

FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Results for the Quarter Ended September 30, 2021

SAN FRANCISCO, CA—(11/1/2021)—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, 2021. Net income for the quarter was \$2,398 thousand, up 19% compared to the preceding quarter, and up 119%, from \$1,093 thousand, achieved in the third quarter of 2020. Diluted earnings per share for the quarter were \$1.17, up 18% compared to the preceding quarter, and up 117%, from \$0.54 diluted earnings per share, achieved in the third quarter of 2020.

Wendy Ross, President, Bank of San Francisco, said, “We are very pleased with our third-quarter and year-to-date financial results, and want to give special thanks both to our team and to our clients. We could not be prouder of how they have worked together to navigate the unprecedented challenges of the past 18 months. We so appreciate their flexibility, determination, hard work and commitment.”

Financial Highlights:

- Net income was \$2,398 thousand for the third quarter of 2021, compared to \$2,010 thousand for the preceding quarter, and \$1,093 thousand for the third quarter of 2020. The increase in net income from the preceding quarter was the result of three factors: gains on Small Business Administration (SBA) loan sales of \$294 thousand during the third quarter of 2021; salary expense decreasing from the preceding quarter, primarily from lower bonus and commission expense; and other operating expenses decreasing, primarily resulting from lower FDIC assessments, as the Bank’s asset size and assessment percentage decreased in the current quarter.
- Net interest income was \$5,759 thousand in the third quarter of 2021, a decrease of \$48 thousand from the preceding quarter, and a \$808 thousand increase from \$4,951 thousand in the third quarter of 2020. The Bank recorded interest and processing fee income on Paycheck Protection Program (PPP) loans of \$1,262 thousand in the third quarter of 2021.
- Cost of funds decreased from 0.19% in the second quarter of 2021 to 0.16% in the third quarter of 2021.

- Net interest margin increased to 3.70% in the third quarter of 2021, from 3.61% in the preceding quarter, and increased from 3.23% in the third quarter of 2020. The Bank's net interest margin increased in the third quarter of 2021, primarily as a result of lower yielding PPP loans continuing to be forgiven. Excluding the PPP loans and the Bank's corresponding borrowings under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility (PPPLF), the net interest margin was approximately 3.40% in the third quarter of 2021, a decrease of 0.20% from the prior quarter. This reflected a significant increase in the Bank's average cash balance from the preceding period as a result of cash received from PPP loans that were forgiven by the SBA during the period.
- The Bank borrowed under the PPPLF at an interest rate of 0.35% per annum, reflected in other borrowings on the balance sheet. Other borrowings decreased by \$30 million, to \$23 million, from the prior period, as PPP loans continued to be forgiven in the third quarter 2021. Other interest expense decreased by \$49 thousand from the preceding quarter, and decreased by \$53 thousand from the third quarter of 2020.
- Operating expenses were \$2,736 thousand for the third quarter of 2021, a decrease of \$313 thousand from the preceding quarter, and an increase of \$170 thousand from the \$2,566 thousand for the third quarter of 2020. Other expenses decreased from the preceding quarter primarily due to lower FDIC assessments, as the Bank's average assets and assessment percentage decreased. The increase in other operating expenses from the third quarter of 2020 was primarily the result of the significant increase in the Bank's FDIC assessment fee. The efficiency ratio was 44.55% for the third quarter of 2021, compared to 51.65% for the preceding quarter, and 50.88% for the third quarter of 2020.
- Diluted earnings per common share were \$1.17 for the third quarter of 2021, up \$0.18 compared to the preceding quarter, and up \$0.63 compared to the third quarter of 2020.
- Total loans, net of deferred fees, were \$508 million as of September 30, 2021, down \$33 million from June 30, 2021, and down \$23 million from September 30, 2020. The Bank received PPP loan forgiveness of \$52 million during the third quarter, which was the primary driver behind the decrease. Non-PPP loans, net of deferred fees, were \$435 million as of September 30, 2021, up \$18 million, or 4.3%, from June 30, 2021, and up \$79 million, or 22%, from September 30, 2020. As of September 30, 2021, the SBA had processed PPP loan forgiveness of approximately 71% of PPP loans originated.
- Total deposits were \$549 million as of September 30, 2021, decreasing less than \$1 million from June 30, 2021, and up \$33 million from September 30, 2020. The growth from the third quarter of 2020 resulted from both the increased liquidity of our existing clients, and new client relationships, many of which were developed

as a result of the Bank's active participation in the PPP program.

- The Allowance for Loan Losses Reserve Ratio was 1.41% as of September 30, 2021, an increase of 0.09% from June 30, 2021, and an increase of 0.13% from September 30, 2020. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.65% as of September 30, 2021, a decrease of 0.07% from June 30, 2021, and a decrease of 0.26% from September 30, 2020. The Bank did not record a loan loss provision expense for the third quarter of 2021.
- Book value per share increased to \$25.54 per share as of September 30, 2021, up from \$24.58 as of June 30, 2021, and \$21.44 per share as of September 30, 2020.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 8.7%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.34%, and a Total Risk-Based Capital Ratio of 16.6% as of September 30, 2021.
- As of September 30, 2021, residential loans totaled \$212 million, or 42% of the Bank's total loan portfolio, and 49% of total non-PPP loans. As of September 30, 2021, Commercial Real Estate (CRE) loans totaled \$147 million, or 29% of the total loan portfolio, and 34% of total non-PPP loans. Totaling \$70 million as of September 30, 2021, Commercial and Industrial (C&I) non-PPP loans represented 14% of the total loan portfolio, or 16% of total non-PPP loans.
- The Bank continues to work with clients who are navigating COVID-19-related business interruptions and slowdowns. As of September 30, 2021, the Bank had \$2 million of C&I loans on principal payment deferrals, and \$1 million of residential mortgages on principal-and-interest payment deferrals. The \$3 million of total loans on deferment as of September 30, 2021, represented 0.56% of the Bank's non-PPP loan portfolio.
- As of September 30, 2021, the Bank had eight non-accrual loans totaling \$4 million, or less than 1% of the non-PPP loan portfolio. There was no change to the non-accrual loans from the prior quarter. The non-accrual loans are to five borrowers: two in the transportation industry, and three in the food industry. All non-accrual loans are supported by either an 80% guarantee by the State of California, or a 75% SBA guarantee.
- Classified loans totaled \$6 million, or 1.18%, of the total loan portfolio as of September 30, 2021, decreasing by \$4 million from the preceding quarter. Classified loans totaled \$14 million, or 2.69%, of the total loan portfolio as of September 30, 2020. As businesses continue to reopen and client challenges change, the Bank will continue to review and adjust individual loan risk ratings as appropriate.

“Our team continues to be very focused on growing our core bank. Our emphasis will be on expanding current client relationships, and by forging new relationships with businesses, nonprofits and individuals who value high-touch, personalized service performed with agility and accountability,” said Ed Obuchowski, CEO, Bank of San Francisco. “As the economy recovers, we will work hand-in-glove with our clients to strengthen the communities we serve.”

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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

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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	
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020	\$	%
Assets							
Cash and due from banks	\$ 17,736	\$ 18,057	\$ 17,140	\$ 6,414	\$ 5,924	\$ 11,812	199%
Interest bearing deposits in banks	99,764	93,770	122,016	118,618	123,551	(23,787)	-19%
Total cash and cash equivalents	117,500	111,827	139,156	125,032	129,475	(11,975)	-9%
Loans, net of deferred costs/fees	508,303	541,482	584,350	547,475	531,390	(23,087)	-4%
Allowance for Loan Losses	(7,160)	(7,160)	(7,160)	(7,060)	(6,800)	(360)	5%
Loans, net of allowance of loan losses	501,143	534,322	577,190	540,415	524,590	(23,447)	-4%
Premises and equipment, net	215	238	245	265	277	(62)	-22%
Accrued interest receivable & other assets	8,821	9,787	9,045	8,695	8,079	742	9%
Total Assets	\$ 627,679	\$ 656,174	\$ 725,636	\$ 674,407	\$ 662,421	\$ (34,742)	-5%
Liabilities							
Non-interest bearing deposits	\$ 206,087	\$ 221,221	\$ 283,950	\$ 232,683	\$ 189,541	\$ 16,546	9%
Interest bearing deposits	343,216	328,506	283,473	302,989	326,271	16,945	5%
Total deposits	549,303	549,727	567,423	535,672	515,812	33,491	6%
FHLB advances	-	-	5,000	15,000	20,000	(20,000)	-100%
Other borrowings	22,665	53,159	100,507	74,777	79,172	(56,507)	-71%
Accrued interest payable and other liabilities	2,731	2,757	4,255	3,032	3,369	(638)	-19%
Total Liabilities	574,699	605,643	677,185	628,481	618,353	(43,654)	-7%
Shareholders' equity							
Common stock	27,130	27,079	27,009	26,938	26,868	262	1%
Retained earnings	25,850	23,452	21,442	18,988	17,200	8,650	50%
Total shareholders' equity	52,980	50,531	48,451	45,926	44,068	8,912	20%
Total Liabilities & Shareholders' Equity	\$ 627,679	\$ 656,174	\$ 725,636	\$ 674,407	\$ 662,421	\$ (34,742)	-5%
Book Value per Common Share	\$ 25.54	\$ 24.58	\$ 23.57	\$ 22.34	\$ 21.44	\$ 4.10	19%
Total Common Shares Outstanding	2,074,540	2,055,507	2,055,507	2,055,507	2,055,507	\$ 19,033	1%
Capital Ratios							
Tier 1 Leverage ratio	8.70%	8.81%	8.41%	8.25%	8.17%	0.53%	6%
Tier 1 RBC ratio	15.34%	15.29%	15.14%	14.41%	15.14%	0.20%	1%
Common Equity Tier 1 RBC ratio	15.34%	15.29%	15.14%	14.41%	15.14%	0.20%	1%
Total Risk-Based Capital (RBC) ratio	16.60%	16.55%	16.41%	15.67%	16.40%	0.20%	1%
Other Ratios							
Non-interest bearing to Total Deposits	37.52%	40.24%	50.04%	43.44%	36.75%	0.77%	2%
Loan to Deposit ratio	92.54%	98.50%	102.98%	102.20%	103.02%	-10.48%	-10%
Allowance for Loan Losses to Total Loans	1.41%	1.32%	1.23%	1.29%	1.28%	0.13%	10%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.65%	1.72%	1.84%	1.81%	1.91%	-0.26%	-14%
ALLL to Nonperforming Loans	213.70%	206.88%	250.65%	319.62%	654%	-440.61%	-67%
Nonperforming Assets to Total Assets	0.53%	0.53%	0.39%	0.33%	0.16%	0.37%	234%

Bank of San Francisco
Statement of Income (Unaudited)

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

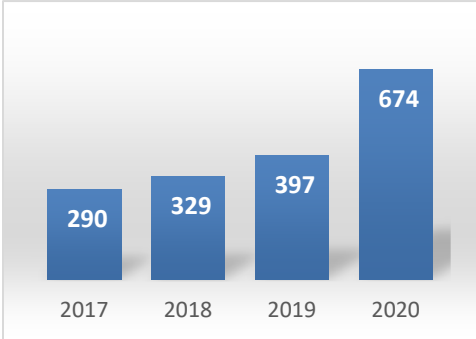
	Three Months Ended					Year Over Year Change	
	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020	\$	%
Interest on loans, including fees	\$ 5,937	\$ 6,058	\$ 6,414	\$ 5,750	\$ 5,324	\$ 613	12%
Interest on deposits in banks	33	15	13	18	18	15	83%
Other interest income	41	29	25	25	23	18	78%
Total interest income	6,011	6,102	6,452	5,793	5,365	646	12%
Deposits interest expense	222	216	228	286	331	(109)	-33%
Other interest expense	30	79	88	83	83	(53)	-64%
Total interest expense	252	295	316	369	414	(162)	-39%
Net interest income	5,759	5,807	6,136	5,424	4,951	808	16%
Provision for loan losses	-	-	100	260	925	(925)	-100%
Net interest income after provision	5,759	5,807	6,036	5,164	4,026	1,733	43%
Service charges on deposits	66	72	68	71	63	3	5%
Gains on sale of loans	294	-	-	156	-	294	n/a
Other non-interest income	22	24	13	34	29	(7)	-24%
Total non-interest income	382	96	81	261	92	290	315%
Salaries and employee benefits expense	1,794	2,010	1,668	1,848	1,704	90	5%
Occupancy	220	218	219	196	209	11	5%
Information Technology and Equipment	212	244	216	202	196	16	8%
Other operating expense	510	577	529	641	457	53	12%
Total non-interest expense	2,736	3,049	2,632	2,887	2,566	170	7%
Income before income taxes	3,405	2,854	3,485	2,538	1,552	1,853	119%
Income tax expense	1,007	844	1,031	750	459	548	119%
Net income	\$ 2,398	\$ 2,010	\$ 2,454	\$ 1,788	\$ 1,093	\$ 1,305	119%
Basic Earnings per Share	\$ 1.18	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.54	\$ 0.64	119%
Average Shares Outstanding	2,035,324	2,027,455	2,027,455	2,027,455	2,017,790	17,534	1%
Diluted Earnings per Share	\$ 1.17	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.54	\$ 0.63	117%
Average Shares Outstanding	2,055,625	2,039,044	2,034,527	2,035,925	2,021,768	33,857	2%
Annualized Performance Ratios							
Return on Average Assets	1.50%	1.22%	1.52%	1.13%	0.71%	0.79%	111%
Return on Average Common Equity	18.53%	16.24%	20.94%	15.80%	9.96%	8.57%	86%
Net Interest Margin	3.70%	3.61%	3.86%	3.46%	3.23%	0.47%	15%
Cost of Funds	0.16%	0.19%	0.21%	0.25%	0.29%	-0.13%	-45%
Efficiency Ratio	44.55%	51.65%	42.34%	50.78%	50.88%	-6.33%	-12%

Bank of San Francisco
Statement of Income (Unaudited)
(\$'000, except share and per share amounts)

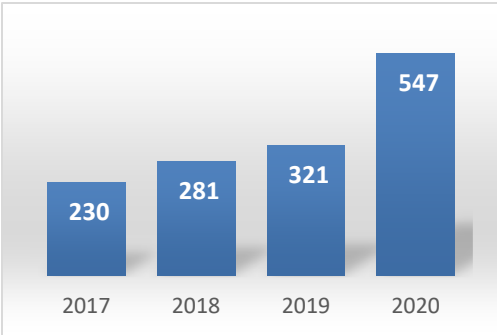
	Nine Months Ended		Year Over Year Change	
	9/30/2021	9/30/2020	\$	%
Interest on loans, including fees	\$ 18,409	\$ 14,323	\$ 4,086	29%
Interest on deposits in banks	61	162	(101)	-62%
Other interest income	95	74	21	28%
Total interest income	18,565	14,559	4,006	28%
Deposits interest expense	666	1,332	(666)	-50%
Other interest expense	197	122	75	61%
Total interest expense	863	1,454	(591)	-41%
Net interest income	17,702	13,105	4,597	35%
Provision for loan losses	100	2,470	(2,370)	-96%
Net interest income after provision	17,602	10,635	6,967	66%
Service charges on deposits	206	202	4	2%
Gains on sale of loans	294	124	170	137%
Other non-interest income	59	98	(39)	-40%
Total non-interest income	559	424	135	32%
Salaries and employee benefits expense	5,472	4,550	922	20%
Occupancy	657	628	29	5%
Information Technology and Equipment	672	578	94	16%
Other operating expense	1,616	1,225	391	32%
Total non-interest expense	8,417	6,981	1,436	21%
Income before income taxes	9,744	4,078	5,666	139%
Income tax expense	2,882	1,208	1,674	139%
Net income	\$ 6,862	\$ 2,870	\$ 3,992	139%
Basic Earnings per Share	\$ 3.38	\$ 1.42	\$ 1.96	138%
Average Shares Outstanding	2,030,107	2,015,739	14,368	1%
Diluted Earnings per Share	\$ 3.37	\$ 1.42	\$ 1.95	137%
Average Shares Outstanding	2,035,727	2,024,110	11,617	1%
Annualized Performance Ratios				
Return on Average Assets	1.41%	0.74%	0.67%	91%
Return on Average Common Equity	17.68%	8.94%	8.74%	98%
Net Interest Margin	3.72%	3.43%	0.29%	8%
Cost of Funds	0.20%	0.42%	-0.22%	-52%
Efficiency Ratio	46.09%	51.60%	-5.51%	-11%

FINANCIAL HIGHLIGHTS

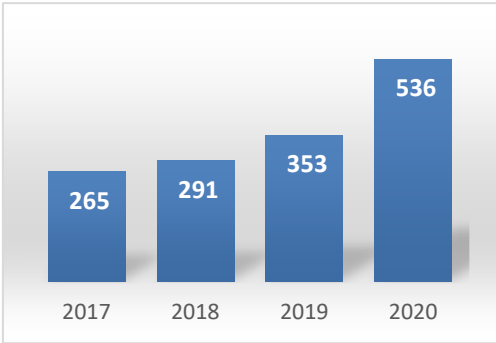
Total Assets (\$ Millions)
As of December 31,



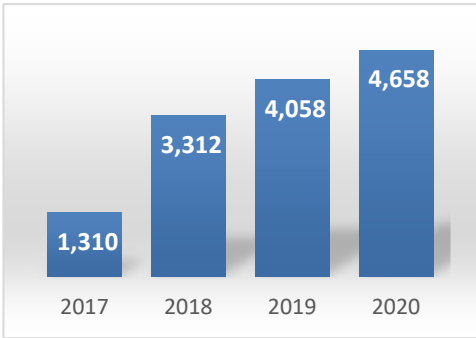
Total Loans (\$ Millions)
As of December 31,



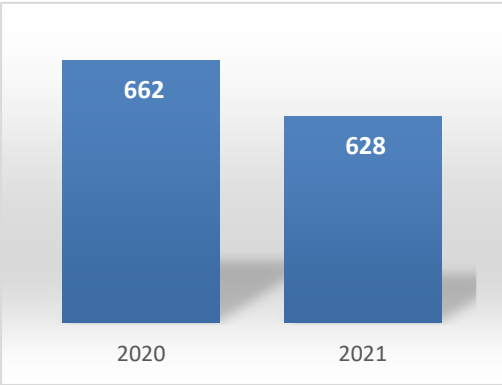
Total Deposits (\$ Millions)
As of December 31,



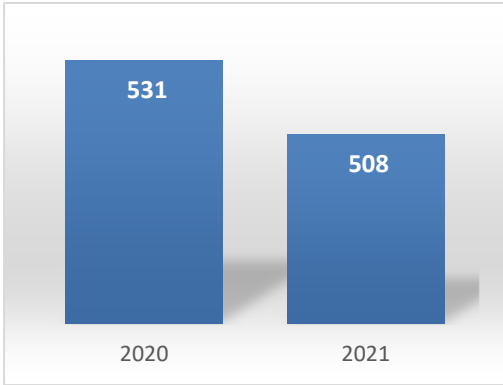
Net Income (\$ Thousands)
Year Ended December 31,



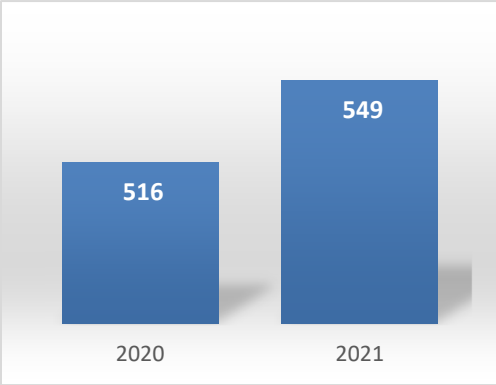
Total Assets (\$ Millions)
As of September 30,



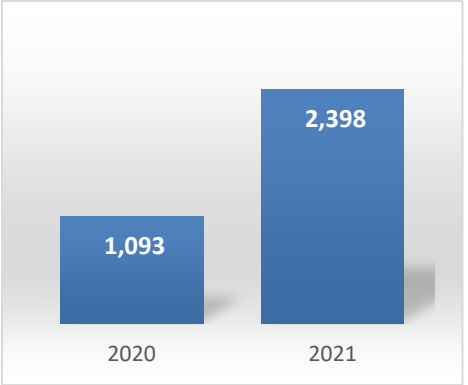
Total Loans (\$ Millions)
As of September 30,



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



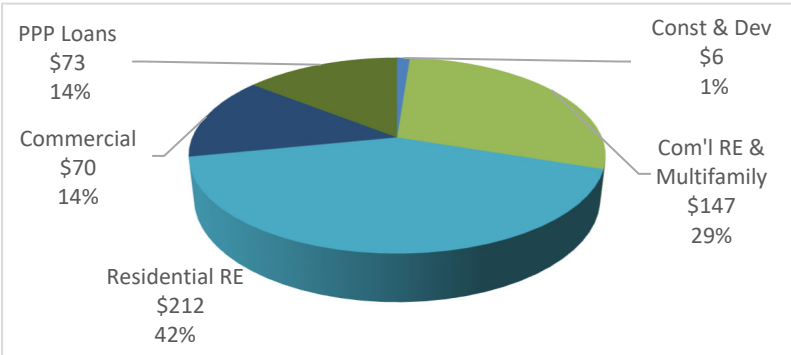
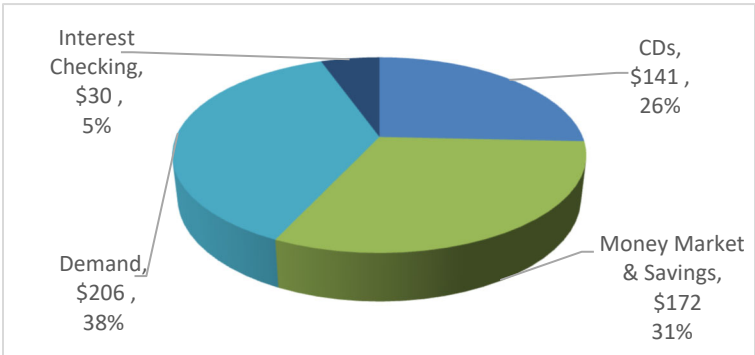
Net Income (\$ Thousands)
Three Months Ended September 30,



Deposit Composition (\$ Millions)

As of September 30, 2021

Loan Composition (\$ Millions)



BANK OF SAN FRANCISCO