PRESS RELEASE

PRESIDIO BANK

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FOR IMMEDIATE RELEASE:

PRESIDIO BANK REPORTS LOAN GROWTH OF 26% FOR 2015

Fourth Quarter Highlighted by $48 Million Loan Growth, $45 Million Deposit Growth

San Francisco, CA, February 2, 2016: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the fourth quarter and full year ended December 31, 2015 with loan growth for the year of $108 million, up 26% from 2014. The fourth quarter was highlighted by $48 million in loan growth and $45 million in deposit growth resulting in record levels in both categories. Total assets increased $40 million for the quarter and $112 million for the year. Net Income for the year totaled $2.6 million versus $3.1 million earned in 2014. The year over year comparison was adversely impacted by $600 thousand in additional interest on the Bank's subordinated debt issued in September 2014 and by $828 thousand in additional loan loss provision expense related to the high level of loan growth in 2015.

"We are pleased to have capped a solid year with strong loan and deposit growth in the fourth quarter," said Presidio Bank President and CEO Steve Heitel. "With a record level of earning assets, strong credit quality metrics and five established offices in key business centers in the San Francisco Bay Area, the Bank is well-positioned for 2016 and beyond."

Financial Highlights

- Total Loans outstanding increased by $48 million or 10.1% over the quarter ended September 30, 2015 and increased $108 million or 26.0% for the full year.
- Total Deposits increased by $45 million or 8.4% from the quarter ended September 30, 2015 and increased by $98 million or 20.3% for 2015. As has occurred in the fourth quarter in some prior years, a number of Bank depositors were holding balances that are temporarily inflated. We expect these balances to decline to more normal levels in the first quarter of 2016.
- Net interest income of $5.4 million in the fourth quarter was up 6% over the third quarter of 2015 as a result of loan growth. Net Interest Income was up 6.5% for the year. This growth was somewhat tempered by the previously mentioned increase in interest expense on the Bank's Subordinated Notes that were only outstanding for one quarter in 2014. Net Interest Margin decreased year over year from 3.88% in 2014 to 3.48% in 2015. This decrease was due primarily to higher levels of lower yielding liquid assets maintained by the Bank in 2015 and the higher interest expense from the Subordinated Notes. Yield on loans decreased from 4.83% to 4.69% while cost of deposits declined from 0.18% to 0.16%. Net Interest Margin for the fourth quarter of 2015 increased to 3.48% from 3.45% in the third quarter of 2015 due to higher loan balances.
- Operating Expenses increased 11.5% for the year primarily due to the full year impact of the San Mateo team hired in 2014, other growth related staff additions during 2015, and the full year impact of the lease expense for the San Mateo office, which commenced in the fourth quarter of 2014.

- Net Income applicable to common shareholders was $2,138 thousand for the year, a decrease of 21.7% over 2014.
- Credit quality remains strong with a classified loan to capital ratio of 6.3%. The Bank added $707 thousand to the Allowance for Loan Losses during the fourth quarter due primarily to growth in the loan portfolio. The Allowance for Loans Losses stood at 1.2% of total loans at December 31, 2015. The Allowance for Loan Losses of $6.3 million covers non-performing loans by over five times. At year end, the Bank had two Non-Performing Loans totaling an aggregate of $1.2 million.
- Diluted earnings per common share were $0.13 for the quarter compared to $0.09 in the Third quarter of 2015 and $0.14 in the fourth quarter of 2014.
- Book value per share increased to $10.51 per share as of December 31, 2015 from $10.37 per share at September 30, 2015 and $9.74 per share at December 31, 2014.

"In addition to strong loan and deposit growth in 2015, the Bank successfully raised $12 million in Common Equity, redeemed its remaining Perpetual Preferred Stock and maintained its strong asset quality," said Presidio Bank Chairman and Founder, Jim Woolwine. "We are pleased to be celebrating our tenth year of serving Bay Area businesses, real estate professionals, not-for-profit organizations and financially sophisticated individuals."

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4th Quarter 2015 Financial Results

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

Condensed Balance Sheet

	12/31/2015	9/30/2015	Change	12/31/2014	Change
Cash and due from banks	6,175	8,984	-31.3%	5,621	9.9%
Interest bearing due from banks	103,211	108,898	-5.2%	104,642	-1.4%
Total cash and equivalents	109,386	117,882	-7.2%	110,263	-0.8%
Investment securities	15,034	14,203	5.9%	14,392	4.5%
Loans, net of fees	523,815	475,466	10.2%	415,741	26.0%
Allowance for loan losses	(6,301)	(5,594)	12.6%	(5,172)	21.8%
Net loans	517,514	469,872	10.1%	410,569	26.0%
Premises and equipment, net	1,231	1,313	-6.2%	1,477	-16.7%
Other assets and interest receivable	11,484	11,222	2.3%	6,052	89.8%
Total assets	654,649	614,492	6.5%	542,753	20.6%
Non-interest-bearing demand	210,998	204,348	3.3%	164,353	28.4%
Interest bearing transaction	78,359	69,142	13.3%	69,646	12.5%
Money market and savings accounts	249,876	216,602	15.4%	196,050	27.5%
Time deposits	40,118	44,388	-9.6%	51,643	-22.3%
Total deposits	579,351	534,480	8.4%	481,692	20.3%
Borrowings	10,273	10,160	1.1%	10,360	-0.8%
Other liabilities	7,472	15,020	-50.3%	2,884	159.1%
Total liabilities	597,096	559,660	6.7%	494,936	20.6%
Preferred stock	-	-		6,869	-100.0%
Common stock	58,796	56,769	3.6%	44,207	33.0%
Retained earnings	(1,100)	(1,804)	39.0%	(3,167)	65.3%
Other comprehensive income	(142)	(133)	-6.8%	(92)	-54.3%
Total shareholder's equity	57,554	54,832	5.0%	47,817	20.4%
Total liabilities and equity	654,650	614,492	6.5%	542,753	20.6%
Book value per share					
Book value per share	$ 10.51	$ 10.37		$ 9.74	
Total shares outstanding EOP	5,477	5,288		4,203	
Capital Ratios					
Tier 1 leverage ratio	9.0%	9.1%		8.8%	
Tier 1 risk-based capital ratio	9.4%	9.7%		10.0%	
Total risk-based capital ratio	12.1%	12.6%		13.3%	
Common equity tier 1 capital ratio	9.4%	9.7%		8.5%	

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Condensed Statement of Income

	For the three months ended					For the twelve months ended		
	12/31/2015	9/30/2015	Change Fav./ (Unfav.)	12/31/2014	Change Fav./ (Unfav.)	12/31/2015	12/31/2014	Change Fav./ (Unfav.)
Interest income	5,860	5,557	5.5%	5,342	9.7%	21,583	19,719	9.5%
Interest expense	409	421	2.9%	424	3.5%	1,662	1,010	(64.6%)
Net interest income	5,451	5,136	6.1%	4,918	10.8%	19,921	18,709	6.5%
Provision for loan loss	707	422	(67.5%)	220	(221.4%)	1,129	301	275.1%
Net interest income after provision	4,744	4,714	0.6%	4,698	1.0%	18,792	18,408	2.1%
Other income	158	191	(17.3%)	167	(5.4%)	701	701	0.0%
Compensation and benefit expenses	2,441	2,331	(4.7%)	2,134	(14.4%)	9,668	8,550	(13.1%)
Occupancy and equipment expenses	441	445	0.9%	447	1.3%	1,765	1,586	(11.3%)
Data processing	299	289	(3.5%)	286	(4.5%)	1,152	1,064	(8.3%)
Professional and legal	114	116	1.7%	123	7.3%	531	429	(23.8%)
Other operating expenses	575	557	(3.3%)	618	6.9%	2,185	2,100	(4.1%)
Total operating expenses	3,870	3,738	(3.5%)	3,608	(7.3%)	15,301	13,729	(11.5%)
Net income before taxes	1,032	1,167	(11.6%)	1,257	(17.9%)	4,192	5,380	(22.1%)
Income taxes	329	480	31.5%	528	37.7%	1,623	2,234	27.4%
Net income	703	687	2.3%	729	(3.6%)	2,569	3,146	(18.3%)
Preferred dividends and accretion	-	155	100.0%	89	100.0%	431	414	(4.0%)
Net income to common	703	532	32.1%	640	9.8%	2,138	2,732	(21.7%)
Earnings Per Share								
Basic earnings per share	$ 0.13	$ 0.10		$ 0.15		$ 0.45	$ 0.65	
Diluted earnings per share	$ 0.13	$ 0.09		$ 0.14		$ 0.43	$ 0.63	
Average shares outstanding	5,328	5,263		4,194		4,773	4,178	
Average diluted shares	5,598	5,515		4,412		5,022	4,365	
Performance Ratios								
Return on average assets	0.41%	0.45%		0.53%		0.43%	0.64%	
Return on average common equity	4.62%	3.84%		6.20%		4.25%	7.07%	
Net interest margin	3.48%	3.45%		3.67%		3.48%	3.88%	
Cost of funds	0.28%	0.30%		0.33%		0.31%	0.23%	
Efficiency ratio	70.0%	70.2%		71.0%		74.7%	70.7%	
Average Balances								
Total assets	638,463	606,634		543,885		585,563	490,032	
Earning assets	624,057	592,748		535,387		572,116	482,371	
Total loans	484,924	453,483		403,479		444,418	397,300	
Total deposits	564,379	527,295		482,904		514,833	431,559	
Common equity	56,197	54,963		40,943		54,148	39,482	

About Presidio Bank

Presidio Bank celebrates ten years of providing 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, 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.