



FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Second-Quarter 2024 Results

SAN FRANCISCO, CA—(7/31/2024)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking, boutique bank serving Bay Area businesses, nonprofits, and individuals, announced unaudited results for the second quarter ended June 30, 2024. Net income for the quarter was \$1.6 million, up \$113,000 compared to the preceding quarter, and down 13% from \$1.8 million achieved in the second quarter of 2023. Diluted earnings per share for the quarter were \$0.75, up \$0.05 compared to the preceding quarter, and down 14% from \$0.87 diluted earnings per share achieved in the second quarter of 2023.

Ed Obuchowski, Chief Executive Officer, noted, “After successfully navigating the industry turmoil in 2023, I am pleased to report that we are back in growth mode. We are extremely pleased with the progress of our new Private Banking team, and are strategically expanding that team to maximize its capacity. At the same time, we are reviewing and refining the processes and structure of the Bank. This will ensure that we continue to provide exceptional client service while operating efficiently as we grow and scale our business. Our Bank has maintained its strong capital position and asset quality with no charge offs during the quarter. Meanwhile, net interest margin increased by four basis points from the first quarter of 2024.”

Jennifer Corr, Chief Financial Officer, noted, “Relationship deposits increased significantly during the quarter, allowing for the decrease of higher cost brokered funds, which is expected to reduce the cost of funds in future quarters. We believe our investing in new hires and restructuring areas of the Bank will allow us to capitalize on the market opportunity and drive future growth.”

Second-quarter 2024 results and highlights compared to first-quarter 2024:

- Net income was \$1.6 million, an increase of \$113,000, primarily from the increase in net interest income and other non-interest income, partially offset from the increase in operating expense.
- Net interest income was \$5.8 million, an increase of \$357,000. Interest expense increased \$195,000 primarily from the growth in interest-bearing relationship deposits and continued pressure on deposit rates. Loan interest income increased by \$178,000, and interest on deposits in banks increased by \$375,000.
- Net interest margin increased to 3.78%, from 3.74%.
- Cost of funds increased to 1.87%, from 1.72%.
- Other non-interest income increased by \$287,000 from the gain on loan sale of \$306,000 during the second quarter.

- Operating expenses were \$4.0 million; an increase of \$443,000. Salary and benefits increased \$477,000 from merit increases in March of 2024 being fully effective, increased incentive compensation accruals, restructuring costs, and new hires.
- The efficiency ratio was 63.64%, up from 63.05%.
- Diluted earnings per common share were \$0.75, up from \$0.70.
- Total loans, net of deferred fees, were \$514 million, an increase of \$11 million.
- Total deposits were \$534 million, decreasing \$1 million. Relationship deposits increased by \$37 million, while brokered deposits and public funds decreased by \$38 million.
- Insured relationship deposits and collateralized deposits were 51% of total deposits. In addition to on-balance-sheet liquidity of \$90 million, the Bank had available borrowings of \$192 million for a liquidity capacity of \$282 million, compared to \$219 million in uninsured relationship deposits. There were no borrowings under the Bank's lines of credit at the Federal Reserve Bank and Federal Home Loan Bank of San Francisco.
- Book value per share increased to \$33.66, up from \$32.73 per share.

Second-quarter 2024 results and highlights compared to second-quarter 2023:

- Net income was \$1.6 million, a decrease of \$233,000, or 13%. The decrease in net income was primarily from increased operating expenses as the Bank continues to position itself to take advantage of the current market and return to its historical growth strategy.
- Net interest income was \$5.8 million, an increase of \$504,000, or 9%. The increase was the result of increased interest income of \$1.1 million, which was partially offset by the \$565,000 increase in interest expense.
- Net interest margin increased to 3.78% from 3.62%, outpacing the increase in cost of funds. Cost of funds increased to 1.87%, from 1.44%.
- Operating expenses were \$4.0 million, an increase of \$828,000, or 26%. Salary and benefits increased by \$641,000 from merit increases, restructuring costs, increased incentive compensation tied to the Bank's increased production, and new hires. Occupancy costs increased \$112,000 as the Bank's free expense period under the San Francisco office lease expired for the common area, taxes and utilities.
- The efficiency ratio was 63.64%, up from 55.20%.
- Diluted earnings per common share were \$0.75, down \$0.12, or 14%.
- Total loans, net of deferred fees, were \$514 million, increasing by \$4 million, or 1%.
- Total deposits were \$534 million, decreasing by \$6 million. Relationship deposits increased by \$14 million, while brokered deposits and public funds decreased by \$20 million.

- Book value per share increased to \$33.66 per share, up from \$30.66 per share.

Asset quality:

- The Allowance for Credit Losses Reserve Ratio was 1.31% as of June 30, 2024, decreasing by 0.02% from March 31, 2024. The Bank had no charge offs during the quarter ended June 30, 2024.
- As of June 30, 2024, the Bank had 12 non-accrual loans totaling \$3.6 million, 0.59% of total assets, and 0.70% of total loans, down from \$3.7 million as of March 31, 2024. The non-accrual loans are to eight borrowers: two in transportation, one in media, three in the food industry, one in real estate, and one in the import industry. Eleven of the 12 non-accrual loans are supported by either an 80% guarantee by the State of California or a 75% Small Business Administration guarantee, with \$80,000 exposure to the Bank. The remaining loan is collateral-secured with no specific reserve required.
- Classified loans totaled \$16.4 million, or 3.19% of the total loan portfolio as of June 30, 2024, down from \$17 million in the preceding quarter.

Capital:

- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 11.36%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 17.44%, and a Total Risk-Based Capital Ratio of 18.70% as of June 30, 2024.

Wendy Ross, President, noted, “With the accelerated level of growth and internal process refinement that we have undertaken, I have postponed my retirement. I very much look forward to continuing to work closely with Ed and the rest of the Bank of San Francisco team through this transition period. Our strong capital position and diligent and committed team are enabling us to take advantage of this unique and exciting market opportunity of being the only broadly owned, boutique bank headquartered in San Francisco.”

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About Bank of San Francisco

Bank of San Francisco is a forward-thinking, boutique 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 Statements

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 soundness or failure of other financial institutions that may directly or indirectly affect the Bank; potential deposit withdrawals triggered by client concerns following the failures of or risks at other depository institutions; 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	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	\$	%
Assets							
Cash and due from banks	\$ 7,965	\$ 7,689	\$ 12,853	\$ 6,107	\$ 8,397	\$ (432)	-5%
Interest bearing deposits in banks	82,544	93,949	88,701	93,850	86,036	(3,492)	-4%
Total cash and cash equivalents	90,509	101,638	101,554	99,957	94,433	(3,924)	-4%
Loans, net of deferred costs/fees	514,296	503,631	501,941	504,703	510,339	3,957	1%
Allowance for credit losses	(6,744)	(6,704)	(6,745)	(7,188)	(7,188)	444	-6%
Loans, net of allowance of credit losses	507,552	496,927	495,196	497,515	503,151	4,401	1%
Premises and equipment, net	1,516	1,553	1,604	1,662	1,714	(198)	-12%
Accrued interest receivable & other assets	13,969	13,033	13,622	13,056	13,101	868	7%
Total Assets	\$ 613,546	\$ 613,151	\$ 611,976	\$ 612,190	\$ 612,399	\$ 1,147	0%
Liabilities							
Non-interest bearing deposits	\$ 186,950	\$ 188,681	\$ 190,040	\$ 221,621	\$ 206,720	\$ (19,770)	-10%
Interest bearing deposits	346,877	346,532	345,385	314,827	333,077	13,800	4%
Total deposits	533,827	535,213	535,425	536,448	539,797	(5,970)	-1%
Accrued interest payable and other liabilities	8,007	7,980	8,178	9,099	7,920	87	1%
Total Liabilities	541,834	543,193	543,603	545,547	547,717	(5,883)	-1%
Shareholders' equity							
Common stock	28,468	28,289	28,168	28,047	27,938	530	2%
Retained earnings	43,244	41,669	40,205	38,596	36,744	6,500	18%
Total shareholders' equity	71,712	69,958	68,373	66,643	64,682	7,030	11%
Total Liabilities & Shareholders' Equity	\$ 613,546	\$ 613,151	\$ 611,976	\$ 612,190	\$ 612,399	\$ 1,147	0%
Book Value per Common Share	\$ 33.66	\$ 32.73	\$ 32.43	\$ 31.61	\$ 30.66	\$ 3.00	10%
Total Common Shares Outstanding	2,130,201	2,137,138	2,108,162	2,108,162	2,109,869	20,332	1%
Capital Ratios							
Tier 1 Leverage ratio	11.36%	11.71%	11.21%	10.78%	10.78%	0.58%	5%
Tier 1 RBC ratio	17.44%	17.61%	17.11%	16.60%	15.84%	1.60%	10%
Common Equity Tier 1 RBC ratio	17.44%	17.61%	17.11%	16.60%	15.84%	1.60%	10%
Total Risk-Based Capital (RBC) ratio	18.70%	18.86%	18.36%	17.86%	17.10%	1.60%	9%
Other Ratios							
Non-interest bearing to Total Deposits	35.02%	35.25%	35.49%	41.31%	38.30%	-1.65%	-4%
Loan to Deposit ratio	96.34%	94.10%	93.75%	94.08%	94.54%	1.80%	2%
Allowance for Credit Losses to Total Loans	1.31%	1.33%	1.34%	1.42%	1.41%	-0.10%	-7%
ACL to Nonperforming Loans	186.08%	180.95%	178.87%	181.09%	174.95%	14.40%	8%
Nonperforming Assets to Total Assets	0.59%	0.60%	0.62%	0.65%	0.67%	-0.11%	-16%

Bank of San Francisco
Statement of Income (Unaudited)

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

	Three Months Ended					Year Over Year Change	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	\$	%
Interest on loans, including fees	\$ 6,769	\$ 6,591	\$ 6,360	\$ 6,321	\$ 6,334	\$ 435	7%
Interest on deposits in banks	1,473	1,098	1,227	1,287	858	615	72%
Other interest income	73	74	70	63	54	19	35%
Total interest income	8,315	7,763	7,657	7,671	7,246	1,069	15%
Deposits interest expense	2,499	2,304	2,153	2,050	1,934	565	29%
Other interest expense	-	-	-	-	-	-	-
Total interest expense	2,499	2,304	2,153	2,050	1,934	565	29%
Net interest income	5,816	5,459	5,504	5,621	5,312	504	9%
Provision for credit losses	40	-	290	-	-	40	n/m
Net interest income after provision	5,776	5,459	5,214	5,621	5,312	464	9%
Service charges on deposits	89	100	91	96	89	-	0%
Gains on sale of loans	306	-	-	-	299	7	2%
Other non-interest income	65	73	73	60	35	30	86%
Total non-interest income	460	173	164	156	423	37	9%
Salaries and employee benefits expense	2,731	2,254	1,961	2,031	2,090	641	31%
Occupancy	325	297	289	236	213	112	53%
Information Technology and Equipment	291	331	276	282	268	23	9%
Other operating expense	647	669	564	597	595	52	9%
Total non-interest expense	3,994	3,551	3,090	3,146	3,166	828	26%
Income before income taxes	2,242	2,081	2,288	2,631	2,569	(327)	-13%
Income tax expense	666	618	678	780	760	(94)	-12%
Net income	\$ 1,576	\$ 1,463	\$ 1,610	\$ 1,851	\$ 1,809	\$ (233)	-13%
Basic Earnings per Share	\$ 0.76	\$ 0.70	\$ 0.77	\$ 0.89	\$ 0.88	\$ (0.12)	-14%
Average Shares Outstanding	2,084,161	2,083,168	2,083,168	2,075,107	2,061,964	22,197	1%
Diluted Earnings per Share	\$ 0.75	\$ 0.70	\$ 0.77	\$ 0.89	\$ 0.87	\$ (0.12)	-14%
Average Shares Outstanding	2,088,640	2,095,854	2,092,143	2,075,107	2,074,970	13,670	1%
Annualized Performance Ratios							
Return on Average Assets	1.00%	0.98%	1.06%	1.20%	1.21%	-0.21%	-17%
Return on Average Common Equity	8.90%	8.46%	9.54%	11.28%	11.38%	-2.48%	-22%
Net Interest Margin	3.78%	3.74%	3.70%	3.72%	3.62%	0.16%	4%
Cost of Funds	1.87%	1.72%	1.61%	1.53%	1.44%	0.43%	30%
Efficiency Ratio	63.64%	63.05%	54.52%	54.46%	55.20%	8.44%	15%

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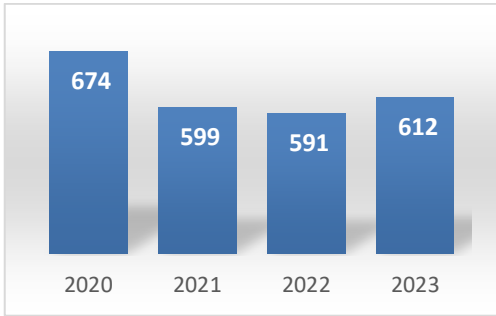
Bank of San Francisco
Statement of Income (Unaudited)
(\$000, except share and per share amounts)

	Six Months Ended		Year Over Year Change	
	6/30/2024	6/30/2023	\$	%
Interest on loans, including fees	\$ 13,360	\$ 12,354	\$ 1,006	8%
Interest on deposits in banks	2,571	1,518	1,053	69%
Other interest income	147	109	38	35%
Total interest income	16,078	13,981	2,097	15%
Deposits interest expense	4,803	3,368	1,435	43%
Other interest expense	-	4	(4)	n/m
Total interest expense	4,803	3,372	1,431	42%
Net interest income	11,275	10,609	666	6%
Provision for credit losses	40	-	40	n/m
Net interest income after provision	11,235	10,609	626	6%
Service charges on deposits	189	167	22	13%
Gains on sale of loans	306	299	7	2%
Other non-interest income	138	135	3	2%
Total non-interest income	633	601	32	5%
Salaries and employee benefits expense	4,985	4,202	783	19%
Occupancy	622	423	199	47%
Information Technology and Equipment	622	554	68	12%
Other operating expense	1,316	1,103	213	19%
Total non-interest expense	7,545	6,282	1,263	20%
Income before income taxes	4,323	4,928	(605)	-12%
Income tax expense	1,284	1,459	(175)	-12%
Net income	\$ 3,039	\$ 3,469	\$ (430)	-12%
Basic Earnings per Share	\$ 1.46	\$ 1.68	\$ (0.22)	-13%
Average Shares Outstanding	2,083,665	2,058,818	24,847	1%
Diluted Earnings per Share	\$ 1.45	\$ 1.68	\$ (0.23)	-14%
Average Shares Outstanding	2,096,080	2,070,775	25,305	1%
Annualized Performance Ratios				
Return on Average Assets	0.99%	1.18%	-0.19%	-16%
Return on Average Common Equity	8.60%	11.00%	-2.40%	-22%
Net Interest Margin	3.77%	3.68%	0.09%	3%
Cost of Funds	1.80%	1.26%	0.54%	43%
Efficiency Ratio	63.36%	56.04%	7.32%	13%

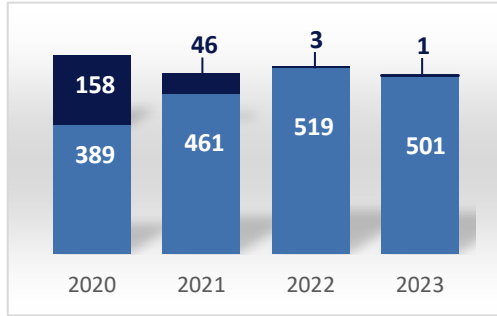
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FINANCIAL HIGHLIGHTS

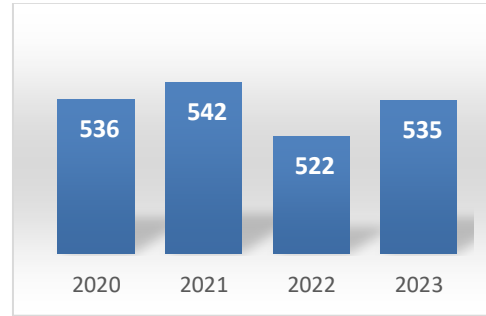
Total Assets (\$ Millions)
As of December 31,



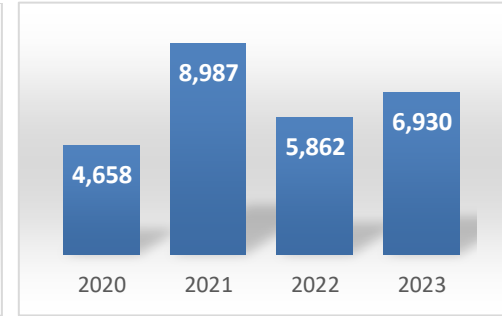
Total Loans (\$ Millions)
As of December 31,



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

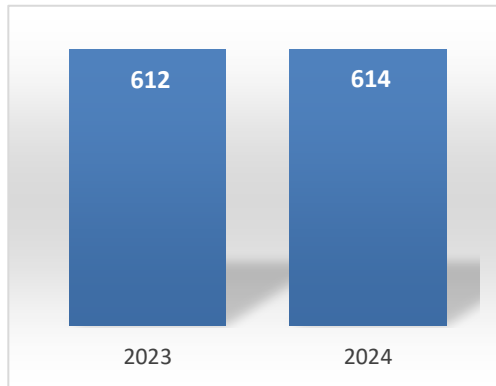


Net Income (\$ Thousands)
Year Ended December 31,

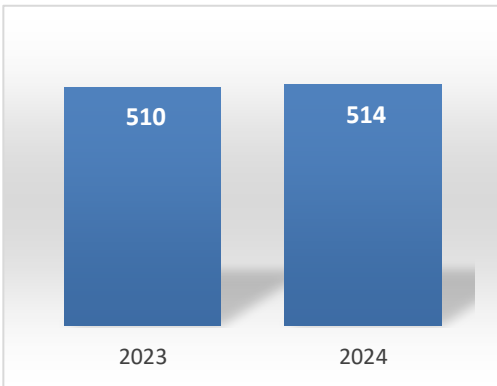


■ = PPP Loans

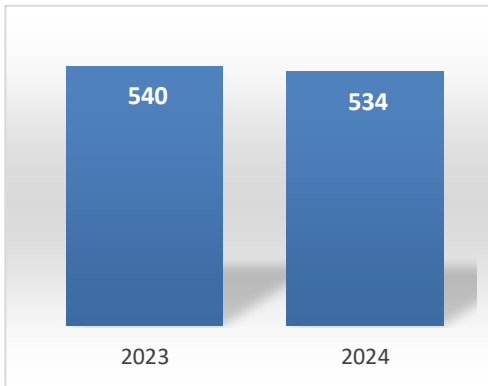
Total Assets (\$ Millions)
As of June 30,



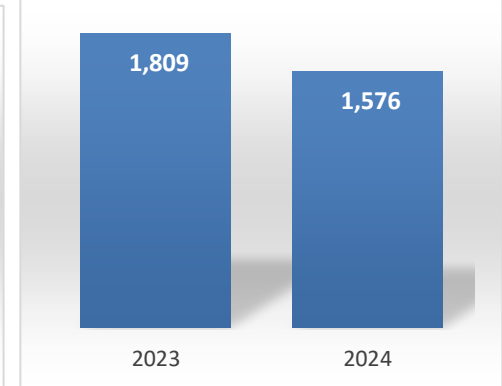
Total Loans (\$ Millions)
As of June 30,



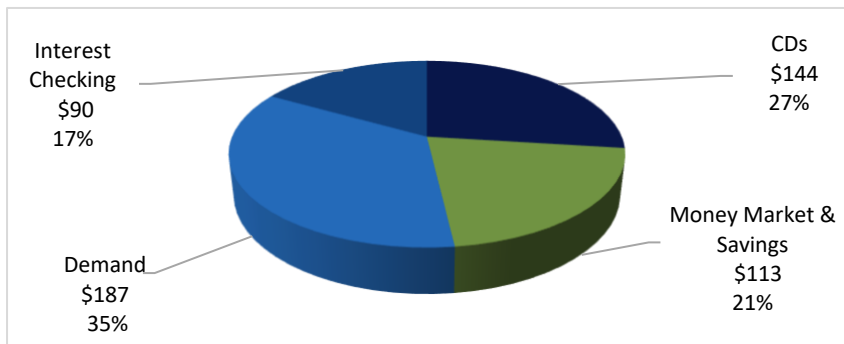
Total Deposits (\$ Millions)
As of June 30,



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



Deposit Composition (\$ Millions)



As of June 30, 2024

Loan Composition (\$ Millions)

