



PRESIDIO BANK

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PRESS RELEASE

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FOR IMMEDIATE RELEASE:

PRESIDIO BANK REPORTS 37% INCREASE IN NET INCOME FOR THE THIRD QUARTER

San Francisco, CA, October 17, 2013: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the quarter ended September 30, 2013 with net income of \$728 thousand, up 37% from the quarter ended June 30, 2013 and up 60% from the quarter ended September 30, 2012. This represents the highest quarterly net income achieved by the Bank.

“We are pleased that with our continued loan growth, the Bank has reached a size where we are beginning to realize some operating efficiencies that materially enhance our profitability,” said Steve Heitel, Presidio Bank President & CEO.

Financial Highlights

- **Total Loans Outstanding** grew by \$18 million or 5% over the quarter ended June 30, 2013 and by \$87 million or 33% over the quarter ended September 30, 2012.
- **Total Deposits** decreased by \$11 million or 3% from the quarter ended June 30, 2013 and increased \$6 million from the quarter ended September 30, 2012. This decrease was anticipated as some of the large growth in deposits in the first quarter of 2013 was due to temporary funds.
- **Net Interest Income** of \$4.1 million in the quarter was the highest in the bank’s history and 18% higher than the third quarter of 2012.
- **Operating Expenses** declined 5% from the second quarter 2013 but increased 6.9% from the third quarter 2012.
- **Net Income** applicable to common shareholders was \$585 thousand for the third quarter of 2013, and increase of 51% over the second quarter of 2013 and an increase of 87% of the third quarter of 2012.
- **Diluted Earnings per Common Share** were \$0.14 for the quarter compared to \$0.09 in the second quarter of 2013.
- **Book Value per Share** increased to \$8.74 per share as of September 30, 2013 from \$8.54 per share at June 30, 2013.

“The Bank was proud to be selected as a model for MIT’s Department of Urban Studies and Planning comprehensive study entitled ‘Enhancing the Local Impact of Community Banks’ that was completed in September,” said Presidio Bank Chairman and Founder, Jim Woolwine. “It was rewarding to see that many of the Bank’s community development activities were regarded as best practices in the study.”

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3rd Quarter 2013 Financial Results

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

Condensed Balance Sheet

	9/30/2013	6/30/2013	Change	9/30/2012	Change	12/31/2012	Change
Cash and due from banks	5,557	4,091	35.8%	2,123	161.8%	5,105	8.9%
Interest bearing due from banks	51,284	79,991	-35.9%	144,019	-64.4%	71,489	-28.3%
Total cash and equivalents	56,841	84,082	-32.4%	146,142	-61.1%	76,594	-25.8%
Investment Securities	14,218	14,144	0.5%	3,194	345.1%	13,445	5.7%
Loans, net of fees	351,470	333,724	5.3%	264,889	32.7%	313,992	11.9%
Allowance for loan losses	(4,865)	(4,865)	0.0%	(4,945)	-1.6%	(4,945)	-1.6%
Net loans	346,605	328,859	5.4%	259,943	33.3%	309,047	12.2%
Premises and equipment, net	909	984	-7.6%	1,071	-15.2%	1,221	-25.6%
Deferred tax assets	3,118	3,276	-4.8%	3,281	-5.0%	3,324	-6.2%
Other assets and interest receivable	1,831	1,841	-0.5%	1,698	7.8%	1,840	-0.5%
Total Assets	423,523	433,186	-2.2%	415,329	2.0%	405,471	4.5%
Non-interest-bearing demand	125,452	146,309	-14.3%	118,288	6.1%	131,438	-4.6%
Interest bearing transaction	65,749	51,874	26.7%	51,180	28.5%	53,780	22.3%
Money market and savings accounts	141,198	144,514	-2.3%	153,957	-8.3%	129,238	9.3%
Time deposits	41,108	41,745	-1.5%	44,389	-7.4%	42,918	-4.2%
Total Deposits	373,507	384,442	-2.8%	367,814	1.5%	357,374	4.5%
Other liabilities	2,523	2,105	19.9%	1,599	57.8%	2,209	14.2%
Total Liabilities	376,030	386,547	-2.7%	369,413	1.8%	359,583	4.6%
Preferred Stock	11,051	11,035	0.1%	10,986	0.6%	11,002	0.4%
Common Stock	43,333	43,125	0.5%	42,681	1.5%	42,809	1.2%
Retained earnings	(6,683)	(7,252)	7.8%	(7,750)	13.8%	(7,905)	15.5%
Other comprehensive income	(208)	(269)	22.7%	-	-	(18)	-
Total Shareholder's Equity	47,493	46,638	1.8%	45,916	3.4%	45,889	3.5%
Total Liabilities and Equity	423,523	433,186	-2.2%	415,329	2.0%	405,471	4.5%
Book value per share							
Book value per share	\$ 8.74	\$ 8.54		\$ 8.47		\$ 8.46	
Total Shares outstanding EOP	4,170	4,170		4,123		4,123	
Capital Ratios							
Tier 1 leverage ratio	11.1%	11.1%		11.1%		10.8%	
Tier 1 risk-based capital ratio	11.9%	12.0%		14.4%		13.7%	
Total risk-based capital ratio	13.2%	13.3%		15.7%		15.0%	

Condensed Statement of Income

	For the three months ended					For the nine months ended		
	9/30/2013	6/30/2013	Change Fav./ (Unfav.)	9/30/2012	Change Fav./ (Unfav.)	9/30/2013	9/30/2012	Change Fav./ (Unfav.)
Interest Income	4,317	4,151	4.0%	3,700	16.7%	12,366	11,151	10.9%
Interest Expense	209	205	(1.8%)	213	1.8%	607	670	9.5%
Net Interest Income	4,108	3,945	4.1%	3,487	17.8%	11,759	10,480	12.2%
Provision for Loan Loss	-	-	NM	-	NM	-	-	NM
Net Interest Income After Provision	4,108	3,945	4.1%	3,487	17.8%	11,759	10,480	12.2%
Other income	146	145	0.3%	118	23.1%	420	367	14.5%
Compensation and benefit expenses	1,794	1,796	0.1%	1,699	(5.5%)	5,463	5,330	(2.5%)
Occupancy and equipment expenses	383	385	0.7%	422	9.4%	1,153	1,204	4.3%
Data processing	249	256	2.7%	233	(6.6%)	748	643	(16.3%)
Professional and legal	105	212	50.5%	84	(25.0%)	449	263	(70.9%)
Other operating expenses	491	542	9.5%	386	(27.0%)	1,489	1,213	(22.7%)
Total Operating Expenses	3,021	3,190	5.3%	2,825	(6.9%)	9,301	8,653	(7.5%)
Net Income Before Taxes	1,233	900	37.0%	780	58.1%	2,877	2,193	31.2%
Income taxes	506	369	(37.0%)	325	(55.7%)	1,180	904	(30.5%)
Net Income	728	531	37.0%	456	59.7%	1,698	1,289	31.7%
Preferred Dividends	142	142	0.0%	142	0.0%	427	427	0.0%
Net Income to Common	585	389	50.5%	313	86.9%	1,271	862	47.4%
Earnings Per Share								
Basic earnings per share	\$ 0.14	\$ 0.09		\$ 0.08		\$ 0.31	\$ 0.21	
Diluted earnings per share	\$ 0.14	\$ 0.09		\$ 0.08		\$ 0.31	\$ 0.21	
Average shares outstanding	4,133	4,120		4,071		4,113	4,068	
Average fully diluted shares	4,157	4,142		4,076		4,139	4,072	
Performance Ratios								
Return on average assets	0.68%	0.52%		0.45%		0.55%	0.45%	
Return on average common equity	6.40%	4.36%		3.62%		4.74%	3.34%	
Net interest margin	3.88%	3.90%		3.70%		3.89%	3.82%	
Cost of Funds	0.22%	0.23%		0.24%		0.22%	0.27%	
Efficiency ratio	71.0%	78.0%		78.4%		76.4%	79.8%	
Average Balances								
Total Assets	427,409	412,907		401,555		411,506	383,549	
Earning Assets	420,255	406,168		395,399		404,666	376,632	
Total Loans	342,378	329,961		263,916		328,304	258,735	
Total Deposits	377,918	364,277		354,151		362,689	336,568	
Common Equity	36,291	35,754		34,347		35,814	34,533	

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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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.