



# 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  
925.287.7881 (o) / 925.787.2956 (c)  
[agelinas@presidiobank.com](mailto:agelinas@presidiobank.com)

**FOR IMMEDIATE RELEASE:**

## PRESIDIO BANK REPORTS RESULTS FOR THE THIRD QUARTER 2016

San Francisco, CA, October 25, 2016: Presidio Bank (OTCBB: PDOB), a Bay Area business bank, today reported unaudited results for the third quarter ended September 30, 2016 with Net Income of \$1,184 thousand, up 3% from the quarter ended June 30, 2016 and up 72% from the third quarter 2015. For the nine months ended September 30, 2016, Net Income was \$3,274 thousand, up 76% over the same period a year ago. Total assets were \$738 million at September 30, 2016, up \$90 million from June 30, 2016 and up \$124 million over September 30, 2015.

“Presidio Bank posted another solid quarter,” said Presidio Bank President and CEO Steve Heitel. “With a record level of total assets, the Bank continues to show year-over-year improvement in profitability and efficiency.”

### Financial Highlights

- Total Loans Outstanding were essentially flat from the quarter ending June 30, 2016 despite good growth in both Commercial and Industrial Loans and Commercial Real Estate Loans, which were up a combined \$15 million. Construction and Land Development Loans were down \$19 million for the quarter as projects continue to sell or refinance ahead of schedule due to the robust economy. New loan Commitments for the quarter were strong at \$68 million, up from \$44 million in the second quarter.
- Total Deposits increased by \$116 million from the quarter ended June 30, 2016. The growth was aided by a single large money market deposit of \$75 million that came in at the end of August and is expected to run-off in the fourth quarter. After declining in the second quarter, Demand Deposits rebounded with growth of \$22 million in the quarter. Due to the large increase in Money Market Deposits, Demand Deposits declined to 34% of Total Deposits from 37% in the prior quarter.
- Net Interest Income of \$6.1 million in the third quarter of 2016 was up 4% from the second quarter of 2016 and up 19% from the third quarter of 2015. YTD Net Interest Income is up 24%. Net Interest Margin decreased during the quarter to 3.59% from 3.70% in the second quarter of 2016, due primarily to higher levels of lower yielding liquid assets carried during the quarter. Loan Yields and Deposit Costs were essentially flat for the quarter. YTD Net Interest Margin is 3.71% compared to 3.49% for the same period in 2015.
- Operating Expenses increased by 2.4% over the second quarter of 2016. The majority of this increase came in Compensation and Benefits Expense and was related to growth-driven additions to staff and an increase to the accrual for incentive compensation due to higher than planned deposit balances. YTD Operating Expenses are up 11% compared to revenue growth of 23% during the same period. Net Income Applicable to Common Shareholders was \$1,184 thousand for the third quarter of 2016, up 3% from the second quarter of 2016 and up 123% from the third quarter of 2015. The disproportionate increase over the third quarter of 2015 is due primarily to elimination of dividends on the Bank’s Perpetual Preferred Stock, which was fully redeemed in the third quarter of 2015.



# PRESIDIO BANK

- Credit Quality remains strong although the Classified to Capital Ratio increased from 3.9% at June 30, 2016 to 5.4% at September 30, 2016 due to the downgrade of a commercial borrower during the quarter. The number of classified relationships now totals five. The Allowance for Loans Losses increased by \$274 thousand to \$6.6 million due to the increase in Classified Assets during the quarter along with the increase in Commercial & Industrial Loans outstanding. The Allowance for Loan Losses covers Non-Performing Loans by six times. The Bank continues to have one non-performing loan totaling \$1.1 million.
- Diluted Earnings per Common Share were \$0.19 for the quarter compared to \$0.19 in the second quarter of 2016 and \$0.09 in the third quarter of 2015.
- Book Value per Share increased to \$11.04 per share as of September 30, 2016 from \$10.82 per share at June 30, 2016 and \$10.37 per share at September 30, 2015.

“We enter into our second decade of serving Bay Area businesses, real estate professionals, not-for-profit organizations and financially sophisticated individuals with strong momentum.” said Presidio Bank Chairman and Founder, Jim Woolwine. “While we are pleased with our success so far, this is just the beginning of what we are striving to achieve.”

-more-

### 3<sup>rd</sup> Quarter 2016 Financial Results

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

#### Condensed Balance Sheet

|                                      | 9/30/2016 | 6/30/2016 | Change  | 9/30/2015 | Change | 12/31/2015 | Change |
|--------------------------------------|-----------|-----------|---------|-----------|--------|------------|--------|
| Cash and due from banks              | 6,743     | 9,430     | -28.5%  | 8,984     | -24.9% | 6,175      | 9.2%   |
| Interest bearing due from banks      | 168,954   | 73,324    | 130.4%  | 108,898   | 55.1%  | 103,211    | 63.7%  |
| Total cash and equivalents           | 175,697   | 82,754    | 112.3%  | 117,882   | 49.0%  | 109,386    | 60.6%  |
| Investment securities                | 13,955    | 14,456    | -3.5%   | 14,203    | -1.7%  | 15,034     | -7.2%  |
| Loans, net of fees                   | 542,867   | 544,577   | -0.3%   | 475,466   | 14.2%  | 523,815    | 3.6%   |
| Allowance for loan losses            | (6,642)   | (6,368)   | 4.3%    | (5,594)   | 18.7%  | (6,301)    | 5.4%   |
| Net loans                            | 536,225   | 538,209   | -0.4%   | 469,872   | 14.1%  | 517,514    | 3.6%   |
| Premises and equipment, net          | 1,041     | 1,101     | -5.4%   | 1,313     | -20.7% | 1,231      | -15.4% |
| Other assets and interest receivable | 10,952    | 11,264    | -2.8%   | 10,829    | 1.1%   | 11,102     | -1.4%  |
| Total assets                         | 737,870   | 647,784   | 13.9%   | 614,099   | 20.2%  | 654,267    | 12.8%  |
| Non-interest-bearing demand          | 222,877   | 201,121   | 10.8%   | 204,348   | 9.1%   | 210,997    | 5.6%   |
| Interest bearing transaction         | 80,112    | 83,121    | -3.6%   | 69,142    | 15.9%  | 78,359     | 2.2%   |
| Money market and savings accounts    | 291,551   | 213,227   | 36.7%   | 216,602   | 34.6%  | 249,876    | 16.7%  |
| Time deposits                        | 61,404    | 42,755    | 43.6%   | 44,388    | 38.3%  | 40,118     | 53.1%  |
| Total deposits                       | 655,944   | 540,224   | 21.4%   | 534,480   | 22.7%  | 579,350    | 13.2%  |
| Borrowings                           | 9,770     | 37,510    | -74.0%  | 9,767     | 0.0%   | 9,891      | -1.2%  |
| Other liabilities                    | 6,531     | 6,272     | 4.1%    | 15,020    | -56.5% | 7,472      | -12.6% |
| Total liabilities                    | 672,245   | 584,006   | 15.1%   | 559,267   | 20.2%  | 596,713    | 12.7%  |
| Common stock                         | 63,492    | 62,807    | 1.1%    | 56,789    | 11.8%  | 58,796     | 8.0%   |
| Retained earnings                    | 2,174     | 989       | 319.8%  | (1,824)   | 219.2% | (1,100)    | 297.6% |
| Other comprehensive income           | (41)      | (18)      | -127.8% | (133)     | 69.2%  | (142)      | 71.1%  |
| Total shareholder's equity           | 65,625    | 63,778    | 2.9%    | 54,832    | 19.7%  | 57,554     | 14.0%  |
| Total liabilities and equity         | 737,870   | 647,784   | 13.9%   | 614,099   | 20.2%  | 654,267    | 12.8%  |

#### Book value per share

|                              |          |          |          |          |
|------------------------------|----------|----------|----------|----------|
| Book value per share         | \$ 11.04 | \$ 10.82 | \$ 10.37 | \$ 10.51 |
| Total shares outstanding EOP | 5,944    | 5,893    | 5,288    | 5,477    |

#### Capital Ratios

|                                    |       |       |       |       |
|------------------------------------|-------|-------|-------|-------|
| Common equity tier 1 capital ratio | 10.3% | 10.1% | 9.7%  | 9.4%  |
| Tier 1 risk-based capital ratio    | 10.3% | 10.1% | 9.7%  | 9.4%  |
| Total risk-based capital ratio     | 12.9% | 12.8% | 12.6% | 12.2% |
| Tier 1 leverage ratio              | 9.5%  | 9.8%  | 9.1%  | 9.0%  |

**Condensed Statement of Income**
*(Dollars in thousands, except per share amounts, unaudited)*

|                                     | For the three months ended |           |                       |           |                       | For the nine months ended |           |                       |
|-------------------------------------|----------------------------|-----------|-----------------------|-----------|-----------------------|---------------------------|-----------|-----------------------|
|                                     | 9/30/2016                  | 6/30/2016 | Change Fav./ (Unfav.) | 9/30/2015 | Change Fav./ (Unfav.) | 9/30/2016                 | 9/30/2015 | Change Fav./ (Unfav.) |
| Interest income                     | 6,575                      | 6,309     | 4.2%                  | 5,557     | 18.3%                 | 19,257                    | 15,723    | 22.5%                 |
| Interest expense                    | 471                        | 436       | (8.0%)                | 421       | (11.9%)               | 1,320                     | 1,253     | (5.3%)                |
| Net interest income                 | 6,104                      | 5,873     | 3.9%                  | 5,136     | 18.8%                 | 17,937                    | 14,470    | 24.0%                 |
| Provision for loan loss             | 274                        | 67        | NM                    | 422       | NM                    | 341                       | 422       | NM                    |
| Net interest income after provision | 5,830                      | 5,806     | 0.4%                  | 4,714     | 23.7%                 | 17,596                    | 14,048    | 25.3%                 |
| Other income                        | 177                        | 161       | 9.9%                  | 191       | (7.3%)                | 510                       | 543       | (6.1%)                |
| Compensation and benefit expenses   | 2,546                      | 2,424     | (5.0%)                | 2,331     | (9.2%)                | 8,014                     | 7,227     | (10.9%)               |
| Occupancy and equipment expenses    | 531                        | 531       | 0.0%                  | 445       | (19.3%)               | 1,578                     | 1,324     | (19.2%)               |
| Data processing                     | 320                        | 304       | (5.3%)                | 289       | (10.7%)               | 947                       | 853       | (11.0%)               |
| Professional and legal              | 142                        | 141       | (0.7%)                | 116       | (22.4%)               | 418                       | 417       | (0.2%)                |
| Other operating expenses            | 548                        | 593       | 7.6%                  | 557       | 1.6%                  | 1,697                     | 1,610     | (5.4%)                |
| Total operating expenses            | 4,087                      | 3,993     | (2.4%)                | 3,738     | (9.3%)                | 12,654                    | 11,431    | (10.7%)               |
| Net income before taxes             | 1,920                      | 1,974     | (2.7%)                | 1,167     | 64.5%                 | 5,452                     | 3,160     | 72.5%                 |
| Income taxes                        | 736                        | 825       | 10.8%                 | 480       | (53.3%)               | 2,178                     | 1,294     | (68.3%)               |
| Net income                          | 1,184                      | 1,149     | 3.0%                  | 687       | 72.3%                 | 3,274                     | 1,866     | 75.5%                 |
| Preferred dividends                 | -                          | -         | NM                    | 155       | NM                    | -                         | 431       | 100.0%                |
| Net income to common                | 1,184                      | 1,149     | 3.0%                  | 532       | 122.6%                | 3,274                     | 1,435     | 128.2%                |

**Earnings Per Share**

|                            |         |         |  |         |  |         |         |
|----------------------------|---------|---------|--|---------|--|---------|---------|
| Basic earnings per share   | \$ 0.20 | \$ 0.20 |  | \$ 0.10 |  | \$ 0.57 | \$ 0.30 |
| Diluted earnings per share | \$ 0.19 | \$ 0.19 |  | \$ 0.09 |  | \$ 0.55 | \$ 0.29 |
| Basic shares outstanding   | 5,926   | 5,713   |  | 5,263   |  | 5,738   | 4,588   |
| Diluted shares outstanding | 6,096   | 5,922   |  | 5,515   |  | 5,943   | 4,827   |

**Performance Ratios**

|                                 |       |       |  |       |  |       |       |
|---------------------------------|-------|-------|--|-------|--|-------|-------|
| Return on average assets        | 0.68% | 0.71% |  | 0.45% |  | 0.66% | 0.44% |
| Return on average common equity | 7.22% | 7.46% |  | 3.84% |  | 7.04% | 4.11% |
| Net interest margin             | 3.59% | 3.70% |  | 3.44% |  | 3.71% | 3.49% |
| Cost of funds                   | 0.29% | 0.30% |  | 0.30% |  | 0.30% | 0.32% |
| Efficiency ratio                | 65.1% | 66.2% |  | 70.2% |  | 68.6% | 76.1% |

**Average Balances**

|                |         |         |  |         |  |         |         |
|----------------|---------|---------|--|---------|--|---------|---------|
| Total assets   | 694,088 | 653,042 |  | 606,234 |  | 661,177 | 567,354 |
| Earning assets | 679,353 | 638,560 |  | 592,748 |  | 646,505 | 554,891 |
| Total loans    | 547,748 | 531,739 |  | 453,483 |  | 534,020 | 430,768 |
| Total deposits | 603,428 | 568,518 |  | 527,295 |  | 576,746 | 498,136 |
| Common equity  | 65,228  | 61,945  |  | 54,963  |  | 62,096  | 46,638  |

NM = Not Meaningful

## Condensed Balance Sheet (5 Quarter Data)

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

|                                      | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 | 9/30/2015 |
|--------------------------------------|-----------|-----------|-----------|------------|-----------|
| Cash and due from banks              | 6,743     | 9,430     | 12,723    | 6,175      | 8,984     |
| Interest bearing due from banks      | 168,954   | 73,324    | 96,867    | 103,211    | 108,898   |
| Total cash and equivalents           | 175,697   | 82,754    | 109,590   | 109,386    | 117,882   |
| Investment securities                | 13,955    | 14,456    | 14,548    | 15,034     | 14,203    |
| Loans, net of fees                   | 542,867   | 544,577   | 522,942   | 523,815    | 475,466   |
| Allowance for loan losses            | (6,642)   | (6,368)   | (6,301)   | (6,301)    | (5,594)   |
| Net loans                            | 536,225   | 538,209   | 516,641   | 517,514    | 469,872   |
| Premises and equipment, net          | 1,041     | 1,101     | 1,155     | 1,231      | 1,313     |
| Other assets and interest receivable | 10,952    | 11,264    | 11,274    | 11,102     | 10,829    |
| Total assets                         | 737,870   | 647,784   | 653,208   | 654,267    | 614,099   |
| Non-interest-bearing demand          | 222,877   | 201,121   | 210,872   | 210,997    | 204,348   |
| Interest bearing transaction         | 80,112    | 83,121    | 104,147   | 78,359     | 69,142    |
| Money market and savings accounts    | 291,551   | 213,227   | 220,936   | 249,876    | 216,602   |
| Time deposits                        | 61,404    | 42,755    | 40,827    | 40,118     | 44,388    |
| Total deposits                       | 655,944   | 540,224   | 576,782   | 579,350    | 534,480   |
| Borrowings                           | 9,770     | 37,510    | 9,773     | 9,891      | 9,767     |
| Other liabilities                    | 6,531     | 6,272     | 6,629     | 7,472      | 15,020    |
| Total liabilities                    | 672,245   | 584,006   | 593,184   | 596,713    | 559,267   |
| Preferred stock                      |           |           | -         | -          | -         |
| Common stock                         | 63,492    | 62,807    | 60,248    | 58,796     | 56,789    |
| Retained earnings                    | 2,174     | 989       | (160)     | (1,100)    | (1,824)   |
| Other comprehensive income           | (41)      | (18)      | (64)      | (142)      | (133)     |
| Total shareholder's equity           | 65,625    | 63,778    | 60,024    | 57,554     | 54,832    |
| Total liabilities and equity         | 737,870   | 647,784   | 653,208   | 654,267    | 614,099   |
| <b>Book value per share</b>          |           |           |           |            |           |
| Book value per share                 | \$ 11.04  | \$ 10.82  | \$ 10.75  | \$ 10.51   | \$ 10.37  |
| Total shares outstanding EOP         | 5,944     | 5,893     | 5,581     | 5,477      | 5,288     |
| <b>Capital Ratios</b>                |           |           |           |            |           |
| Tier 1 leverage ratio                | 9.5%      | 9.8%      | 9.5%      | 9.0%       | 9.1%      |
| Tier 1 risk-based capital ratio      | 10.3%     | 10.1%     | 9.8%      | 9.4%       | 9.7%      |
| Total risk-based capital ratio       | 12.9%     | 12.8%     | 12.5%     | 12.2%      | 12.6%     |
| Tangible common risk-based ratio     | 10.3%     | 10.1%     | 9.8%      | 9.4%       | 9.7%      |

**Condensed Statement of Income (5 Quarter Data)**
*(Dollars in thousands, except per share amounts, unaudited)*
**For the three months ended**

|                                     | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 | 9/30/2015 |
|-------------------------------------|-----------|-----------|-----------|------------|-----------|
| Interest income                     | 6,575     | 6,309     | 6,372     | 5,860      | 5,557     |
| Interest expense                    | 471       | 436       | 413       | 409        | 421       |
| Net interest income                 | 6,104     | 5,873     | 5,959     | 5,451      | 5,136     |
| Provision for loan loss             | 274       | 67        | -         | 707        | 422       |
| Net interest income after provision | 5,830     | 5,806     | 5,959     | 4,744      | 4,714     |
| Other income                        | 177       | 161       | 171       | 158        | 191       |
| Compensation and benefit expenses   | 2,546     | 2,424     | 3,044     | 2,441      | 2,331     |
| Occupancy and equipment expenses    | 531       | 531       | 516       | 441        | 445       |
| Data processing                     | 320       | 304       | 323       | 299        | 289       |
| Professional and legal              | 142       | 141       | 136       | 114        | 116       |
| Other operating expenses            | 548       | 593       | 553       | 575        | 557       |
| Total operating expenses            | 4,087     | 3,993     | 4,572     | 3,870      | 3,738     |
| Net income before taxes             | 1,920     | 1,974     | 1,558     | 1,032      | 1,167     |
| Income taxes                        | 736       | 825       | 618       | 329        | 480       |
| Net income                          | 1,184     | 1,149     | 940       | 703        | 687       |
| Preferred dividends                 | -         | -         | -         | -          | 155       |
| Net income to common                | 1,184     | 1,149     | 940       | 703        | 532       |

**Earnings Per Share**

|                            |         |         |         |         |         |
|----------------------------|---------|---------|---------|---------|---------|
| Basic earnings per share   | \$ 0.20 | \$ 0.20 | \$ 0.17 | \$ 0.13 | \$ 0.10 |
| Diluted earnings per share | \$ 0.19 | \$ 0.19 | \$ 0.16 | \$ 0.13 | \$ 0.09 |
| Average shares outstanding | 5,926   | 5,713   | 5,517   | 5,328   | 5,263   |
| Average diluted shares     | 6,096   | 5,922   | 5,756   | 5,598   | 5,515   |

**Performance Ratios**

|                                 |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|
| Return on average assets        | 0.68% | 0.71% | 0.59% | 0.41% | 0.45% |
| Return on average common equity | 7.22% | 7.46% | 6.38% | 4.62% | 3.84% |
| Net interest margin             | 3.59% | 3.70% | 3.86% | 3.48% | 3.44% |
| Cost of funds                   | 0.29% | 0.30% | 0.29% | 0.29% | 0.30% |
| Efficiency ratio                | 65.1% | 66.2% | 74.6% | 70.0% | 70.2% |

**Average Balances**

|                |         |         |         |         |         |
|----------------|---------|---------|---------|---------|---------|
| Total assets   | 694,088 | 653,042 | 636,043 | 638,463 | 606,234 |
| Earning assets | 679,353 | 638,560 | 621,240 | 624,057 | 592,748 |
| Total loans    | 547,748 | 531,739 | 522,422 | 484,924 | 453,483 |
| Total deposits | 603,428 | 568,518 | 558,000 | 564,379 | 527,295 |
| Common equity  | 65,228  | 61,945  | 59,117  | 56,197  | 54,963  |

## Loans (5 Quarter Data)

(Dollars in Thousands, unaudited)

|                           | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 | 9/30/2015 |
|---------------------------|-----------|-----------|-----------|------------|-----------|
| Commercial real estate    | 248,646   | 244,457   | 226,555   | 224,220    | 207,595   |
| Land and construction     | 20,025    | 38,714    | 47,960    | 42,493     | 35,109    |
| Commercial                | 161,783   | 150,613   | 145,127   | 153,853    | 142,134   |
| Personal                  | 31,411    | 35,376    | 30,465    | 27,103     | 23,367    |
| Residential               | 30,977    | 26,852    | 25,013    | 30,212     | 26,077    |
| Multifamily               | 50,832    | 49,379    | 48,659    | 46,827     | 41,998    |
| Deferred loan fees        | (806)     | (813)     | (837)     | (893)      | (813)     |
| Loans                     | 542,867   | 544,577   | 522,942   | 523,814    | 475,466   |
| Allowance for loan losses | (6,642)   | (6,368)   | (6,301)   | (6,301)    | (5,594)   |
| Net loans                 | 536,225   | 538,209   | 516,641   | 517,514    | 469,872   |

## Non-Performing Assets (5 Quarter Data)

(Dollars in Thousands, unaudited)

|                                | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 | 9/30/2015 |
|--------------------------------|-----------|-----------|-----------|------------|-----------|
| Non-Accrual Loans              | 1,068     | 1,074     | 1,094     | 1,213      | 1,232     |
| Non-Performing Loans (NPL)     | 1,068     | 1,074     | 1,094     | 1,213      | 1,232     |
| Other Real Estate Owned        | -         | -         | -         | -          | -         |
| Non-Performing Assets (NPA)    | 1,068     | 1,074     | 1,094     | 1,213      | 1,232     |
| 90+ Days Delinquent            | -         | -         | -         | -          | -         |
| NPAs & 90 Day Delinquent       | 1,068     | 1,074     | 1,094     | 1,213      | 1,232     |
| Quarterly Net Charge-off's     | -         | -         | -         | -          | -         |
| NPAs / Assets %                | 0.14%     | 0.17%     | 0.17%     | 0.19%      | 0.20%     |
| NPAs & 90 Day / Assets %       | 0.14%     | 0.17%     | 0.17%     | 0.19%      | 0.20%     |
| NPAs / Actual Loans and OREO % | 0.14%     | 0.17%     | 0.17%     | 0.19%      | 0.20%     |
| Loan Loss Reserves / Loans (%) | 1.22%     | 1.17%     | 1.20%     | 1.20%      | 1.18%     |

## Net Interest Income (Quarter Data)

(Dollars in Thousands, unaudited)

|   | For the Three Months Ended |                                |                 |                    |                                |                 |
|---|----------------------------|--------------------------------|-----------------|--------------------|--------------------------------|-----------------|
|   | 9/30/2016                  |                                |                 | 9/30/2015          |                                |                 |
|   | Average<br>Balance         | Interest<br>Income/<br>Expense | Average<br>Rate | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Rate |
| <b>Assets:</b>  |                            |                                |                 |                    |                                |                 |
| Interest-bearing deposits                             | \$ 117,438                 | \$ 152                         | 0.51 %          | \$ 125,139         | \$ 74                          | 0.23 %          |
| Federal Reserve and Federal Home<br>Loan Bank stock   | 4,114                      | 78                             | 7.52            | 3,540              | 71                             | 7.91            |
| Investment Securities                                 | 10,053                     | 34                             | 1.36            | 10,585             | 35                             | 1.31            |
| Loans: (2)  |                            |                                |                 |                    |                                |                 |
| Commercial Real Estate                                | 159,082                    | 1,824                          | 4.56            | 135,104            | 1,582                          | 4.64            |
| Land and Construction                                 | 32,357                     | 444                            | 5.46            | 32,908             | 452                            | 5.45            |
| Commercial Real Estate                                | 245,259                    | 2,833                          | 4.60            | 201,246            | 2,418                          | 4.77            |
| Residential   | 28,502                     | 301                            | 4.20            | 24,860             | 258                            | 4.12            |
| Multifamily   | 49,347                     | 582                            | 4.69            | 39,482             | 468                            | 4.70            |
| Personal  | 33,202                     | 327                            | 3.91            | 19,883             | 200                            | 3.99            |
| <b>Total Loans</b>                                    | <b>547,748</b>             | <b>6,311</b>                   | <b>4.58</b>     | <b>453,483</b>     | <b>5,377</b>                   | <b>4.70</b>     |
| Total Earning Assets                                  | 679,353                    | 6,575                          | 3.85            | 592,748            | 5,557                          | 3.72            |
| Allowance for loan losses                             | (6,306)                    |                                |                 | (6,306)            |                                |                 |
| Cash and cash equivalents                             | 9,824                      |                                |                 | 7,651              |                                |                 |
| Other assets  | 11,216                     |                                |                 | 12,224             |                                |                 |
| <b>Total Assets</b>                                   | <b>\$ 694,088</b>          |                                |                 | <b>\$ 606,317</b>  |                                |                 |
| <b>Liabilities:</b>                                   |                            |                                |                 |                    |                                |                 |
| Interest-bearing deposits:                            |                            |                                |                 |                    |                                |                 |
| Interest-bearing NOW deposits                         | \$ 84,990                  | \$ 41                          | 0.19 %          | \$ 73,458          | \$ 38                          | 0.21 %          |
| Money market deposits                                 | 243,111                    | 145                            | 0.24            | 210,093            | 114                            | 0.22            |
| Savings deposits                                      | 3,306                      | 1                              | 0.11            | 2,065              | 1                              | 0.11            |
| Certificates and other time deposits                  | 55,932                     | 57                             | 0.41            | 50,224             | 57                             | 0.45            |
| <b>Total Interest-bearing Deposits</b>                | <b>387,340</b>             | <b>244</b>                     | <b>0.25</b>     | <b>335,839</b>     | <b>210</b>                     | <b>0.25</b>     |
| Borrowings  | 19,198                     | 222                            | 4.59            | 9,846              | 211                            | 8.50            |
| <b>Total Interest-bearing Liabilities</b>             | <b>406,538</b>             | <b>466</b>                     | <b>0.45</b>     | <b>345,685</b>     | <b>421</b>                     | <b>0.48</b>     |
| Noninterest-bearing deposits                          | 216,691                    |                                |                 | 191,456            |                                |                 |
| Other liabilities                                     | 5,633                      |                                |                 | 7,494              |                                |                 |
| <b>Total Liabilities</b>                              | <b>628,862</b>             |                                |                 | <b>544,634</b>     |                                |                 |
| Stockholders' Equity                                  | 65,226                     |                                |                 | 61,683             |                                |                 |
| <b>Total Liabilities and<br/>Stockholders' Equity</b> | <b>\$ 694,088</b>          |                                |                 | <b>\$ 606,317</b>  |                                |                 |
| <b>Net Interest Income</b>                            |                            | <b>\$ 6,109</b>                |                 |                    | <b>\$ 5,136</b>                |                 |
| <b>Net Interest Margin</b>                            |                            |                                | <b>3.57 %</b>   |                    |                                | <b>3.44 %</b>   |
| <b>Cost of funds</b>                                  |                            |                                | <b>0.30 %</b>   |                    |                                | <b>0.31 %</b>   |



## Net Interest Income (YTD)

(Dollars in Thousands, unaudited)

For the Nine Months Ended

|   | 9/30/2016         |                         |               | 9/30/2015         |                         |               |   |
|---|-------------------|-------------------------|---------------|-------------------|-------------------------|---------------|---|
|   | Average Balance   | Interest Income/Expense | Average Rate  | Average Balance   | Interest Income/Expense | Average Rate  |   |
| <b>Assets:</b>                                    |                   |                         |               |                   |                         |               |   |
| Interest-bearing deposits                         | \$ 97,970         | \$ 379                  | 0.52 %        | \$ 109,910        | \$ 201                  | 0.24          | % |
| Federal Reserve and Federal Home Loan Bank stock  | 3,949             | 213                     | 7.21          | 3,319             | 239                     | 9.62          |   |
| Investment Securities                             | 10,566            | 109                     | 1.38          | 10,894            | 106                     | 1.30          |   |
| Loans: (2)  |                   |                         |               |                   |                         |               |   |
| Commercial Real Estate                            | 152,684           | 5,363                   | 4.69          | 133,519           | 4,606                   | 4.61          |   |
| Land and Construction                             | 39,519            | 1,524                   | 5.15          | 21,967            | 878                     | 5.34          |   |
| Commercial Real Estate Residential                | 234,298           | 8,185                   | 4.67          | 195,925           | 7,088                   | 4.84          |   |
| Multifamily                                       | 27,536            | 866                     | 4.20          | 24,525            | 761                     | 4.15          |   |
| Personal  | 47,752            | 1,657                   | 4.64          | 36,684            | 1,295                   | 4.72          |   |
|   | 32,231            | 960                     | 3.98          | 18,147            | 550                     | 4.06          |   |
| Total Loans                                       | 534,020           | 18,556                  | 4.64          | 430,768           | 15,178                  | 4.71          |   |
| Total Earning Assets                              | 646,505           | 19,257                  | 3.98          | 554,891           | 15,723                  | 3.79          |   |
| Allowance for loan losses                         | (6,306)           |                         |               | (6,306)           |                         |               |   |
| Cash and cash equivalents                         | 9,485             |                         |               | 7,762             |                         |               |   |
| Other assets                                      | 11,493            |                         |               | 11,007            |                         |               |   |
| <b>Total Assets</b>                               | <b>\$ 661,177</b> |                         |               | <b>\$ 567,354</b> |                         |               |   |
| <b>Liabilities:</b>                               |                   |                         |               |                   |                         |               |   |
| Interest-bearing deposits:                        |                   |                         |               |                   |                         |               |   |
| Interest-bearing NOW deposits                     | \$ 86,479         | \$ 130                  | 0.20 %        | \$ 71,717         | \$ 115                  | 0.21          | % |
| Money market deposits                             | 228,441           | 395                     | 0.23          | 199,383           | 328                     | 0.22          |   |
| Savings deposits                                  | 3,374             | 3                       | 0.12          | 2,319             | 2                       | 0.12          |   |
| Certificates and other time deposits              | 45,874            | 141                     | 0.41          | 50,681            | 175                     | 0.46          |   |
| Total Interest-bearing Deposits                   | 364,167           | 668                     | 0.25          | 324,099           | 620                     | 0.26          |   |
| Borrowings  | 15,499            | 652                     | 5.62          | 9,880             | 633                     | 8.57          |   |
| Total Interest-bearing Liabilities                | 379,667           | 1,320                   | 0.46          | 333,979           | 1,253                   | 0.50          |   |
| Noninterest-bearing deposits                      | 212,579           |                         |               | 174,037           |                         |               |   |
| Other liabilities                                 | 6,836             |                         |               | 5,882             |                         |               |   |
| Total Liabilities                                 | 599,081           |                         |               | 513,897           |                         |               |   |
| Stockholders' Equity                              | 62,096            |                         |               | 53,457            |                         |               |   |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 661,177</b> |                         |               | <b>\$ 567,354</b> |                         |               |   |
| <b>Net Interest Income</b>                        |                   | <b>\$ 17,937</b>        |               |                   | <b>\$ 14,470</b>        |               |   |
| <b>Net Interest Margin</b>                        |                   |                         | <b>3.71 %</b> |                   |                         | <b>3.49 %</b> |   |
| <b>Cost of funds</b>                              |                   |                         | <b>0.30 %</b> |                   |                         | <b>0.33 %</b> |   |

**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](http://www.presidiobank.com). Presidio Bank is a member of FDIC and an Equal Housing Lender.

###

*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.*