

FOR IMMEDIATE RELEASE

Bank of San Francisco Reports Results for the First Quarter of 2019

SAN FRANCISCO, CA – (05/06/2019)—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, 2019. Net income for the first quarter of 2019 was \$953,000, or \$0.47 per share, down 6% compared to the prior quarter, and up 67% from the \$571,000, or \$0.38 per share, earned for the same period in 2018.

“We are pleased with our first quarter year-over-year earnings growth. Our team is very focused on navigating through this period of fierce competition for deposits and increasing deposit rates,” said Ed Obuchowski, CEO, Bank of San Francisco.

Financial Highlights:

- Net Income was \$953,000 for the first quarter compared to \$1,010,000 for the prior quarter. Net income was affected by the increased cost of funds as the Bank experienced its seasonal deposit low period during the first quarter and used higher cost secondary funding sources to supplement core deposits. The higher interest expense was partially offset by higher net gain on sale income of \$148,000 from the sale of the guaranteed portion of SBA loans.
- Net Interest Income was \$3,314,000 for the first quarter of 2019, a decrease of \$321,000 from the preceding quarter and a \$446,000 increase from the \$2,868,000 achieved in the first quarter of 2018. Net interest margin decreased in the first quarter to 4.23% from 4.47% in the preceding quarter but increased compared to 4.19% in the first quarter of 2018. The lower liquidity levels, use of secondary funding sources and pressure to offer higher deposit rates affected net interest margin during the first quarter.
- Operating Expenses were \$2,125,000 for the first quarter of 2019, a decrease of \$22,000 from the preceding quarter and an increase of \$129,000 from the \$1,996,000 reported for the first quarter of 2018. Although salary expense was higher in the first quarter with the hiring of one new commercial banking associate and the replacement of two open positions, the prior quarter included year-end expenses. With the opening of the new Walnut Creek Loan Production Office at the end of the first quarter of 2019, operating expenses are expected to increase modestly in the coming quarters. The efficiency ratio was 59.77% for the first quarter compared to 57.59% for the fourth quarter 2018 and 65.02% for the first quarter of 2018.
- Diluted Earnings per Common Share were \$0.47 for the quarter, down \$0.03 compared to the fourth quarter of 2018 and up \$0.09 compared to the \$0.38 for the first quarter of

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2018. Earnings per Common Share were impacted by the 500,000 in newly issued common shares on May 29, 2018 and the improvement in net income.

- Total Loans, net of deferred fees, were up \$7 million from December 31, 2018, and up \$40 million from March 31, 2018. The loan growth for the first quarter of 2019 was net of \$2.3 million in SBA loans outstanding sold and was primarily from commercial and residential real estate loans.
- Total Deposits were up \$2 million from December 31, 2018 and up \$23 million from March 31, 2018. The modest deposit growth in the first quarter of 2019 was primarily due to the increase in secondary funding sources which included \$41 million in brokered deposits. The first quarter is historically the seasonal low deposit period for the Bank. The seasonal low deposit level coupled with a \$16 million reduction from a depositor who used the funds for investment purposes resulted in the use of brokered deposits. The use of secondary funding sources and competitive deposit environment with upward pressure on deposit rates contributed to the increase in cost of funds from 0.42% to 0.64% and the reduction in the Non-Interest-Bearing to Total Deposits ratio for the first quarter of 2019.
- Credit Quality remains strong and stable with no non-accrual loans or loans more than 30 days past-due. The Allowance for Loan and Lease Loss reserve ratio was 1.40% at March 31, 2019, unchanged from December 31, 2018. Loan loss provision expense for the first quarter was \$75,000.
- Book Value per Share increased to \$18.67 per share at March 31, 2019, from \$18.18 at December 31, 2018 and \$16.22 per share at March 31, 2018.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 11.62%, Tier 1 Risk Based Capital and Common Equity Tier 1 ratios of 15.72%, and a Total Risk Based Capital ratio of 16.97%.

“A milestone for the bank during the first quarter was the opening of our new Walnut Creek Loan Production Office. The team is up and running! Already, it has established new East Bay client relationships and a robust pipeline. We always welcome referrals to new client opportunities. Please contact Felix Miranda, Executive Vice President and Commercial Banking Manager, at felix.miranda@bankofsf.com or (415) 744-6705,” 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-

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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.

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Bank of San Francisco

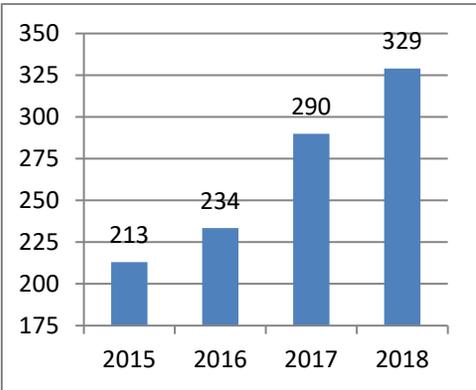
Statement of Income (Unaudited)

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

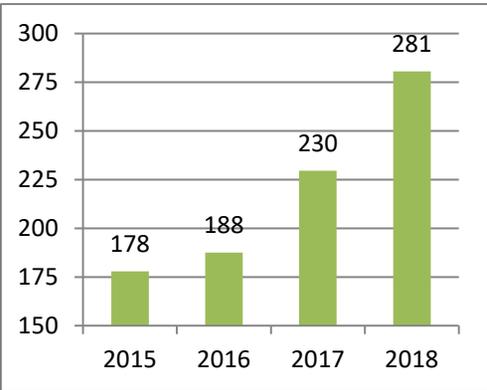
	Three Months Ended				Year Over Year Change		
	3/31/2019	12/31/2018	9/30/2018	6/30/2018	3/31/2018	\$	%
Interest on loans, including fees	\$ 3,600	\$ 3,628	\$ 3,383	\$ 3,140	\$ 2,893	\$ 707	24%
Interest on deposits in banks	156	261	229	198	141	15	11%
Other interest income	23	45	22	18	18	5	28%
Total interest income	3,779	3,934	3,634	3,356	3,052	727	24%
Deposits interest expense	360	298	252	223	184	176	96%
Other interest expense	105	1	-	-	-	105	n/a
Total interest expense	465	299	252	223	184	281	153%
Net interest income	3,314	3,635	3,382	3,133	2,868	446	16%
Provision for loan losses	75	185	130	200	260	(185)	-71%
Net interest income after provision	3,239	3,450	3,252	2,933	2,608	631	24%
Service charges on deposits	52	50	48	48	48	4	8%
Gains on sale of loans	148	-	-	201	84	64	76%
Other non-interest income	41	43	50	57	70	(29)	-41%
Total non-interest income	241	93	98	306	202	39	19%
Salaries and employee benefits expense	1,457	1,421	1,353	1,430	1,315	142	11%
Occupancy and equipment expense	211	191	191	195	189	22	12%
Other operating expense	457	535	472	486	492	(35)	-7%
Total non-interest expense	2,125	2,147	2,016	2,111	1,996	129	6%
Income before income taxes	1,355	1,396	1,334	1,128	814	541	66%
Income tax expense	402	386	396	335	243	159	65%
Net income	\$ 953	\$ 1,010	\$ 938	\$ 793	\$ 571	\$ 382	67%
Basic Earnings per Share	\$ 0.47	\$ 0.50	\$ 0.47	\$ 0.47	\$ 0.38	\$ 0.09	24%
Average Shares Outstanding	2,007,451	2,007,451	2,000,749	1,681,994	1,500,675	506,776	34%
Diluted Earnings per Share	\$ 0.47	\$ 0.50	\$ 0.47	\$ 0.47	\$ 0.38	\$ 0.09	24%
Average Shares Outstanding	2,011,655	2,009,505	2,001,183	1,687,463	1,503,472	508,183	34%
Annualized Performance Ratios							
Return on Average Assets	1.18%	1.21%	1.18%	1.04%	0.81%	0.37%	46%
Return on Average Common Equity	10.24%	11.15%	10.65%	10.68%	9.37%	0.87%	9%
Net Interest Margin	4.23%	4.47%	4.34%	4.21%	4.19%	0.04%	1%
Cost of Funds	0.64%	0.42%	0.36%	0.33%	0.28%	0.36%	129%
Efficiency Ratio	59.77%	57.59%	57.93%	61.38%	65.02%	-5.25%	-8%

FINANCIAL HIGHLIGHTS

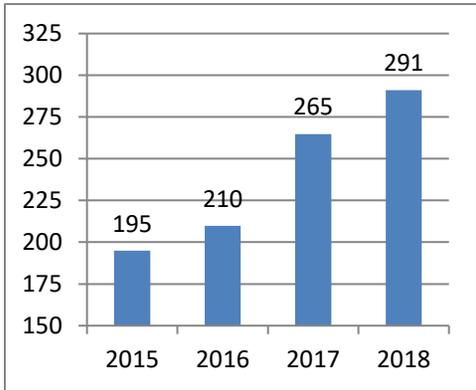
Total Assets (\$ Millions)



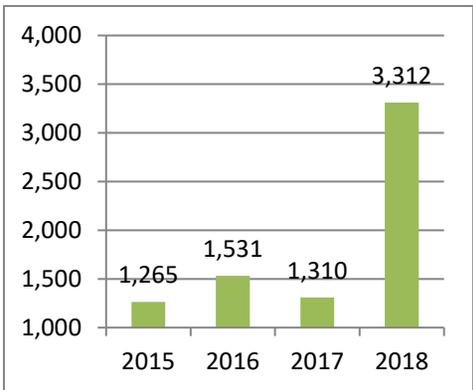
Total Loans (\$ Millions)



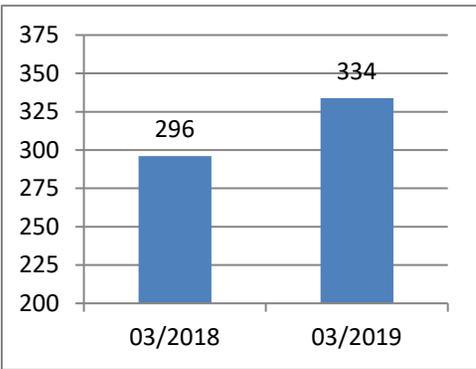
Total Deposits (\$ Millions)



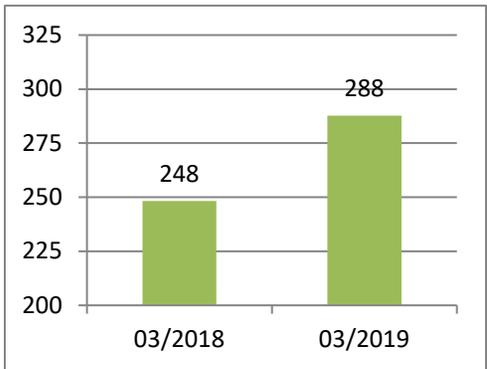
Net Profit (\$ Thousands)



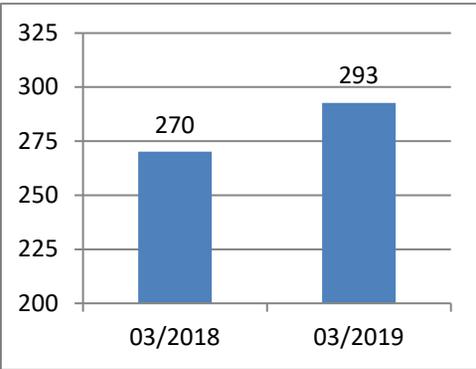
Total Assets (\$ Millions)



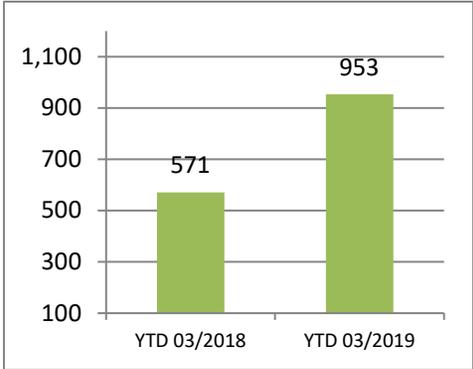
Total Loans (\$ Millions)



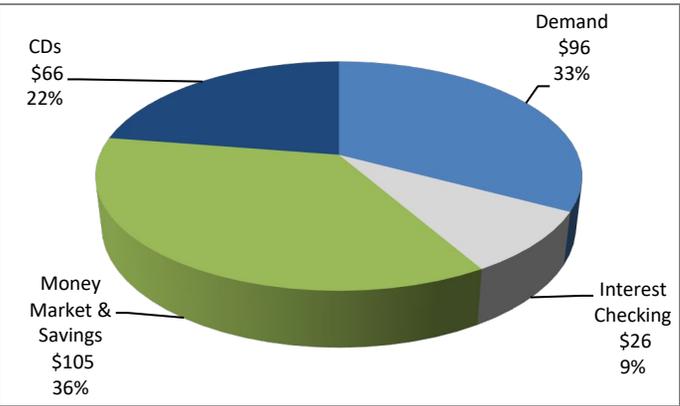
Total Deposits (\$ Millions)



Net Profit (\$ Thousands)



Deposit Composition (\$ Millions)



As of 3/31/19

Loan Composition (\$ Millions)

