

PRESIDIO BANK

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PRESS RELEASE

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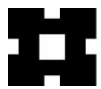
PRESIDIO BANK REPORTS RESULTS FOR FIRST QUARTER 2015

San Francisco, CA, April 29, 2015: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the first quarter ended March 31, 2015 with net income for the quarter of \$483 thousand, a decrease of \$209 thousand from the same quarter a year ago. Two strategic initiatives implemented in the latter half of 2014 were primarily responsible for the quarter decline in earnings. The Bank incurred \$210 thousand in interest expense on the \$10 million of 8% coupon Subordinated Notes issued in the third quarter of 2014. Second, the Bank had in excess of \$200 thousand in expenses in the first quarter of 2015 related to its newest office in San Mateo that were not in the results for the first quarter of 2014. Total assets grew to a record \$549 million during the quarter.

“The Bank made a couple of important long term investments in 2014 by opening our 5th office in San Mateo and by successfully raising \$10 million in new debt capital to fund growth,” said Presidio Bank President and CEO Steve Heitel. “While these both impacted earnings, we believe that these initiatives will help accelerate the growth of the franchise and enhance long term shareholder value.”

Financial Highlights

- Total Loans outstanding were flat from the quarter ended December 31, 2014 and increased \$27 million or 7% over the first quarter of 2014. The first quarter of the year has traditionally been the Bank’s slowest as to loan growth and this year our totals were further impacted by larger than normal loan payoffs. We believe the Bank’s loan pipeline is strong and anticipate resumption of meaningful loan growth in the second quarter of 2015.
- Total Deposits increased by \$1 million from the quarter ended December 31, 2014 and increased by \$58 million, 14% over the first quarter of 2014. As previously disclosed, the Bank was holding a significant amount of temporary deposits at December 31, 2014. As expected, these deposits reduced during the first quarter of 2015 but were replaced by new deposits and increases in deposits from existing clients.
- Net Interest Income of \$4.6 million in the first quarter was down 6.6% over the fourth quarter of 2014 despite an increase in average loan balances. This decrease resulted from Non-accrual Interest recognized in the fourth quarter of 2014 from a Non-Performing Loan, which paid off during the quarter. Net Interest Income increased 4.8% over the first quarter of 2014. This increase would have been over 9% except for the interest paid on subordinated debt, which commenced in the 3rd quarter of 2014.
- Operating Expenses increased 9.5% from the quarter ended December 31, 2014 primarily due to seasonally high payroll taxes and employee benefit expense. Operating Expenses were up 17% from the first quarter of 2014 primarily due to expenses related to the San Mateo office not incurred in 2014 and higher employer payroll taxes and employee benefits expense related to higher 2014 incentive compensation paid in the first quarter of 2015.
- Net Income applicable to Common Shareholders was \$361 thousand for the quarter, a decrease of \$242 thousand over the first quarter 2014. In addition to the reasons listed above, Dividends increased by \$33 thousand over prior quarters as the dividend rate on the Bank’s perpetual Preferred Stock increased from 5% to 9% on February 15.



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- Credit quality remains strong with a classified Loan to Capital Ratio less than 5%. Non-performing Loans totaled \$1.2 million at March 31, 2015 or 0.3% of total loans. The Allowance for Loan Losses of \$5.2 million covers Non-Performing Loans by more than four times.
- Diluted Earnings per Common Share were \$0.08 for the quarter compared to \$0.14 in the fourth quarter of 2014 and \$0.14 in the first quarter of 2014.
- Book Value per Share increased to \$9.83 per share as of March 31, 2015 from \$9.74 per share at December 31, 2014 and \$9.15 per share at March 31, 2014.

“With the addition of the San Mateo office and a strong loan pipeline throughout the franchise, we believe the Bank is well positioned for growth in the remainder of 2015 and beyond,” said Presidio Bank Chairman and Founder, Jim Woolwine. “I am excited about our future as we continue to leverage the investments made in 2014.”

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1st Quarter 2015 Financial Results

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

Condensed Balance Sheet

	3/31/2015	12/31/2014	Change	3/31/2014	Change
Cash and due from banks	7,094	5,621	26.2%	5,103	39.0%
Interest bearing due from banks	102,700	104,642	-1.9%	66,188	55.2%
Total cash and equivalents	109,794	110,263	-0.4%	71,291	54.0%
Investment securities	14,235	14,392	-1.1%	14,124	0.8%
Loans, net of fees	416,492	415,741	0.2%	89,749	6.9%
Allowance for loan losses	(5,172)	(5,172)	0.0%	(4,871)	6.2%
Net loans	411,320	410,569	0.2%	384,878	6.9%
Premises and equipment, net	1,433	1,477	-3.0%	1,033	38.7%
Other assets and interest receivable	11,754	6,052	94.2%	5,086	131.1%
Total assets	548,536	542,753	1.1%	476,412	15.1%
Non-interest-bearing demand	162,424	164,353	-1.2%	143,202	13.4%
Interest bearing transaction	80,246	69,646	15.2%	62,994	27.4%
Money market and savings accounts	188,849	196,050	-3.7%	178,869	5.6%
Time deposits	51,029	51,643	-1.2%	39,038	30.7%
Total deposits	482,548	481,692	0.2%	424,103	13.8%
Borrowings	10,326	10,360	-0.3%	219	NM
Other liabilities	7,190	2,884	149.3%	7,063	1.8%
Total liabilities	500,064	494,936	1.0%	431,385	15.9%
Preferred stock	6,869	6,869	0.0%	6,827	0.6%
Common stock	44,466	44,207	0.6%	43,667	1.8%
Retained earnings	(2,806)	(3,167)	11.4%	(5,311)	47.2%
Other comprehensive income	(57)	(92)	38.0%	(156)	63.5%
Total shareholder's equity	48,472	47,817	1.4%	45,027	7.7%
Total liabilities and equity	548,536	542,753	1.1%	476,412	15.1%

Book value per share

Book value per share	\$ 9.83	\$ 9.74	\$ 9.15
Total shares outstanding EOP	4,231	4,203	4,174

Capital Ratios

Tier 1 leverage ratio	9.3%	8.8%	10.0%
Tier 1 risk-based capital ratio	10.0%	10.0%	10.3%
Total risk-based capital ratio	13.2%	13.3%	11.6%
Tangible common risk-based ratio	8.6%	8.5%	8.7%

Condensed Statement of Income

For the three months ended

	3/31/2015	12/31/2014	Change Fav./ (Unfav.)	3/31/2014	Change Fav./ (Unfav.)
Interest income	4,995	5,342	(6.5%)	4,572	9.3%
Interest expense	404	424	4.7%	193	(109.3%)
Net interest income	4,591	4,918	(6.6%)	4,379	4.8%
Provision for loan loss	-	220	NM	-	NM
Net interest income after provision	4,591	4,698	(2.3%)	4,379	4.8%
Other income	169	167	1.2%	170	(0.6%)
Compensation and benefit expenses	2,595	2,134	(21.6%)	2,186	(18.7%)
Occupancy and equipment expenses	446	447	0.2%	373	(19.6%)
Data processing	287	286	(0.3%)	256	(12.1%)
Professional and legal	110	128	14.1%	95	(15.8%)
Other operating expenses	511	613	16.6%	465	(9.9%)
Total operating expenses	3,949	3,608	(9.5%)	3,375	(17.0%)
Net income before taxes	811	1,257	(35.5%)	1,174	(30.9%)
Income taxes	328	528	37.9%	482	32.0%
Net income	483	729	(33.7%)	692	(30.2%)
Preferred dividends	122	89	(37.1%)	89	(37.1%)
Net income to common	361	640	(43.6%)	603	(40.1%)

Earnings Per Share

Basic earnings per share	\$ 0.09	\$ 0.15	\$ 0.14
Diluted earnings per share	\$ 0.08	\$ 0.14	\$ 0.14

Performance Ratios

Return on average assets	0.38%	0.53%	0.62%
Return on average common equity	3.52%	6.20%	6.42%
Net interest margin	3.65%	3.67%	4.00%
Cost of funds	0.34%	0.33%	0.19%
Efficiency ratio	83.0%	71.0%	74.2%

Average Balances

Total assets	519,565	543,885	451,259
Earning assets	509,764	535,387	444,436
Total loans	413,932	403,479	382,154
Total deposits	458,016	482,904	395,956
Common equity	41,603	40,943	38,134

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 five banking offices in San Francisco, Walnut Creek, San Rafael, San Mateo and Palo Alto. More information is available at 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, changes in the financial performance or condition of our borrowers, the impact of competitive products, services and pricing, client-based requirements, governmental legislation, changes in regulatory or generally accepted accounting principles, the results of governmental examination, investigation, or reviews, 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.