BANK OF SAN FRANCISCO

FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Results for the Quarter Ended March 31, 2021

SAN FRANCISCO, CA—(5/4/2021)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the first quarter ended March 31, 2021. Net income for the quarter was $2,454 thousand, or $1.21 diluted earnings per share, up 37% compared to the preceding quarter, and up 167%, from $919 thousand, or $0.46 diluted earnings per share, achieved in the first quarter of 2020.

“Through the exceptional work of our team and clients, we are pleased to report record earnings for the first quarter of 2021. We thank our team for working so hard on the origination and processing of approximately $70 million in Paycheck Protection Program (PPP) loans during the quarter, while closely managing our loan portfolio and actively bringing on new client relationships. The team’s success was reflected in the Bank’s highest quarterly profitability ever,” said Ed Obuchowski, CEO, Bank of San Francisco.

Financial Highlights:

- Net income was $2,454 thousand for the first quarter of 2021, compared to $1,788 thousand for the preceding quarter, and $919 thousand for the first quarter of 2020. The increase in net income reflected increased interest income from PPP loans originated in the first quarter of 2021 and the recognition of loan processing fee income on those PPP loans forgiven. Salary expense decreased from the preceding quarter due to deferred loan costs associated with PPP loans originated during the first quarter of 2021. Net income increased from the first quarter of 2020, primarily from the 2020 and 2021 PPP loans originated, and non-PPP loan portfolio growth.

- Net interest income was $6,136 thousand in the first quarter of 2021, an increase of $712 thousand from the preceding quarter, and a $2,385 thousand increase from $3,751 thousand in the first quarter of 2020. The Bank recorded interest and processing fee income on PPP loans of $1,657 thousand in the first quarter of 2021.

- Cost of funds decreased from 0.25% in the fourth quarter of 2020 to 0.21% in the first quarter of 2021.

- Net interest margin increased to 3.86% in the first quarter of 2021, from 3.46% in the preceding quarter, and decreased from 4.08% in the first quarter of 2020.

The Bank's net interest margin increased in the first quarter of 2021, primarily as a result of the recognition of net deferred processing fees on the PPP loans forgiven in the quarter. Excluding the PPP loans, and the Bank's corresponding borrowings under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility (PPPLF), the net interest margin, excluding prepayment fees, was approximately 3.69% in the first quarter of 2021.

- To fund its PPP loan growth, the Bank borrowed under the PPPLF at an interest rate of 0.35% per annum. The borrowings resulted in other interest expense increasing by $5 thousand from the preceding quarter, and by $84 thousand from the first quarter of 2020.

- Operating expenses were $2,632 thousand for the first quarter of 2021, a decrease of $255 thousand from the preceding quarter, and an increase of $276 thousand from the $2,356 thousand reported for the first quarter of 2020. The decrease from the preceding quarter was primarily due to deferred salary costs associated with PPP loans originated in the first quarter of 2021. The increase in other operating expenses from the first 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 its growth rate. The efficiency ratio was 42.34% for the first quarter of 2021, compared to 50.78% for the preceding quarter, and 61.07% for the first quarter of 2020.

- Diluted earnings per common share were $1.21 for the first quarter of 2021, up $0.33 compared to the preceding quarter, and up $0.75 compared to the first quarter of 2020.

- Total loans, net of deferred fees, were $584 million as of March 31, 2021, up $37 million from December 31, 2020, and up $254 million from March 31, 2020. Non-PPP loans, net of deferred fees, were $390 million as of March 31, 2021, up $1 million from December 31, 2020, and up $59 million, or 18%, from March 31, 2020. The Bank originated approximately $70 million in PPP loans during the first quarter of 2021, with PPP loans totaling $194 million as of March 31, 2021. As of March 31, 2021, the SBA had processed PPP loan forgiveness of approximately $50 million related to loans originated in 2020.

- Total deposits were $567 million as of March 31, 2021, up $31 million from December 31, 2020, and up $205 million from March 31, 2020. The growth from the first quarter of 2020 was due primarily to the increase in deposits from commercial clients and from PPP loan proceeds.

- The Allowance for Loan Losses Reserve Ratio was 1.23% as of March 31, 2021, a decrease of 0.06% from December 31, 2020, and a decrease of 0.14% from March 31, 2020. The Allowance for Loan Losses Reserve Ratio excluding PPP loans, was 1.84% as of March 31, 2021, an increase of 0.03% from December

31, 2020, and an increase of 0.47% from March 31, 2020. Loan loss provision expense for the first quarter of 2021 was $100 thousand, compared to $260 thousand the previous quarter. The Bank had non-accrual loans of $2,857 thousand as of March 31, 2021 compared to $2,192 thousand as of December 31, 2020.

- Book value per share increased to $23.57 per share as of March 31, 2021, up from $22.34 as of December 31, 2020, and $20.58 per share as of March 31, 2020.

- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 8.41%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.14%, and a Total Risk-Based Capital Ratio of 16.41% as of March 31, 2021.

Loan Portfolio and Credit Quality:

As of March 31, 2021, residential loans totaled $175 million, or 30% of the Bank's total loan portfolio, and 45% of total non-PPP loans. As of March 31, 2021, Commercial Real Estate (CRE) loans totaled $128 million, or 22% of the total loan portfolio, and 33% of total non-PPP loans. Totaling $70 million as of March 31, 2021, Commercial and Industrial (C&I) non-PPP loans represented 12% 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 March 31, 2021, the Bank had $3 million in C&I loans, $4 million in CRE loans, and $2 million in SBA-guaranteed loans on principal payment deferrals. As of March 31, 2021, the Bank had $6 million in residential mortgages on principal-and-interest payment deferrals, with borrowers working to finalize their post-deferral loan terms. The $15 million in total loans on deferment as of March 31, 2021, represented 4% of the Bank's non-PPP loan portfolio, a decrease of 20% in deferred loan balances from the preceding quarter.

Within the C&I portfolio, seven non-dental C&I loans, totaling $3 million, remained on deferral as of March 31, 2021, a decrease of one loan, or $1 million, from the preceding quarter. Two dental loans, totaling $1 million, were on deferral as of December 31, 2020, and resumed regular principal-and-interest payments during the first quarter of 2021. Three CRE loans totaling $4 million remained on deferral, a decrease of two loans, or $2 million, from the preceding quarter. On the residential side, borrowers of seven loans totaling $6 million were granted extensions of their 90-day principal-and-interest payment deferrals, and are working to finalize new loan terms. The Bank finalized loan modifications in April for three residential loans and is working to finalize the remaining four loans during the second quarter.

Four SBA loans totaling $2 million, were granted six-month, interest-only deferrals during the fourth quarter of 2020. In February 2021, the SBA resumed making principal-and-interest payments of up to $9 thousand per month, for three months, with borrowers in the hardest hit industries receiving an additional five months of payments by the SBA.

As of March 31, 2021, the Bank had seven non-accrual loans totaling $3 million, or 1% of the non-PPP loan portfolio, compared to six loans totaling $2 million as of December 31, 2020. The non-accrual loans are to four borrowers: one 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 $13 million, or 2.23%, of the total loan portfolio as of March 31, 2021, increasing by $1 million from the preceding quarter. Classified loans totaled $3 million, or 1 %, of the total loan portfolio as of March 31, 2020. Loans that were risk-rated as “Pass” prior to the pandemic, and currently have loan payment deferrals, have been downgraded to “Pass-Watch,” and are being monitored closely. As payment history on certain loans is returning following the expiration of loan deferrals, the Bank is evaluating the portfolio for potential loan upgrades to “Pass” after a period of payment performance. As businesses reopen and client challenges change, the Bank will review and adjust individual loan risk ratings once a history of payments has been established, and client financials support grade changes. This will impact the Bank’s Allowance for Loan Losses Reserve Ratio.

Wendy Ross, President, Bank of San Francisco, said, “We thank our team and clients again for their hard work and incredible perseverance. We are proud of having achieved record earnings during the first quarter of 2021, while taking care of so many small businesses and nonprofits hurt by COVID-19. Doing the right thing for our community has been a win for our employees, clients and shareholders.”

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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, 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.

Bank of San Francisco

Balance Sheets (Unaudited)

($000, except share and per share amounts)

	For the Periods Ended					Year Over Year Change	
Assets	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020	$	%
Cash and due from banks	$ 17,140	$ 6,414	$ 5,924	$ 8,101	$ 7,808	$ 9,332	120%
Interest bearing deposits in banks	122,016	118,618	123,551	143,842	77,328	44,688	58%
Total cash and cash equivalents	139,156	125,032	129,475	151,943	85,136	54,020	63%
Loans, net of deferred costs/fees	584,350	547,475	531,390	514,668	330,720	253,630	77%
Allowance for Loan Losses	(7,160)	(7,060)	(6,800)	(5,875)	(4,525)	(2,635)	58%
Loans, net of allowance of loan losses	577,190	540,415	524,590	508,793	326,195	250,995	77%
Premises and equipment, net	245	265	277	292	311	(66)	-21%
Accrued interest receivable & other assets	9,045	8,695	8,079	7,252	6,422	2,623	41%
Total Assets	$ 725,636	$ 674,407	$ 662,421	$ 668,280	$ 418,064	$ 307,572	74%
Liabilities							
Non-interest bearing deposits	$ 283,950	$ 232,683	$ 189,541	$ 212,982	$ 121,746	$ 162,204	133%
Interest bearing deposits	283,473	302,989	326,271	310,301	240,635	42,838	18%
Total deposits	567,423	535,672	515,812	523,283	362,381	205,042	57%
FHLB advances	5,000	15,000	20,000	20,000	10,000	(5,000)	-50%
Other borrowings	100,507	74,777	79,172	79,172	-	100,507	n/a
Accrued interest payable and other liabilities	4,255	3,032	3,369	2,938	3,718	537	14%
Total Liabilities	677,185	628,481	618,353	625,393	376,099	301,086	80%
Shareholders' equity							
Common stock	27,009	26,938	26,868	26,781	26,716	293	1%
Retained earnings	21,442	18,988	17,200	16,106	15,249	6,193	41%
Total shareholders' equity	48,451	45,926	44,068	42,887	41,965	6,486	15%
Total Liabilities & Shareholders' Equity	$ 725,636	$ 674,407	$ 662,421	$ 668,280	$ 418,064	$ 307,572	74%
Book Value per Common Share	$ 23.57	$ 22.34	$ 21.44	$ 21.04	$ 20.58	$ 2.99	15%
Total Common Shares Outstanding	2,055,507	2,055,507	2,055,507	2,038,803	2,038,803	$ 16,704	1%
Capital Ratios							
Tier 1 Leverage ratio	8.41%	8.25%	8.17%	7.94%	11.04%	-2.63%	-24%
Tier 1 RBC ratio	15.14%	14.41%	15.14%	15.23%	15.23%	-0.09%	-1%
Common Equity Tier 1 RBC ratio	15.14%	14.41%	15.14%	15.23%	15.23%	-0.09%	-1%
Total Risk-Based Capital (RBC) ratio	16.41%	15.67%	16.40%	16.49%	16.48%	-0.07%	0%
Other Ratios							
Non-interest bearing to Total Deposits	50.04%	43.44%	36.75%	40.70%	33.60%	16.45%	49%
Loan to Deposit ratio	102.98%	102.20%	103.02%	98.35%	91.26%	11.72%	13%
Allowance for Loan Losses to Total Loans	1.23%	1.29%	1.28%	1.14%	1.37%	-0.14%	-10%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.84%	1.81%	1.91%	1.75%	n/a	n/a	n/a
ALLL to Nonperforming Loans	250.65%	319.62%	654.31%	n/a	n/a	n/a	n/a
Nonperforming Assets to Total Assets	0.39%	0.33%	0.16%	n/a	n/a	n/a	n/a

Bank of San Francisco

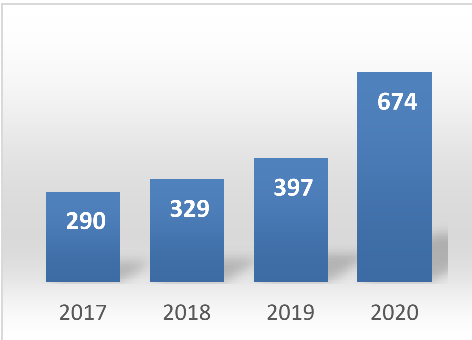
Statement of Income (Unaudited)

($000, except share and per share amounts)

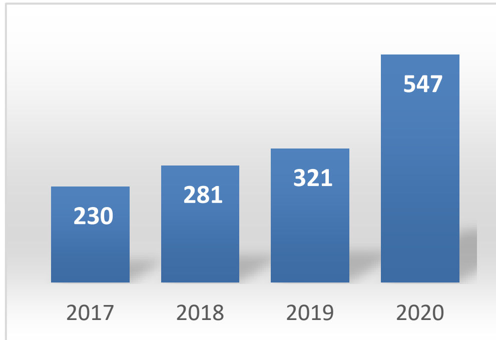
	Three Months Ended					Year Over Year Change	
	3/31/2021	12/31/2020	9/30/2020	6/30/2020	3/31/2020	$	%
Interest on loans, including fees	$ 6,414	$ 5,750	$ 5,324	$ 4,865	$ 4,134	$ 2,280	55%
Interest on deposits in banks	13	18	18	18	126	(113)	-90%
Other interest income	25	25	23	21	30	(5)	-17%
Total interest income	6,452	5,793	5,365	4,904	4,290	2,162	50%
Deposits interest expense	228	286	331	466	535	(307)	-57%
Other interest expense	88	83	83	35	4	84	2100%
Total interest expense	316	369	414	501	539	(223)	-41%
Net interest income	6,136	5,424	4,951	4,403	3,751	2,385	64%
Provision for loan losses	100	260	925	1,350	195	(95)	-49%
Net interest income after provision	6,036	5,164	4,026	3,053	3,556	2,480	70%
Service charges on deposits	68	71	63	65	74	(6)	-8%
Gains on sale of loans	-	156	-	124	-	-	0%
Other non-interest income	13	34	29	36	33	(20)	-61%
Total non-interest income	81	261	92	225	107	(26)	-24%
Salaries and employee benefits expense	1,668	1,848	1,704	1,273	1,573	95	6%
Occupancy	219	196	209	210	209	10	5%
Information Technology and Equipment	216	202	196	187	195	21	11%
Other operating expense	529	641	457	389	379	150	40%
Total non-interest expense	2,632	2,887	2,566	2,059	2,356	276	12%
Income before income taxes	3,485	2,538	1,552	1,219	1,307	2,178	167%
Income tax expense	1,031	750	459	361	388	643	166%
Net income	$ 2,454	$ 1,788	$ 1,093	$ 858	$ 919	$ 1,535	167%
Basic Earnings per Share	$ 1.21	$ 0.88	$ 0.54	$ 0.43	$ 0.46	$ 0.75	163%
Average Shares Outstanding	2,027,455	2,027,455	2,017,790	2,014,703	2,014,703	12,752	1%
Diluted Earnings per Share	$ 1.21	$ 0.88	$ 0.54	$ 0.42	$ 0.46	$ 0.75	163%
Average Shares Outstanding	2,034,527	2,035,925	2,021,768	2,019,904	2,019,510	15,017	1%
Annualized Performance Ratios							
Return on Average Assets	1.52%	1.13%	0.71%	0.61%	0.97%	0.55%	57%
Return on Average Common Equity	20.94%	15.80%	9.96%	8.09%	8.86%	12.08%	136%
Net Interest Margin	3.86%	3.46%	3.23%	3.20%	4.08%	-0.22%	-5%
Cost of Funds	0.21%	0.25%	0.29%	0.41%	0.65%	-0.44%	-68%
Efficiency Ratio	42.34%	50.78%	50.88%	44.49%	61.07%	-18.73%	-31%

FINANCIAL HIGHLIGHTS

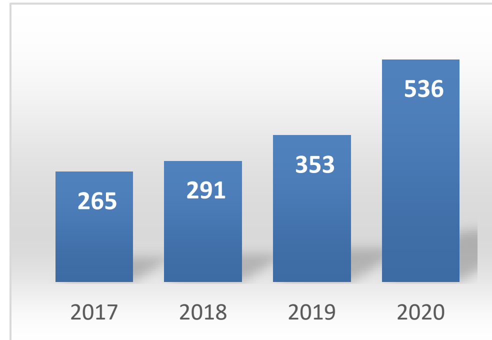
Total Assets ($ Millions)
As of December 31,



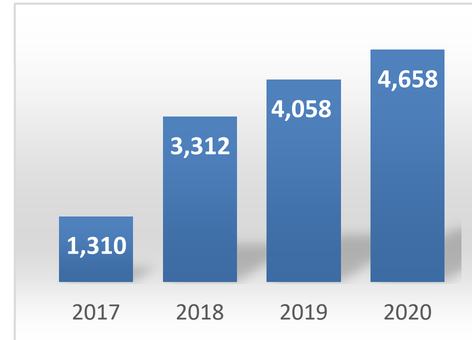
Total Loans ($ Millions)
As of December 31,



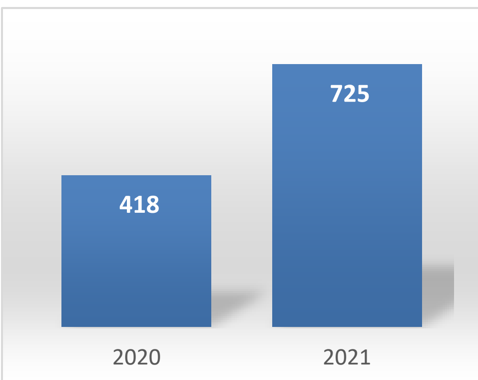
Total Deposits ($ Millions)
As of December 31,



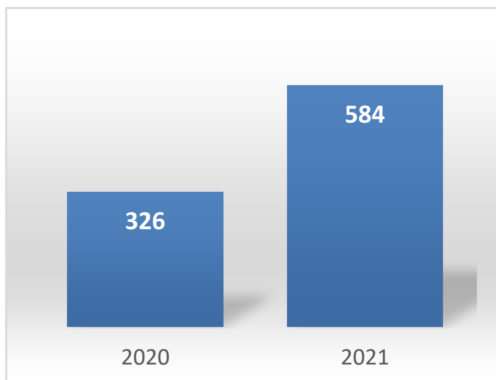
Net Income ($ Thousands)
Year Ended December 31,



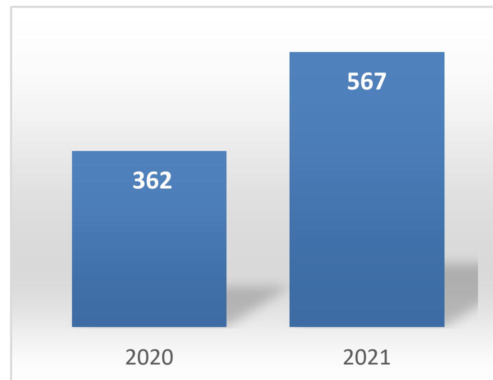
Total Assets ($ Millions)
As of March 31,



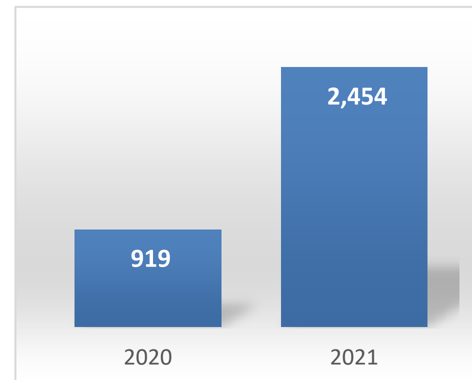
Total Loans ($ Millions)
As of March 31,



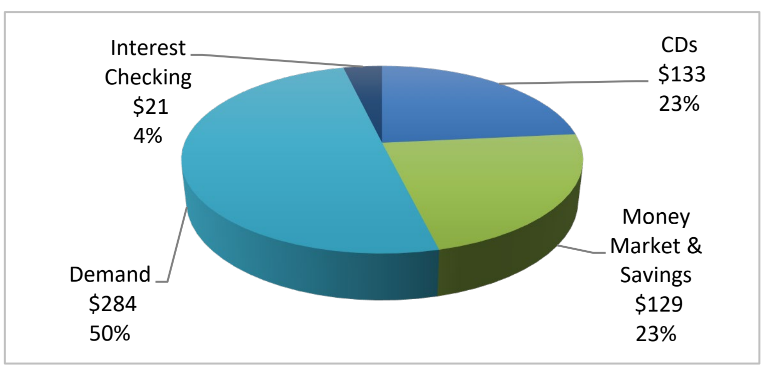
Total Deposits ($ Millions)
As of March 31,

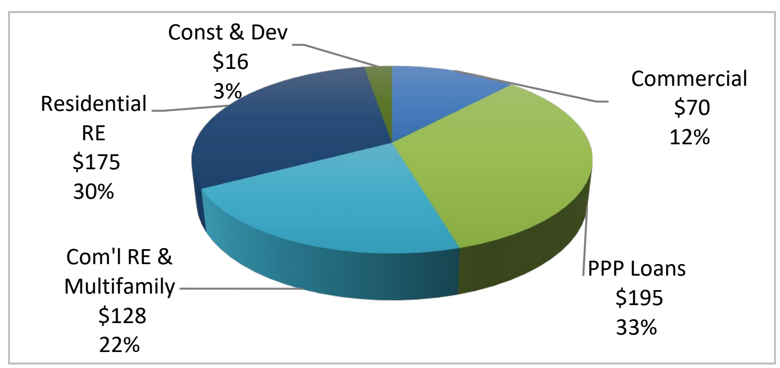


Net Income ($ Thousands)
Three Months Ended March 31,



Deposit Composition ($ Millions) As of March 31, 2021 Loan Composition ($ Millions)





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