

FOR IMMEDIATE RELEASE

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

SAN FRANCISCO, CA—(7/30/2021)—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, 2021. Net income for the quarter was \$2,010 thousand, or \$0.99 diluted earnings per share, down 18% compared to the preceding quarter, and up 134%, from \$858 thousand, or \$0.42 diluted earnings per share, achieved in the second quarter of 2020.

“We are pleased with the results we have achieved in successfully navigating a challenging operating environment over the past five quarters,” said Ed Obuchowski, CEO, Bank of San Francisco. “Now that our Paycheck Protection Program (PPP) loan originations have been completed, and more than half of those loans have been forgiven, we are focused on growing our core bank. A significant part of that growth is resulting from the new small business and nonprofit relationships that we developed through our active involvement in the PPP.”

Financial Highlights:

- Net income was \$2,010 thousand for the second quarter of 2021, compared to \$2,454 thousand for the preceding quarter, and \$858 thousand for the second quarter of 2020. The decrease in net income from the first quarter to the second quarter of 2021 was due to fewer PPP loans held in the second quarter as a result of the higher PPP loan forgiveness rate in the first quarter. Salary expense increased from the preceding quarter due to fewer PPP loans originated during the second quarter of 2021, resulting in lower deferred salary costs in that quarter.
- Net interest income was \$5,807 thousand in the second quarter of 2021, a decrease of \$329 thousand from the preceding quarter, and a \$1,404 thousand increase from the \$4,403 thousand reported for the second quarter of 2020. The Bank recorded interest and processing fee income on PPP loans of \$1,905 thousand in the second quarter of 2021, compared to \$1,657 thousand in the first quarter of 2021, and \$746 thousand in the second quarter of 2020.
- Cost of funds decreased from 0.21% in the first quarter of 2021 to 0.19% in the second quarter of 2021.
- Net interest margin decreased to 3.61% in the second quarter of 2021, from 3.86% in the preceding quarter, and increased from 3.20% in the second quarter

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of 2020. The Bank's net interest margin decreased in the second quarter of 2021, primarily as a result of the recognition of net deferred processing fees on the PPP loans forgiven in the preceding quarter. Excluding PPP loans, and the Bank's corresponding borrowings under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility (PPPLF), net interest margin, excluding prepayment fees, was approximately 3.64% in the second quarter of 2021.

- 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 \$47 million as PPP loans were forgiven in the second quarter of 2021. Other interest expense decreased by \$9 thousand from the preceding quarter, and increased by \$44 thousand from the second quarter of 2020.
- Operating expenses were \$3,049 thousand for the second quarter of 2021, an increase of \$417 thousand from the preceding quarter, and an increase of \$990 thousand from the \$2,059 thousand reported for the second quarter of 2020. The increase from the preceding quarter was primarily due to higher deferred salary costs of \$444 thousand associated with PPP loans originated in the first quarter of 2021, compared to \$286 thousand in the second quarter of 2021. The increase in other operating expenses from the second quarter of 2020 was primarily a result of the significant increase in the Bank's FDIC assessment fee, which is largely based on the size of a financial institution's asset base, as well as its growth rate. The efficiency ratio was 51.65% for the second quarter of 2021, compared to 42.34% for the preceding quarter, and 44.49% for the second quarter of 2020.
- Diluted earnings per common share were \$0.99 for the second quarter of 2021, down \$0.22 compared to the preceding quarter, and up \$0.57 compared to the second quarter of 2020.
- Total loans, net of deferred fees, were \$541 million as of June 30, 2021, down \$43 million from March 31, 2021, and up \$27 million from June 30, 2020. The Bank funded PPP loans of \$9 million, and received PPP loan forgiveness of \$81 million during the second quarter, which was the primary driver in the decrease of loans. Non-PPP loans, net of deferred fees, were \$417 million as of June 30, 2021, up \$27 million, or 7%, from March 31, 2021, and up \$76 million, or 22%, from June 30, 2020. As of June 30, 2021, the SBA had processed PPP loan forgiveness on approximately 51% of PPP loans originated.
- Total deposits were \$550 million as of June 30, 2021, a decrease of \$17 million from March 31, 2021, and an increase of \$27 million from June 30, 2020. The decrease from the first quarter of 2021 was due primarily to the utilization of deposits from PPP loan proceeds.

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- The Allowance for Loan Losses Reserve Ratio was 1.32% as of June 30, 2021, an increase of 0.09% from March 31, 2021, and an increase of 0.18% from June 30, 2020. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.72% as of June 30, 2021, a decrease of 0.12% from March 31, 2021, and a decrease of 0.03% from June 31, 2020. The Bank did not record a loan loss provision expense for the second quarter of 2021, compared to \$100 thousand the previous quarter.
- Book value per share increased to \$24.58 per share as of June 30, 2021, up from \$23.57 as of March 31, 2021, and \$21.04 per share as of June 30, 2020.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 8.81%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.29%, and a Total Risk-Based Capital Ratio of 16.55% as of June 30, 2021.
- As of June 30, 2021, residential loans totaled \$200 million, or 37% of the Bank's total loan portfolio, and 48% of total non-PPP loans. As of June 30, 2021, Commercial Real Estate (CRE) loans totaled \$140 million, or 26% of the total loan portfolio, and 34% of total non-PPP loans. Totaling \$76 million as of June 30, 2021, Commercial and Industrial (C&I) non-PPP loans represented 14% of the total loan portfolio, or 18% of total non-PPP loans.
- The Bank continues to work with clients who are navigating COVID-19-related business interruptions and slowdowns. As of June 30, 2021, the Bank had \$3 million in C&I loans, \$2 million in CRE loans, and \$2 million in SBA-guaranteed loans on principal payment deferrals. As of June 30, 2021, the Bank had \$1 million in residential mortgages on principal-and-interest payment deferrals. The \$8 million in total loans on deferment as of June 30, 2021, represented less than 2% of the Bank's non-PPP loan portfolio, a decrease of 49% in deferred loan balances from the preceding quarter. The majority of COVID-19 deferrals have resumed principal-and-interest payments.
- As of June 30, 2021, the Bank had eight non-accrual loans totaling \$4 million, or 1% of the non-PPP loan portfolio, compared to seven non-accrual loans totaling \$3 million as of March 31, 2021. 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 \$10 million, or 2%, of the total loan portfolio as of June 30, 2021, decreasing by \$3 million from the preceding quarter. Classified loans totaled \$10 million, or 2%, of the total loan portfolio as of June 30, 2020. As businesses reopen and client challenges change, the Bank will review and adjust individual loan risk ratings, as appropriate. Grade changes will be made once a history of payment has been established, and the client's financials support such

grade changes.

“We are so proud of the commitment our team members have shown in helping our clients, and the community at large, through the challenges of the past 15 months. We are also very proud of our team and our board of directors for their commitment to diversity, equity and inclusion. We encourage review of our Community Matters Statement, which outlines the steps we have taken in these areas. We are committed to being a team of action, not just talk,” said Wendy Ross, President, Bank of San Francisco.

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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,

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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, 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	
	6/30/2021	3/31/2021	12/31/2020	6/30/2020	\$	%
Assets						
Cash and due from banks	\$ 18,057	\$ 17,140	\$ 6,414	\$ 8,101	\$ 9,956	123%
Interest bearing deposits in banks	93,770	122,016	118,618	143,842	(50,072)	-35%
Total cash and cash equivalents	111,827	139,156	125,032	151,943	(40,116)	-26%
Loans, net of deferred costs/fees	541,482	584,350	547,475	514,668	26,814	5%
Allowance for Loan Losses	(7,160)	(7,160)	(7,060)	(5,875)	(1,285)	22%
Loans, net of allowance of loan losses	534,322	577,190	540,415	508,793	25,529	5%
Premises and equipment, net	238	245	265	292	(54)	-18%
Accrued interest receivable & other assets	9,787	9,045	8,695	7,252	2,535	35%
Total Assets	\$ 656,174	\$ 725,636	\$ 674,407	\$ 668,280	\$ (12,106)	-2%
Liabilities						
Non-interest bearing deposits	\$ 221,221	\$ 283,950	\$ 232,683	\$ 212,982	\$ 8,239	4%
Interest bearing deposits	328,506	283,473	302,989	310,301	18,205	6%
Total deposits	549,727	567,423	535,672	523,283	26,444	5%
FHLB advances	-	5,000	15,000	20,000	(20,000)	-100%
Other borrowings	53,159	100,507	74,777	79,172	(26,013)	-33%
Accrued interest payable and other liabilities	2,757	4,255	3,032	2,938	(181)	-6%
Total Liabilities	605,643	677,185	628,481	625,393	(19,750)	-3%
Shareholders' equity						
Common stock	27,079	27,009	26,938	26,781	298	1%
Retained earnings	23,452	21,442	18,988	16,106	7,346	46%
Total shareholders' equity	50,531	48,451	45,926	42,887	7,644	18%
Total Liabilities & Shareholders' Equity	\$ 656,174	\$ 725,636	\$ 674,407	\$ 668,280	\$ (12,106)	-2%
Book Value per Common Share	\$ 24.58	\$ 23.57	\$ 22.34	\$ 21.04	\$ 3.54	17%
Total Common Shares Outstanding	2,055,507	2,055,507	2,055,507	2,038,803	\$ 16,704	1%
Capital Ratios						
Tier 1 Leverage ratio	8.81%	8.41%	8.25%	7.94%	0.87%	11%
Tier 1 RBC ratio	15.29%	15.14%	14.41%	15.23%	0.06%	0%
Common Equity Tier 1 RBC ratio	15.29%	15.14%	14.41%	15.23%	0.06%	0%
Total Risk-Based Capital (RBC) ratio	16.55%	16.41%	15.67%	16.49%	0.06%	0%
Other Ratios						
Non-interest bearing to Total Deposits	40.24%	50.04%	43.44%	40.70%	-0.46%	-1%
Loan to Deposit ratio	98.50%	102.98%	102.20%	98.35%	0.15%	0%
Allowance for Loan Losses to Total Loans	1.32%	1.23%	1.29%	1.14%	0.18%	16%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.72%	1.84%	1.81%	1.75%	-0.03%	-2%
ALLL to Nonperforming Loans	206.88%	250.65%	319.62%	n/a	n/a	n/a
Nonperforming Assets to Total Assets	0.53%	0.39%	0.33%	n/a	n/a	n/a

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

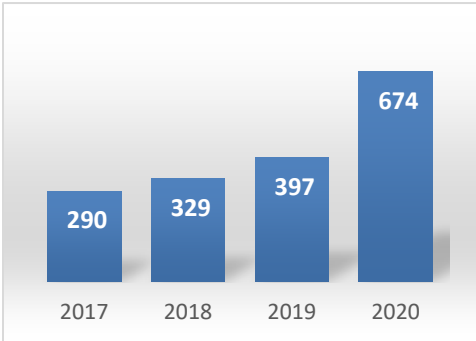
	Three Months Ended				Year Over Year Change	
	6/30/2021	3/31/2021	12/31/2020	6/30/2020	\$	%
Interest on loans, including fees	\$ 6,058	\$ 6,414	\$ 5,750	\$ 4,865	\$ 1,193	25%
Interest on deposits in banks	15	13	18	18	(3)	-17%
Other interest income	29	25	25	21	8	38%
Total interest income	6,102	6,452	5,793	4,904	1,198	24%
Deposits interest expense	216	228	286	466	(250)	-54%
Other interest expense	79	88	83	35	44	126%
Total interest expense	295	316	369	501	(206)	-41%
Net interest income	5,807	6,136	5,424	4,403	1,404	32%
Provision for loan losses	-	100	260	1,350	(1,350)	-100%
Net interest income after provision	5,807	6,036	5,164	3,053	2,754	90%
Service charges on deposits	72	68	71	65	7	11%
Gains on sale of loans	-	-	156	124	(124)	-100%
Other non-interest income	24	13	34	36	(12)	-33%
Total non-interest income	96	81	261	225	(129)	-57%
Salaries and employee benefits expense	2,010	1,668	1,848	1,273	737	58%
Occupancy	218	219	196	210	8	4%
Information Technology and Equipment	244	216	202	187	57	30%
Other operating expense	577	529	641	389	188	48%
Total non-interest expense	3,049	2,632	2,887	2,059	990	48%
Income before income taxes	2,854	3,485	2,538	1,219	1,635	134%
Income tax expense	844	1,031	750	361	483	134%
Net income	\$ 2,010	\$ 2,454	\$ 1,788	\$ 858	\$ 1,152	134%
Basic Earnings per Share	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.43	\$ 0.56	130%
Average Shares Outstanding	2,027,455	2,027,455	2,027,455	2,014,703	12,752	1%
Diluted Earnings per Share	\$ 0.99	\$ 1.21	\$ 0.88	\$ 0.42	\$ 0.57	136%
Average Shares Outstanding	2,039,044	2,034,527	2,035,925	2,019,904	19,140	1%
Annualized Performance Ratios						
Return on Average Assets	1.22%	1.52%	1.13%	0.61%	0.61%	100%
Return on Average Common Equity	16.24%	20.94%	15.80%	8.09%	8.15%	101%
Net Interest Margin	3.61%	3.86%	3.46%	3.20%	0.41%	13%
Cost of Funds	0.19%	0.21%	0.25%	0.41%	-0.22%	-54%
Efficiency Ratio	51.65%	42.34%	50.78%	44.49%	7.16%	16%

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

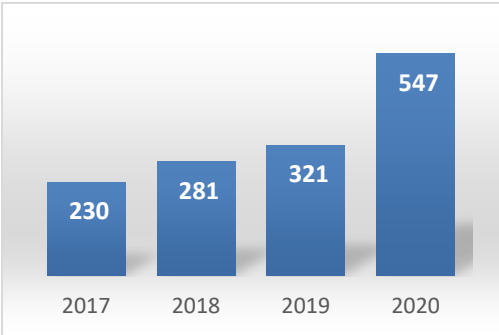
	Six Months Ended		Year Over Year Change	
	6/30/2021	6/30/2020	\$	%
Interest on loans, including fees	\$ 12,472	\$ 8,999	\$ 3,473	39%
Interest on deposits in banks	28	144	(116)	-81%
Other interest income	54	51	3	6%
Total interest income	12,554	9,194	3,360	37%
Deposits interest expense	444	1,001	(557)	-56%
Other interest expense	167	39	128	328%
Total interest expense	611	1,040	(429)	-41%
Net interest income	11,943	8,154	3,789	46%
Provision for loan losses	100	1,545	(1,445)	-94%
Net interest income after provision	11,843	6,609	5,234	79%
Service charges on deposits	140	139	1	1%
Gains on sale of loans	-	124	(124)	-100%
Other non-interest income	37	69	(32)	-46%
Total non-interest income	177	332	(155)	-47%
Salaries and employee benefits expense	3,678	2,846	832	29%
Occupancy	437	419	18	4%
Information Technology and Equipment	460	382	78	20%
Other operating expense	1,106	768	338	44%
Total non-interest expense	5,681	4,415	1,266	29%
Income before income taxes	6,339	2,526	3,813	151%
Income tax expense	1,875	749	1,126	150%
Net income	\$ 4,464	\$ 1,777	\$ 2,687	151%
Basic Earnings per Share	\$ 2.20	\$ 0.88	\$ 1.32	150%
Average Shares Outstanding	2,027,455	2,014,703	12,752	1%
Diluted Earnings per Share	\$ 2.19	\$ 0.88	\$ 1.31	149%
Average Shares Outstanding	2,035,267	2,023,522	11,745	1%
Annualized Performance Ratios				
Return on Average Assets	1.35%	0.85%	0.50%	59%
Return on Average Common Equity	18.04%	8.59%	9.45%	110%
Net Interest Margin	3.72%	3.97%	-0.25%	-6%
Cost of Funds	0.19%	0.53%	-0.34%	-64%
Efficiency Ratio	46.87%	52.03%	-5.16%	-10%

FINANCIAL HIGHLIGHTS

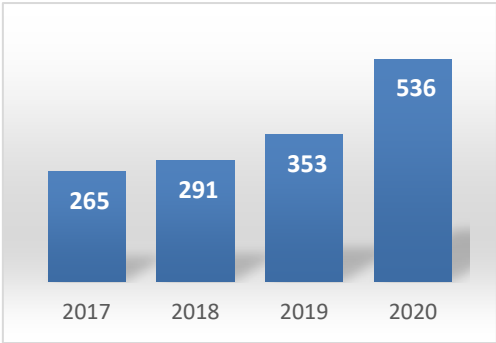
Total Assets (\$ Millions)
As of December 31,



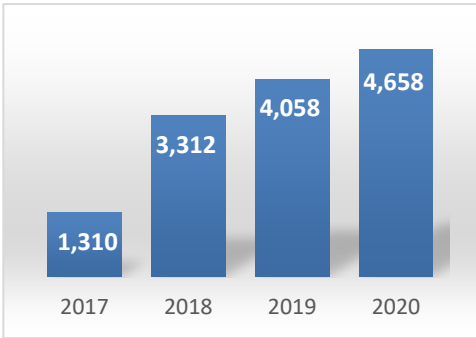
Total Loans (\$ Millions)
As of December 31,



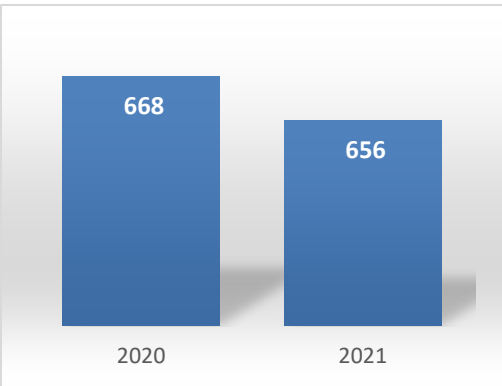
Total Deposits (\$ Millions)
As of December 31,



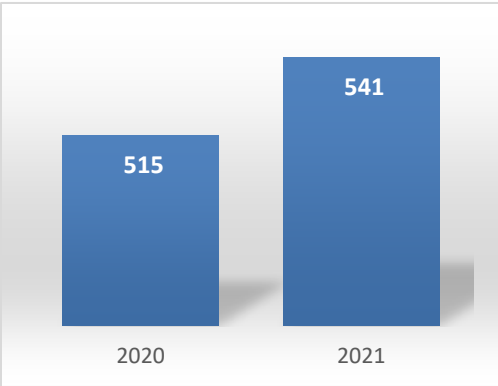
Net Income (\$ Thousands)
Year Ended December 31,



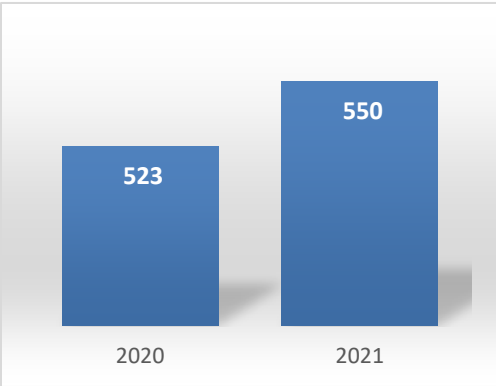
Total Assets (\$ Millions)
As of June 30,



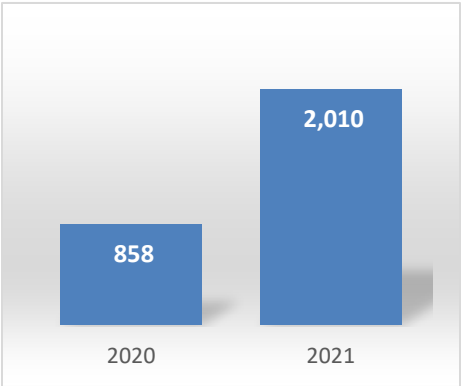
Total Loans (\$ Millions)
As of June 30,



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

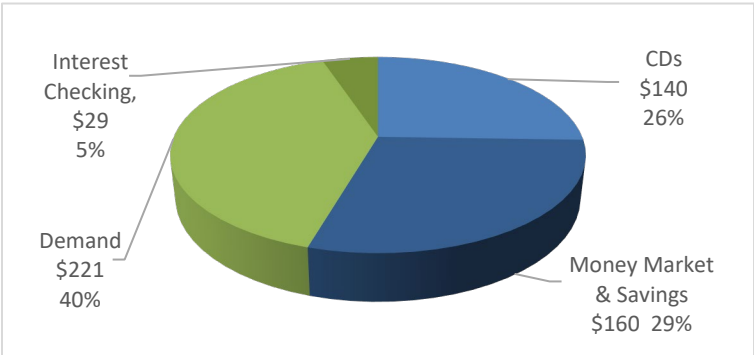


Net Income (\$ Thousands)
Three Months Ended June 30,

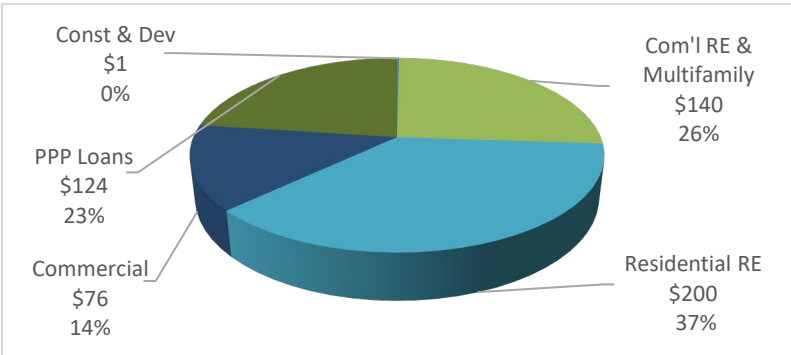


Deposit Composition (\$ Millions)

As of June 30, 2021



Loan Composition (\$ Millions)



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