



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 FINANCIAL RESULTS FOR THE FIRST QUARTER 2014

Net income up 58% over First Quarter 2013

San Francisco, CA, April 15, 2014: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the first quarter ended March 31, 2014 with net income for the quarter of \$693 thousand, a 58 % increase over the \$439 thousand achieved in the first quarter of 2013. Loans, deposits and total assets all grew to record levels during the quarter.

“We are pleased that our growth momentum continued even in the traditionally soft first quarter,” said Presidio Bank President and CEO Steve Heitel. “While the Bank is still attracting new clients and gaining market share, it is pleasing to now see growth coming from our existing clients as well—another sign of improved economic conditions.”

Financial Highlights

- Total Loans outstanding grew by \$17 million or 4% over the quarter ended December 31, 2013 and by \$71 million or 22% over the quarter ended March 31, 2013.
- Total Deposits increased by \$27 million or 7% from the quarter ended December 31, 2013 and by \$90 million or 27% from the quarter ended March 31, 2013. A number of depositors were holding higher than usual balances at quarters end which somewhat exaggerates the deposit growth in the quarter. We expect these balance levels to normalize in the second quarter.
- Net interest income of \$4.4 million in the first quarter was up 5% over the fourth quarter of 2013 despite two fewer days in the first quarter. Net interest income was up 18% over the same quarter last year.
- Operating Expenses increased 9% from the fourth quarter as the first quarter has seasonally high employer payroll taxes and employee benefit expense. In addition, the Bank started to incur expenses related to its previously announced new office in San Mateo, projected to open in the second half of the year.
- Net Income applicable to common shareholders was \$604 thousand for the quarter, an increase of 104% over the first quarter of 2013. Net Income was down slightly from the December quarter, primarily due to the aforementioned expense and day-count impacts.
- Diluted earnings per common share were \$0.14 for the quarter compared to \$0.19 in the fourth quarter of 2013 and \$0.07 in the first quarter of 2013. EPS in the fourth quarter of 2013 included \$0.03 in non-recurring gain on redemption of Perpetual Preferred Stock.
- Book value per share increased to \$9.15 per share as of March 31, 2014 from \$8.99 per share at December 31, 2013 and \$8.50 per share at March 31, 2013.

“It’s great to be off to a strong start in 2014,” said Presidio Bank Chairman and Founder, Jim Woolwine. “I am honored that high quality clients are continuing to choose Presidio Bank as their financial partner.”

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1st Quarter 2014 Financial Results

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

Condensed Balance Sheet

	3/31/2014	12/31/2013	Change	3/31/2013	Change
Cash and due from banks	5,103	5,694	-10.4%	3,769	35.4%
Interest bearing due from banks	66,188	49,545	33.6%	46,153	43.4%
Total cash and equivalents	71,291	55,239	29.1%	49,922	42.8%
Investment securities	14,124	14,230	-0.7%	13,378	5.6%
Loans, net of fees	389,749	373,421	4.4%	318,766	22.3%
Allowance for loan losses	(4,871)	(4,867)	0.1%	(4,945)	-1.5%
Net loans	384,878	368,554	4.4%	313,821	22.6%
Premises and equipment, net	1,033	932	10.8%	1,019	1.4%
Other assets and interest receivable	5,086	4,863	4.6%	5,101	-0.3%
Total assets	476,412	443,818	7.3%	383,241	24.3%
Non-interest-bearing demand	143,202	132,546	8.0%	113,118	26.6%
Interest bearing transaction	62,994	71,760	-12.2%	58,479	7.7%
Money market and savings accounts	178,869	153,180	16.8%	119,996	49.1%
Time deposits	39,038	39,672	-1.6%	43,298	-9.8%
Total deposits	424,103	397,158	6.8%	334,891	26.6%
Other liabilities	7,282	2,376	206.5%	2,053	254.7%
Total liabilities	431,385	399,534	8.0%	336,944	28.0%
Preferred stock	6,827	6,811	0.2%	11,018	-38.0%
Common stock	43,667	43,540	0.3%	41,438	5.4%
Retained earnings	(5,311)	(5,898)	10.0%	(6,121)	13.2%
Other comprehensive income	(156)	(169)	7.7%	(38)	
Total shareholder's equity	45,027	44,284	1.7%	46,297	-2.7%
Total liabilities and equity	476,412	443,818	7.3%	383,241	24.3%
Book value per share					
Book value per share	\$ 9.15	\$ 8.99		\$ 8.50	
Total shares outstanding EOP	4,174	4,170		4,152	
Capital Ratios					
Tier 1 leverage ratio	10.0%	10.0%		11.5%	
Tier 1 risk-based capital ratio	10.3%	10.5%		12.4%	
Total risk-based capital ratio	11.6%	11.7%		13.7%	
Tangible common risk-based ratio	8.7%	8.8%		9.7%	

Condensed Statement of Income
For the three months ended

	3/31/2014	12/31/2013	Change Fav./ (Unfav.)	3/31/2013	Change Fav./ (Unfav.)
Interest income	4,572	4,388	4.2%	3,898	17.3%
Interest expense	193	200	3.5%	193	0.0%
Net interest income	4,379	4,188	4.6%	3,705	18.2%
Provision for loan loss	-	-	NM	-	NM
Net interest income after provision	4,379	4,188	4.6%	3,705	18.2%
Other income	170	151	12.6%	129	31.8%
Compensation and benefit expenses	2,186	1,887	(15.8%)	1,873	(16.7%)
Occupancy and equipment expenses	373	382	2.4%	385	3.1%
Data processing	256	258	0.8%	244	(4.9%)
Professional and legal	95	107	11.2%	132	28.0%
Other operating expenses	465	452	(2.9%)	456	(2.0%)
Total operating expenses	3,375	3,086	(9.4%)	3,090	(9.2%)
Net income before taxes	1,174	1,253	(6.3%)	744	57.8%
Income taxes	481	514	6.4%	305	(57.7%)
Net income	693	739	(6.2%)	439	57.9%
Preferred dividends	89	117	23.9%	142	37.5%
Net income to common	604	622	(2.9%)	297	103.6%

Earnings Per Share

Diluted earnings per share	\$ 0.14	\$ 0.19	\$ 0.07
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Performance Ratios

Return on average assets	0.62%	0.66%	0.45%
Return on average common equity	6.42%	6.63%	3.40%
Net interest margin	4.00%	3.80%	3.88%
Cost of funds	0.19%	0.20%	0.23%
Efficiency ratio	74.2%	71.1%	80.6%

Average Balances

Total assets	451,259	444,672	393,831
Earning assets	444,436	437,002	387,213
Total loans	382,154	356,992	312,243
Total deposits	395,956	395,489	345,514
Common equity	38,134	37,239	35,377

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.

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