PRESS RELEASE

PRESIDIO BANK

Steve Heitel, President & CEO
415.229.8428

Ed Murphy, EVP/CFO
415.229.8403

MEDIA: Annette Gelinas
SVP/Marketing Director
415.229.8415 (o) / 925.787.2956 (c)
agelinas@presidiobank.com

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

FOR IMMEDIATE RELEASE:

PRESIDIO BANK REPORTS RESULTS FOR THE THIRD QUARTER 2014

Net Income up 23% over Third Quarter 2013
Total Assets exceed $500 million for the first time

San Francisco, CA, October 28, 2014: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the third quarter ended September 30, 2014 with net income for the quarter of $895 thousand, a 23% increase over the $728 thousand achieved in the third quarter of 2013. Deposits and total assets also grew to record levels during the quarter.

"We are pleased to have passed the $500 million in total assets milestone," said Presidio Bank President and CEO Steve Heitel. "The Bank had solid deposit and income growth during the quarter. While loans declined modestly due to some construction loan payoffs, we expect resumption of loan growth in the fourth quarter, which is traditionally our strongest."

Financial Highlights

- Total Loans Outstanding declined by $8 million or 2% over the quarter ended June 30, 2014 but increased by $50 million or 14% over the quarter ended September 30, 2013. A number of construction loans paid off earlier than anticipated as a reflection of the robust real estate market in the San Francisco Bay Area. Prior to the modest decline this quarter, the Bank had enjoyed six consecutive quarters of loan growth.
- Total Deposits increased by $41 million or 10% from the quarter ended June 30, 2014 and by $77 million or 20% from the quarter ended September 30, 2013. As has happened in the past, a number of depositors had significant inflows towards the end of the quarter. It is likely these balances will normalize during the fourth quarter. The trend line for Deposit Growth remains positive.
- Net Interest Income of $4.8 million in the third quarter was up 4% over the second quarter of 2014. This growth was inflated somewhat by lack of Loan Loss Provision Expense in the third quarter versus $81 thousand taken in the second quarter. After normalizing this impact, Net Interest Income still grew by 2.6% during the quarter and was up by 16% over the same quarter in 2013.
- Operating Expenses increased 2% from the second quarter primarily due to increased Compensation Expense and the commencement of lease expense in September for the Bank's new San Mateo Office.
- Net Income Applicable to Common Shareholders was $806 thousand for the quarter, an increase of 38% over the third quarter of 2013. Net Income Applicable to Common Shareholders was up 9% over the second quarter of 2014.

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- As previously announced, the Bank completed a capital raise during the quarter, which consisted of $10 million of 8%, 10-year maturity, subordinated notes which it expects will count as Tier II capital. The debt is reflected on the September 30 balance sheet however, since it closed at the end of September, interest expense related to this debt was nominal for third quarter.
- Credit Quality remains strong. The Bank has just two borrowers classified as non-performing totaling $1.4 million. This represents just 0.34% of total loans outstanding. Loan Loss Reserves of $4.9 million cover non-performing loans 3.5 times. At September 30, 2014, the Bank had one past due loan totaling $2.1 million. That loan subsequently paid off in early October.
- Diluted Earnings per Common Share were $0.18 for the quarter compared to $0.17 in the second quarter of 2014 and $0.14 in the third quarter of 2013.
- Book Value per Share increased to $9.53 per share as of September 30, 2014 from $9.31 per share at June 30, 2014 and $8.74 per share at September 30, 2013.

"I am pleased that the Bank successfully raised $10 million in Tier II capital to help fund our next stage of growth as we continue to expand in the San Francisco Bay Area," said Presidio Bank Chairman and Founder, Jim Woolwine. "As part of our growth strategy and capital planning, our Board of Directors conducts an ongoing review of our capital position and capital needs. As part of that review, we will continue to assess additional capital options, including a common equity capital raise in 2015 to enhance our Tier 1 capital."

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PRESIDIO BANK

3rd Quarter 2014 Financial Results

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

Condensed Balance Sheet

	9/30/2014	6/30/2014	Change	9/30/2013	Change	12/31/2013	Change
Cash and due from banks	7,972	2,517	216.7%	5,557	43.4%	5,694	40.0%
Interest bearing due from banks	84,612	56,366	50.1%	51,284	65.0%	49,545	70.8%
Total cash and equivalents	92,584	58,883	57.2%	56,841	62.9%	55,239	67.6%
Investment securities	14,419	14,492	-0.5%	14,218	1.4%	14,230	1.3%
Loans, net of fees	401,421	408,752	-1.8%	351,470	14.2%	373,421	7.5%
Allowance for loan losses	(4,952)	(4,952)	0.0%	(4,865)	1.8%	(4,867)	1.7%
Net loans	396,469	403,800	-1.8%	346,605	14.4%	368,554	7.6%
Premises and equipment, net	1,090	1,032	5.6%	909	20.0%	932	17.0%
Other assets and interest receivable	5,773	5,386	7.2%	4,949	16.6%	4,863	18.7%
Total assets	510,335	483,593	5.5%	423,523	20.5%	443,818	15.0%
Non-interest-bearing demand	167,411	132,538	26.3%	125,452	33.4%	132,546	26.3%
Interest bearing transaction	63,260	61,222	3.3%	65,749	-3.8%	71,760	-11.8%
Money market and savings accounts	166,866	169,909	-1.8%	141,198	18.2%	153,180	8.9%
Time deposits	52,967	45,736	15.8%	41,108	28.8%	39,672	33.5%
Total deposits	450,504	409,405	10.0%	373,507	20.6%	397,158	13.4%
Borrowings	10,048	26,147	-61.6%	-	NM	-	NM
Other liabilities	2,913	2,095	39.0%	2,523	15.5%	2,376	22.6%
Total liabilities	463,465	437,647	5.9%	376,030	23.3%	399,534	16.0%
Preferred stock	6,860	6,844	0.2%	11,051	-37.9%	6,811	0.7%
Common stock	43,949	43,798	0.3%	43,333	1.4%	43,540	0.9%
Retained earnings	(3,797)	(4,588)	17.2%	(6,683)	43.2%	(5,898)	35.6%
Other comprehensive income	(142)	(108)	-31.5%	(208)	31.7%	(169)	16.0%
Total shareholder's equity	46,870	45,946	2.0%	47,493	-1.3%	44,284	5.8%
Total liabilities and equity	510,335	483,593	5.5%	423,523	20.5%	443,818	15.0%
Book value per share							
Book value per share	$ 9.53	$ 9.31		$ 8.74		$ 8.99	
Total shares outstanding EOP	4,199	4,199		4,170		4,170	
Capital Ratios							
Tier 1 leverage ratio	9.7%	9.6%		11.1%		10.0%	
Tier 1 risk-based capital ratio	10.1%	10.0%		11.9%		10.5%	
Total risk-based capital ratio	13.5%	11.2%		13.2%		11.7%	
Tangible common risk-based ratio	8.6%	8.5%		9.1%		8.8%	

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Condensed Statement of Income

	For the three months ended					For the nine months ended		
	9/30/2014	6/30/2014	Change Fav./ (Unfav.)	9/30/2013	Change Fav./ (Unfav.)	9/30/2014	9/30/2013	Change Fav./ (Unfav.)
Interest income	4,963	4,841	2.5%	4,317	15.0%	14,377	12,366	16.3%
Interest expense	197	195	(1.0%)	209	5.7%	586	607	3.4%
Net interest income	4,766	4,646	2.6%	4,108	16.0%	13,791	11,759	17.3%
Provision for loan loss	-	81	NM	-	NM	81	-	NM
Net interest income after provision	4,766	4,565	4.4%	4,108	16.0%	13,710	11,759	16.6%
Other income	182	182	0.0%	146	24.9%	534	420	27.2%
Compensation and benefit expenses	2,165	2,064	(4.9%)	1,794	(20.7%)	6,416	5,463	(17.4%)
Occupancy and equipment expenses	393	373	(5.4%)	383	(2.6%)	1,139	1,153	1.2%
Data processing	261	261	0.0%	249	(4.9%)	778	748	(4.0%)
Professional and legal	88	118	25.4%	105	15.9%	302	449	32.7%
Other operating expenses	498	525	5.1%	491	(1.5%)	1,486	1,489	0.2%
Total operating expenses	3,405	3,341	(1.9%)	3,021	(12.7%)	10,121	9,301	(8.8%)
Net income before taxes	1,543	1,406	9.7%	1,233	25.1%	4,123	2,877	43.3%
Income taxes	648	576	(12.5%)	506	(28.2%)	1,706	1,180	(44.6%)
Net income	895	830	7.8%	728	23.0%	2,417	1,698	42.4%
Preferred dividends	89	89	0.0%	142	37.5%	267	427	37.5%
Net income to common	806	741	8.8%	585	37.7%	2,150	1,271	69.2%
Earnings Per Share								
Basic earnings per share	$ 0.19	$ 0.17		$ 0.14		$ 0.50	$ 0.30	
Diluted earnings per share	$ 0.18	$ 0.17		$ 0.14		$ 0.48	$ 0.30	
Average shares outstanding	4,187	4,171		4,131		4,167	4,113	
Average diluted shares	4,390	4,352		4,177		4,338	4,141	
Performance Ratios								
Return on average assets	0.73%	0.69%		0.68%		0.68%	0.55%	
Return on average common equity	8.02%	7.64%		6.40%		7.37%	4.74%	
Net interest margin	3.96%	3.95%		3.88%		3.97%	3.89%	
Cost of funds	0.18%	0.18%		0.22%		0.19%	0.22%	
Efficiency ratio	68.8%	69.2%		71.0%		70.7%	76.4%	
Average Balances								
Total assets	484,699	479,221		427,409		471,881	411,506	
Earning assets	476,849	471,872		420,255		464,504	404,666	
Total loans	403,372	399,895		342,378		395,218	328,304	
Total deposits	426,552	419,923		377,918		414,256	362,689	
Common equity	39,892	38,931		36,295		38,991	35,814	

NM = Not Meaningful

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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.

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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.