

FINANCIAL REPORT

Dear Shareholders, Clients and Friends:

Presidio Bank reported a pre-tax profit of \$837,000 for the quarter ended September 30, 2011—more than double the pre-tax profit in any prior quarter in the bank's five year history. This profit was a result of continued revenue growth, a modest decline in expenses from the prior quarter, and strong credit quality.

KEY FINANCIAL HIGHLIGHTS FOR THE QUARTER INCLUDED:

- The Bank enjoyed a strong quarter in deposit growth with total deposits increasing to \$279 million, up 11% from June 30, 2011 and up 17% from September 30, 2010. This growth in deposits represents both new client acquisition and expansion of existing relationships.
- Non-interest bearing demand deposits now represent 31% of total deposits, up from 29% in the prior quarter. The mix of deposits continues to fluctuate from quarter to quarter but we are pleased that the trend line in demand deposits is up.
- Loan growth continues to be a challenge. Loan balances declined \$4 million during the quarter as new loan originations were not sufficient to offset some anticipated loan payoffs. Loans are up 12% from September 30, 2010. Our pipeline of potential new loan business has increased recently, but we do not anticipate significant loan growth in the fourth quarter.
- As a consequence of strong deposit growth, the Bank maintained higher levels of liquid assets during the quarter. Because the Bank invests this liquidity in short-term, risk-free investments with nominal yield, Net Interest Margin (NIM) declined from 4.59% to 4.46% during the quarter. Our loan yields were flat for the quarter while deposit costs declined modestly. We anticipate the higher levels of liquidity will continue to put downward pressure on Net Interest Margin in the coming quarters although we believe NIM will still compare favorably to our peer group.
- Credit quality remained stable and combined with a lack of loan growth resulted in no loan loss provision for the quarter. Our credit quality metrics remain strong with no loan delinquencies, 0.53% non-performing loans to assets and a loan loss reserve of 1.91%.
- As anticipated, operating expenses declined 2% from the quarter ending June 30, 2011 as the one-time expenses associated with the launch of our new brand identity declined.

These results represent another significant step forward in the Bank's evolution as we continue to grow client relationships while achieving record levels of assets, revenue and pre-tax income. Much of this success is due to the referrals we continue to receive from shareholders and clients. Thank you very much for your support of Presidio Bank.

www.PresidioBank.com



Sincerely,



Steve Heitel, President & CEO
415.229.8428 sheitel@presidiobank.com



PRESIDIO BANK

Third Quarter Report September 30, 2011

Condensed Balance Sheet

(Unaudited)	September 30, 2011	June 30, 2011	December 31, 2010	September 30, 2010
Assets				
Cash and due from banks	\$ 45,987,874	\$ 24,405,139	\$ 23,979,393	\$ 46,184,187
Other overnight investments	19,155,000	10,810,000	7,420,000	5,685,000
Cash and cash equivalents	65,142,874	35,215,139	31,399,393	51,869,187
Investment Securities	2,997,499	2,998,426	2,870,151	2,891,750
Total loans	257,527,740	261,303,884	258,612,292	230,223,178
Less: allowance for loan losses	(4,918,218)	(4,975,033)	(4,911,720)	(5,524,072)
Net loans	252,609,522	256,328,851	253,700,572	224,699,106
Premises and equipment, net	1,375,125	1,423,156	1,505,879	1,599,706
Other assets and interest receivable	6,266,723	6,668,026	2,048,561	2,021,026
Total assets	\$ 328,391,743	\$ 302,633,598	\$ 291,524,556	\$ 283,080,775
Liabilities and Shareholders' Equity				
Demand deposits	\$ 86,354,282	\$ 71,727,538	\$58,699,178	\$ 57,151,536
Money market	102,367,129	93,806,757	105,258,562	110,350,953
Interest checking	48,420,171	41,608,928	42,816,884	39,165,758
Savings	590,476	550,099	1,347,852	1,337,024
Time deposits	41,762,932	43,650,561	39,244,642	31,584,706
Total deposits	279,494,990	251,343,883	247,367,118	239,589,977
Other liabilities and interest payable	4,636,467	7,484,991	4,769,060	4,538,462
Total liabilities	284,131,457	258,828,874	252,136,178	244,128,439
Preferred Stock	10,920,972	10,904,722	10,872,222	10,855,972
Common stock	33,339,314	32,900,002	28,516,156	28,096,364
Total shareholder's equity	44,260,286	43,804,724	39,388,378	38,952,336
Total liabilities and equity	\$ 328,391,743	\$ 302,633,598	\$ 291,524,556	\$ 283,080,775
Book value per common share	\$ 8.15	\$ 8.04	\$ 7.07	\$ 6.97
Equity to assets	13.48%	14.47%	13.51%	13.76%
Nonperforming assets to assets	0.53%	0.60%	0.82%	1.05%
Loan loss reserves to loans	1.91%	1.90%	1.90%	2.40%

Condensed Statement of Operations

(Unaudited)	Quarter Ended September 30, 2011	Quarter Ended June 30, 2011	Year to Date September 30, 2011	Year to Date September 30, 2010
Interest and fees on loans	\$ 3,732,707	\$ 3,605,587	\$10,821,677	\$ 9,296,615
Interest on investments	53,905	44,160	144,371	153,365
Total interest income	3,786,612	3,649,747	10,966,048	9,372,442
Deposit interest expense	290,668	296,327	892,237	1,195,937
Net interest income	3,495,944	3,353,420	10,073,811	8,176,505
Provision for loan losses	0	591,467	819,783	598,055
Net interest income after provision	3,495,944	2,756,459	9,254,028	7,578,450
Other operating income	119,176	94,382	312,322	209,639
Salaries and benefits	1,654,453	1,620,160	4,949,625	4,490,107
FF&E and occupancy expense	365,513	371,844	1,103,626	1,065,886
Other	757,963	830,439	2,321,896	1,778,676
Total operating expenses	2,777,929	2,822,443	8,375,147	7,334,669
Income before income taxes	837,191	33,891	1,191,203	530,958
Provision for income taxes	343,246	(4,720,614)	(4,374,368)	10,800
Net income	\$ 493,945	\$ 4,754,505	\$ 5,565,571	\$ 520,158
Preferred dividends declared and paid	\$ 142,313	\$ 845,969	\$ 988,282	\$-
Net income per common share	\$ 351,632	\$ 3,908,536	\$ 4,577,289	\$ 520,158
Earnings per common share	\$ 0.09	\$ 0.96	\$ 1.14	\$ 0.13
Average Shares Outstanding - Basic	4,038,165	4,028,262	4,028,269	4,002,318
Net interest margin	4.46%	4.59%	4.51%	4.17%
Efficiency ratio	76.84%	81.99%	80.64%	87.46%
Return on average assets	0.61%	6.45%	2.45%	0.27%
Return on average common equity	4.18%	53.68%	20.06%	2.48%

Presidio Bank Locations:

San Francisco

One Montgomery St. Suite 2300
San Francisco, CA 94104
415.229.8400

Mid-Peninsula

325 Lytton Ave. Suite 100
Palo Alto, CA 94301
650.321.0500

North Bay

999 5th Ave. Suite 300
San Rafael, CA 94901
415.456.6000

East Bay

1850 Mt. Diablo Blvd. Suite 640
Walnut Creek, CA 94596
925.287.7880



QUARTERLY

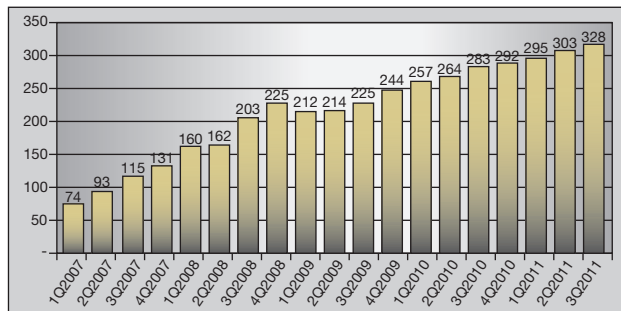
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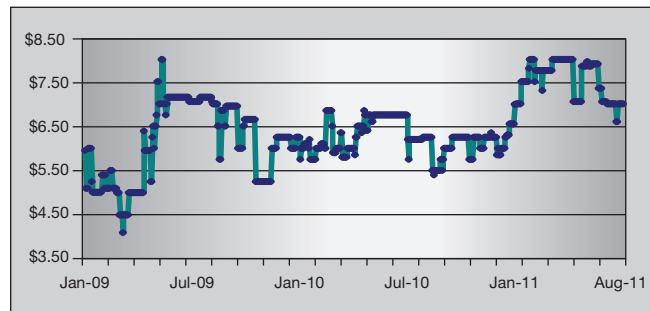
Ticker Symbol: PDOB

Continuing Growth

Total Assets (\$ Millions)

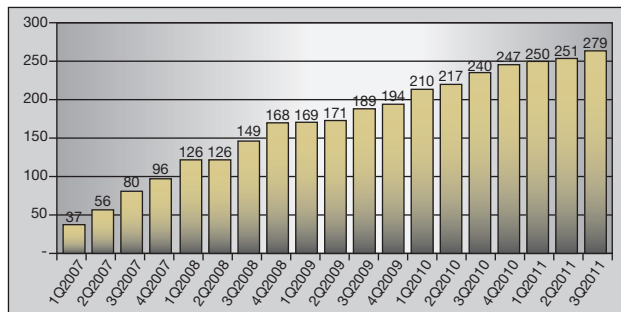


Stock Price



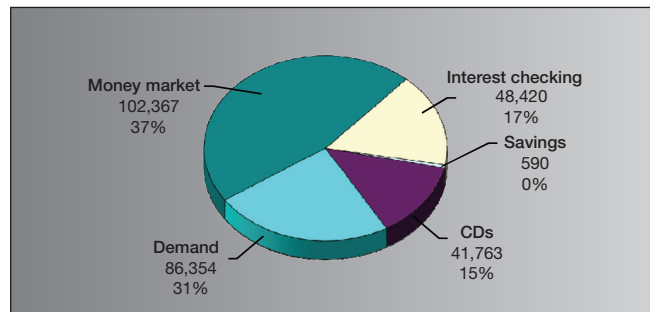
Building Deposit Base

Total Deposits (\$ Millions)



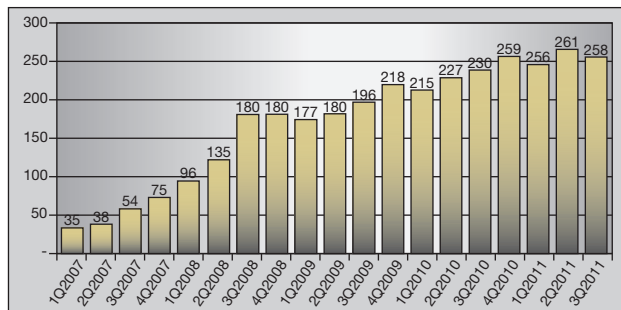
Deposit Mix Drives Margins

Deposits Composition (\$000)



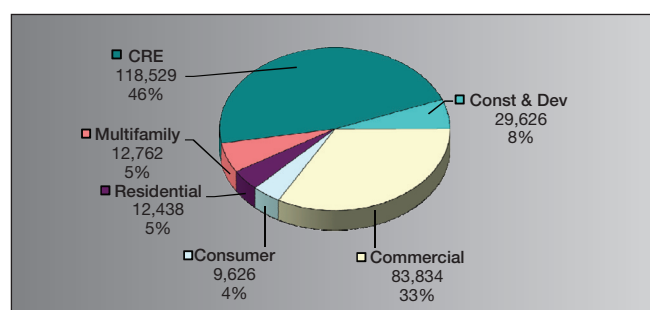
Loan Growth

Total Loans (\$ Millions)



Business Banking Loan Profile

Loan Composition (\$000)



Board of Directors:

Craig F. Andersen
 Bruce H. Cabral
 Paula R. Collins
 Michael A. Covarrubias
 Stephen G. Heitel
 Robert B. Leet
 Stephen D. Mayer
 Gregory J. Moss
 Steven H. Oliver
 Marina H. Park
 James R. Woolwine

Management Team:

James R. Woolwine, Chairman
 Stephen G. Heitel, President & CEO
 Todd Allen, EVP/President, North Bay
 Fred Bailard, EVP/Mgr, Cash Mgmt Solutions
 Clay Jones, EVP/President, Mid-Peninsula
 Mary Leonard-Wilson, EVP/COO
 Edward J. Murphy, EVP/CFO
 Vern Padgett, EVP/President, East Bay
 Sherry A. Price, EVP/COO

FINANCIAL FUNDAMENTALS

Presidio Bank (the "Bank") continues to report a strong balance sheet and a healthy loan portfolio despite the disarray in the financial markets. Its strength and stability is enhanced through a community-based approach to banking, one which relies on long-term customer relationships and lending within local communities.

Balance Sheet

The Bank has a record \$328 million in assets at the end of the 3rd Quarter 2011.

Liquidity

Liquid assets have increased 26% since a year ago. As of September 30, 2011, the Bank has 20% of its assets in cash and cash equivalents. The Bank also maintains secured secondary funding sources with availability in excess of \$50 million to handle unexpected liquidity outflows.

Loans

Loans are \$258 million at quarter end. Credit quality remains solid with no delinquent loans.

Deposits

Deposits are up 17% from a year ago and there continues to be favorable shift toward more non-interest bearing demand deposits. Those non-interest bearing deposits make up 31% of total deposits at September 31, 2011.

Capital

The Bank's capital is well above current regulatory requirements. The Bank's Tier I Risk Based Ratio was 14.3% at September 30, 2011 versus a regulatory minimum of 6% for well capitalized institutions. The Bank's present capital base will support growth through 2012 and should be further enhanced with projected profitability.

Profitability

The Bank continues to build momentum with a record net income to common shareholders of \$4.6 million or \$1.14 per share year-to-date. This profitability was positively impacted by the a \$4.7 million non-recurring recognition of accumulated tax benefits offset by \$988,000 in dividend payments to the U.S. Treasury on preferred stock. The Bank, through its core operations, has recorded \$1.2 million of pre-tax income so far in 2011 and \$837,000 of that pre-tax income came in the third quarter alone.

Margin Improvements

Net Interest Margin improved to 4.51% year-to-date compared to 4.17% year-to-date last year. The Bank's loan yield improved to 5.62% from 5.57% while deposit costs decreased to 0.42% from 0.63% year-to-date.

Provision for Loan Losses

The Bank took no provision for loan losses in the third quarter. The year-to-date loan loss provision expense is \$819,783. The Bank's loan loss reserve of \$4.9 million covers all nonperforming loans 2.9 times and currently represents 0.67% of the loan portfolio. There were no delinquent loans at quarter end.

Expense Control

Year-to-date, the run rate for operating expenses exceeded the 2010 run rate primarily due to a rebranding/advertising campaign launched in May. Operating expenses declined 2% from the quarter ending June 30, 2011 as the one-time expenses associated with the launch of our new brand identity declined.