

FOR IMMEDIATE RELEASE

**Bank of San Francisco Reports Results for the Quarter and Year  
Ended December 31, 2020**

SAN FRANCISCO, CA – (2/3/2021)—Bank of San Francisco (OTCQX: BSFO), a forward-thinking community bank serving Bay Area businesses, nonprofits and individuals, announced unaudited results for the fourth quarter and year ended December 31, 2020. Net income for the year ended December 31, 2020 was \$4,658 thousand, or \$2.29 diluted earnings per share, compared to \$4,058 thousand, or \$2.01 diluted earnings per share for the year ended December 31, 2019. Net income for the fourth quarter was \$1,788 thousand, or \$0.88 diluted earnings per share, compared to \$1,184 thousand, or \$0.59 diluted earnings per share, achieved in the fourth quarter of 2019.

“Despite the economic challenges posed by Covid-19, and given that over 80% of our team has been working remotely, we are pleased to report record earnings for 2020. This is a testament to the hard work, determination, resilience and commitment of our team members and wonderful clients,” said Wendy Ross, President, Bank of San Francisco.

**Financial Highlights:**

- Net income was \$1,788 thousand for the fourth quarter of 2020, compared to \$1,093 thousand for the preceding quarter. Net income was \$4,658 thousand for the full year 2020, compared to \$4,058 thousand for 2019, resulting in a year-over-year increase of \$600 thousand, or 15%. The increase in earnings from the preceding quarter was primarily driven by a \$473 thousand increase in net interest income and a \$665 thousand reduction in loan loss provision expense. The increase in net interest income reflected increased interest income from Paycheck Protection Program (PPP) loans, and the recognition of loan processing fee income on those PPP loans forgiven during the fourth quarter. The gain-on-sale income from the sale of Main Street Lending Program loans increased non-interest income by \$156 thousand from the preceding quarter. Salary expense increased from the preceding quarter due to increased commissions reflecting higher loan production in the fourth quarter of 2020. Other operating expenses increased, primarily as a result of increased FDIC fees.
- Net interest income was \$5,424 thousand in the fourth quarter of 2020, an increase of \$473 thousand from the preceding quarter, and an increase of \$1,506

**BANK OF SAN FRANCISCO • WITH YOU WHEN IT MATTERS**

575 Market Street, Suite 900, San Francisco, CA 94105 | 415.744.6700 | [www.bankofsf.com](http://www.bankofsf.com) | NMLS ID: 403437



thousand from the \$3,918 thousand reported for the fourth quarter of 2019. Net interest income was \$18,529 thousand for the full year 2020, an increase of 28% from the prior year. The Bank recorded interest and processing fee income on PPP loans of \$1,296 thousand in the fourth quarter of 2020, and \$3,026 thousand for the full year 2020. Ten percent of the Bank's PPP loans were forgiven by December 31, 2020.

- Cost of funds decreased from 0.29% in the third quarter of 2020 to 0.25% in the fourth quarter of 2020. Cost of funds for the year ended 2020 was 0.40%, a decrease from 0.74% for the year ended 2019, as the Bank lowered its deposit rates during the first and second quarters of 2020, and replaced higher-yielding brokered deposits throughout the year.
- Net interest margin increased to 3.46% in the fourth quarter of 2020, from 3.23% in the preceding quarter, and decreased from 4.27% in the fourth quarter of 2019. Net interest margin for the full year 2020 was 3.42%, a decrease from the prior year's 4.24%. The Bank's net interest margin increased in the fourth quarter of 2020, largely from the recognition of net deferred processing fees on the PPP loans forgiven in the quarter. Net interest margin decreased in 2020, reflecting both the overall decrease in market rates that occurred in the early part of 2020, and the Bank's high level of PPP loans, which yield a low interest rate of 1% per annum.
- The Bank borrowed under the Federal Reserve Bank's Paycheck Protection Program Liquidity Facility at an interest rate of 0.35% per annum. In the fourth quarter of 2020, other interest expense remained the same as in the preceding quarter, and increased by \$83 thousand from the fourth quarter of 2019.
- Operating expenses were \$2,887 thousand for the fourth quarter of 2020, an increase of \$321 thousand from the preceding quarter, and an increase of \$618 thousand from the \$2,269 thousand reported for the fourth quarter of 2019. Operating expenses were \$9,868 thousand for the full year 2020, a \$742 thousand, or 8%, increase from the prior year. The increase in year-over-year operating expenses reflected the annual performance-based salary increases, recruiting expense, and the increase in the Bank's employee headcount. The increase in other operating expenses primarily resulted from 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 50.78% for the fourth quarter of 2020, compared to 50.88% for the preceding quarter, and 56.37% for the fourth quarter of 2019.
- Diluted earnings per common share were \$0.88 for the fourth quarter of 2020, up \$0.34 compared to the preceding quarter, and up \$0.29 compared to the fourth quarter of 2019. Diluted earnings per share were \$2.29 for the full year 2020, an increase of \$0.28, or 14%, from 2019. Basic earnings per share were \$2.31 for

the full year 2020, an increase of \$0.29, or 14%, from 2019. Earnings per common share were impacted by the increase in net income, combined with the issuance of 16,704 shares of restricted stock awards in the third quarter of 2020.

- Total loans, net of deferred fees, were \$547 million as of December 31, 2020, up \$16 million from September 30, 2020, and up \$226 million from December 31, 2019. Loan growth in 2020, excluding PPP loans, was the highest in the Bank's history. Non-PPP loans, net of deferred fees, were \$389 million as of December 31, 2020, up \$32 million, or 9%, from September 30, 2020, and up \$68 million, or 21%, from December 31, 2019. The loan growth for the full year and fourth quarter of 2020 was from a mix of commercial real estate (CRE) and residential loans.
- Total deposits were \$536 million as of December 31, 2020, up \$20 million from September 30, 2020, and up \$183 million from December 31, 2019. The growth for the full year 2020 was primarily due to the increase in deposits from commercial clients, and from First Draw PPP loan proceeds. During the fourth quarter of 2020, brokered and public deposits increased by \$9 million from the preceding quarter, and \$57 million from year-end 2019.
- The Allowance for Loan Losses reserve ratio was 1.29% as of December 31, 2020, an increase of 0.01% from September 30, 2020, and a decrease of 0.06% from December 31, 2019. The Allowance for Loan Losses reserve ratio excluding PPP loans was 1.81% as of December 31, 2020, a decrease of 0.10% from September 30, 2020, and an increase of 0.46% from December 31, 2019. Loan loss provision expense for the fourth quarter of 2020 was \$260 thousand, compared to \$925 thousand the previous quarter. The expense was \$2,730 thousand for the full year 2020, compared to \$390 thousand for 2019. The Bank had non-accrual loans of \$2,192 thousand as of December 31, 2020. The Bank did not have any non-accrual loans as of December 31, 2019.
- Book value per share increased to \$22.34 per share as of December 31, 2020, up from \$21.44 at September 30, 2020, and \$20.10 per share at December 31, 2019.
- The Bank continues to be well-capitalized, with a Tier 1 Leverage Ratio of 8.25%, Tier 1 Risk-Based Capital and Common Equity Tier 1 Ratios of 14.41%, and a Total Risk-Based Capital Ratio of 15.67% as of December 31, 2020.

### **Loan Portfolio and Credit Quality:**

As of December 31, 2020, residential loans totaled \$160 million, or 29% of the Bank's total loan portfolio, and 41% of total non-PPP loans. As of December 31, 2020, CRE loans totaled \$137 million, or 25% of the total loan portfolio, and 35% of total non-PPP

**BANK OF SAN FRANCISCO • WITH YOU WHEN IT MATTERS**

575 Market Street, Suite 900, San Francisco, CA 94105 | 415.744.6700 | [www.bankofsf.com](http://www.bankofsf.com) | NMLS ID: 403437



loans. Totalling \$75 million at December 31, 2020, Commercial and Industrial (C&I) non-PPP loans represented 14% of the total loan portfolio, or 19% of total non-PPP loans.

The Bank continues to work with clients who are navigating through COVID-19-related business interruptions and slowdowns. As of December 31, 2020, the Bank had \$5 million in C&I loans, including \$1 million in dental loans, \$6 million in CRE loans, and \$2 million in SBA-guaranteed loans on principal payment deferrals, and \$7 million in residential mortgages on principal-and-interest payment deferrals. The \$20 million in loans on deferment as of December 31, 2020, represented 5% of the Bank's non-PPP loan portfolio, a decrease of 67% in deferred loan balances from the preceding quarter.

Within the C&I portfolio, two dental loans, totaling \$1 million, remained on deferral as of year-end; a decrease of 28 loans, or \$9 million, from the preceding quarter. Eight other C&I loans, totaling \$4 million, remained on deferral as of year-end; a decrease of 16 loans, or \$11 million, from the preceding quarter. Five CRE loans totaling \$6 million remained on deferral as of year-end; a decrease of 15 loans, or \$27 million, from the preceding quarter. On the residential side, borrowers of nine loans totaling \$7 million were granted extensions of their 90-day principal-and-interest payment deferrals. The Bank is in the process of updating payment terms for \$4 million of these loans, and anticipates payments will be received under the new terms in the first quarter of 2021. Borrowers of the remaining \$3 million extended their principal-and-interest payment deferrals.

The Bank previously received monthly principal-and-interest payments from the SBA on 60 loans totaling \$37 million. The SBA made payments on these loans through September 27, 2020. Four of these loans, totaling \$2 million, were granted six-month interest-only deferrals during the fourth quarter of 2020. The SBA announced that beginning in February, it will resume making principal-and-interest payments of up to \$9 thousand per month, for three months, with the hardest hit industries receiving an additional five months. As of December 31, 2020, the Bank had six non-accrual loans totaling \$2 million, compared to three loans totaling \$1 million as of September 30, 2020. The non-accrual loans are to three borrowers: one in the transportation industry and two in the food industry. All loans are supported by either an 80% guarantee by the State of California, or a 75% SBA guarantee.

Classified loans totaled \$12 million, or 2.13% of the total loan portfolio as of December 31, 2020, decreasing \$2 million from the preceding quarter. Classified loans totaled \$5 million, or 1.54% of the total loan portfolio as of December 31, 2019. 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 returns following the expiration of the loan deferrals, the Bank will evaluate for loan upgrades to "Pass." If additional information were to indicate further financial challenges for clients, individual loan risk ratings would be adjusted, which would impact

**BANK OF SAN FRANCISCO • WITH YOU WHEN IT MATTERS**

575 Market Street, Suite 900, San Francisco, CA 94105 | 415.744.6700 | [www.bankofsf.com](http://www.bankofsf.com) | NMLS ID: 403437



the Bank's Allowance for Loan Losses reserve.

“As of February 3, 2021, the Bank had 303 Second Draw PPP loans in various stages of completion, totaling \$69.7 million, and representing \$2.7 million in future processing fee income. We are pleased to support so many worthy Bay Area small businesses and nonprofits that have been hit especially hard by Covid-19,” said Ed Obuchowski, CEO, Bank of San Francisco.

# # #

### **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](http://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

**BANK OF SAN FRANCISCO • WITH YOU WHEN IT MATTERS**

575 Market Street, Suite 900, San Francisco, CA 94105 | 415.744.6700 | [www.bankofsf.com](http://www.bankofsf.com) | NMLS ID: 403437



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 • WITH YOU WHEN IT MATTERS**

575 Market Street, Suite 900, San Francisco, CA 94105 | 415.744.6700 | [www.bankofsf.com](http://www.bankofsf.com) | NMLS ID: 403437



**Bank of San Francisco****Balance Sheets (Unaudited)**

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

	For the Periods Ended					Year Over Year Change	
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	\$	%
<b>Assets</b>							
Cash and due from banks	\$ 6,414	\$ 5,924	\$ 8,101	\$ 7,808	\$ 8,125	\$ (1,711)	-21%
Interest bearing deposits in banks	118,618	123,551	143,842	77,328	65,484	53,134	81%
Total cash and cash equivalents	125,032	129,475	151,943	85,136	73,609	51,423	70%
Loans, net of deferred costs/fees	547,475	531,390	514,668	330,720	321,215	226,260	70%
Allowance for Loan Losses	(7,060)	(6,800)	(5,875)	(4,525)	(4,330)	(2,730)	63%
Loans, net of allowance of loan losses	540,415	524,590	508,793	326,195	316,885	223,530	71%
Premises and equipment, net	265	277	292	311	342	(77)	-23%
Accrued interest receivable & other assets	8,695	8,079	7,252	6,422	6,510	2,185	34%
<b>Total Assets</b>	<b>\$ 674,407</b>	<b>\$ 662,421</b>	<b>\$ 668,280</b>	<b>\$ 418,064</b>	<b>\$ 397,346</b>	<b>\$ 277,061</b>	<b>70%</b>
<b>Liabilities</b>							
Non-interest bearing deposits	\$ 232,683	\$ 189,541	\$ 212,982	\$ 121,746	\$ 129,815	\$ 102,868	79%
Interest bearing deposits	302,989	326,271	310,301	240,635	223,018	79,971	36%
Total deposits	535,672	515,812	523,283	362,381	352,833	182,839	52%
FHLB advances	15,000	20,000	20,000	10,000	-	15,000	n/a
Other borrowings	74,777	79,172	79,172	-	-	74,777	n/a
Accrued interest payable and other liabilities	3,032	3,369	2,938	3,718	3,532	(500)	-14%
<b>Total Liabilities</b>	<b>628,481</b>	<b>618,353</b>	<b>625,393</b>	<b>376,099</b>	<b>356,365</b>	<b>272,116</b>	<b>76%</b>
<b>Shareholders' equity</b>							
Common stock	26,938	26,868	26,781	26,716	26,652	286	1%
Retained earnings	18,988	17,200	16,106	15,249	14,329	4,659	33%
<b>Total shareholders' equity</b>	<b>45,926</b>	<b>44,068</b>	<b>42,887</b>	<b>41,965</b>	<b>40,981</b>	<b>4,945</b>	<b>12%</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 674,407</b>	<b>\$ 662,421</b>	<b>\$ 668,280</b>	<b>\$ 418,064</b>	<b>\$ 397,346</b>	<b>\$ 277,061</b>	<b>70%</b>
Book Value per Common Share	\$ 22.34	\$ 21.44	\$ 21.04	\$ 20.58	\$ 20.10	\$ 2.24	11%
Total Common Shares Outstanding	2,055,507	2,055,507	2,038,803	2,038,803	2,038,803	16,704	1%
<b>Capital Ratios</b>							
Tier 1 Leverage ratio	8.25%	8.17%	7.94%	11.04%	10.84%	-2.59%	-24%
Tier 1 RBC ratio	14.41%	15.14%	15.23%	15.23%	15.23%	-0.82%	-5%
Common Equity Tier 1 RBC ratio	14.41%	15.14%	15.23%	15.23%	15.23%	-0.82%	-5%
Total Risk-Based Capital (RBC) ratio	15.67%	16.40%	16.49%	16.48%	16.48%	-0.81%	-5%
<b>Other Ratios</b>							
Non-interest bearing to Total Deposits	43.44%	36.75%	40.70%	33.60%	36.79%	6.65%	18%
Loan to Deposit ratio	102.20%	103.02%	98.35%	91.26%	91.04%	11.16%	12%
Allowance for Loan Losses to Total Loans	1.29%	1.28%	1.14%	1.37%	1.35%	-0.06%	-4%
Allowance for Loan Losses to Total Loans excluding PPP loans	1.81%	1.91%	1.75%	n/a	n/a	n/a	n/a
ALLL to Nonperforming Loans	319.62%	654.31%	n/a	n/a	n/a	n/a	n/a
Nonperforming Assets to Total Assets	0.33%	0.16%	n/a	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	
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019	\$	%
Interest on loans, including fees	\$ 5,750	\$ 5,324	\$ 4,865	\$ 4,134	\$ 4,248	\$ 1,502	35%
Interest on deposits in banks	18	18	18	126	220	(202)	-92%
Other interest income	25	23	21	30	30	(5)	-17%
<b>Total interest income</b>	5,793	5,365	4,904	4,290	4,498	1,295	29%
Deposits interest expense	286	331	466	535	580	(294)	-51%
Other interest expense	83	83	35	4	-	83	n/a
<b>Total interest expense</b>	369	414	501	539	580	(211)	-36%
<b>Net interest income</b>	5,424	4,951	4,403	3,751	3,918	1,506	38%
Provision for loan losses	260	925	1,350	195	90	170	189%
<b>Net interest income after provision</b>	5,164	4,026	3,053	3,556	3,828	1,336	35%
Service charges on deposits	71	63	65	74	74	(3)	-4%
Gains on sale of loans	156	-	124	-	-	156	0%
Other non-interest income	34	29	36	33	33	1	3%
<b>Total non-interest income</b>	261	92	225	107	107	154	144%
Salaries and employee benefits expense	1,848	1,704	1,273	1,573	1,417	431	30%
Occupancy	196	209	210	209	212	(16)	-8%
Information Technology and Equipment	202	196	187	195	209	(7)	-3%
Other operating expense	641	457	389	379	431	210	49%
<b>Total non-interest expense</b>	2,887	2,566	2,059	2,356	2,269	618	27%
<b>Income before income taxes</b>	2,538	1,552	1,219	1,307	1,666	872	52%
Income tax expense	750	459	361	388	482	268	56%
<b>Net income</b>	\$ 1,788	\$ 1,093	\$ 858	\$ 919	\$ 1,184	\$ 604	51%
Basic Earnings per Share	\$ 0.88	\$ 0.54	\$ 0.43	\$ 0.46	\$ 0.59	\$ 0.29	49%
Average Shares Outstanding	2,027,455	2,017,790	2,014,703	2,014,703	2,014,703	12,752	1%
Diluted Earnings per Share	\$ 0.88	\$ 0.54	\$ 0.42	\$ 0.46	\$ 0.59	\$ 0.29	49%
Average Shares Outstanding	2,035,925	2,021,768	2,019,904	2,019,510	2,018,478	17,447	1%
<b>Annualized Performance Ratios</b>							
Return on Average Assets	1.13%	0.71%	0.61%	0.97%	1.26%	-0.13%	-10%
Return on Average Common Equity	15.80%	9.96%	8.09%	8.86%	11.73%	4.07%	35%
Net Interest Margin	3.46%	3.23%	3.20%	4.08%	4.27%	-0.81%	-19%
Cost of Funds	0.25%	0.29%	0.41%	0.65%	0.69%	-0.44%	-64%
Efficiency Ratio	50.78%	50.88%	44.49%	61.07%	56.37%	-5.59%	-10%



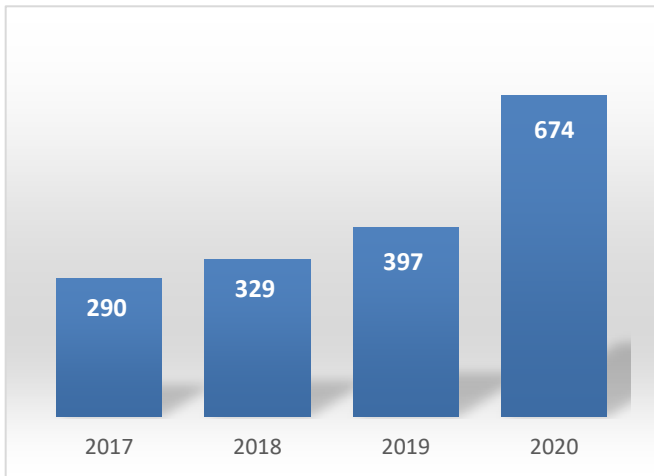
**Bank of San Francisco****Statement of Income (Unaudited)**

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

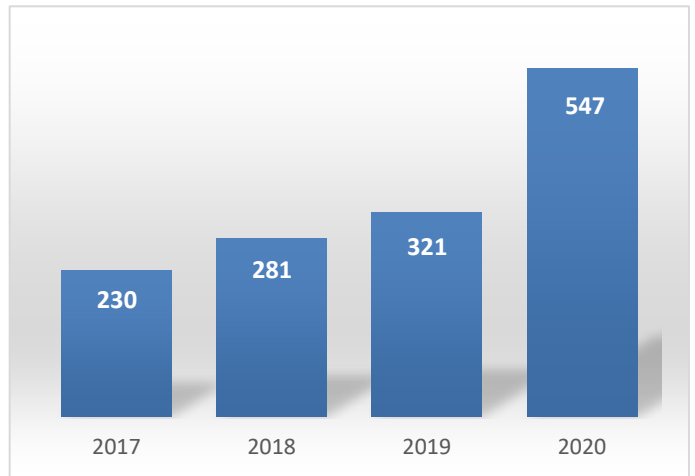
	Year Ended		Year Over Year Change	
	12/31/2020	12/31/2019	\$	%
Interest on loans, including fees	\$ 20,073	\$ 15,785	\$ 4,288	27%
Interest on deposits in banks	180	840	(660)	-79%
Other interest income	99	104	(5)	-5%
<b>Total interest income</b>	<b>20,352</b>	<b>16,729</b>	<b>3,623</b>	<b>22%</b>
Deposits interest expense	1,618	2,158	(540)	-25%
Other interest expense	205	111	94	85%
<b>Total interest expense</b>	<b>1,823</b>	<b>2,269</b>	<b>(446)</b>	<b>-20%</b>
<b>Net interest income</b>	<b>18,529</b>	<b>14,460</b>	<b>4,069</b>	<b>28%</b>
Provision for loan losses	2,730	390	2,340	600%
<b>Net interest income after provision</b>	<b>15,799</b>	<b>14,070</b>	<b>1,729</b>	<b>12%</b>
Service charges on deposits	273	280	(7)	-3%
Gains on sale of loans	280	406	(126)	-31%
Other non-interest income	132	127	5	4%
<b>Total non-interest income</b>	<b>685</b>	<b>813</b>	<b>(128)</b>	<b>-16%</b>
Salaries and employee benefits expense	6,398	5,979	419	7%
Occupancy	824	803	21	3%
Information Technology and Equipment	780	771	9	1%
Other operating expense	1,866	1,573	293	19%
<b>Total non-interest expense</b>	<b>9,868</b>	<b>9,126</b>	<b>742</b>	<b>8%</b>
<b>Income before income taxes</b>	<b>6,616</b>	<b>5,757</b>	<b>859</b>	<b>15%</b>
Income tax expense	1,958	1,699	259	15%
<b>Net income</b>	<b>\$ 4,658</b>	<b>\$ 4,058</b>	<b>\$ 600</b>	<b>15%</b>
Basic Earnings per Share	\$ 2.31	\$ 2.02	\$ 0.29	14%
Average Shares Outstanding	2,018,476	2,009,387	9,089	0%
Diluted Earnings per Share	\$ 2.29	\$ 2.01	\$ 0.28	14%
Average Shares Outstanding	2,032,897	2,018,432	14,465	1%
<b>Performance Ratios</b>				
Return on Average Assets	0.85%	1.16%	-0.31%	-27%
Return on Average Common Equity	10.73%	10.44%	0.29%	3%
Net Interest Margin	3.42%	4.24%	-0.82%	-19%
Cost of Funds	0.40%	0.74%	-0.34%	-46%
Efficiency Ratio	46.86%	59.75%	-12.89%	-22%

# FINANCIAL HIGHLIGHTS

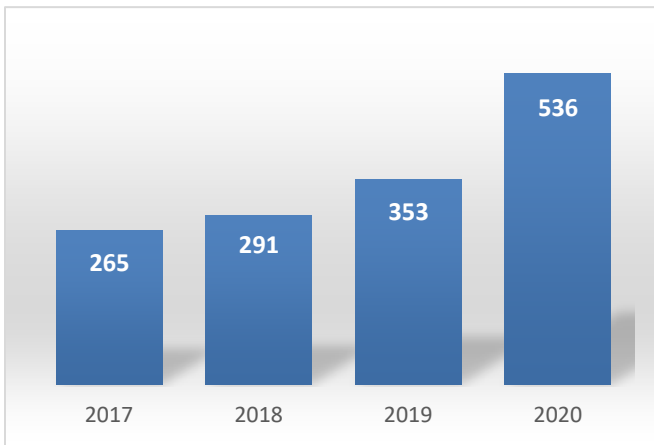
Total Assets (\$ Millions)  
As of December 31,



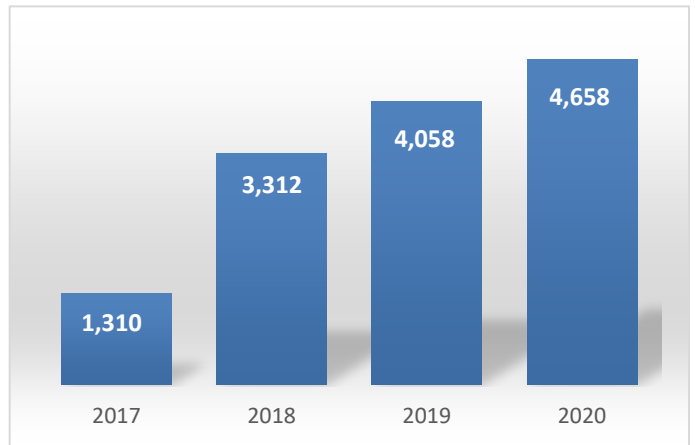
Total Loans (\$ Millions)  
As of December 31,



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

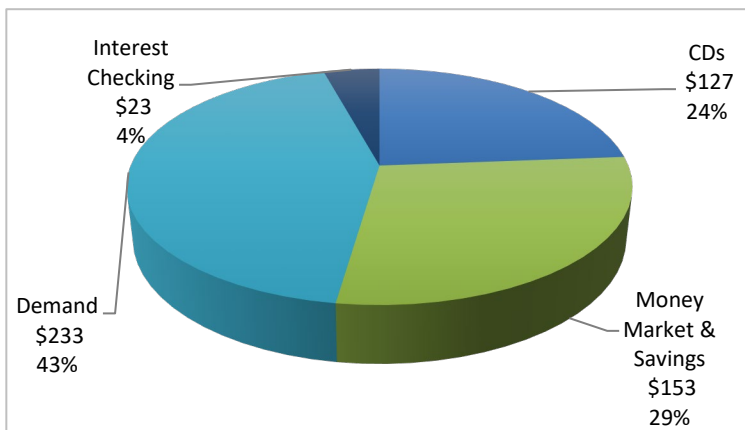


Net Income (\$ Thousands)  
For the year ended December 31,



As of December 31, 2020

Deposit Composition (\$ Millions)



Loan Composition (\$ Millions)

