from Federal Home Loan Bank of San Francisco, bolstering the donations we gave.

Some industries were especially hard-hit by COVID-19 in 2020. Due to the reduced seating capacity and patrons staying at home, countless restaurants and bars were barely able to manage their daily operations, were forced to lay off staff, or even had to close their doors. Like many in the community who have continued supporting local eateries, Bank of San Francisco purchased food and gift cards from its own restaurant clients in order to donate to first responders, nonprofits and other deserving groups. We called our program Catering to the Community.

As a community bank, it is our job to understand and respond to the needs of the people, businesses and nonprofits around us. By improving upon the diversity and representation within our own organization, we are better able to identify with and serve our communities. We are proud of the steps we took last year toward becoming a more diverse, equitable and inclusive employer and financial services provider, and the way in which we were able to step up for our communities in response to the economic crisis brought on by the pandemic. Our commitment must be ongoing and unwavering, if progress is to be sustained. We intend to do precisely that.

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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.

OUR MISSION

Bank of San Francisco's mission is to enhance the success of our communities by providing exceptional service and expertise to support the goals and aspirations of people, businesses, and nonprofits.

WHO WE ARE

Bank of San Francisco is a modern community bank that reflects the best qualities of the Bay Area's rich culture. We are entrepreneurial, diverse, flexible and forward thinking. We have extensive local ownership and exclusively local decision making.

Bank of San Francisco delivers high touch, personalized financial services, with agility and accountability, to Bay Area businesses, nonprofits, individuals, and families. Our advanced technology platform and mobile apps enable our clients to transact in real time, wherever they are, and each of our bankers is only a phone call or a text away. At Bank of San Francisco, we are "with you when it matters."

We invest in our employees by supporting their professional development, time off to volunteer, and local nonprofit board membership.

We invite you to learn more about Bank of San Francisco and to join our family of community-minded clients, employees, and investors.

Bank of San Francisco trades on OTCQX under the symbol "BSFO."

BANK OF SAN FRANCISCO

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