

FINANCIAL REPORT

Dear Shareholders, Clients and Friends:

We are pleased to report another solid quarter with growth in assets, loans, and deposits. Presidio Bank reported total assets of \$415 million for the quarter ended September 30, 2012, up 5.5% from June 30, 2012 and up 26% from September 30, 2011. Pre-tax income of \$780,211 for the quarter decreased slightly (1%) from the previous quarter. Overall for the nine months, pre-tax income was up \$1,002,227 or 84% over the same period in 2011.

KEY FINANCIAL HIGHLIGHTS FOR THE 3RD QUARTER 2012:

- Deposit growth continues to be strong with total deposits increasing another \$21 million in the quarter and totaling a record \$368 million. This represents growth of \$88 million or 31.6% from a year ago. Non-interest bearing demand deposits were up another \$14 million in the quarter and now total \$118 million or 32% of total deposits. This represents a 37% increase over a year ago.
- The loan portfolio grew slightly to \$265 million, as total loans increased \$1 million from the second quarter. Loan activity appears to be increasing as the Bank booked \$45 million in new loan commitments during the third quarter, some of which are scheduled to fund in the fourth quarter. Loan pipeline activity is also increasing. As of September 30, 2012, unfunded loan commitments totaled a record \$143 million.
- NIM declined from 3.7% in the second quarter to 3.5% in the third quarter as low yielding liquid assets continue to increase (resulting from the strong deposit growth) as a percentage of total assets. Yield on loans was down seventeen basis points for the quarter as competitive pressures continue to drive down loan rates, while the cost of deposits declined by two basis points.
- The loan loss provision expense was zero for the quarter, as credit quality remained stable and strong. The NPAs to Assets Ratio was 0.45% and there were no delinquencies. Our loan loss reserve remains sizeable at 1.87% of total loans.
- Operating expenses for the quarter decreased again slightly (1%) from the previous quarter. Operating expenses increased \$48,000 or 2% compared to the same quarter a year ago.

Exceeding \$400 million in assets reflects the achievement of another significant milestone in our development. Despite the challenges presented by the low interest rate environment, the Bank continues to grow and show impressive year over year earnings improvement. While we do not expect the environment to change in the short term, we are encouraged by the increase in loan activity that we are currently experiencing. As always, we are grateful for your continued support.



Sincerely,



Steve Heitel
President & CEO
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www.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.

Third Quarter Report - September 30, 2012

Condensed Balance Sheet

(Unaudited)	September 30, 2012	June 30, 2012	December 31, 2011	September 30, 2011
Assets				
Cash and due from banks	\$ 136,241,879	\$ 114,387,479	\$ 71,432,528	\$ 45,987,874
Other overnight investments	9,900,000	10,195,000	10,005,000	19,155,000
Cash and cash equivalents	146,141,879	124,582,479	81,437,528	65,142,874
Investment Securities	3,194,099	3,195,064	3,129,063	2,997,499
Total loans	264,888,636	264,060,484	270,397,610	257,527,740
Less: allowance for loan losses	(4,945,315)	(4,945,316)	(4,944,316)	(4,918,218)
Net loans	259,943,320	259,115,168	265,453,294	252,609,522
Premises and equipment, net	1,070,989	1,186,799	1,314,172	1,375,125
Other assets and interest receivable	4,979,212	5,357,783	6,015,864	6,266,723
Total assets	\$ 415,329,499	\$ 393,437,293	\$ 357,349,921	\$ 328,391,743
Liabilities and Shareholders' Equity				
Demand deposits	\$ 118,287,818	\$ 103,937,567	\$ 89,208,889	\$ 86,354,282
Money market	150,820,351	148,806,724	122,787,227	102,367,129
Interest checking	51,179,662	46,117,654	55,328,427	48,240,171
Savings	3,137,036	1,274,297	1,384,781	590,476
Time deposits	44,389,478	46,322,492	42,050,913	41,762,932
Total deposits	367,814,345	346,458,734	310,760,237	279,494,990
Other liabilities and interest payable	1,598,655	1,504,704	1,898,732	4,636,467
Total liabilities	369,413,000	347,963,438	312,658,969	284,131,457
Preferred Stock	10,985,972	10,969,722	10,937,222	10,920,972
Common stock	34,930,527	34,504,133	33,753,730	33,339,314
Total shareholder's equity	45,916,499	45,473,855	44,690,952	44,260,286
Total liabilities and equity	\$ 415,329,499	\$ 393,437,293	\$ 357,349,921	\$ 328,391,743
Book value per common share	\$ 8.47	\$ 8.37	\$ 8.25	\$ 8.15
Equity to assets	11.06%	11.56%	12.51%	13.48%
Nonperforming assets to assets	0.45%	0.41%	0.48%	0.53%
Loan loss reserves to loans	1.87%	1.87%	1.83%	1.91%

Condensed Statement of Operations

(Unaudited)	Quarter Ended September 30, 2012	Quarter Ended June 30, 2012	Year to Date September 30, 2012	Year to Date September 30, 2011
Interest and fees on loans	\$ 3,594,261	\$ 3,611,764	\$ 10,857,280	\$ 10,821,677
Interest on investments	105,850	101,617	293,328	144,371
Total interest income	3,700,111	3,713,381	11,150,608	10,966,048
Deposit interest expense	212,748	217,367	670,415	892,236
Net interest income	3,487,363	3,496,014	10,480,193	10,073,812
Provision for loan losses	0	0	0	819,783
Net interest income after provision	3,487,363	3,496,014	10,480,193	9,254,029
Other operating income	118,308	137,436	366,571	312,322
Salaries and benefits	1,699,434	1,696,170	5,329,867	4,949,624
FF&E and occupancy expense	422,401	404,446	1,204,329	1,103,627
Other	703,625	743,856	2,119,137	2,321,896
Total operating expenses	2,825,460	2,844,472	8,653,333	8,375,147
Income before income taxes	780,211	788,978	2,193,431	1,191,204
Provision for income taxes	324,679	323,481	904,099	(4,374,368)
Net income	\$ 455,532	\$ 465,497	\$ 1,289,332	\$ 5,565,572
Preferred dividends declared and paid	\$ 142,313	\$ 142,313	\$ 426,939	\$ 988,281
Net income to common shareholders	\$ 313,219	\$ 323,184	\$ 862,393	\$ 4,577,291
Earnings per common share	\$ 0.08	\$ 0.08	\$ 0.21	\$ 1.13
Average Shares Outstanding	4,020,000	4,071,000	4,040,000	4,033,000
Net interest margin	3.50%	3.69%	3.82%	4.54%
Efficiency ratio	78.36%	78.29%	79.78%	80.64%
Return on average assets	0.46%	0.48%	0.68%	1.80%
Return on average common equity	3.57%	3.77%	3.34%	15.00%

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

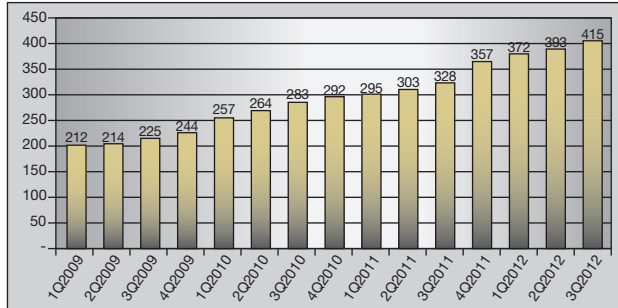
QUARTERLY

FINANCIAL REPORT SEPTEMBER 2012

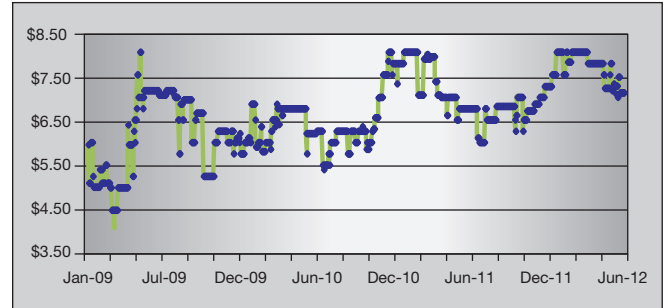
www.PresidioBank.com

Ticker Symbol: PDOB

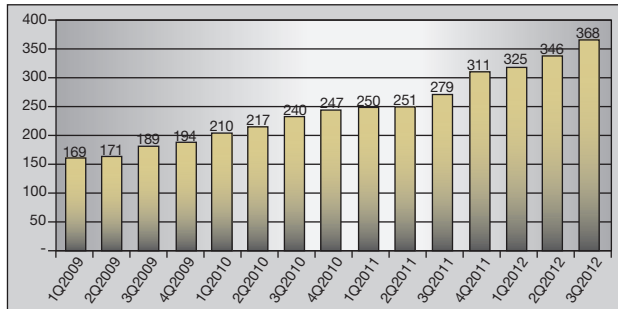
Total Assets (\$ Millions)



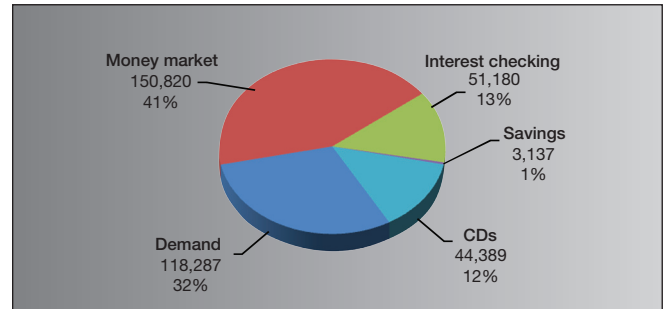
Stock Price



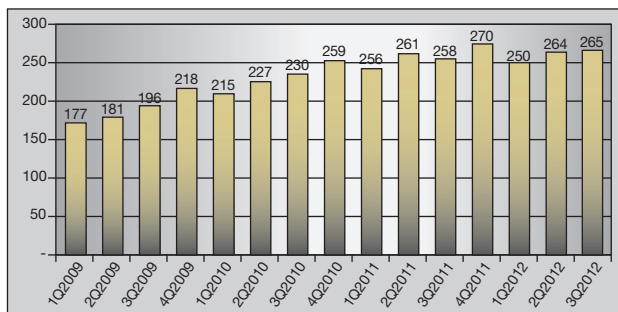
Total Deposits (\$ Millions)



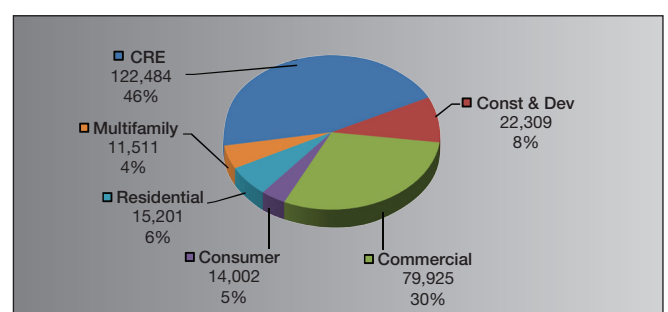
Deposits Composition (\$000)



Total Loans (\$ Millions)



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/CCO
 Edward J. Murphy, EVP/CFO
 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.

Liquidity

Liquid assets have increased over \$80 million since a year ago. As of September 30, 2012, the Bank has 35% of its assets in cash and cash equivalents. The Bank also maintains secured secondary funding sources with availability in excess of \$60 million to handle unexpected liquidity outflows. The Bank has no dependency on non-core funding sources with non-core liabilities significantly less than the liquid assets it holds. The Bank's Loan-to-Deposit Ratio, another measure of liquidity strength, was 72% at quarter-end.

Capital

The Bank's capital level is above current regulatory requirements. The Bank's Tier I Risk Based Capital Ratio was 14.6% at the end of third quarter 2012 versus a regulatory minimum of 6% for well-capitalized institutions. The Bank's present capital base will support growth through 2013 and should be further enhanced with projected profitability. This strong capital base should 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 effectively underwrite loans with just a single non-performing asset, no delinquencies 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 non-performing, the Bank maintains reserves at 267% of non-performing assets, near the top of industry peers.

Funding Cost

Deposits are up \$21 million or 6.2% from the previous quarter and \$88 million or 31.6% from a year ago. Presidio Bank continues to maintain a favorable deposit mix with non-interest bearing demand deposits making up 32% of total deposits at September 30, 2012. The overall cost of deposits dropped to 0.24% as a result of the decreasing interest rate environment and the increases in demand deposit balances.

Profitability

Operating leverage is achieved as the Bank continues to provide great service with small incremental cost increases. The Bank's efficiency ratio was 78% for the third quarter and should improve with expected loan growth during 2013 as costs remain controlled. The Bank's balance sheet remains asset-sensitive and is therefore positioned for increased profitability should interest rates rise. With high liquidity and asset-sensitivity, Presidio Bank also has available opportunities to increase the profitability of its existing asset base through increased lending or securities investments.