

FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Results for the Quarter Ended September 30, 2020

SAN FRANCISCO, CA – (11/5/2020)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the third quarter ended September 30, 2020. Net income for the quarter was \$1,093 thousand, or \$0.54 diluted earnings per share, up 27% compared to the preceding quarter, and up 1%, from \$1,086 thousand, or \$0.54 diluted earnings per share, achieved in the third quarter of 2019.

“We remain incredibly proud of our team for their continued dedication to our clients during this difficult and unprecedented time. Additionally, we are impressed with the team’s success in winning several new key client relationships that were introduced to the Bank through our work on the U.S. Small Business Administration’s (SBA’s) Paycheck Protection Program (PPP),” said Ed Obuchowski, CEO of Bank of San Francisco.

Financial Highlights:

- Net income was \$1,093 thousand for the third quarter of 2020, compared to \$858 thousand for the preceding quarter. The increase in earnings was primarily due to the increase in net interest income and a decrease in loan loss provision expense. The increase was partially offset by the increase in salaries. As the Bank continues to focus on long-term growth, three new employees, including a highly experienced relationship manager, were hired during the third quarter. Net income for the third quarter of 2020 was \$7 thousand higher than the \$1,086 thousand achieved in the third quarter of 2019.
- Net interest income was \$4,951 thousand for the third quarter of 2020, an increase of \$548 thousand from the preceding quarter, and a \$1,167 thousand increase from the \$3,784 thousand achieved in the third quarter of 2019. The Bank recorded interest and processing fee income of \$1,020 thousand related to the PPP loans originated in the third quarter of 2020.
- The Bank continued to replace higher-rate brokered Certificates of Deposit (CDs) with lower-priced deposits during the third quarter of 2020, leading to the cost of funds decreasing from 0.41% in the second quarter of 2020 to 0.29% in the third quarter of 2020.

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- The Bank's net interest margin increased to 3.23% in the third quarter of 2020, from 3.20% in the preceding quarter, and decreased from 4.28% in the third quarter of 2019. The origination of the high volume of PPP loans, at an interest rate of 1% per annum in the second quarter of 2020, combined with the overall decreasing interest rate environment, resulted in the compression of the interest margin from the prior year. Excluding the PPP loans, the net interest margin was 3.69% in the third quarter of 2020.
- The Bank borrowed under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility (PPPLF) at an interest rate of 0.35% per annum. This led to other interest expense increasing by \$48 thousand from the preceding quarter as the facility was outstanding for the full third quarter.
- Operating expenses were \$2,566 thousand for the third quarter of 2020, an increase of \$507 thousand, or 25%, from the preceding quarter, and an increase of \$189 thousand, or 8%, from the \$2,377 thousand reported for the third quarter of 2019. The increase from the preceding quarter was primarily due to lower deferred salary costs in the current quarter as loan volume normalized from the high PPP loan volume funded in the preceding quarter, and the increase of three employees.
- The efficiency ratio was 50.88% for the third quarter of 2020, compared to 44.49% for the preceding quarter, and 58.46% for the third quarter of 2019. The Bank benefited from the \$548 thousand increase in net interest income, primarily from the PPP loans. This was partially offset by higher salary and benefits expense resulting primarily from the three new hires.
- Diluted earnings per common share were \$0.54 for the third quarter of 2020, an increase of \$0.11 compared to the preceding quarter. Diluted earnings per common share for the third quarter of 2019 were \$0.54. Earnings per Common Share increased from the preceding quarter due to the growth in net income, combined with the issuance of 16,704 shares of restricted stock during the third quarter.
- Total loans, net of deferred fees, were \$531 million as of September 30, 2020, up \$17 million from June 30, 2020, and up \$221 million from September 30, 2019. The increase from the preceding quarter was primarily from a mix of commercial real estate and residential loans. Non-PPP loans, net of deferred fees, were \$356 million as of September 30, 2020, up \$15 million, or 4%, from June 30, 2020 and up \$45 million, or 15%, from September 30, 2019. As of September 30, 2020, the Bank had net deferred loan fees and costs related to PPP loans of \$3,560 thousand, which will be recognized over the life of the loans.
- The Bank's loan loss provision expense was \$925 thousand in the third quarter of 2020, compared to \$1,350 thousand in the preceding quarter, and \$140

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thousand in the third quarter of 2019. The Bank had non-accrual loans of \$1,039 thousand as of September 30, 2020. The Allowance for Loan Losses reserve ratio was 1.28% of total loans and 1.91% of total non-PPP loans as of September 30, 2020. As a percentage of total non-PPP loans, the allowance increased by 0.16% from June 30, 2020, and 0.55% from September 30, 2019.

- Total deposits were \$516 million as of September 30, 2020, decreasing \$7 million from June 30, 2020, and up \$198 million from September 30, 2019.
- The Bank pledged \$79 million of PPP loans under the PPPLF in the preceding quarter. As of September 30, 2020, the Bank had available borrowing capacity of \$165 million from various sources, including the Federal Reserve of San Francisco and the Federal Home Loan Bank of San Francisco. The Bank has a strong liquidity position, with \$129 million in cash and due from banks coupled with the various liquidity sources, all readily available to address any PPP timing differences and unexpected changes in deposit and loan balances.
- Book value per share increased to \$21.44 per share as of September 30, 2020, up from \$21.04 at June 30, 2020, and \$19.49 per share at September 30, 2019.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 8.17%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.14%, and a Total Risk-Based Capital Ratio of 16.40% as of September 30, 2020.

Loan Portfolio and Credit Quality

As of September 30, 2020, residential loans totaled \$143 million, or 27% of the Bank's total loan portfolio, and 40% of total non-PPP loans. The weighted average loan-to-value (LTV) ratio for the residential portfolio was 63%. As of September 30, 2020, commercial real estate (CRE) loans totaled \$126 million, or 24% of the total loan portfolio, and 35% of total non-PPP loans. The weighted average LTV ratio for these loans was 57%. Totalling \$72 million at September 30, 2020, Commercial & Industrial (C&I) non-PPP loans represented 13% of the total loan portfolio, or 20% of total non-PPP loans.

The Bank continues to work with clients navigating through COVID-19-related business interruptions and slow-downs. As of September 30, 2020, the Bank had \$20 million of C&I loans and \$34 million of commercial real estate (CRE) loans on principal payment deferrals, and \$7 million of residential mortgages on principal-and-interest payment deferrals. During the third quarter, the Bank processed six-month principal payment deferrals on four commercial loans, totaling \$2 million. No additional residential loans were modified during the third quarter. The \$61 million of loans in deferment as of September 30, 2020, represented 17% of the Bank's non-PPP loan portfolio.

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During the second quarter of 2020, the Bank processed six-month deferrals of principal payments on 74 commercial loans, totaling \$58 million. These included \$25 million of non-PPP C&I loans, and \$33 million of CRE loans. \$6 million, or 10% of the loans, had resumed regular payments as of September 30, 2020, and \$2 million, or 3%, had been granted three additional months of principal payment deferrals. Three of the loans, totaling \$1 million, were placed on non-accrual during the third quarter. The remaining 85% of loans are scheduled to resume full principal-and-interest payments during the fourth quarter of 2020 and the first quarter of 2021.

Within the C&I portfolio, 30 dental loans totaling \$10 million were granted six-month principal payment deferrals in the second quarter of 2020. Of those, 40% resumed full payments in September, 53% resumed full payments in October, and the rest are scheduled to resume full payments in November. Twenty-four other C&I loans, totaling \$15 million, were granted principal payment deferrals, with 11% of those returning to full payments in September, and 82% scheduled to return to full payments during the fourth quarter of 2020. Two loans in the retail and travel industries, totaling \$2 million, were granted an additional three months of principal payment deferrals.

Twenty CRE loans totaling \$33 million were granted six-month principal payment deferrals during the second quarter of 2020. 80% of those are scheduled to return to full payments in the fourth quarter of 2020, and 20% in January of 2021.

On the residential side, 11 loans totaling \$8 million were granted 90-day principal-and-interest payment deferrals during the second quarter, with options for an additional 90 days of payment deferrals. \$1 million loans had resumed full payments as of September 30, 2020.

During the third quarter 2020, the Bank received monthly principal-and-interest payments from the SBA for 60 loans totaling \$37 million as of September 30, 2020, with 28% of the loans to the restaurant and food services related industries. The SBA made payments on these loans through September 27, 2020.

As of September 30, 2020, the Bank had three non-accrual loans totaling \$1,039 thousand. The loans are to one borrower in the transportation industry and are supported by an 80% guarantee by the State of California. One CRE loan with a principal balance of \$334 thousand was past-due 30 to 90 days. The loan was brought current subsequent to quarter-end.

Classified loans totaled \$14 million, or 2.69% of the total loan portfolio as of September 30, 2020, an increase of \$4 million, or 40%, from the preceding quarter. Classified loans

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totaled \$5.1 million, or 1.64% of the total loan portfolio as of September 30, 2019. Loans that were risk rated “Pass” prior to the pandemic, and have loan payment deferrals, have been downgraded to “Pass-Watch” and are being closely monitored. During the third quarter, the Bank further increased the qualitative factors around economic trends, resulting in an increased allowance. As additional information is known and the extent and impact of the pandemic on individual clients become more apparent, individual loan risk ratings and the Bank’s Allowance for Loan Losses reserve ratio will be adjusted.

“The businesses and nonprofits we serve are navigating this difficult economy with persistence and creativity. We are honored to be their partner as we move forward,” said Wendy Ross, President of 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

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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.

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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	
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	\$	%
Assets							
Cash and due from banks	\$ 5,924	\$ 8,101	\$ 7,808	\$ 8,125	\$ 6,878	\$ (954)	-14%
Interest bearing deposits in banks	123,551	143,842	77,328	65,484	40,710	82,841	203%
Total cash and cash equivalents	129,475	151,943	85,136	73,609	47,588	81,887	172%
Loans, net of deferred costs/fees	531,390	514,668	330,720	321,215	310,820	220,570	71%
Allowance for Loan Losses	(6,800)	(5,875)	(4,525)	(4,330)	(4,240)	(2,560)	60%
Loans, net of allowance of loan losses	524,590	508,793	326,195	316,885	306,580	218,010	71%
Premises and equipment, net	277	292	311	342	367	(90)	-25%
Accrued interest receivable & other assets	8,079	7,252	6,422	6,510	6,533	1,546	24%
Total Assets	\$ 662,421	\$ 668,280	\$ 418,064	\$ 397,346	\$ 361,068	\$ 301,353	83%
Liabilities							
Non-interest bearing deposits	\$ 189,541	\$ 212,982	\$ 121,746	\$ 129,815	\$ 113,418	\$ 76,123	67%
Interest bearing deposits	326,271	310,301	240,635	223,018	204,373	121,898	60%
Total deposits	515,812	523,283	362,381	352,833	317,791	198,021	62%
FHLB advances	20,000	20,000	10,000	-	-	20,000	n/a
Other borrowings	79,172	79,172	-	-	-	79,172	n/a
Accrued interest payable and other liabilities	3,369	2,938	3,718	3,532	3,544	(175)	-5%
Total Liabilities	618,353	625,393	376,099	356,365	321,335	297,018	92%
Shareholders' equity							
Common stock	26,868	26,781	26,716	26,652	26,587	281	1%
Retained earnings	17,200	16,106	15,249	14,329	13,146	4,054	31%
Total shareholders' equity	44,068	42,887	41,965	40,981	39,733	4,335	11%
Total Liabilities & Shareholders' Equity	\$ 662,421	\$ 668,280	\$ 418,064	\$ 397,346	\$ 361,068	\$ 301,353	83%
Book Value per Common Share	\$ 21.44	\$ 21.04	\$ 20.58	\$ 20.10	\$ 19.49	\$ 1.95	10%
Total Common Shares Outstanding	2,055,507	2,038,803	2,038,803	2,038,803	2,038,803	16,704	1%
Capital Ratios							
Tier 1 Leverage ratio	8.17%	7.94%	11.04%	10.84%	10.89%	-2.72%	-25%
Tier 1 RBC ratio	15.14%	15.23%	15.23%	15.23%	15.09%	0.05%	0%
Common Equity Tier 1 RBC ratio	15.14%	15.23%	15.23%	15.23%	15.09%	0.05%	0%
Total Risk-Based Capital (RBC) ratio	16.40%	16.49%	16.48%	16.48%	16.35%	0.05%	0%
Other Ratios							
Non-interest bearing to Total Deposits	36.75%	40.70%	33.60%	36.79%	35.69%	1.06%	3%
Loan to Deposit ratio	103.02%	98.35%	91.26%	91.04%	97.81%	5.21%	5%
Allowance for Loan Losses to Total Loans	1.28%	1.14%	1.37%	1.35%	1.36%	-0.08%	-6%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.91%	1.75%	n/a	n/a	n/a	n/a	n/a
ALLL to Nonperforming Loans	654.31%	n/a	n/a	n/a	n/a	n/a	n/a
Nonperforming Assets to Total Assets	0.16%	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	
	9/30/2020	6/30/2020	3/31/2020	12/31/2019	9/30/2019	\$	%
Interest on loans, including fees	\$ 5,324	\$ 4,865	\$ 4,134	\$ 4,248	\$ 4,127	\$ 1,197	29%
Interest on deposits in banks	18	18	126	220	244	(226)	-93%
Other interest income	23	21	30	30	28	(5)	-18%
Total interest income	5,365	4,904	4,290	4,498	4,399	966	22%
Deposits interest expense	331	466	535	580	615	(284)	-46%
Other interest expense	83	35	4	-	-	83	n/a
Total interest expense	414	501	539	580	615	(201)	-33%
Net interest income	4,951	4,403	3,751	3,918	3,784	1,167	31%
Provision for loan losses	925	1,350	195	90	140	785	561%
Net interest income after provision	4,026	3,053	3,556	3,828	3,644	382	10%
Service charges on deposits*	63	65	74	74	67	(4)	-6%
Gains on sale of loans	-	124	-	-	183	(183)	-100%
Other non-interest income*	29	36	33	33	32	(3)	-9%
Total non-interest income	92	225	107	107	282	(190)	-67%
Salaries and employee benefits expense*	1,704	1,273	1,573	1,417	1,539	165	11%
Occupancy*	209	210	209	212	211	(2)	-1%
Information Technology and Equipment*	196	187	195	209	191	5	3%
Other operating expense*	457	389	379	431	436	21	5%
Total non-interest expense	2,566	2,059	2,356	2,269	2,377	189	8%
Income before income taxes	1,552	1,219	1,307	1,666	1,549	3	0%
Income tax expense	459	361	388	482	463	(4)	-1%
Net income	\$ 1,093	\$ 858	\$ 919	\$ 1,184	\$ 1,086	\$ 7	1%

* Amounts have been reclassified in periods prior to December 31, 2019 to conform with the current period's presentation.

Basic Earnings per Share	\$ 0.54	\$ 0.43	\$ 0.46	\$ 0.59	\$ 0.54	\$ 0.00	0%
Average Shares Outstanding	2,017,790	2,014,703	2,014,703	2,014,703	2,007,882	9,908	0%
Diluted Earnings per Share	\$ 0.54	\$ 0.42	\$ 0.46	\$ 0.59	\$ 0.54	\$ 0.00	0%
Average Shares Outstanding	2,021,768	2,019,904	2,019,510	2,018,478	2,009,404	12,364	1%

Annualized Performance Ratios

Return on Average Assets	0.71%	0.61%	0.97%	1.26%	1.20%	-0.49%	-41%
Return on Average Common Equity	9.96%	8.09%	8.86%	11.73%	11.09%	-1.13%	-10%
Net Interest Margin	3.23%	3.20%	4.08%	4.27%	4.28%	-1.05%	-25%
Cost of Funds	0.29%	0.41%	0.65%	0.69%	0.78%	-0.49%	-63%
Efficiency Ratio	50.88%	44.49%	61.07%	56.37%	58.46%	-7.58%	-13%

Bank of San Francisco

Statement of Income (Unaudited)

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

	Nine Month Ended		Year Over Year Change	
	9/30/2020	9/30/2019	\$	%
Interest on loans, including fees	\$ 14,323	\$ 11,536	\$ 2,787	24%
Interest on deposits in banks	162	620	(458)	-74%
Other interest income	74	74	-	0%
Total interest income	14,559	12,230	2,329	19%
Deposits interest expense	1,332	1,578	(246)	-16%
Other interest expense	122	111	11	10%
Total interest expense	1,454	1,689	(235)	-14%
Net interest income	13,105	10,541	2,564	24%
Provision for loan losses	2,470	300	2,170	723%
Net interest income after provision	10,635	10,241	394	4%
Service charges on deposits*	202	207	(5)	-2%
Gains on sale of loans	124	406	(282)	-69%
Other non-interest income*	98	94	4	4%
Total non-interest income	424	707	(283)	-40%
Salaries and employee benefits expense*	4,550	4,584	(34)	-1%
Occupancy*	628	701	(73)	-10%
Information Technology and Equipment*	578	562	16	3%
Other operating expense*	1,225	1,011	214	21%
Total non-interest expense	6,981	6,858	123	2%
Income before income taxes	4,078	4,090	(12)	0%
Income tax expense	1,208	1,216	(8)	-1%
Net income	\$ 2,870	\$ 2,874	\$ (4)	0%

* Amounts have been reclassified in the prior periods to conform with the current period's presentation.

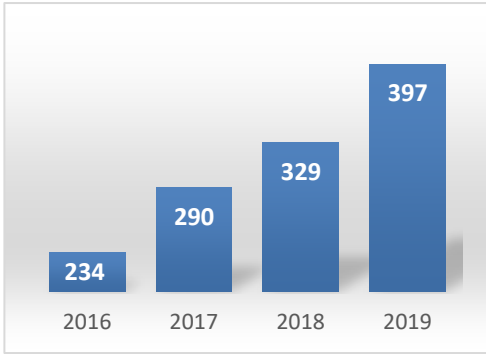
Basic Earnings per Share	\$ 1.42	\$ 1.43	\$ (0.01)	-1%
Average Shares Outstanding	2,015,739	2,007,451	8,288	0%
Diluted Earnings per Share	\$ 1.42	\$ 1.43	\$ (0.01)	-1%
Average Shares Outstanding	2,024,110	2,013,376	10,734	1%

Performance Ratios

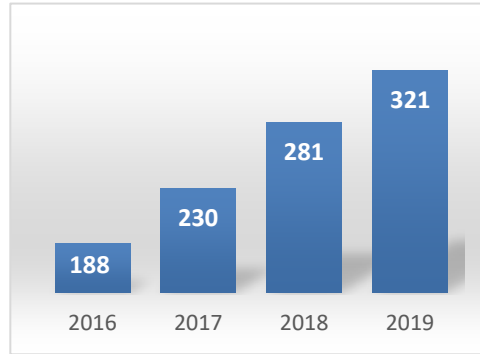
Return on Average Assets	0.74%	1.13%	-0.39%	-35%
Return on Average Common Equity	8.94%	10.03%	-1.09%	-11%
Net Interest Margin	3.43%	4.25%	-0.82%	-19%
Cost of Funds	0.42%	0.74%	-0.32%	-43%
Efficiency Ratio	51.60%	60.97%	-9.37%	-15%

FINANCIAL HIGHLIGHTS

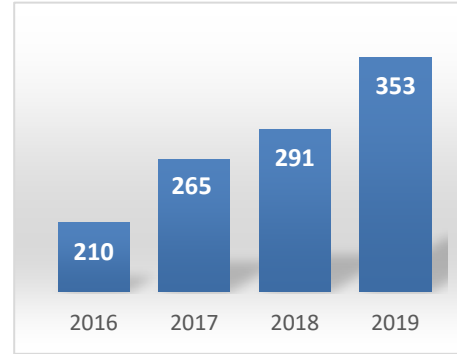
Total Assets (\$ Millions)
As of December 31,



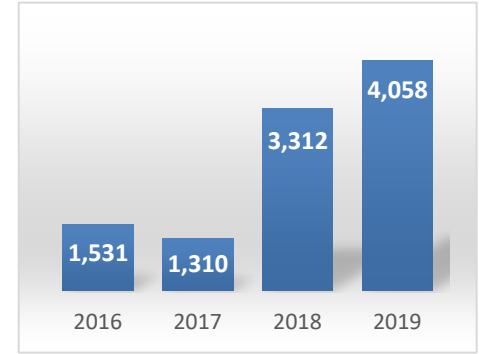
Total Loans (\$ Millions)
As of December 31,



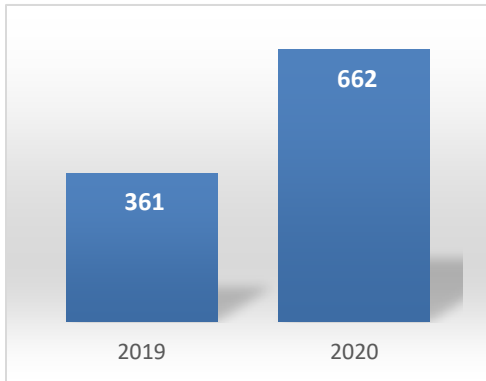
Total Deposits (\$ Millions)
As of December 31,



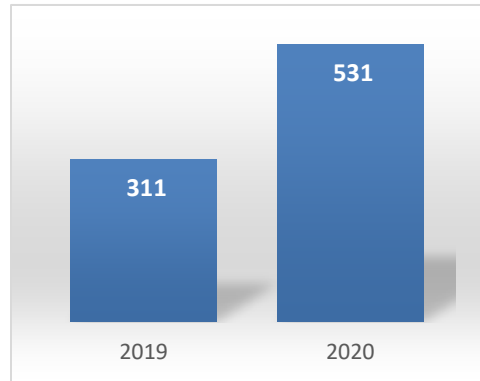
Net Profit (\$ Thousands)
Year Ended December 31,



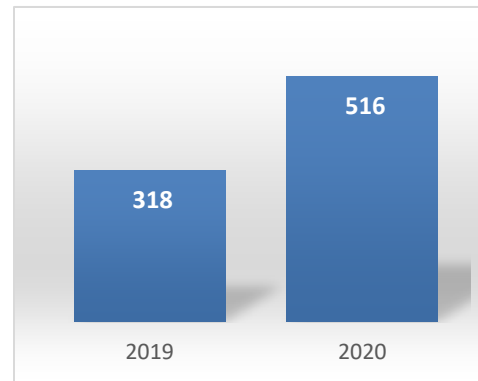
Total Assets (\$ Millions)
As of September 30,



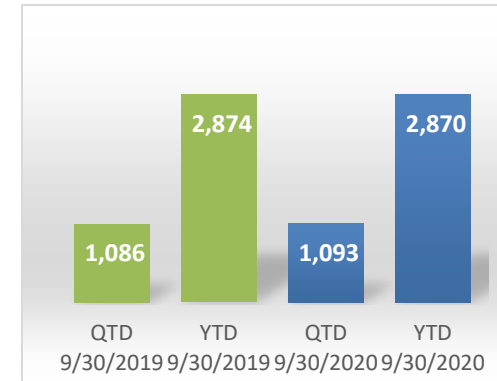
Total Loans (\$ Millions)
As of September 30,



Total Deposits (\$ Millions)
As of September 30,

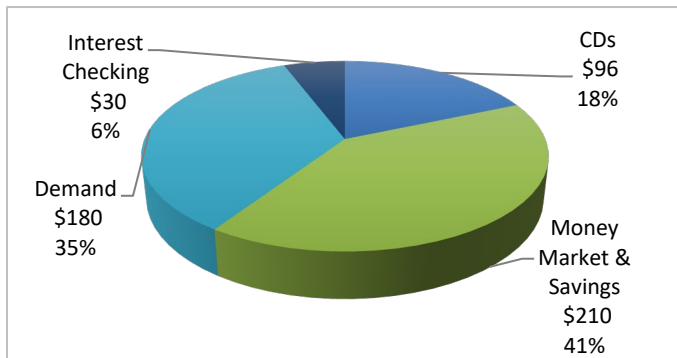


Net Profit (\$ Thousands)
Three & Nine Months Ended September 30,

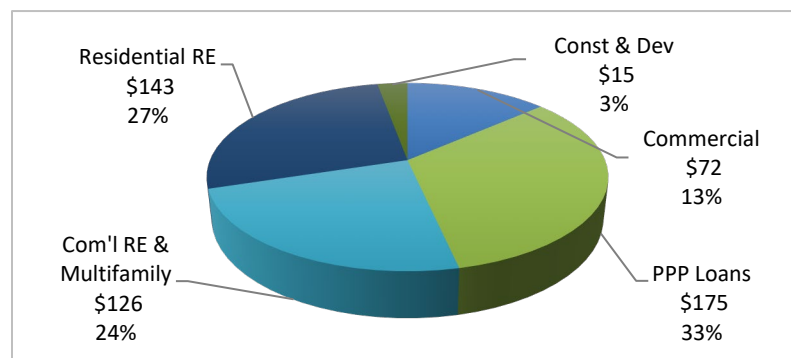


Deposit Composition (\$ Millions)

As of September 30, 2020



Loan Composition (\$ Millions)



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