



FOR IMMEDIATE RELEASE

Bank of San Francisco Reports First-Quarter 2022 Results

SAN FRANCISCO, CA—(5/2/2022)—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, 2022. Net income for the quarter was \$1,903 thousand, down 10% compared to the preceding quarter, and down 22% from \$2,454 thousand achieved in the first quarter of 2021. Diluted earnings per share for the quarter were \$0.93, down 11% compared to the preceding quarter, and down 23% from \$1.21 diluted earnings per share achieved in the first quarter of 2021.

Ed Obuchowski, Chief Executive Officer, noted, “Total loans declined by \$20 million during the first quarter of 2022, including \$17 million in Paycheck Protection Program (PPP) loan payoffs. The continued PPP loan forgiveness in 2021, into 2022, contributed to the decline in earnings. While this decline was anticipated, we have redoubled our efforts to grow the core bank, and are pleased to see that both the commercial and residential pipelines are robust at this point.”

First-quarter 2022 results compared to first-quarter 2021:

- Net income was \$1,903 thousand, a decrease of \$551 thousand, or 22%. The decrease resulted from a decline in the PPP interest income of \$1,009 thousand, which was partially offset by an increase in the non-PPP interest income. Salary and benefits increased by \$313 thousand, reflecting lower loan originations, which resulted in reduced deferred salary expense. There was a gain on Small Business Administration (SBA) loan sales of \$124 thousand in the first quarter of 2022, and none in the first quarter of 2021.
- Net interest income was \$5,437 thousand, a decrease of \$699 thousand, or 11%. The decline was the result of the decrease in PPP interest and fee income of \$1,009 thousand, or 61%, partially offset by the increase in non-PPP interest income of \$211 thousand, or 4%, and the decrease in interest expense of \$99 thousand, or 31%.
- Cost of funds was 0.16%, a decrease of 0.05%.
- Net interest margin decreased to 3.80% from 3.86%. Net interest margin, excluding PPP loans, was approximately 3.61%.
- Operating expenses were \$2,969 thousand, which was an increase of \$337 thousand, or 13%. The increase in other operating expenses was primarily the result of the large

volume of PPP loans originated in the first quarter of 2021, which caused higher deferred salary expense that quarter.

- The efficiency ratio was 52%; an increase of 10%.
- Diluted earnings per common share were \$0.93, down \$0.28, or 23%.
- Total loans, net of deferred fees, were \$486 million, decreasing by \$98 million or 17%, with PPP loans decreasing by \$128 million, or 81%, and non-PPP loans increasing by \$31 million, or 7%.
- Total deposits were \$525 million, decreasing by \$42 million, or 7%. Brokered deposits decreased by \$85 million, or 77%, with relationship deposits increasing by \$53 million, or 9%.
- Book value per share increased to \$27.58 per share, up from \$23.57 per share.

First-quarter 2022 results compared to fourth-quarter 2021:

- Net income was \$1,903 thousand, a decrease of \$222 thousand, or 10%. The primary reasons for the decrease were the \$301 thousand decline in net interest income and an increase in salary and benefits expense of \$211 thousand, or 12%. There was a gain on SBA loan sales of \$124 thousand in the first quarter of 2022, and none in the fourth quarter of 2021.
- Net interest income was \$5,437 thousand, a decrease of \$301 thousand. PPP loan interest and fee income decreased by \$365 thousand, or 36%, to \$648 thousand, with non-PPP loan interest income increasing by \$60 thousand, or 1%.
- Cost of funds remained flat, at 0.16%.
- Net interest margin decreased to 3.80%, from 3.89%.
- Operating expenses were \$2,969 thousand; an increase of \$154 thousand. The increase in other operating expenses was primarily from the \$211 thousand increase in salary and benefits, largely caused by the reduction in deferred salary expense.
- The efficiency ratio was 52%, up from 48%.
- Diluted earnings per common share were \$0.93, down \$0.11, or 11%.
- Total loans, net of deferred fees, were \$486 million, a decrease of \$20 million, with PPP loans decreasing by \$17 million, and non-PPP loans decreasing by \$3 million. The decline in non-PPP loans reflected the Bank's typical seasonality, as well as a number of loan payoffs.
- Total deposits were \$525 million, decreasing by \$17 million. Brokered deposits decreased by \$10 million and relationship deposits declined by \$7 million. The decrease in relationship deposits was in line with the Bank's typical seasonality.
- Book value per share increased to \$27.58, up from \$26.61 per share.

Asset quality:

- The Allowance for Loan Losses Reserve Ratio was 1.47% as of March 31, 2022, increasing by 0.06% from December 31, 2021. The Allowance for Loan Losses Reserve Ratio, excluding PPP loans, was 1.57% as of March 31, 2022, an increase of 0.01% from December 31, 2021.
- As of March 31, 2022, the Bank had nine non-accrual loans totaling \$4.6 million, or 1.01% of the non-PPP loan portfolio, down from \$4.7 million as of December 31, 2021. 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 \$931 thousand.
- Classified loans totaled \$7 million, or 1.48%, of the total loan portfolio as of March 31, 2022, decreasing by \$1 million from the preceding quarter.

Capital:

- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 9.56%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 15.53%, and a Total Risk-Based Capital Ratio of 16.79% as of March 31, 2022.

Wendy Ross, President, noted, “The processing of PPP loans is largely behind us, and our commercial and residential teams are now fully focused on their pipelines, while continuing to take exceptional care of our clients. With our Bank’s very talented and hard-working team, and the new loan product offerings that will be introduced in 2022, we are excited about our growth prospects and the enhanced market opportunities ahead.”

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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	
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021	\$	%
Assets							
Cash and due from banks	\$ 17,069	\$ 15,763	\$ 17,736	\$ 18,057	\$ 17,140	\$ (71)	0%
Interest bearing deposits in banks	80,577	75,375	99,764	93,770	122,016	(41,439)	-34%
Total cash and cash equivalents	97,646	91,138	117,500	111,827	139,156	(41,510)	-30%
Loans, net of deferred costs/fees	486,546	506,697	508,303	541,482	584,350	(97,804)	-17%
Allowance for Loan Losses	(7,160)	(7,160)	(7,160)	(7,160)	(7,160)	-	0%
Loans, net of allowance of loan losses	479,386	499,537	501,143	534,322	577,190	(97,804)	-17%
Premises and equipment, net	172	203	215	238	245	(73)	-30%
Accrued interest receivable & other assets	8,236	8,571	8,821	9,787	9,045	(809)	-9%
Total Assets	\$ 585,440	\$ 599,449	\$ 627,679	\$ 656,174	\$ 725,636	\$ (140,196)	-19%
Liabilities							
Non-interest bearing deposits	\$ 215,361	\$ 217,899	\$ 206,087	\$ 221,221	\$ 283,950	\$ (68,589)	-24%
Interest bearing deposits	309,739	323,888	343,216	328,506	283,473	26,266	9%
Total deposits	525,100	541,787	549,303	549,727	567,423	(42,323)	-7%
FHLB advances	-	-	-	-	5,000	(5,000)	-100%
Other borrowings	-	-	22,665	53,159	100,507	(100,507)	-100%
Accrued interest payable and other liabilities	3,123	2,452	2,731	2,757	4,255	(1,132)	-27%
Total Liabilities	528,223	544,239	574,699	605,643	677,185	(148,962)	-22%
Shareholders' equity							
Common stock	27,339	27,235	27,130	27,079	27,009	330	1%
Retained earnings	29,878	27,975	25,850	23,452	21,442	8,436	39%
Total shareholders' equity	57,217	55,210	52,980	50,531	48,451	8,766	18%
Total Liabilities & Shareholders' Equity	\$ 585,440	\$ 599,449	\$ 627,679	\$ 656,174	\$ 725,636	\$ (140,196)	-19%
Book Value per Common Share	\$ 27.58	\$ 26.61	\$ 25.54	\$ 24.58	\$ 23.57	\$ 4.01	17%
Total Common Shares Outstanding	2,074,540	2,074,540	2,074,540	2,055,507	2,055,507	\$ 19,033	1%
Capital Ratios							
Tier 1 Leverage ratio	9.56%	9.13%	8.70%	8.81%	8.41%	1.15%	14%
Tier 1 RBC ratio	15.53%	15.19%	15.34%	15.29%	15.14%	0.39%	3%
Common Equity Tier 1 RBC ratio	15.53%	15.19%	15.34%	15.29%	15.14%	0.39%	3%
Total Risk-Based Capital (RBC) ratio	16.79%	16.45%	16.60%	16.55%	16.41%	0.38%	2%
Other Ratios							
Non-interest bearing to Total Deposits	41.01%	40.22%	37.52%	40.24%	50.04%	-9.03%	-18%
Loan to Deposit ratio	92.66%	93.52%	92.54%	98.50%	102.98%	-10.33%	-10%
Allowance for Loan Losses to Total Loans	1.47%	1.41%	1.41%	1.32%	1.23%	0.24%	20%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.57%	1.56%	1.65%	1.72%	1.84%	-0.27%	-15%
ALLL to Nonperforming Loans	155.99%	151.97%	213.70%	206.88%	250.65%	-94.66%	-38%
Nonperforming Assets to Total Assets	0.78%	0.79%	0.53%	0.53%	0.39%	0.39%	100%

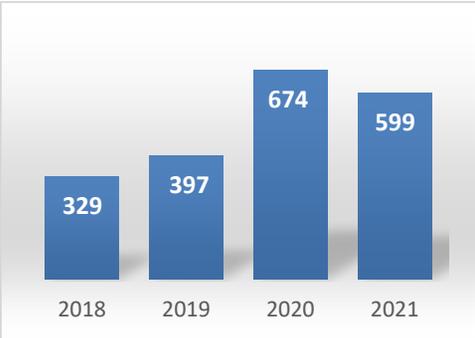
Bank of San Francisco
Statement of Income (Unaudited)

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

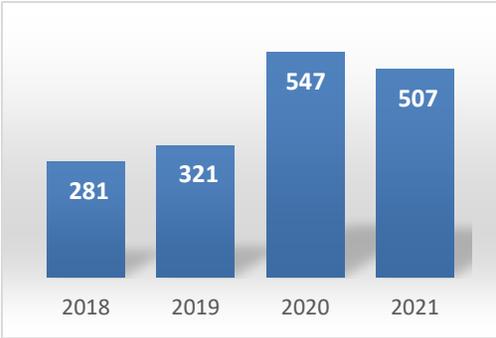
	Three Months Ended					Year Over Year Change	
	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021	\$	%
Interest on loans, including fees	\$ 5,578	\$ 5,887	\$ 5,937	\$ 6,058	\$ 6,414	\$ (836)	-13%
Interest on deposits in banks	33	29	33	15	13	20	154%
Other interest income	43	43	41	29	25	18	72%
Total interest income	5,654	5,959	6,011	6,102	6,452	(798)	-12%
Deposits interest expense	217	216	222	216	228	(11)	-5%
Other interest expense	-	5	30	79	88	(88)	-100%
Total interest expense	217	221	252	295	316	(99)	-31%
Net interest income	5,437	5,738	5,759	5,807	6,136	(699)	-11%
Provision for loan losses	-	-	-	-	100	(100)	-100%
Net interest income after provision	5,437	5,738	5,759	5,807	6,036	(599)	-10%
Service charges on deposits	75	78	66	72	68	7	10%
Gains on sale of loans	124	-	294	-	-	124	100%
Other non-interest income	36	16	22	24	13	23	177%
Total non-interest income	235	94	382	96	81	154	190%
Salaries and employee benefits expense	1,981	1,770	1,794	2,010	1,668	313	19%
Occupancy	219	219	220	218	219	-	0%
Information Technology and Equipment	225	224	212	244	216	9	4%
Other operating expense	544	602	510	577	529	15	3%
Total non-interest expense	2,969	2,815	2,736	3,049	2,632	337	13%
Income before income taxes	2,703	3,017	3,405	2,854	3,485	(782)	-22%
Income tax expense	800	892	1,007	844	1,031	(231)	-22%
Net income	\$ 1,903	\$ 2,125	\$ 2,398	\$ 2,010	\$ 2,454	\$ (551)	-22%
Basic Earnings per Share	\$ 0.93	\$ 1.04	\$ 1.18	\$ 0.99	\$ 1.21	\$ (0.28)	-23%
Average Shares Outstanding	2,040,623	2,040,623	2,035,324	2,027,455	2,027,455	13,168	1%
Diluted Earnings per Share	\$ 0.93	\$ 1.04	\$ 1.17	\$ 0.99	\$ 1.21	\$ (0.28)	-23%
Average Shares Outstanding	2,048,805	2,044,886	2,055,625	2,039,044	2,034,527	14,278	1%
Annualized Performance Ratios							
Return on Average Assets	1.28%	1.40%	1.50%	1.22%	1.52%	-0.24%	-16%
Return on Average Common Equity	13.54%	15.71%	18.53%	16.24%	20.94%	-7.40%	-35%
Net Interest Margin	3.80%	3.89%	3.70%	3.61%	3.86%	-0.06%	-2%
Cost of Funds	0.16%	0.16%	0.16%	0.19%	0.21%	-0.05%	-24%
Efficiency Ratio	52.34%	48.27%	44.55%	51.65%	42.34%	10.00%	24%

FINANCIAL HIGHLIGHTS

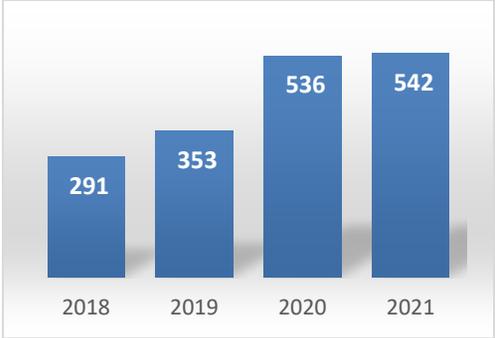
Total Assets (\$ Millions)
As of December 31,



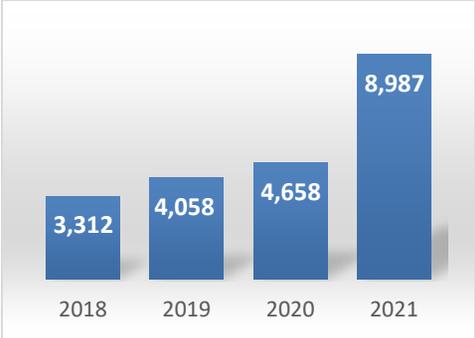
Total Loans (\$ Millions)
As of December 31,



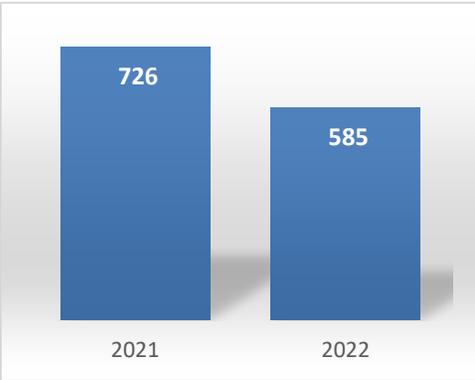
Total Deposits (\$ Millions)
As of December 31,



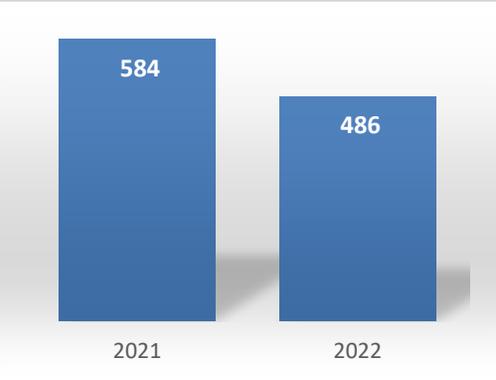
Net Income (\$ Thousands)
Year Ended December 31,



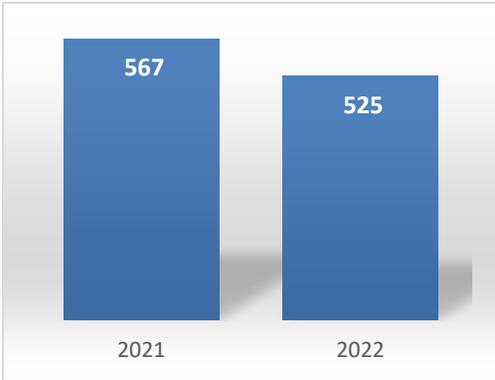
Total Assets (\$ Millions)
As of March 31,



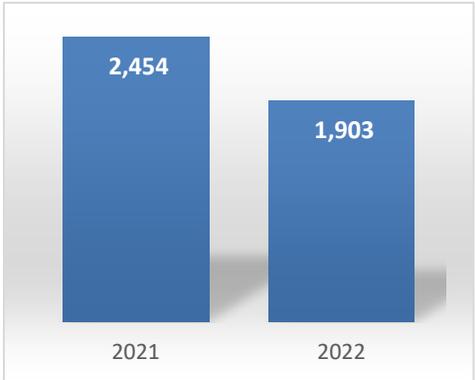
Total Loans (\$ Millions)
As of March 31,



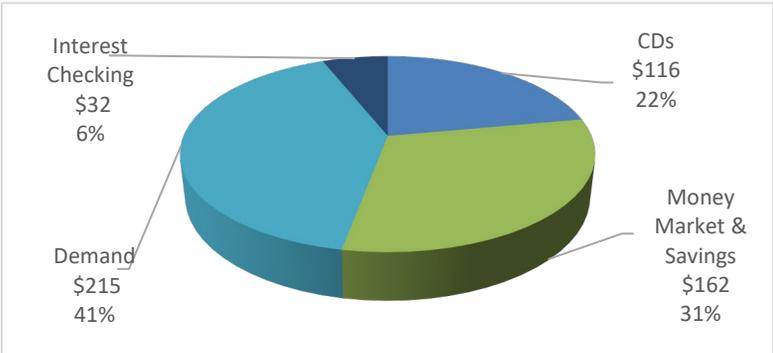
Total Deposits (\$ Millions)
As of March 31,



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



Deposit Composition (\$ Millions) As of March 31, 2022



Loan Composition (\$ Millions)

