



FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Third-Quarter 2022 Results

SAN FRANCISCO, CA—(11/1/2022)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the third quarter ended September 30, 2022. Net income for the quarter was \$2,084 thousand, up 20% compared to the preceding quarter, and down 13% from \$2,398 thousand achieved in the third quarter of 2021. Diluted earnings per share for the quarter were \$1.02, up 20% compared to the preceding quarter, and down 13% from \$1.17 diluted earnings per share achieved in the third quarter of 2021.

Ed Obuchowski, Chief Executive Officer, noted, “We were pleased to see the 20% increase in our net income in the third quarter compared to the second quarter of 2022, reflecting the strong operating performance of the core bank, without the benefit of the significant Paycheck Protection Program (PPP) loan interest and fee income that we had in 2020 and 2021.”

Third-quarter 2022 results compared to third-quarter 2021:

- Net income was \$2,084 thousand, a decrease of \$314 thousand, or 13%. The decrease resulted largely from a decline in the PPP loan interest and fee income of \$1,127 thousand, which was partially offset by increases in the non-PPP loan interest and fee income of \$929 thousand, and interest income from correspondent banks and other of \$562 thousand. Reflecting annual performance-based salary increases and increased bonus accruals in the third quarter of 2022, salary and benefits increased by \$332 thousand, or 19%.
- Net interest income was \$5,904 thousand, an increase of \$145 thousand, or 3%. The increase was the result of the increase in non-PPP loan interest and fee income of \$929 thousand, the increase in interest income from correspondent banks and other of \$562 thousand, and the increase in total interest expense of \$219 thousand, or 87%, partially offset by the decrease in PPP loan interest and fee income of \$1,127 thousand.
- Cost of funds was 0.34%, up from 0.16%.
- Net interest margin increased to 3.86%, up from 3.70%.
- Operating expenses were \$3,200 thousand, which was an increase of \$464 thousand, or 17%. The increase was the result of the increase in salary expense primarily from annual performance salary increases and increased bonus accruals in the third quarter of 2022.

Occupancy expense increased as a result of moving the San Francisco headquarters office to its new location.

- The efficiency ratio was 52%, up from 45%.
- Diluted earnings per common share were \$1.02, down \$0.15.
- Total loans, net of deferred fees, were \$517 million, increasing by \$9 million, or 2%, with PPP loans decreasing by \$63 million, or 86%, and non-PPP loans increasing by \$72 million, or 17%.
- Total deposits were \$542 million, decreasing by \$8 million, or 1%. Public funds decreased by \$10 million, with relationship deposits increasing by \$2 million.
- Book value per share increased to \$29.29, up from \$25.54, or 15%.

Third-quarter 2022 results compared to second-quarter 2022:

- Net income was \$2,084 thousand, an increase of \$353 thousand, or 20%. The increase resulted from an increase in the non-PPP loan interest and fee income of \$482 thousand, an increase in interest income from correspondent banks and other of \$363 thousand, or 132%, an increase in deposit expense of \$151 thousand, or 47%, and a gain on loan sale of \$147 thousand. These increases were partially offset by the decline in the PPP interest and fee income of \$347 thousand and an increase in occupancy expense of \$72 thousand, or 33%, as a result of the San Francisco headquarters office move.
- Net interest income was \$5,904 thousand, an increase of \$347 thousand, or 6%. The increase was the result of the increase in non-PPP loan interest and fee income of \$482 thousand, an increase in interest income from correspondent banks and other of \$363 thousand, or 132%, and an increase in deposit expense of \$151 thousand, or 47%, partially offset by the decline in PPP loan interest and fee income of \$347 thousand.
- Cost of funds was 0.34%, up from 0.22%.
- Net interest margin increased to 3.86%, up from 3.77%.
- Operating expenses were \$3,200 thousand, which was an increase of \$12 thousand. The increase was primarily due to the San Francisco headquarters office move resulting in increased occupancy expense, partially offset by lower salary and other operating expenses.
- The efficiency ratio was 52%, down from 56%.
- Diluted earnings per common share were \$1.02, up \$0.17.
- Total loans, net of deferred fees, were \$517 million, increasing by \$24 million, or 5%, with PPP loans decreasing by \$4 million, or 29%, and non-PPP loans increasing by \$28 million, or 6%.
- Total deposits were \$542 million, decreasing by \$29 million, with a decrease of \$10 million in public funds and \$19 million in relationship deposits.

- Book value per share increased to \$29.29, up from \$28.20 per share, or 4%.

Asset quality:

- The Allowance for Loan Losses Reserve Ratio was 1.38% as of September 30, 2022, decreasing by 0.07% from June 30, 2022. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.41% as of September 30, 2022, a decrease of 0.08% from June 30, 2022.
- As of September 30, 2022, the Bank had nine non-accrual loans totaling \$4.5 million, or 0.94% of the non-PPP loan portfolio, remaining consistent from \$4.5 million as of June 30, 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 \$11.4 million, or 2.20%, of the total loan portfolio as of September 30, 2022, increasing by \$4.5 million from the preceding quarter.

Capital:

- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 9.83%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 14.89%, and a Total Risk-Based Capital Ratio of 16.14% as of September 30, 2022.

Wendy Ross, President, noted, “This is an exciting time for our Bank, as we recently moved into our new headquarters on the 16th floor of 345 California Street. Our new office has more open space, providing an environment that encourages flexibility and collaborative work among our team members. We also have several conference rooms of varying size that we look forward to hosting events in and having clients, nonprofits and community organizations use.”

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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	
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	\$	%
Assets							
Cash and due from banks	\$ 8,921	\$ 12,605	\$ 17,069	\$ 15,763	\$ 17,736	\$ (8,815)	-50%
Interest bearing deposits in banks	76,851	122,584	80,577	75,375	99,764	(22,913)	-23%
Total cash and cash equivalents	85,772	135,189	97,646	91,138	117,500	(31,728)	-27%
Loans, net of deferred costs/fees	517,137	493,393	486,546	506,697	508,303	8,834	2%
Allowance for Loan Losses	(7,160)	(7,160)	(7,160)	(7,160)	(7,160)	-	0%
Loans, net of allowance of loan losses	509,977	486,233	479,386	499,537	501,143	8,834	2%
Premises and equipment, net	1,074	153	172	203	215	859	400%
Accrued interest receivable & other assets	13,684	9,632	8,236	8,571	8,821	4,863	55%
Total Assets	\$ 610,507	\$ 631,207	\$ 585,440	\$ 599,449	\$ 627,679	\$ (17,172)	-3%
Liabilities							
Non-interest bearing deposits	\$ 251,413	\$ 251,627	\$ 215,361	\$ 217,899	\$ 206,087	\$ 45,326	22%
Interest bearing deposits	290,133	318,600	309,739	323,888	343,216	(53,083)	-15%
Total deposits	541,546	570,227	525,100	541,787	549,303	(7,757)	-1%
Other borrowings	-	-	-	-	22,665	(22,665)	-100%
Accrued interest payable and other liabilities	7,632	1,888	3,123	2,452	2,731	4,901	179%
Total Liabilities	549,178	572,115	528,223	544,239	574,699	(25,521)	-4%
Shareholders' equity							
Common stock	27,636	27,483	27,339	27,235	27,130	506	2%
Retained earnings	33,693	31,609	29,878	27,975	25,850	7,843	30%
Total shareholders' equity	61,329	59,092	57,217	55,210	52,980	8,349	16%
Total Liabilities & Shareholders' Equity	\$ 610,507	\$ 631,207	\$ 585,440	\$ 599,449	\$ 627,679	\$ (17,172)	-3%
Book Value per Common Share	\$ 29.29	\$ 28.20	\$ 27.58	\$ 26.61	\$ 25.54	\$ 3.75	15%
Total Common Shares Outstanding	2,093,754	2,095,602	2,074,540	2,074,540	2,074,540	\$ 19,214	1%
Capital Ratios							
Tier 1 Leverage ratio	9.83%	9.70%	9.56%	9.13%	8.70%	1.13%	13%
Tier 1 RBC ratio	14.89%	15.21%	15.53%	15.19%	15.34%	-0.45%	-3%
Common Equity Tier 1 RBC ratio	14.89%	15.21%	15.53%	15.19%	15.34%	-0.45%	-3%
Total Risk-Based Capital (RBC) ratio	16.14%	16.47%	16.79%	16.45%	16.60%	-0.46%	-3%
Other Ratios							
Non-interest bearing to Total Deposits	46.43%	44.13%	41.01%	40.22%	37.52%	8.91%	24%
Loan to Deposit ratio	95.49%	86.53%	92.66%	93.52%	92.54%	2.96%	3%
Allowance for Loan Losses to Total Loans	1.38%	1.45%	1.47%	1.41%	1.41%	-0.02%	-2%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.41%	1.49%	1.57%	1.56%	1.65%	-0.24%	-15%
ALLL to Nonperforming Loans	160.90%	157.56%	155.99%	151.97%	213.70%	-52.80%	-25%
Nonperforming Assets to Total Assets	0.73%	0.72%	0.78%	0.79%	0.53%	0.20%	37%

Bank of San Francisco
Statement of Income (Unaudited)

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

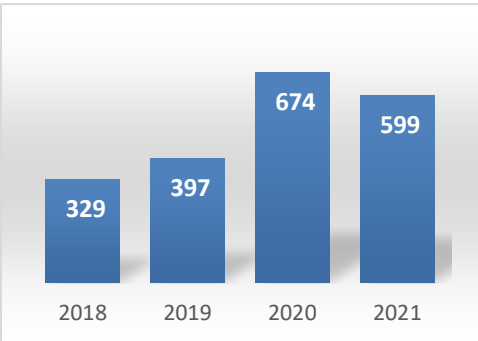
	Three Months Ended					Year Over Year Change	
	9/30/2022	6/30/2022	3/31/2022	12/31/2021	9/30/2021	\$	%
Interest on loans, including fees	\$ 5,739	\$ 5,603	\$ 5,578	\$ 5,887	\$ 5,937	\$ (198)	-3%
Interest on deposits in banks	591	231	33	29	33	558	1691%
Other interest income	45	43	43	43	41	4	10%
Total interest income	6,375	5,877	5,654	5,959	6,011	364	6%
Deposits interest expense	471	320	217	216	222	249	112%
Other interest expense	-	-	-	5	30	(30)	-100%
Total interest expense	471	320	217	221	252	219	87%
Net interest income	5,904	5,557	5,437	5,738	5,759	145	3%
Provision for loan losses	-	-	-	-	-	-	0%
Net interest income after provision	5,904	5,557	5,437	5,738	5,759	145	3%
Service charges on deposits	87	88	75	78	66	21	32%
Gains on sale of loans	147	-	124	-	294	(147)	-50%
Other non-interest income	22	2	36	16	22	-	0%
Total non-interest income	256	90	235	94	382	(126)	-33%
Salaries and employee benefits expense	2,126	2,159	1,981	1,770	1,794	332	19%
Occupancy	291	219	219	219	220	71	32%
Information Technology and Equipment	245	243	225	224	212	33	16%
Other operating expense	538	567	544	602	510	28	5%
Total non-interest expense	3,200	3,188	2,969	2,815	2,736	464	17%
Income before income taxes	2,960	2,459	2,703	3,017	3,405	(445)	-13%
Income tax expense	876	728	800	892	1,007	(131)	-13%
Net income	\$ 2,084	\$ 1,731	\$ 1,903	\$ 2,125	\$ 2,398	\$ (314)	-13%
Basic Earnings per Share	\$ 1.02	\$ 0.85	\$ 0.93	\$ 1.04	\$ 1.18	\$ (0.16)	-14%
Average Shares Outstanding	2,041,263	2,040,623	2,040,623	2,040,623	2,035,324	5,939	0%
Diluted Earnings per Share	\$ 1.02	\$ 0.85	\$ 0.93	\$ 1.04	\$ 1.17	\$ (0.15)	-13%
Average Shares Outstanding	2,050,472	2,042,939	2,048,805	2,044,886	2,055,625	(5,153)	0%
Annualized Performance Ratios							
Return on Average Assets	1.34%	1.14%	1.28%	1.40%	1.50%	-0.16%	-11%
Return on Average Common Equity	13.84%	11.91%	13.54%	15.71%	18.53%	-4.69%	-25%
Net Interest Margin	3.86%	3.77%	3.80%	3.89%	3.70%	0.16%	4%
Cost of Funds	0.34%	0.22%	0.16%	0.16%	0.16%	0.18%	112%
Efficiency Ratio	51.95%	56.45%	52.34%	48.27%	44.55%	7.40%	17%

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

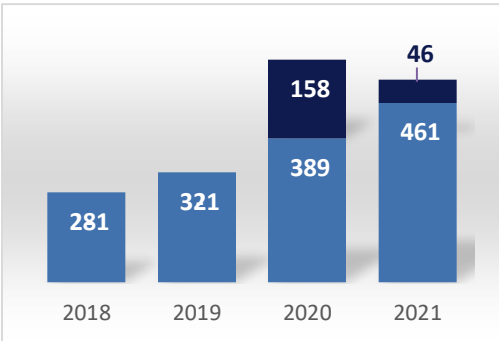
	Nine Months Ended		Year Over Year Change	
	9/30/2022	9/30/2021	\$	%
Interest on loans, including fees	\$ 16,920	\$ 18,409	\$ (1,489)	-8%
Interest on deposits in banks	855	61	794	1302%
Other interest income	131	95	36	38%
Total interest income	17,906	18,565	(659)	-4%
Deposits interest expense	1,008	666	342	51%
Other interest expense	-	197	(197)	-100%
Total interest expense	1,008	863	145	17%
Net interest income	16,898	17,702	(804)	-5%
Provision for loan losses	-	100	(100)	-100%
Net interest income after provision	16,898	17,602	(704)	-4%
Service charges on deposits	250	206	44	21%
Gains on sale of loans	271	294	(23)	-8%
Other non-interest income	60	59	1	2%
Total non-interest income	581	559	22	4%
Salaries and employee benefits expense	6,266	5,472	794	15%
Occupancy	729	657	72	11%
Information Technology and Equipment	713	672	41	6%
Other operating expense	1,649	1,616	33	2%
Total non-interest expense	9,357	8,417	940	11%
Income before income taxes	8,122	9,744	(1,622)	-17%
Income tax expense	2,404	2,882	(478)	-17%
Net income	\$ 5,718	\$ 6,862	\$ (1,144)	-17%
Basic Earnings per Share	\$ 2.80	\$ 3.38	\$ (0.58)	-17%
Average Shares Outstanding	2,041,263	2,030,107	11,156	1%
Diluted Earnings per Share	\$ 2.79	\$ 3.37	\$ (0.58)	-17%
Average Shares Outstanding	2,050,472	2,035,727	14,745	1%
Annualized Performance Ratios				
Return on Average Assets	1.26%	1.41%	-0.15%	-11%
Return on Average Common Equity	13.10%	17.68%	-4.58%	-26%
Net Interest Margin	3.79%	3.72%	0.07%	2%
Cost of Funds	0.25%	0.20%	0.05%	23%
Efficiency Ratio	53.53%	46.09%	7.44%	16%

FINANCIAL HIGHLIGHTS

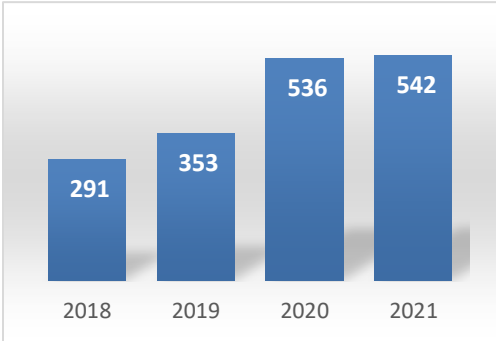
Total Assets (\$ Millions)
As of December 31,



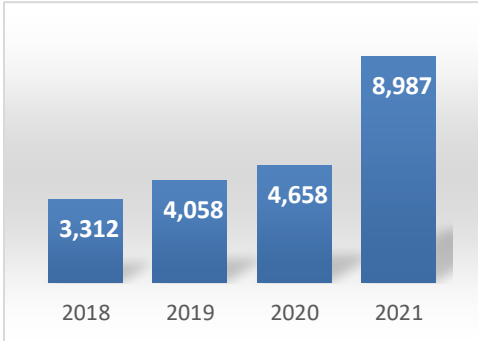
Total Loans (\$ Millions)
As of December 31,



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

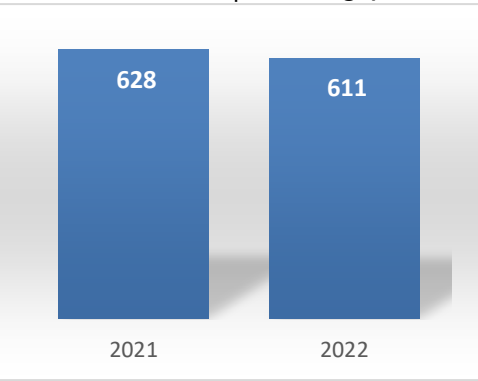


Net Income (\$ Thousands)
Year Ended December 31,

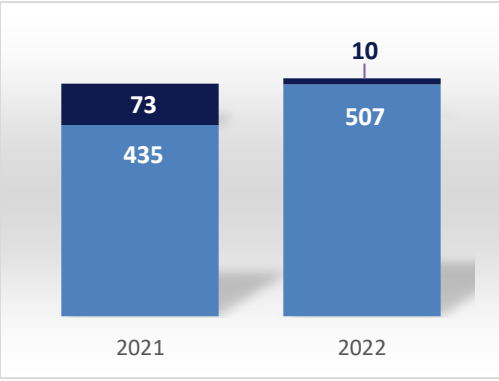


■ = PPP loans

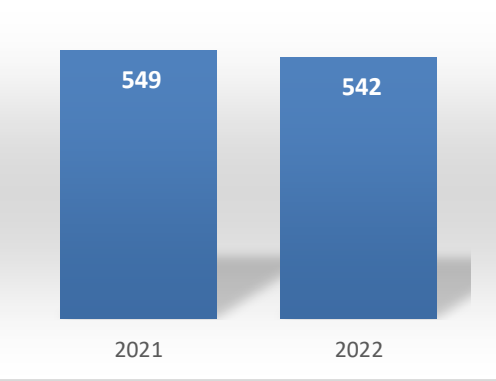
Total Assets (\$ Millions)
As of September 30,



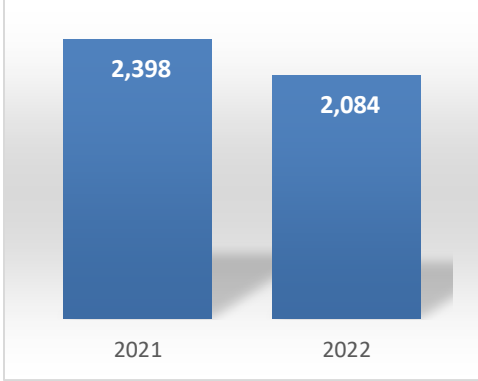
Total Loans (\$ Millions)
As of September 30,



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

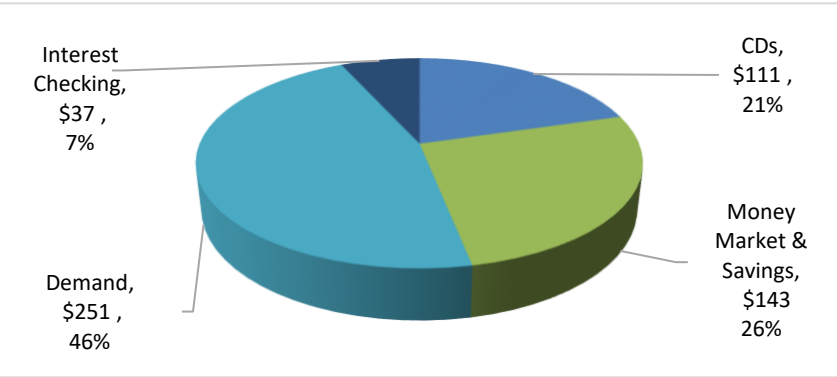


Net Income (\$ Thousands)
Three Months Ended September 30,



■ = PPP loans

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



Loan Composition (\$ Millions)

