



FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Second-Quarter 2022 Results

SAN FRANCISCO, CA—(8/1/2022)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the second quarter ended June 30, 2022. Net income for the quarter was \$1,731 thousand, down 9% compared to the preceding quarter, and down 14% from \$2,010 thousand achieved in the second quarter of 2021. Diluted earnings per share for the quarter were \$0.85, down 9% compared to the preceding quarter, and down 14% from \$0.99 diluted earnings per share achieved in the second quarter of 2021.

Wendy Ross, President, noted, “With the Paycheck Protection Program (PPP) loan forgiveness process largely completed, our team’s focus is on continuing to take exceptional care of our clients and growing the core bank, while maintaining our historically strong credit quality. The hard work and commitment of our team resulted in the healthy growth of our core loans, deposits and earnings in the second quarter, and in our robust pipelines.”

Second-quarter 2022 results compared to second-quarter 2021:

- Net income was \$1,731 thousand, a decrease of \$279 thousand, or 14%. The decrease resulted from a decline in the PPP loan interest and fee income of \$1,123 thousand, which was partially offset by an increase in the non-PPP loan interest and fee income of \$668 thousand, and interest on Fed Funds, and deposits held in correspondent banks of \$216 thousand. Reflecting annual performance-based salary increases, salary and benefits increased by \$149 thousand, or 7%.
- Net interest income was \$5,557 thousand, a decrease of \$250 thousand, or 4%. The decline was the result of the decrease in PPP loan interest and fee income of \$1,123 thousand, or 70%, partially offset by the increase in non-PPP loan interest and fee income of \$668 thousand, or 15%, and the increase in interest expense of \$25 thousand, or 8%.
- Cost of funds was 0.22%, an increase of 0.03%.
- Net interest margin increased to 3.77%, from 3.61%.
- Operating expenses were \$3,188 thousand, which was an increase of \$139 thousand, or 5%. The increase was primarily the result of the annual performance-based salary increases.
- The efficiency ratio was 56%, up from 52%.
- Diluted earnings per common share were \$0.85, down \$0.14.

- Total loans, net of deferred fees, were \$493 million, decreasing by \$48 million, or 9%, with PPP loans decreasing by \$111 million, or 89%, and non-PPP loans increasing by \$63 million, or 15%.
- Total deposits were \$570 million, increasing by \$21 million, or 4%. Brokered deposits decreased by \$45 million, with relationship deposits increasing by \$66 million, or 12%.
- Book value per share increased to \$28.20, up from \$24.58, or 15%.

Second-quarter 2022 results compared to first-quarter 2022:

- Net income was \$1,731 thousand, a decrease of \$172 thousand, or 9%. The primary reasons for the decrease were the \$124 thousand decline in the gain on SBA loan sales, and the \$178 thousand increase in salary and benefits expense, partially offset by the increase in net interest income of \$120 thousand.
- Net interest income was \$5,557 thousand, an increase of \$120 thousand, or 2%. The primary reasons for the increase were the following: PPP loan interest and fee income decreasing by \$166 thousand, to \$482 thousand; non-PPP loan interest and fee income increasing by \$191 thousand, or 4%; interest earned on the Bank's correspondent deposits increasing by \$198 thousand, or 60%; and interest expense increasing by \$103 thousand, or 47%.
- Cost of funds was 0.22%, an increase of 0.06%.
- Net interest margin decreased to 3.77%, from 3.80%.
- Operating expenses were \$3,188 thousand, an increase of \$219 thousand, or 7%. The increase was primarily from the \$178 thousand increase in salary and benefits, largely resulting from the annual performance-based salary increases.
- The efficiency ratio was 56%, up from 52%.
- Diluted earnings per common share were \$0.85, down \$0.08.
- Total loans, net of deferred fees, were \$493 million, an increase of \$7 million, with PPP loans decreasing by \$16 million, and non-PPP loans increasing by \$23 million.
- Total deposits were \$570 million, increasing by \$45 million from relationship deposits.
- Book value per share increased to \$28.20, up from \$27.58 per share, an increase of 2%.

Asset quality:

- The Allowance for Loan Losses Reserve Ratio was 1.45% as of June 30, 2022, decreasing by 0.02% from March 31, 2022. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.49% as of June 30, 2022, a decrease of 0.08% from March 31, 2022.

- As of June 30, 2022, the Bank had nine non-accrual loans totaling \$4.5 million, or 0.94% of the non-PPP loan portfolio, down from \$4.6 million as of March 31, 2022. 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 \$897 thousand.
- Classified loans totaled \$6.9 million, or 1.44%, of the total loan portfolio as of June 30, 2022, remaining the same from the preceding quarter.

Capital:

- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 9.70%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.21%, and a Total Risk-Based Capital Ratio of 16.47% as of June 30, 2022.

Ed Obuchowski, Chief Executive Officer, noted, “We are excited about the upcoming move of our San Francisco headquarters to the 16th floor of 345 California Street, in September. While slightly smaller than our current space, we believe the new office will serve our employees’ and clients’ needs well going forward. The office will have a modern, open look and will have several conference rooms for use by our team, clients and community groups, whom we look forward to welcoming to our new location.”

###

About Bank of San Francisco

Bank of San Francisco is a forward-thinking community bank that reflects the best qualities of San Francisco and the Bay Area. We combine advanced, modern technology with the enduring values of high-touch, personalized financial services, delivered with agility and accountability. Like the businesses, nonprofits, individuals and families we serve, the Bay Area is our home. We are a local bank, with significant ownership by members of the community. 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 our Bank, and to join our family of successful, community-minded clients, employees and investors. For more information about Bank of San Francisco, please call us at (415) 744-6700, or visit us at www.bankbsf.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 new products and 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, capital needs and results of operations of Bank of San Francisco' and include, but are not limited to, local and national economic conditions; interest rate changes; inflation and monetary policy; 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 new products and technology enhancements; the impact of competitive products, services and pricing; acts of war, terrorism or civil unrest; the effect of the COVID-19 pandemic and other infectious illness outbreaks that may arise in the future; 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 | |
|--------------------------------------------------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|------------|
| | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 | \$ | % |
| Assets | | | | | | | |
| Cash and due from banks | \$ 12,605 | \$ 17,069 | \$ 15,763 | \$ 17,736 | \$ 18,057 | \$ (5,452) | -30% |
| Interest bearing deposits in banks | 122,584 | 80,577 | 75,375 | 99,764 | 93,770 | 28,814 | 31% |
| Total cash and cash equivalents | 135,189 | 97,646 | 91,138 | 117,500 | 111,827 | 23,362 | 21% |
| Loans, net of deferred costs/fees | 493,393 | 486,546 | 506,697 | 508,303 | 541,482 | (48,089) | -9% |
| Allowance for Loan Losses | (7,160) | (7,160) | (7,160) | (7,160) | (7,160) | - | 0% |
| Loans, net of allowance of loan losses | 486,233 | 479,386 | 499,537 | 501,143 | 534,322 | (48,089) | -9% |
| Premises and equipment, net | 153 | 172 | 203 | 215 | 238 | (85) | -36% |
| Accrued interest receivable & other assets | 9,632 | 8,236 | 8,571 | 8,821 | 9,787 | (155) | -2% |
| Total Assets | \$ 631,207 | \$ 585,440 | \$ 599,449 | \$ 627,679 | \$ 656,174 | \$ (24,967) | -4% |
| Liabilities | | | | | | | |
| Non-interest bearing deposits | \$ 251,627 | \$ 215,361 | \$ 217,899 | \$ 206,087 | \$ 221,221 | \$ 30,406 | 14% |
| Interest bearing deposits | 318,600 | 309,739 | 323,888 | 343,216 | 328,506 | (9,906) | -3% |
| Total deposits | 570,227 | 525,100 | 541,787 | 549,303 | 549,727 | 20,500 | 4% |
| Other borrowings | - | 45,127 | 8,59% | - | 53,159 | (53,159) | -100% |
| Accrued interest payable and other liabilities | 1,888 | 3,123 | 2,452 | 2,731 | 2,757 | (869) | -32% |
| Total Liabilities | 572,115 | 528,223 | 544,239 | 574,699 | 605,643 | (33,528) | -6% |
| Shareholders' equity | | | | | | | |
| Common stock | 27,483 | 27,339 | 27,235 | 27,130 | 27,079 | 404 | 1% |
| Retained earnings | 31,609 | 29,878 | 27,975 | 25,850 | 23,452 | 8,157 | 35% |
| Total shareholders' equity | 59,092 | 57,217 | 55,210 | 52,980 | 50,531 | 8,561 | 17% |
| Total Liabilities & Shareholders' Equity | \$ 631,207 | \$ 585,440 | \$ 599,449 | \$ 627,679 | \$ 656,174 | \$ (24,967) | -4% |
| Book Value per Common Share | \$ 28.20 | \$ 27.58 | \$ 26.61 | \$ 25.54 | \$ 24.58 | \$ 3.62 | 15% |
| Total Common Shares Outstanding | 2,095,602 | 2,074,540 | 2,074,540 | 2,074,540 | 2,055,507 | \$ 40,095 | 2% |
| Capital Ratios | | | | | | | |
| Tier 1 Leverage ratio | 9.70% | 9.56% | 9.13% | 8.70% | 8.81% | 0.89% | 10% |
| Tier 1 RBC ratio | 15.21% | 15.53% | 15.19% | 15.34% | 15.29% | -0.08% | -1% |
| Common Equity Tier 1 RBC ratio | 15.21% | 15.53% | 15.19% | 15.34% | 15.29% | -0.08% | -1% |
| Total Risk-Based Capital (RBC) ratio | 16.47% | 16.79% | 16.45% | 16.60% | 16.55% | -0.08% | -1% |
| Other Ratios | | | | | | | |
| Non-interest bearing to Total Deposits | 44.13% | 41.01% | 40.22% | 37.52% | 40.24% | 3.89% | 10% |
| Loan to Deposit ratio | 86.53% | 92.66% | 93.52% | 92.54% | 98.50% | -11.97% | -12% |
| Allowance for Loan Losses to Total Loans | 1.45% | 1.47% | 1.41% | 1.41% | 1.32% | 0.13% | 10% |
| Allowance for Loan Losses to Total Loans excluding PPP loans | 1.49% | 1.57% | 1.56% | 1.65% | 1.72% | -0.22% | -13% |
| ALLL to Nonperforming Loans | 157.56% | 155.99% | 151.97% | 213.70% | 206.88% | -49.32% | -24% |
| Nonperforming Assets to Total Assets | 0.72% | 0.78% | 0.79% | 0.53% | 0.53% | 0.19% | 36% |

Bank of San Francisco

Statement of Income (Unaudited)

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

| | Three Months Ended | | | | | Year Over Year Change | |
|--------------------------------------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-------------|
| | 6/30/2022 | 3/31/2022 | 12/31/2021 | 9/30/2021 | 6/30/2021 | \$ | % |
| Interest on loans, including fees | \$ 5,603 | \$ 5,578 | \$ 5,887 | \$ 5,937 | \$ 6,058 | \$ (455) | -8% |
| Interest on deposits in banks | 231 | 33 | 29 | 33 | 15 | 216 | 1440% |
| Other interest income | 43 | 43 | 43 | 41 | 29 | 14 | 48% |
| Total interest income | 5,877 | 5,654 | 5,959 | 6,011 | 6,102 | (225) | -4% |
| Deposits interest expense | 320 | 217 | 216 | 222 | 216 | 104 | 48% |
| Other interest expense | - | - | 5 | 30 | 79 | (79) | -100% |
| Total interest expense | 320 | 217 | 221 | 252 | 295 | 25 | 8% |
| Net interest income | 5,557 | 5,437 | 5,738 | 5,759 | 5,807 | (250) | -4% |
| Provision for loan losses | - | - | - | - | - | - | 0% |
| Net interest income after provision | 5,557 | 5,437 | 5,738 | 5,759 | 5,807 | (250) | -4% |
| Service charges on deposits | 88 | 75 | 78 | 66 | 72 | 16 | 22% |
| Gains on sale of loans | - | 124 | - | 294 | - | - | 0% |
| Other non-interest income | 2 | 36 | 16 | 22 | 24 | (22) | -92% |
| Total non-interest income | 90 | 235 | 94 | 382 | 96 | (6) | -6% |
| Salaries and employee benefits expense | 2,159 | 1,981 | 1,770 | 1,794 | 2,010 | 149 | 7% |
| Occupancy | 219 | 219 | 219 | 220 | 218 | 1 | 0% |
| Information Technology and Equipment | 243 | 225 | 224 | 212 | 244 | (1) | 0% |
| Other operating expense | 567 | 544 | 602 | 510 | 577 | (10) | -2% |
| Total non-interest expense | 3,188 | 2,969 | 2,815 | 2,736 | 3,049 | 139 | 5% |
| Income before income taxes | 2,459 | 2,703 | 3,017 | 3,405 | 2,854 | (395) | -14% |
| Income tax expense | 728 | 800 | 892 | 1,007 | 844 | (116) | -14% |
| Net income | \$ 1,731 | \$ 1,903 | \$ 2,125 | \$ 2,398 | \$ 2,010 | \$ (279) | -14% |
| Basic Earnings per Share | \$ 0.85 | \$ 0.93 | \$ 1.04 | \$ 1.18 | \$ 0.99 | \$ (0.14) | -14% |
| Average Shares Outstanding | 2,040,623 | 2,040,623 | 2,040,623 | 2,035,324 | 2,027,455 | 13,168 | 1% |
| Diluted Earnings per Share | \$ 0.85 | \$ 0.93 | \$ 1.04 | \$ 1.17 | \$ 0.99 | \$ (0.14) | -14% |
| Average Shares Outstanding | 2,042,939 | 2,048,805 | 2,044,886 | 2,055,625 | 2,039,044 | 3,895 | 0% |
| Annualized Performance Ratios | | | | | | | |
| Return on Average Assets | 1.14% | 1.28% | 1.40% | 1.50% | 1.22% | -0.08% | -7% |
| Return on Average Common Equity | 11.91% | 13.54% | 15.71% | 18.53% | 16.24% | -4.33% | -27% |
| Net Interest Margin | 3.77% | 3.80% | 3.89% | 3.70% | 3.61% | 0.16% | 4% |
| Cost of Funds | 0.22% | 0.16% | 0.16% | 0.16% | 0.19% | 0.03% | 16% |
| Efficiency Ratio | 56.45% | 52.34% | 48.27% | 44.55% | 51.65% | 4.80% | 9% |

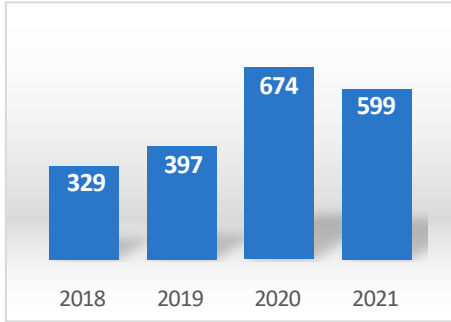
Bank of San Francisco**Statement of Income (Unaudited)**

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

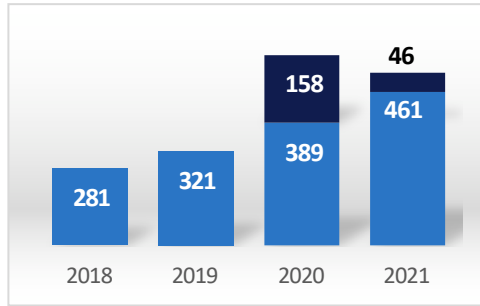
| | Year Ended | | Year Over Year Change | |
|--------------------------------------------|-----------------|-----------------|-----------------------|-------------|
| | 6/30/2022 | 6/30/2021 | \$ | % |
| Interest on loans, including fees | \$ 11,181 | \$ 12,472 | \$ (1,291) | -10% |
| Interest on deposits in banks | 264 | 28 | 236 | 843% |
| Other interest income | 86 | 54 | 32 | 59% |
| Total interest income | 11,531 | 12,554 | (1,023) | -8% |
| Deposits interest expense | 537 | 444 | 93 | 21% |
| Other interest expense | - | 167 | (167) | -100% |
| Total interest expense | 537 | 611 | (74) | -12% |
| Net interest income | 10,994 | 11,943 | (949) | -8% |
| Provision for loan losses | - | 100 | (100) | -100% |
| Net interest income after provision | 10,994 | 11,843 | (849) | -7% |
| Service charges on deposits | 163 | 140 | 23 | 16% |
| Gains on sale of loans | 124 | - | 124 | #DIV/0! |
| Other non-interest income | 38 | 37 | 1 | 3% |
| Total non-interest income | 325 | 177 | 148 | 84% |
| Salaries and employee benefits expense | 4,140 | 3,678 | 462 | 13% |
| Occupancy | 438 | 437 | 1 | 0% |
| Information Technology and Equipment | 468 | 460 | 8 | 2% |
| Other operating expense | 1,111 | 1,106 | 5 | 0% |
| Total non-interest expense | 6,157 | 5,681 | 476 | 8% |
| Income before income taxes | 5,162 | 6,339 | (1,177) | -19% |
| Income tax expense | 1,528 | 1,875 | (347) | -19% |
| Net income | \$ 3,634 | \$ 4,464 | \$ (830) | -19% |
| Basic Earnings per Share | \$ 1.78 | \$ 2.20 | \$ (0.42) | -19% |
| Average Shares Outstanding | 2,040,623 | 2,027,455 | 13,168 | 1% |
| Diluted Earnings per Share | \$ 1.77 | \$ 2.19 | \$ (0.42) | -19% |
| Average Shares Outstanding | 2,051,718 | 2,035,267 | 16,451 | 1% |
| Annualized Performance Ratios | | | | |
| Return on Average Assets | 1.21% | 1.35% | -0.14% | -10% |
| Return on Average Common Equity | 12.50% | 18.04% | -5.54% | -31% |
| Net Interest Margin | 3.75% | 3.72% | 0.03% | 1% |
| Cost of Funds | 0.20% | 0.19% | 0.01% | 5% |
| Efficiency Ratio | 54.40% | 46.87% | 7.53% | 16% |

FINANCIAL HIGHLIGHTS

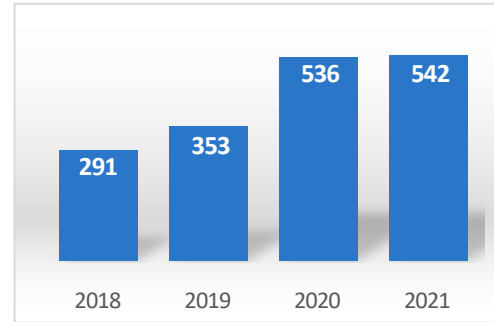
Total Assets (\$ Millions)
As of December 31,



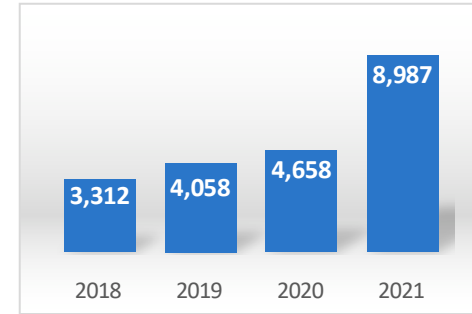
Total Loans (\$ Millions)
As of December 31,



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

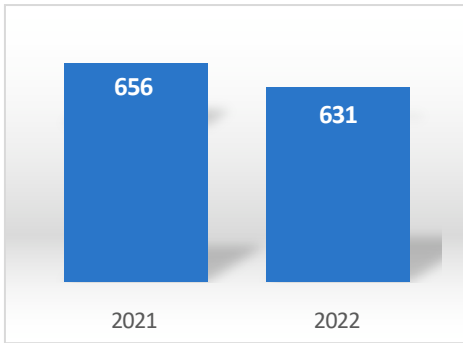


Net Income (\$ Thousands)
Year Ended December 31,

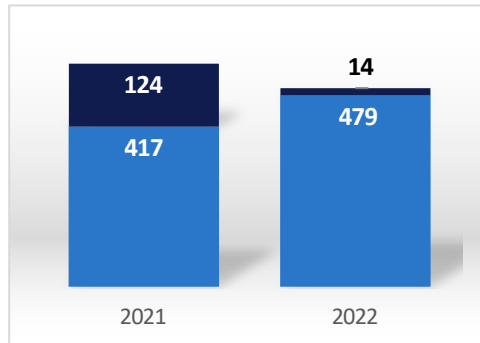


■ = PPP loans

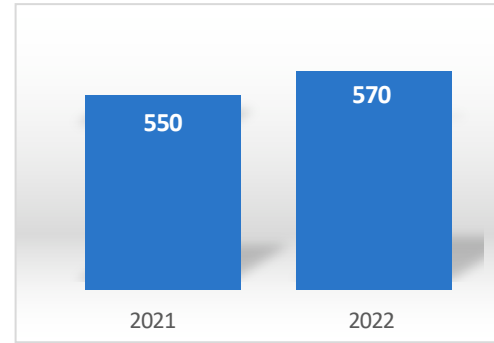
Total Assets (\$ Millions)
As of June 30,



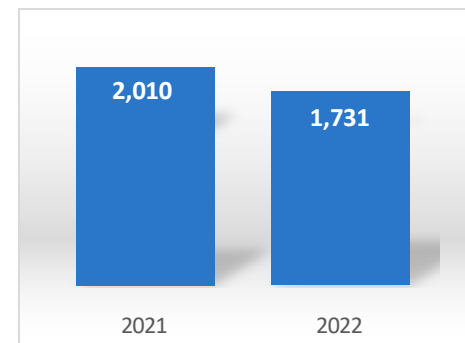
Total Loans (\$ Millions)
As of June 30,



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

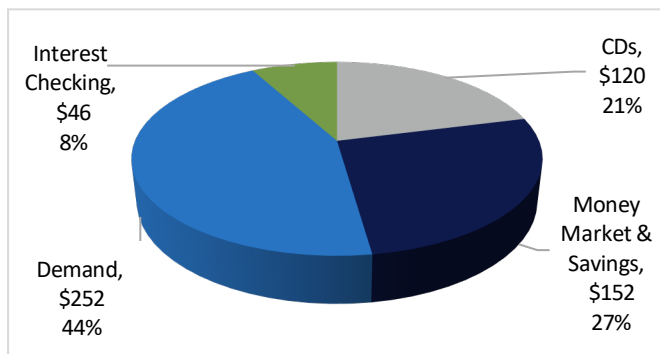


Net Income (\$ Thousands)
Three Months Ended June 30,



■ = PPP loans

Deposit Composition (\$ Millions) As of June 30, 2022



Loan Composition (\$ Millions)

