

FINANCIAL REPORT

Dear Shareholders, Clients and Friends:

Presidio Bank continued the trend of solid earnings growth with net income of \$728 thousand in the quarter ended September 30, 2013, up 37% from the 2nd quarter 2013 and up 60% from the 3rd quarter 2012. Year-to-date net income of \$1.7 million already exceeds the full year total of \$1.3 million from 2012. This strong earnings growth is a result of continued growth in the loan portfolio and strong credit quality metrics combined with only modest expense growth.

KEY FINANCIAL HIGHLIGHTS FOR THE 3RD QUARTER 2013:

- The loan portfolio increased another \$18 million or 5% (20% annualized) during the quarter. Loans are up \$87 million (33%) over the 3rd quarter of 2012. Our loan pipeline continues to be strong and we anticipate continued loan growth in the 4th quarter.
- After exceptionally strong growth of \$50 million in the 2nd quarter of 2013, deposit balances declined by \$11 million in the 3rd quarter as expected as some of the 2nd quarter growth was due to temporary funds. Deposits are up \$16 million or 5% year-to-date. The mix remains favorable with 34% of total deposits in non-interest bearing demand accounts.
- Due primarily to loan growth, net interest income totaled a record \$4.1 million in the 3rd quarter, up 4% from the 2nd quarter and up 18% from the 3rd quarter of 2012. Despite continued downward pressure on loan pricing, net interest margin for the quarter held relatively constant at 3.88% as the higher percentage of loans in total assets offset the decline in loan yields.
- Credit quality remains strong with zero loan loss provision expense taken in the quarter. Non-performing loans total just 0.5% of total assets. Loan loss reserves cover non-performing loans by 2.3 times. The Bank had no delinquent loans at quarter end.
- Operating expenses for the quarter declined by 5% from the 2nd quarter. The 3rd quarter tends to be a light quarter for operating expenses primarily due to reduction in vacation accruals. On a year-to-date basis, operating expenses are up 7.5% compared same period in 2012. For the same period, total revenue is up 12%.

As the 3rd quarter and year-to-date profit increases indicate, the Bank has reached a scale now where we can begin to leverage operating efficiencies. We are pleased with our loan growth and despite the challenges of the low interest rate environment, we believe these positive trends can continue.

www.PresidioBank.com



Sincerely,



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President & CEO
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SHeitel@PresidioBank.com

This document contains forward-looking statements and information relating to the Company that is based on the beliefs of management as well as assumptions made by and information currently available to management. These forward-looking statements include but are not limited to statements regarding general economic conditions, economic cycles, market stability. Reduction of problems assets, loan and deposit growth, capital and liquidity levels and related targets, housing markets, levels of foreclosures and types of foreclosures, unemployment levels, levels of securities and duration of the securities portfolio, target dates for Bank office openings and banking activities. In addition, the words "anticipates", "believes," "estimates," "expects", "indicates," "intends." "should", and similar expressions, or the negative thereof, as they relate to the company's management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. One or more of these risks may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company does not intend to update these forward-looking statements.



PRESIDIO BANK

Third Quarter Report - Septmeber 30, 2013

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

Condensed Balance Sheet

	9/30/13	6/30/13	Change	9/30/12	Change	12/31/12	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%	386,547	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)	(296)	22.7%	-	-	(18)	-
Total Shareholder's Equity	47,493	46,638	1.8%	45,916	3.4%	45,819	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%	
Tangible common risk-based ratio	13.2%	13.3%		15.7%		15.0%	

Condensed Statement of Income	For the three months ended				For the nine months ended			
	9/30/13	6/30/13	Change Fav./(Unfav.)	9/30/12	Change Fav./(Unfav.)	9/30/13	9/30/12	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

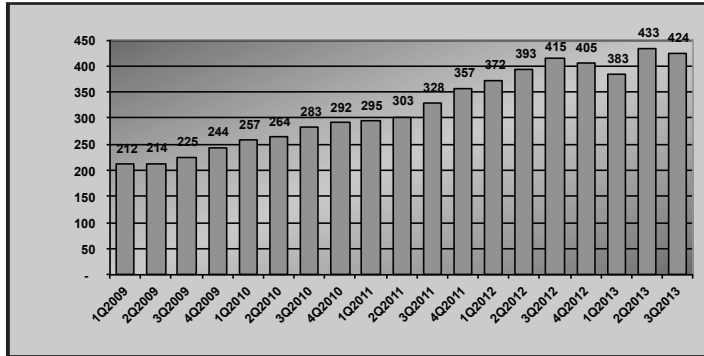
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FINANCIAL REPORT SEPTEMBER 2013

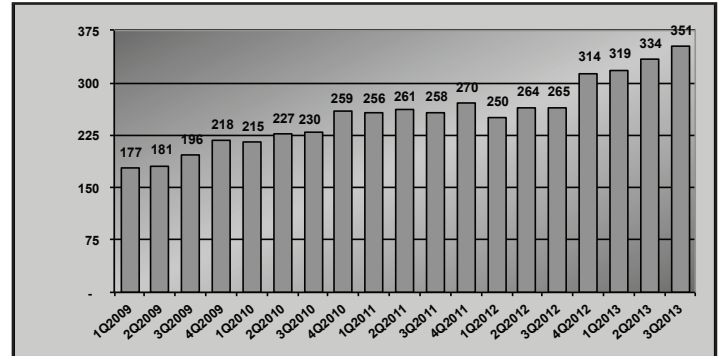
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Ticker Symbol: PDOB

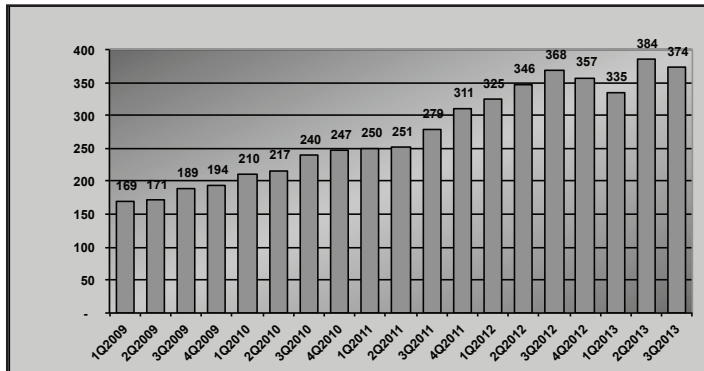
Total Assets (\$ Millions)



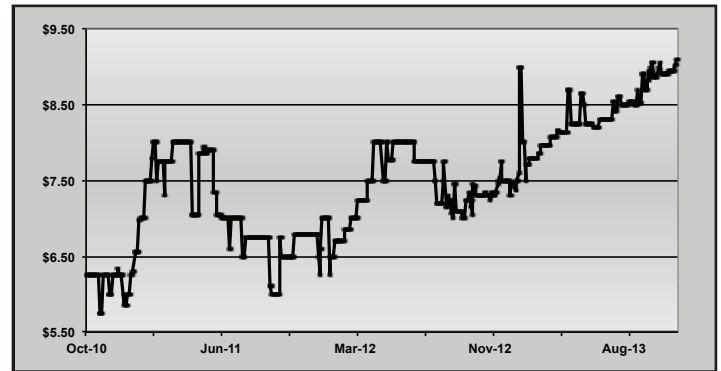
Total Loans (\$ Millions)



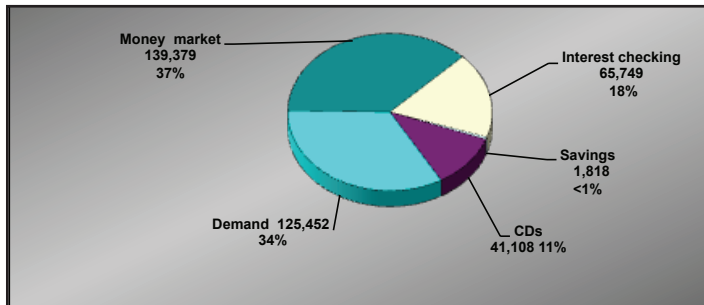
Total Deposits (\$ Millions)



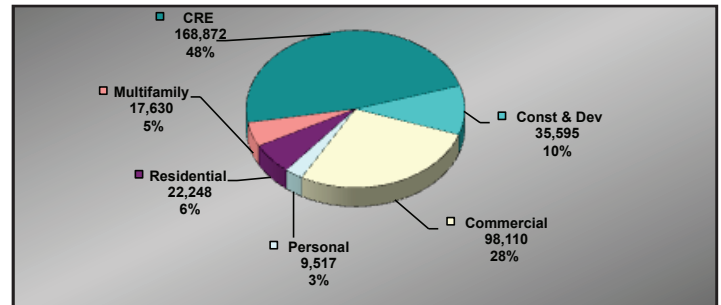
Stock Price



Deposit Composition (\$000)



Loan Composition (\$000)



Board of Directors:

Bruce H. Cabral
 Paula R. Collins
 Stephen G. Heitel
 Robert B. Leet
 Stephen D. Mayer

Gregory J. Moss
 Steven H. Oliver
 Marina H. Park
 Robert T. Perry-Smith
 James R. Woolwine

Management Team:

James R. Woolwine, Chairman
 Stephen G. Heitel, President & CEO
 Todd Allen, EVP/President, North Bay
 Bryan Bredel, EVP/President, East Bay
 Fred Bailard, EVP/Mgr, Cash Mgmt Solutions

Clay Jones, EVP/President, Mid-Peninsula
 Mary Leonard-Wilson, EVP/CCO
 Edward J. Murphy, EVP/CFO
 Sherry A. Price, EVP/COO

FINANCIAL FUNDAMENTALS

Presidio Bank again reported strong results for the third quarter and progressed toward the goal of above-peer safety and profitability metrics through balance sheet management, cost containment and risk mitigation. The Bank's strength and stability has been enhanced through a community-based approach to banking, one which relies on long-term customer relationships and lending within local communities.

Liquidity

As of September 30, 2013, the Bank had 16% of its assets in cash and liquid securities. Presidio maintained secured funding sources of approximately of \$73 million at quarter-end to address unexpected liquidity needs. The Bank currently has no dependency on non-core funding sources with liquid assets exceeding non-core liabilities at quarter-end.

Capital

The Bank's capital levels are above current regulatory requirements. The Bank's Tier I Risk Based Capital Ratio was 11.9% at the end of the third quarter 2013 versus a regulatory minimum of 6% for well-capitalized institutions. Increased lending during the year has helped further leverage the Bank which should later result in enhanced return on equity for shareholders. The Bank's present capital base should support growth through 2014 and be further enhanced with projected profitability. This strong capital base also will allow Presidio Bank to pursue an array of opportunities that may present themselves in the marketplace, including M&A, favorable capital alternatives or added lines of business.

Credit Underwriting

The Bank continues to effectively underwrite loans with above-peer credit metrics and strong reserves. A favorable mix of Commercial and Industrial with Commercial Real Estate lending helps to further stabilize the Bank and mitigate sector-specific impacts. With less than 1% of its loans in the non-performing category, the Bank maintains reserves at 1.4% of gross loans.

Presidio did not record a loan loss provision for the quarter or for the year-to-date.

Asset Yield

Earning assets yields remained fairly stable in the third quarter despite continued pressure on loan yields in the marketplace. Loan yields were lower for the quarter but not far below year-to-date averages. Also, average liquid assets increased a bit during the quarter resulting in a slightly less favorable asset mix. These developments combined to pressure yields, but the Bank maintained an earning asset yield near 4.0% for the quarter compared to 4.1% year-to-date, as securities yields increases offset some of the negative impacts.

Funding Cost

Presidio Bank continues to maintain a favorable deposit mix with non-interest bearing demand deposits making up 34% of total deposits at September 30, 2013. The overall cost of deposits dropped slightly to 0.22% in the third quarter. Management does not expect to benefit from further declines in its deposit costs, nor does it expect a rapid rise in deposit rates in the near-term. The Bank's balance sheet remains asset-sensitive and is therefore positioned for increased profitability should interest rates rise.

Profitability

Generally stable asset yields and liability costs resulted in a Net Interest Margin of 3.88% compared to 3.90% in the June quarter while average volumes increased. Average loan balances were up \$12 million, presenting opportunity for higher profitability through expense control and leverage. Operating leverage increased as the Bank grew its asset base against limited incremental cost increases. Financial leverage has also increased during the year due to asset growth, although the Bank has generated significant equity through profitable operations. Presidio Bank continues to provide the superior service that enables the asset growth by leveraging new technologies to keep costs down. The Bank's efficiency ratio was 71% for the third quarter, improving from 78% last quarter. Presidio Bank's return on assets and return on common equity were 0.68% and 6.40, respectively for the quarter, the best core results in company history.