



PRESIDIO BANK

One Montgomery St., Suite 2300
San Francisco, CA 94104

PRESS RELEASE

Steve Heitel, President & CEO
415.229.8428

Ed Murphy, EVP/CFO
415.229.8403

MEDIA:

Annette Gelinis
SVP/Marketing Director
415.229.8415 (o) / 925.787.2956 (c)
agelinis@presidiobank.com

FOR IMMEDIATE RELEASE:

PRESIDIO BANK REPORTS 89% INCREASE IN NET INCOME FOR 2013

San Francisco, CA, January 28, 2014: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the fourth quarter and year ended December 31, 2013 with net income for the year of \$2.4 million, an 89 % increase over the \$1.3 million achieved in 2012. For the fourth quarter, net income totaled \$739 thousand, up \$11 thousand from the third quarter 2013 and up \$735 thousand over the fourth quarter of 2012. The Bank also ended the year with record high levels of loans, deposits and total assets.

“Presidio Bank enjoyed a breakout year in 2013 with solid growth in loans and deposits, which combined with good expense control and strong credit quality resulted in a disproportionate increase in profitability,” said Steve Heitel, Presidio Bank President & CEO. “We are entering 2014 with good growth momentum, which we plan to augment with our recently announced San Mateo expansion.”

Financial Highlights

- Total Loans outstanding grew by \$22 million or 6% over the quarter ended September 30, 2013 and by \$59 million or 19% over the year ended December 31, 2012.
- Total Deposits increased by \$23 million or 6% from the quarter ended September 30, 2013 and by \$40 million from the year ended December 31, 2012. At year end 2013, non-interest bearing demand deposits represented a healthy 34% of total deposits.
- Net interest income of \$4.2 million in the fourth quarter was up 2% over the third quarter of 2013. For the year, net interest income totaled \$16 million, up 14% from 2012.
- Operating Expenses increased 2% from the third quarter of 2013 but decreased 13% from the fourth quarter of 2012. As disclosed at the time, the Bank incurred approximately \$350 thousand in non-recurring expenses in the fourth quarter of 2012. For the full year 2013, operating expenses increased 1.5% from 2012 as compared to growth in total revenue of 14% in the same period.
- Net Income applicable to common shareholders was \$622 thousand for the fourth quarter of 2013, an increase of 6% over the third quarter of 2013. For the full year, net income applicable to common shareholders totaled \$1.9 million, an increase of 160% over 2012.
- Diluted earnings per common share were \$0.15 for the quarter compared to \$0.14 in the third quarter of 2013. Diluted earnings per common share were 0.45 for 2013 compared to \$0.18 for 2012.
- Book value per share increased to \$8.99 per share as of December 31, 2013 from \$8.74 per share at September 30, 2013 and \$8.46 per share at December 31, 2012.

“I am extremely pleased with the franchise we are building,” said Presidio Bank Chairman and Founder, Jim Woolwine. “With successful offices in four key business hubs and now plans for a fifth in San Mateo, we continue to execute our original plan to be a service driven business bank that works with high quality clients throughout the Bay Area.”

-more-

4th Quarter 2013 Financial Results

(Dollars in thousands, except per share amounts, unaudited)

Condensed Balance Sheet

	12/31/2013	9/30/2013	Change	12/31/2012	Change
Cash and due from banks	5,694	5,557	2.5%	5,105	11.5%
Interest bearing due from banks	49,545	51,284	-3.4%	71,489	-30.7%
Total cash and equivalents	55,239	56,841	-2.8%	76,594	-27.9%
Investment securities	14,230	14,218	0.1%	13,445	5.8%
Loans, net of fees	373,421	351,470	6.2%	313,992	18.9%
Allowance for loan losses	(4,867)	(4,865)	0.0%	(4,945)	-1.6%
Net loans	368,554	346,605	6.3%	309,047	19.3%
Premises and equipment, net	932	909	2.6%	1,221	-23.6%
Other assets and interest receivable	4,863	4,628	5.1%	5,164	-5.8%
Total assets	443,818	423,202	4.9%	405,471	9.5%
Non-interest-bearing demand	132,546	125,452	5.7%	131,438	0.8%
Interest bearing transaction	71,760	65,749	9.1%	53,780	33.4%
Money market and savings accounts	153,180	141,198	8.5%	129,238	18.5%
Time deposits	39,672	41,108	-3.5%	42,918	-7.6%
Total deposits	397,158	373,507	6.3%	357,374	11.1%
Other liabilities	2,376	2,202	7.9%	2,209	7.5%
Total liabilities	399,534	375,709	6.3%	359,583	11.1%
Preferred stock	6,811	11,051	-38.4%	11,002	-38.1%
Common stock	43,540	43,333	0.5%	42,809	1.7%
Retained earnings	(5,898)	(6,683)	11.7%	(7,905)	25.4%
Other comprehensive income	(169)	(208)	18.8%	(18)	
Total shareholder's equity	44,284	47,493	-6.8%	45,889	-3.5%
Total liabilities and equity	443,818	423,202	4.9%	405,471	9.5%

Book value per share

Book value per share	\$ 8.99	\$ 8.74	\$ 8.46
Common shares outstanding	4,170	4,170	4,123

Capital Ratios

Tier 1 leverage ratio	9.9%	11.1%	10.8%
Tier 1 risk-based capital ratio	10.3%	11.9%	13.7%
Total risk-based capital ratio	11.6%	13.2%	15.0%
Tangible common risk-based ratio	10.4%	11.8%	12.8%

Condensed Statement of Income

	For the three months ended					For the twelve months ended		
	12/31/2013	9/30/2013	Change Fav./ (Unfav.)	12/31/2012	Change Fav./ (Unfav.)	12/31/2013	12/31/2012	Change Fav./ (Unfav.)
Interest income	4,388	4,317	1.6%	3,683	19.1%	16,753	14,834	12.9%
Interest expense	200	209	4.3%	210	4.8%	807	880	8.3%
Net interest income	4,188	4,108	1.9%	3,473	20.6%	15,946	13,954	14.3%
Provision for loan loss	-	-	NM	-	NM	-	-	NM
Net interest income after provision	4,188	4,108	1.9%	3,473	20.6%	15,946	13,954	14.3%
Other income	151	146	3.7%	161	(6.2%)	571	527	8.3%
Compensation and benefit expenses	1,887	1,794	(5.2%)	2,186	13.7%	7,349	7,516	2.2%
Occupancy and equipment expenses	382	383	0.2%	457	16.4%	1,535	1,662	7.6%
Data processing	258	249	(3.7%)	216	(19.4%)	1,006	860	(17.0%)
Professional and legal	107	105	(2.3%)	118	9.3%	556	381	(45.9%)
Other operating expenses	452	491	7.9%	576	21.5%	1,941	1,788	(8.6%)
Total operating expenses	3,086	3,021	(2.2%)	3,553	13.1%	12,387	12,207	(1.5%)
Net income before taxes	1,253	1,233	1.6%	81	1446.9%	4,130	2,274	81.6%
Income taxes	514	506	(1.7%)	77	(567.5%)	1,693	981	(72.6%)
Net income	739	728	1.6%	4	NM	2,437	1,293	88.5%
Preferred dividends	117	142	17.8%	142	17.8%	547	569	3.9%
Net income to common	622	585	6.3%	(138)	(549.7%)	1,890	724	161.0%
Earnings Per Share								
Basic earnings per share	\$ 0.15	\$ 0.14		\$ (0.03)		\$ 0.46	\$ 0.18	
Diluted earnings per share	\$ 0.15	\$ 0.14		\$ (0.03)		\$ 0.45	\$ 0.18	
Average shares outstanding	4,137	4,133		4,124		4,119	4,118	
Average diluted shares	4,182	4,157		4,128		4,156	4,120	
Performance Ratios								
Return on average assets	0.66%	0.68%		0.00%		0.58%	0.33%	
Return on average common equity	6.63%	6.40%		-1.56%		5.22%	2.09%	
Net interest margin	3.80%	3.88%		3.70%		3.86%	3.62%	
Cost of funds	0.20%	0.22%		0.24%		0.22%	0.26%	
Efficiency ratio	71.1%	71.0%		97.8%		75.0%	84.3%	
Average Balances								
Total assets	444,664	427,409		413,648		419,865	391,344	
Earning assets	437,002	420,255		406,666		412,817	384,464	
Total loans	356,992	342,378		285,432		335,535	263,347	
Total deposits	395,489	377,918		365,550		370,914	344,101	
Common equity	37,239	36,291		35,200		36,174	34,694	

NM = Not Meaningful



About Presidio Bank

Presidio Bank provides business banking services to small and mid-size businesses, including professional service firms, real estate developers and investors, and not-for-profit organizations, and to their owners who desire personalized, responsive service with access to local decision makers. Presidio Bank offers clients the resources of a large bank combined with the personalized services of a neighborhood bank. Presidio Bank is headquartered in San Francisco, California and currently operates four banking offices in San Francisco, Walnut Creek, San Rafael and Palo Alto. More information is available at www.presidiobank.com. Presidio Bank is a member of FDIC and an Equal Housing Lender.

###

This press release contains certain forward-looking statements that involve risk and uncertainties. These statements are identifiable by use of the words "believe," "expect," "intend," "anticipate," "plan," "estimate," "project," or similar expressions. The risks and uncertainties that may affect the operations, performance, development, growth projections and results of Presidio Bank's business include, but are not limited to, the growth of the economy, interest rate movements, timely development by Presidio Bank of technology enhancements for its products and operating systems, the impact of competitive products, services and pricing, client-based requirements, Congressional legislation, changes in regulatory or generally accepted accounting principles and similar matters. Readers are cautioned not to place undue reliance on forward-looking statements which are subject to influence by the named risk factors and unanticipated future events. Actual results, accordingly, may differ materially from management expectations.