

FOR IMMEDIATE RELEASE

**Bank of San Francisco Reports Results for the Quarter and Year
Ended December 31, 2021**

SAN FRANCISCO, CA—(2/1/2022)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the fourth quarter and year ended December 31, 2021. Net income for the year ended December 31, 2021 was \$8,987 thousand, or \$4.41 diluted earnings per share, a 93% increase over the \$4,658 thousand, or \$2.29 diluted earnings per share, for the year ended December 31, 2020. Net income for the quarter was \$2,125 thousand, down 11% compared to the preceding quarter, and up 19%, from \$1,788 thousand, achieved in the fourth quarter of 2020. Diluted earnings per share for the quarter were \$1.04, down 11% compared to the preceding quarter, and up 18%, from \$0.88 diluted earnings per share, achieved in the fourth quarter of 2020.

Wendy Ross, President, Bank of San Francisco, said, “We are very pleased with our 2021 record earnings, 18% non-PPP (Paycheck Protection Program) loan growth and overall financial results. This is a credit to our dedicated, entrepreneurial team working in close collaboration with our wonderful business, nonprofit, individual and family clients. We remain inspired by their resourcefulness, determination and hard work as we all navigate the unprecedented challenges of the past two years.”

Financial Highlights:

- Net income was \$2,125 thousand for the fourth quarter of 2021, compared to \$2,398 thousand for the preceding quarter, and \$1,788 thousand for the fourth quarter of 2020. Net income was \$8,987 thousand for the full year 2021, compared to \$4,658 thousand for 2020, resulting in a year-over-year increase of \$4,329 thousand, or 93%. The decrease in net income from the preceding quarter was the result of gain-on-sale income from Small Business Administration (SBA) loan sales of \$294 thousand during the third quarter of 2021, and an increase in Other Operating Expenses, primarily related to the continued investment in the Bank’s information technology infrastructure and consulting projects to further improve its internal efficiencies.
- Net interest income was \$5,738 thousand in the fourth quarter of 2021, a decrease of \$21 thousand from the preceding quarter, and a \$314 thousand increase from the \$5,424 thousand achieved in the fourth quarter of 2020. Net interest income was \$23,440 thousand for the full year 2021, an increase of 27%

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from the prior year. The Bank recorded interest and processing fee income on PPP loans of \$1,013 thousand in the fourth quarter of 2021, and \$5,601 thousand for the full year 2021, compared to \$1,296 thousand in the fourth quarter of 2020, and \$3,026 thousand for the full year 2020.

- Cost of funds remained flat at 0.16% in the third and fourth quarters of 2021. Cost of funds for the year ended 2021 was 0.18%, a decrease from 0.40% for the year ended 2020, as the Bank lowered interest rates on deposits in 2020.
- Net interest margin increased to 3.89% in the fourth quarter of 2021, from 3.70% in the preceding quarter, and increased from 3.46% in the fourth quarter of 2020. Net interest margin for the full year 2021 was 3.75%, an increase from the prior year's 3.42%. The fourth quarter increase is a result of the decrease in the Bank's average cash balance from the preceding quarter.
- Excluding 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 3.65% for the year ended 2021, and 3.54% in the fourth quarter of 2021, reflecting an increase of 0.14% in the fourth quarter. The Bank borrowed under the PPPLF at an interest rate of 0.35% per annum, reflected in other borrowings on the balance sheet. The Bank paid off the \$23 million balance of its PPPLF in the fourth quarter, repaying the facility prior to all of its PPP loans being forgiven. Other interest expense decreased by \$25 thousand from the preceding quarter, decreased by \$78 thousand from the fourth quarter of 2020, and decreased by \$3 thousand for the full year 2021.
- Operating expenses were \$2,815 thousand for the fourth quarter of 2021, an increase of \$79 thousand from the preceding quarter, and a decrease of \$72 thousand from the \$2,887 thousand for the fourth quarter of 2020. Operating expenses were \$11,232 thousand for the full year 2021, a \$1,364 thousand, or 14%, increase from the prior year. The increase in year-over-year operating expenses reflected annual performance-based salary increases and recruiting expense. The increase in other operating expenses from the prior quarter was primarily the result of the Bank's continued investment in new service and information technology projects. The efficiency ratio was 48% for the fourth quarter of 2021, compared to 45% for the preceding quarter, and 51% for the fourth quarter of 2020.
- Diluted earnings per common share were \$1.04 for the fourth quarter of 2021, down \$0.13 compared to the preceding quarter, and up \$0.16 compared to the fourth quarter of 2020. Diluted earnings per share were \$4.41 for the full year 2021, an increase of \$2.12, or 93%, from 2020. Basic earnings per share were \$4.42 for the full year 2021, an increase of \$2.11, or 91%, from 2020. Earnings per common share were impacted by the increase in net income, combined with

the issuance of 19,033 shares of restricted stock awards in the third quarter of 2021.

- Total loans, net of deferred fees, were \$507 million as of December 31, 2021, down \$1 million from September 30, 2021, and down \$41 million from December 31, 2020. The Bank received PPP loan forgiveness of \$28 million during the fourth quarter, and \$194 million for the year 2021, which was the primary driver behind the decrease in loans. Non-PPP loans, net of deferred fees, were \$460 million as of December 31, 2021, up \$25 million, or 6%, from September 30, 2021, and up \$71 million, or 18%, from December 31, 2020. As of December 31, 2021, the SBA had processed PPP loan forgiveness of approximately 82% of PPP loans originated.
- Total deposits were \$542 million as of December 31, 2021, decreasing \$7 million from September 30, 2021, and up \$6 million from December 31, 2020. Brokered deposits decreased by \$15 million from the preceding quarter, and \$45 million from the prior year, with relationship-based deposits increasing by \$8 million from the prior quarter, and \$51 million, or 11%, from the prior year.
- The Allowance for Loan Losses Reserve Ratio was 1.41% as of December 31, 2021, flat from September 30, 2021, and an increase of 0.12% from December 31, 2020. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.56% as of December 31, 2021, a decrease of 0.09% from September 30, 2021, and a decrease of 0.25% from December 31, 2020. The Bank did not record a loan loss provision expense for the fourth quarter 2021, and recorded a loan loss provision expense of \$100 thousand for the year ended 2021.
- Book value per share increased to \$26.61 as of December 31, 2021, up from \$25.54 as of September 30, 2021, and \$22.34 as of December 31, 2020.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 9.13%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.19%, and a Total Risk-Based Capital Ratio of 16.45% as of December 31, 2021.
- As of December 31, 2021, residential loans totaled \$214 million, or 42% of the Bank's total loan portfolio, and 47% of total non-PPP loans. As of December 31, 2021, Commercial Real Estate loans totaled \$157 million, or 31% of the total loan portfolio, and 34% of total non-PPP loans. Totaling \$79 million as of December 31, 2021, Commercial and Industrial non-PPP loans represented 16% of the total loan portfolio, or 17% of total non-PPP loans.
- As of December 31, 2021, the Bank had \$2 million of total loans on COVID-19 related deferment, representing 0.44% of the Bank's non-PPP loan portfolio, and a decrease of \$1 million from the prior quarter.

- Classified loans, excluding non-accrual loans, totaled \$5 million, or 1.01%, of the total loan portfolio as of December 31, 2021. Classified loans totaled \$12 million, or 2.13%, of the total loan portfolio as of December 31, 2020. As businesses reopen and client challenges change, the Bank will continue to review and adjust individual loan risk ratings as appropriate.
- As of December 31, 2021, the Bank had nine non-accrual loans totaling \$4.7 million, or 1.02% of the non-PPP loan portfolio. Two loans, totaling \$1.6 million, were placed on non-accrual during the fourth quarter. One loan, in the amount of \$188 thousand, became fully cash-secured and was removed from non-accrual status. The non-accrual loans are to six borrowers: two in the transportation industry, two in the food industry, and two in the import industry. All non-accrual loans are supported by either an 80% guarantee by the State of California, or a 75% SBA guarantee, with an unguaranteed exposure to the Bank of \$970 thousand.

“We are optimistic about the opportunities ahead. We embrace our responsibilities to our shareholders, clients and the communities we serve. With our hard-working team and our engaged Board of Directors, we look forward to maximizing those opportunities in 2022,” 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 forward-thinking 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

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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, the effect of the COVID-19 pandemic, and other infectious illness outbreaks that may arise in the future 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	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	\$	%
Assets							
Cash and due from banks	\$ 15,763	\$ 17,736	\$ 18,057	\$ 17,140	\$ 6,414	\$ 9,349	146%
Interest bearing deposits in banks	75,375	99,764	93,770	122,016	118,618	(43,243)	-36%
Total cash and cash equivalents	91,138	117,500	111,827	139,156	125,032	(33,894)	-27%
Loans, net of deferred costs/fees	506,697	508,303	541,482	584,350	547,475	(40,778)	-7%
Allowance for Loan Losses	(7,160)	(7,160)	(7,160)	(7,160)	(7,060)	(100)	1%
Loans, net of allowance of loan losses	499,537	501,143	534,322	577,190	540,415	(40,878)	-8%
Premises and equipment, net	203	215	238	245	265	(62)	-23%
Accrued interest receivable & other assets	8,571	8,821	9,787	9,045	8,695	(124)	-1%
Total Assets	\$ 599,449	\$ 627,679	\$ 656,174	\$ 725,636	\$ 674,407	\$ (74,958)	-11%
Liabilities							
Non-interest bearing deposits	\$ 217,899	\$ 206,087	\$ 221,221	\$ 283,950	\$ 232,683	\$ (14,784)	-6%
Interest bearing deposits	323,888	343,216	328,506	283,473	302,989	20,899	7%
Total deposits	541,787	549,303	549,727	567,423	535,672	6,115	1%
FHLB advances	-	-	-	5,000	15,000	(15,000)	-100%
Other borrowings	-	22,665	53,159	100,507	74,777	(74,777)	-100%
Accrued interest payable and other liabilities	2,452	2,731	2,757	4,255	3,032	(580)	-19%
Total Liabilities	544,239	574,699	605,643	677,185	628,481	(84,242)	-13%
Shareholders' equity							
Common stock	27,235	27,130	27,079	27,009	26,938	297	1%
Retained earnings	27,975	25,850	23,452	21,442	18,988	8,987	47%
Total shareholders' equity	55,210	52,980	50,531	48,451	45,926	9,284	20%
Total Liabilities & Shareholders' Equity	\$ 599,449	\$ 627,679	\$ 656,174	\$ 725,636	\$ 674,407	\$ (74,958)	-11%
Book Value per Common Share	\$ 26.61	\$ 25.54	\$ 24.58	\$ 23.57	\$ 22.34	\$ 4.27	19%
Total Common Shares Outstanding	2,074,540	2,074,540	2,055,507	2,055,507	2,055,507	\$ 19,033	1%
Capital Ratios							
Tier 1 Leverage ratio	9.13%	8.70%	8.81%	8.41%	8.25%	0.88%	11%
Tier 1 RBC ratio	15.19%	15.34%	15.29%	15.14%	14.41%	0.78%	5%
Common Equity Tier 1 RBC ratio	15.19%	15.34%	15.29%	15.14%	14.41%	0.78%	5%
Total Risk-Based Capital (RBC) ratio	16.45%	16.60%	16.55%	16.41%	15.67%	0.78%	5%
Other Ratios							
Non-interest bearing to Total Deposits	40.22%	37.52%	40.24%	50.04%	43.44%	-3.22%	-7%
Loan to Deposit ratio	93.52%	92.54%	98.50%	102.98%	102.20%	-8.68%	-8%
Allowance for Loan Losses to Total Loans	1.41%	1.41%	1.32%	1.23%	1.29%	0.12%	9%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.56%	1.65%	1.72%	1.84%	1.81%	-0.25%	-14%
ALLL to Nonperforming Loans	151.97%	213.70%	206.88%	250.65%	319.62%	-167.65%	-52%
Nonperforming Assets to Total Assets	0.79%	0.53%	0.53%	0.39%	0.33%	0.46%	139%

Bank of San Francisco
Statement of Income (Unaudited)

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

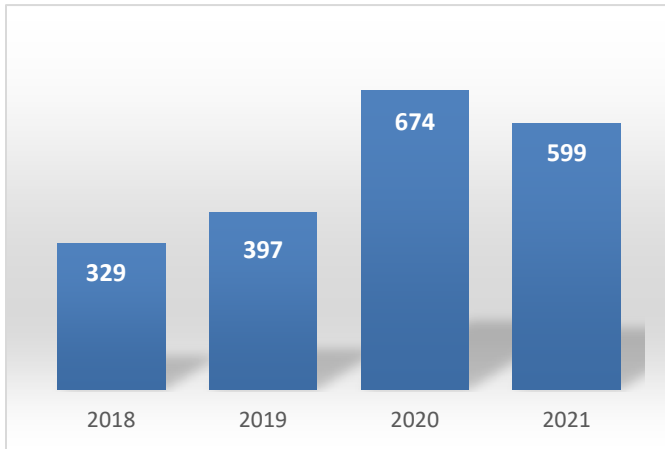
	Three Months Ended					Year Over Year Change	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	\$	%
Interest on loans, including fees	\$ 5,887	\$ 5,937	\$ 6,058	\$ 6,414	\$ 5,750	\$ 137	2%
Interest on deposits in banks	29	33	15	13	18	11	61%
Other interest income	43	41	29	25	25	18	72%
Total interest income	5,959	6,011	6,102	6,452	5,793	166	3%
Deposits interest expense	216	222	216	228	286	(70)	-24%
Other interest expense	5	30	79	88	83	(78)	-94%
Total interest expense	221	252	295	316	369	(148)	-40%
Net interest income	5,738	5,759	5,807	6,136	5,424	314	6%
Provision for loan losses	-	-	-	100	260	(260)	-100%
Net interest income after provision	5,738	5,759	5,807	6,036	5,164	574	11%
Service charges on deposits	78	66	72	68	71	7	10%
Gains on sale of loans	-	294	-	-	156	(156)	-100%
Other non-interest income	16	22	24	13	34	(18)	-53%
Total non-interest income	94	382	96	81	261	(167)	-64%
Salaries and employee benefits expense	1,770	1,794	2,010	1,668	1,848	(78)	-4%
Occupancy	219	220	218	219	196	23	12%
Information Technology and Equipment	224	212	244	216	202	22	11%
Other operating expense	602	510	577	529	641	(39)	-6%
Total non-interest expense	2,815	2,736	3,049	2,632	2,887	(72)	-2%
Income before income taxes	3,017	3,405	2,854	3,485	2,538	479	19%
Income tax expense	892	1,007	844	1,031	750	142	19%
Net income	\$ 2,125	\$ 2,398	\$ 2,010	\$ 2,454	\$ 1,788	\$ 337	19%
Basic Earnings per Share	\$ 1.04	\$ 1.18	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.16	18%
Average Shares Outstanding	2,040,623	2,035,324	2,027,455	2,027,455	2,027,455	13,168	1%
Diluted Earnings per Share	\$ 1.04	\$ 1.17	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.16	18%
Average Shares Outstanding	2,044,886	2,055,625	2,039,044	2,034,527	2,035,925	8,961	0%
Annualized Performance Ratios							
Return on Average Assets	1.40%	1.50%	1.22%	1.52%	1.13%	0.27%	24%
Return on Average Common Equity	15.71%	18.53%	16.24%	20.94%	15.80%	-0.09%	-1%
Net Interest Margin	3.89%	3.70%	3.61%	3.86%	3.46%	0.43%	12%
Cost of Funds	0.16%	0.16%	0.19%	0.21%	0.25%	-0.09%	-36%
Efficiency Ratio	48.27%	44.55%	51.65%	42.34%	50.78%	-2.51%	-5%

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

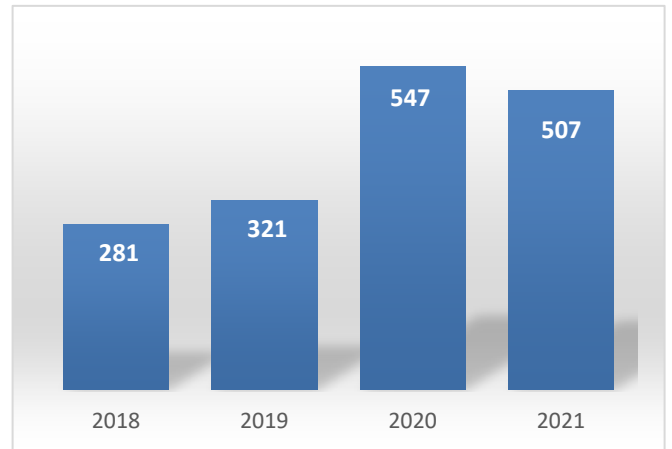
	Year Ended		Year Over Year Change	
	12/31/2021	12/31/2020	\$	%
Interest on loans, including fees	\$ 24,296	\$ 20,073	\$ 4,223	21%
Interest on deposits in banks	90	180	(90)	-50%
Other interest income	138	99	39	39%
Total interest income	24,524	20,352	4,172	20%
Deposits interest expense	882	1,618	(736)	-45%
Other interest expense	202	205	(3)	-1%
Total interest expense	1,084	1,823	(739)	-41%
Net interest income	23,440	18,529	4,911	27%
Provision for loan losses	100	2,730	(2,630)	-96%
Net interest income after provision	23,340	15,799	7,541	48%
Service charges on deposits	284	273	11	4%
Gains on sale of loans	294	280	14	5%
Other non-interest income	75	132	(57)	-43%
Total non-interest income	653	685	(32)	-5%
Salaries and employee benefits expense	7,242	6,398	844	13%
Occupancy	876	824	52	6%
Information Technology and Equipment	896	780	116	15%
Other operating expense	2,218	1,866	352	19%
Total non-interest expense	11,232	9,868	1,364	14%
Income before income taxes	12,761	6,616	6,145	93%
Income tax expense	3,774	1,958	1,816	93%
Net income	\$ 8,987	\$ 4,658	\$ 4,329	93%
Basic Earnings per Share	\$ 4.42	\$ 2.31	\$ 2.11	91%
Average Shares Outstanding	2,032,757	2,018,476	14,281	1%
Diluted Earnings per Share	\$ 4.41	\$ 2.29	\$ 2.12	93%
Average Shares Outstanding	2,039,763	2,032,897	6,866	0%
Annualized Performance Ratios				
Return on Average Assets	1.44%	0.85%	0.59%	69%
Return on Average Common Equity	17.75%	10.73%	7.02%	65%
Net Interest Margin	3.75%	3.42%	0.33%	10%
Cost of Funds	0.18%	0.40%	-0.22%	-55%
Efficiency Ratio	46.62%	46.86%	-0.24%	-1%

FINANCIAL HIGHLIGHTS

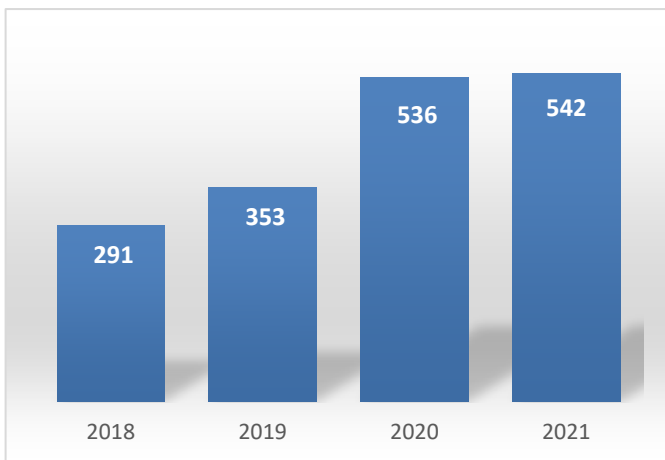
Total Assets (\$ Millions)
As of December 31,



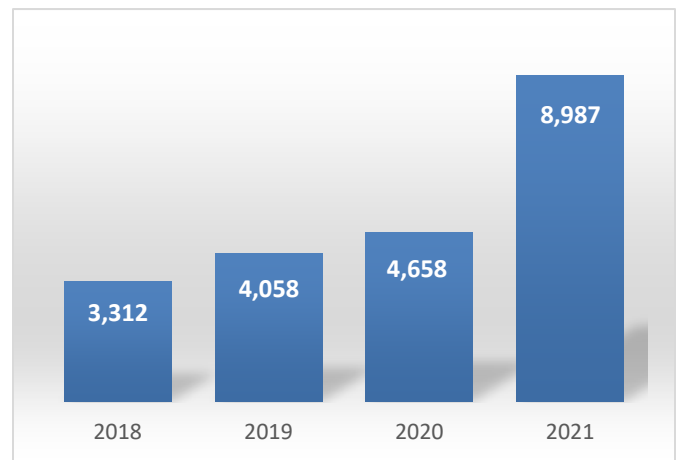
Total Loans (\$ Millions)
As of December 31,



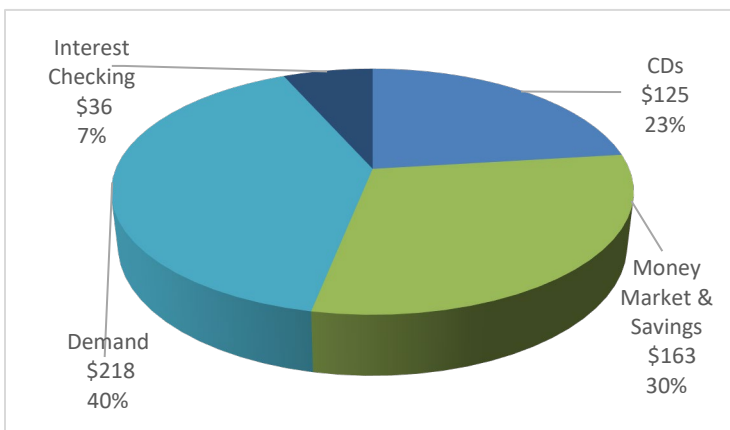
Total Deposits (\$ Millions)
As of December 31,



Net Income (\$ Thousands)
For the year ended December 31,



Deposit Composition (\$ Millions) As of December 31, 2021



Loan Composition (\$ Millions)

