



# PRESIDIO BANK

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## PRESS RELEASE

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### FOR IMMEDIATE RELEASE:

## PRESIDIO BANK REPORTS RECORD ASSETS

San Francisco, CA, July 28, 2011: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited second quarter results with assets exceeding \$300 million for the first time. Net income to common shareholders for the quarter was a record \$4,750,000 or \$0.96 per share driven primarily by the non-recurring recognition of accumulated tax benefits. The quarterly results also included \$846,000 in dividend payments to the U.S. Treasury on preferred stock. In the core business, revenue increased by 18% to \$3,448,000 and the net interest margin expanded to 4.59% from 4.33% as compared to the second quarter a year ago. Book value increased by nearly \$1.00 per share in the quarter to \$8.04 per share.

“We are encouraged by the Bank’s continued asset and revenue growth,” stated Steve Heitel, Presidio Bank President & CEO. “Although our outlook for the economy during the rest of 2011 is guarded, we intend to prudently grow the Bank while adhering to the relationship focus and credit discipline, which have been the hallmarks of our success.”

Some key financial highlights for the quarter included:

- **Loans:** Presidio Bank posted modest loan growth of \$4.9 million and has over \$95.0 million undrawn on lines of credit. This is consistent with the historic low utilization rates on lines of credit for the industry and reflects the challenges of today’s economy.
- **Deposits:** Although total deposits were flat, there was a favorable shift toward more non-interest demand deposits.
- **Net Interest Income:** The improvement in the Net Interest Margin combined with modest loan growth resulted in record Net Interest Income of \$3.3 million, up 4% from the first quarter of 2011.
- **Loan Loss Provision:** Due to increasing risk profiles on certain loans, the Bank took a provision for loan losses of \$591,467 which brought the year-to-date loan loss provision expense to \$819,783. This covers 2.7 times all nonperforming loans, which currently represent 0.60% of the loan portfolio. There were no delinquent loans at the end of the 2<sup>nd</sup> quarter.
- **Expenses:** Year to date, the run rate for operating expenses exceeded the 2010 run rate due to a rebranding/advertising campaign launched in May. A majority of these expenses have now been incurred and it is expected that operating expenses will stabilize during the second half of the year.

“We continue to focus on delivering quality services while maintaining a strong financial condition,” said Jim Woolwine, Presidio Bank Chairman and Founder. “This ensures that we deliver the best value to both clients and shareholders.”

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**Second Quarter 2011 Financial Results**

(Unaudited)

<i>(dollars in thousands, except per share amounts)</i>	<u>Quarter Ended</u>	<u>Quarter Ended</u>	<u>Quarter Ended</u>
	<u>6/30/2011</u>	<u>3/31/2011</u>	<u>6/30/2010</u>
<b>Total Assets</b>	\$302,634	\$294,578	\$264,173
<b>Loans</b>	\$261,304	\$256,392	\$226,599
<b>Deposits</b>	\$251,344	\$250,419	\$216,680
<b>Shareholder's Equity</b>	\$43,805	\$39,794	\$38,887
<b>Book Value Per Common Share</b>	\$8.04	\$7.06	\$6.95
<b>Revenue</b>	\$3,448	\$3,323	\$2,915
<b>Provision for Loan Loss</b>	\$591	\$228	\$0
<b>Total Operating Expenses</b>	\$2,822	\$2,775	\$2,572
<b>Net Income Before Taxes</b>	\$34	\$320	\$344
<b>Income taxes</b>	(\$4,721)	\$3	\$0
<b>Net Income</b>	\$4,755	\$317	\$344
<b>Preferred Dividends</b>	\$846	\$0	\$0
<b>Net Income to Common</b>	\$3,909	\$317	\$344
<b>Earnings Per Common Share</b>	\$0.96	\$0.08	\$0.09
<b>Net Interest Margin</b>	4.59%	4.50%	4.33%
<b>Efficiency Ratio</b>	81.86%	83.50%	88.21%
<b>Return on Average Assets</b>	6.52%	0.44%	0.53%
<b>Return on Average Common Equity</b>	66.02%	4.46%	3.54%

**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](http://www.presidiobank.com). Presidio Bank is a member of FDIC and an Equal Housing Lender.

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*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.*