

Investor Presentation | Q4 2023

AvidbankTM

Cautionary Statements

Investors should be aware that this Confidential Investor Presentation and any accompanying oral presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our plans and objectives, future events or performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts, and generally include the words “believes”, “plans”, “intends”, “expects”, “anticipates”, “target”, “continue”, “remain”, “will”, “should”, “may” or words of similar meaning. While we believe that our forward-looking statements and the assumptions underlying them are reasonably based, such statements and assumptions, are by their nature subject to risks and uncertainties, and thus could later prove to be inaccurate or incorrect. Accordingly, actual results could materially differ from forward-looking statements for a variety of reasons, including, but not limited to the impact of the Covid-19 pandemic and governmental responses thereto; local, regional, national and international economic conditions and events and the impact they may have on us and our customers, and in particular in our market areas; ability to attract deposits and other sources of liquidity; oversupply of property inventory and deterioration in values of California real estate, both residential and commercial; premature payoffs in our loan portfolio; a prolonged slowdown or decline in construction activity; changes in the financial performance and/or condition of our borrowers; changes in the level of non-performing assets and charge-offs; the cost or effect of acquisitions we may make; the effect of changes in laws and regulations (including laws, regulations and judicial decisions concerning financial reform, capital requirements, taxes, banking, securities, employment, executive compensation, insurance, and information security) with which we and our subsidiaries must comply; changes in estimates of future reserve requirements and minimum capital requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; ability to adequately underwrite for our asset-based and corporate finance lending business lines; inflation, interest rates, securities market and monetary fluctuations; cyber-security threats including loss of system functionality, or theft, or loss of data; political instability; acts of war or terrorism, or natural disasters, such as earthquakes, or the effects of pandemic flu; destabilization in international economies; the timely development and acceptance of new banking products and services and perceived overall value of these products and services by users; changes in consumer spending, borrowing and savings habits; technological changes; the ability to increase market share, retain customers and control expenses; ability to attract and retain key management and personnel; changes in the competitive environment among financial and bank holding companies and other financial service providers; volatility in the credit and equity markets and its effect on the general economy; changes in interest rates; the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; changes in our organization, management, compensation and benefit plans, and our ability to retain or expand our management team; the costs and effects of legal and regulatory developments including the resolution of legal proceedings, or regulatory, or other governmental inquiries and the results of regulatory examinations or reviews; our success at managing the risks involved in the foregoing items. The Company does not undertake, and specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events, or circumstances after the date of such statements except as required by law.

Avidbank at a Glance

- \$2.2 billion commercial bank headquartered in San Jose with expanding national reach
- Diversified core funding base and well-balanced loan portfolio
- Experienced management team with continued investment in talent acquisition and development
- Achieving scale while managing risk and maximizing profitability
- Positioned to grow with focus on dynamic markets – Bay Area and beyond

Founded
2003

Assets
\$2.2B

Employees
143



	San Jose - Sunnyvale - Santa Clara MSA	Nationwide
November 2023 Unemployment Rate (%)	4.0	3.7
Median HHI (\$000s)	\$153.5	\$75.9
Projected HHI Growth ('23-'28) (%)	11.8	10.1
2010-2024 Population Change (%)	(2.9)	1.4

Our Business Model

Local Bay Area Focus			Growing National Presence	
Commercial Real Estate	Corporate Banking	Construction Lending	Specialty Finance	Venture Lending
<ul style="list-style-type: none">▪ Provides a range of financing options at competitive rates and terms for seasoned, stabilized asset, or potential “value-add” opportunities.▪ Focus on commercial, multi-family and mixed-use properties throughout the Bay Area.	<ul style="list-style-type: none">▪ Traditional core C&I corporate banking.▪ Provides high touch service to enable our local clients to meet their financing needs and manage their cash.▪ Focus on commercial customers throughout the Bay Area.	<ul style="list-style-type: none">▪ Provides land acquisition loans, pre-development loans and construction loans on residential, commercial and mixed-use properties.▪ Primary focus is high end and fill-in residential properties in desirable Bay Area neighborhoods.	<ul style="list-style-type: none">▪ Provides creative financing solutions to emerging growth and established companies across the U.S.▪ Lending focus includes asset-based lending, AR financing, and M&A sponsor finance.▪ High-touch, relationship-based approach.	<ul style="list-style-type: none">▪ Comprehensive suite of banking and financing solutions for technology sector entrepreneurs and their investors.▪ Ventured-backed companies generate higher volumes of deposits relative to borrowing needs.▪ High-touch, relationship-based approach.

Expanding National Businesses

Specialty Finance
Loan outstandings:
\$376 million
Deposits:
\$308 million

Venture Lending
Loan outstandings:
\$242 million
Deposits:
\$609 million

Bankers

Each pin represents a loan and/or deposit relationship.

Q4 2023 Highlights

- Loans increased \$71 million from the third quarter and \$186 million from December 31, 2022.
- Average deposits increased \$26 million from the third quarter.
- Net interest margin improved 13 bp from the prior quarter.
- Uninsured deposits represented 34% of total deposits.
- Maintained exceptional credit quality.
- Took key actions to improve profitability in 2024 including:
 - the sale of \$36 million in available-for-sale securities
 - surrendering \$21 million of BOLI
 - the sale of a \$14 million foreclosed real estate property
 - a reduction in staff of seven employees

\$4.9 million

Adjusted net income¹

3.47%

Net interest margin

0.06%

Nonperforming assets /
Total assets

0.00%

Net charge-offs /
average loans

¹Non-GAAP financial measure. See Non-GAAP reconciliation at the end of this presentation.

Financial Results

Income	Q4 2023	Q3 2023	Q4 2022	2023	2022
Diluted EPS - adjusted ¹	\$ 0.65	\$ 0.72	\$ 1.17	\$ 2.94	\$ 3.64
Adjusted net income ¹	4,902	5,408	8,710	21,995	25,318
Balance Sheet					
Total loans, net of deferred fees (period-end)	\$ 1,740,647	\$ 1,669,914	\$ 1,554,222	\$ 1,740,647	\$ 1,554,222
Total assets (period-end)	2,230,836	2,201,900	2,133,268	2,230,836	2,133,268
Total deposits (quarterly average)	1,708,789	1,682,329	1,883,640	1,708,789	1,883,640
Non-interest bearing deposits (quarterly average)	487,301	520,573	815,222	487,301	815,222
Performance Measures					
Book value per common share	\$ 21.27	\$ 18.83	\$ 17.99	\$ 21.27	\$ 17.99
Book value per common share (excluding OCI) ¹	27.56	27.60	25.66	27.56	25.66
Return on average assets - adjusted ¹	0.89%	0.99%	1.67%	1.01%	1.22%
Taxable equivalent net interest margin ¹	3.47%	3.34%	4.41%	3.53%	3.78%
Efficiency ratio	83.68%	58.75%	45.42%	61.90%	51.80%
FTE	143	147	142	143	142
Capital Ratios					
Common equity to assets	7.41%	6.61%	6.45%	7.41%	6.45%
Tier 1 leverage ratio	9.77%	9.84%	9.46%	9.77%	9.46%
Total risk based capital	11.86%	11.89%	11.76%	11.86%	11.76%
Shares Outstanding					
Number of common shares outstanding	7,770	7,731	7,645	7,770	7,645
Average common shares outstanding - basic	7,345	7,327	7,281	7,323	6,801
Average common shares outstanding - diluted	7,544	7,511	7,433	7,491	6,953

\$ in millions, except per share data

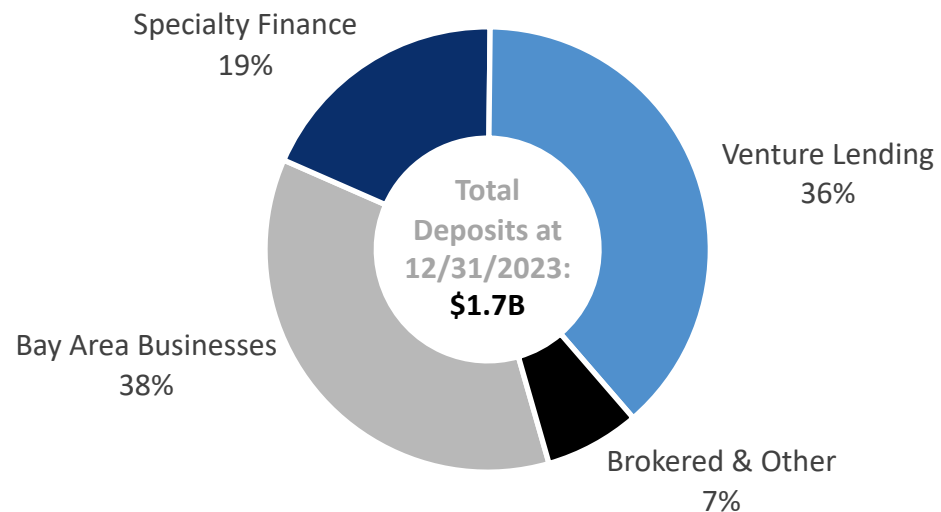
¹Non-GAAP financial measure. See Non-GAAP reconciliation at the end of this presentation.

Deposits

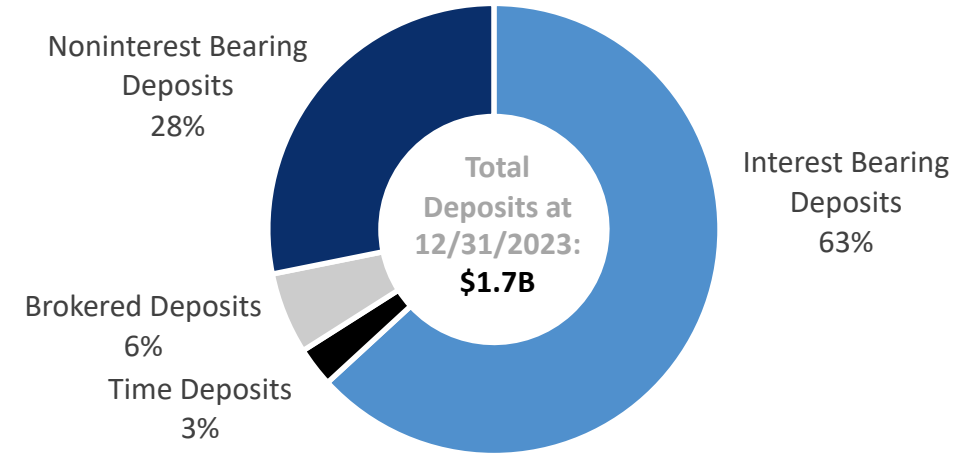
Highlights

- 28% of deposits were noninterest bearing at year-end
- Deposits are diversified across multiple business lines
- Deposit costs stabilizing
- Uninsured deposits represented 34% of total deposits

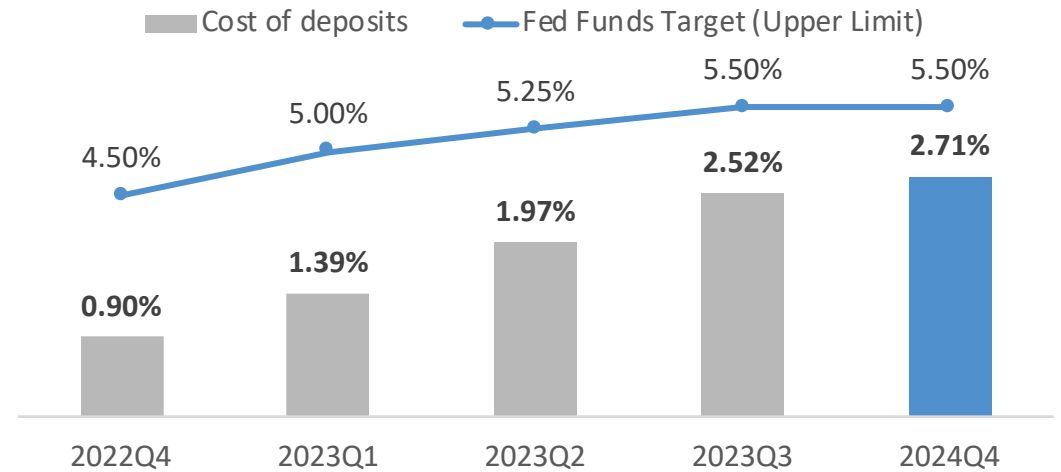
Deposit Composition by Customer Segment



Deposit Composition by Product Type



Cost of Deposits

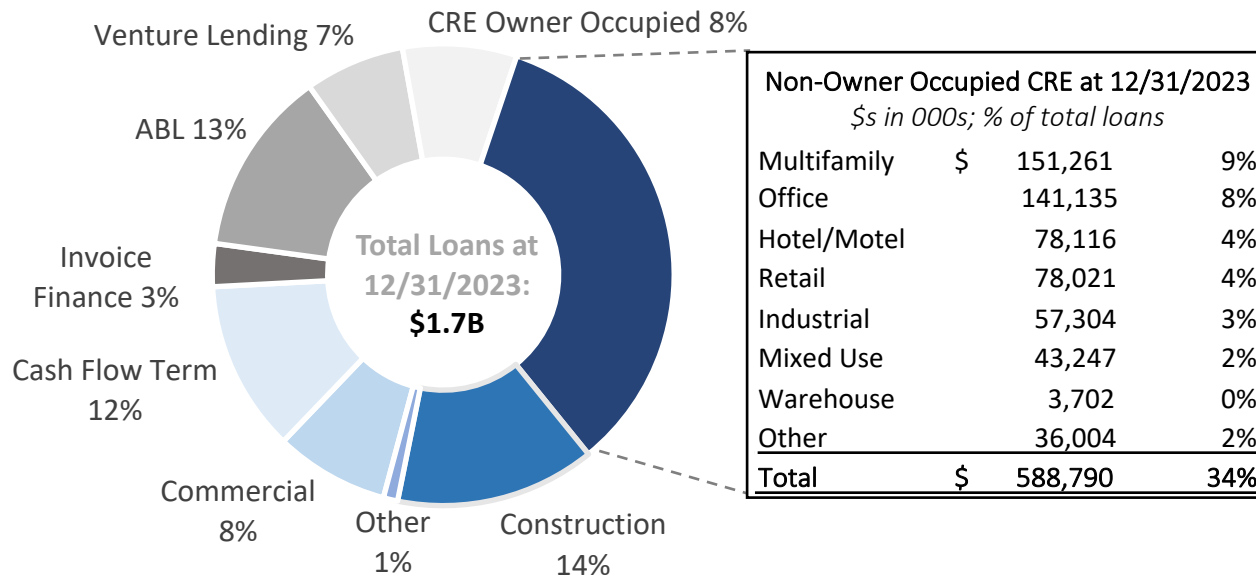


Loans

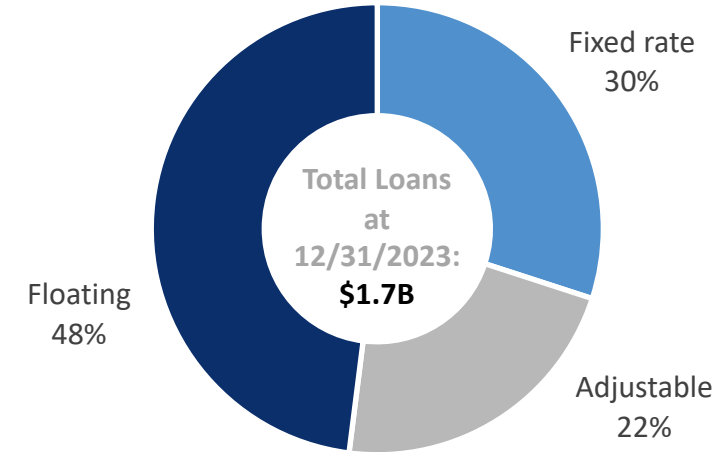
Overview

- Diversified loan portfolio composed of:
 - Bay Area focused lines of businesses (64%)
 - Specialty Finance (22%)
 - Venture Lending (14%)
- Approximately 80% of loans are California based with remainder dispersed nationally
- Non-owner occupied office loans represent 8% of the total loan portfolio with an average loan size of \$2.8 million

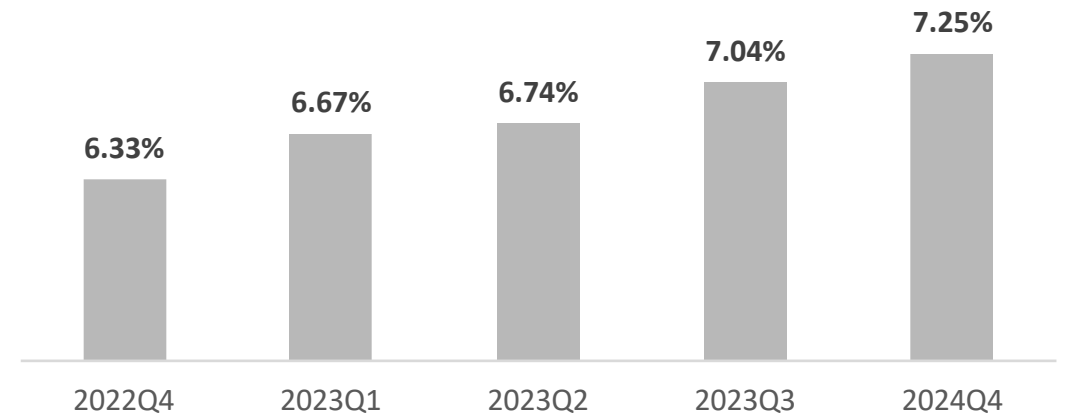
Loan Portfolio by Type



Loan Portfolio Detail – Fixed vs. Floating



Loan Yield

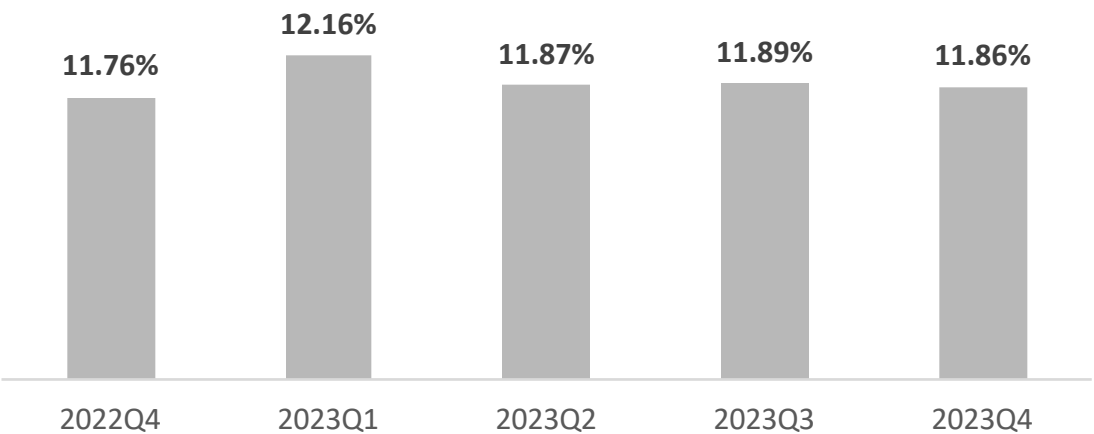


Liquidity and Capital

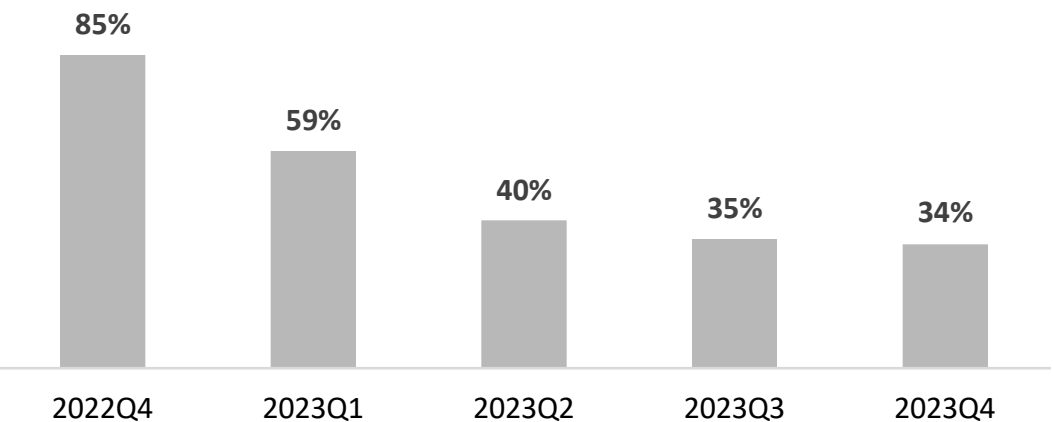
Overview

- Ample contingency liquidity available; more than \$1.4 billion available as of December 31, 2023
- Tangible common equity ratio 7.41% at year-end
- Capital levels remain stable

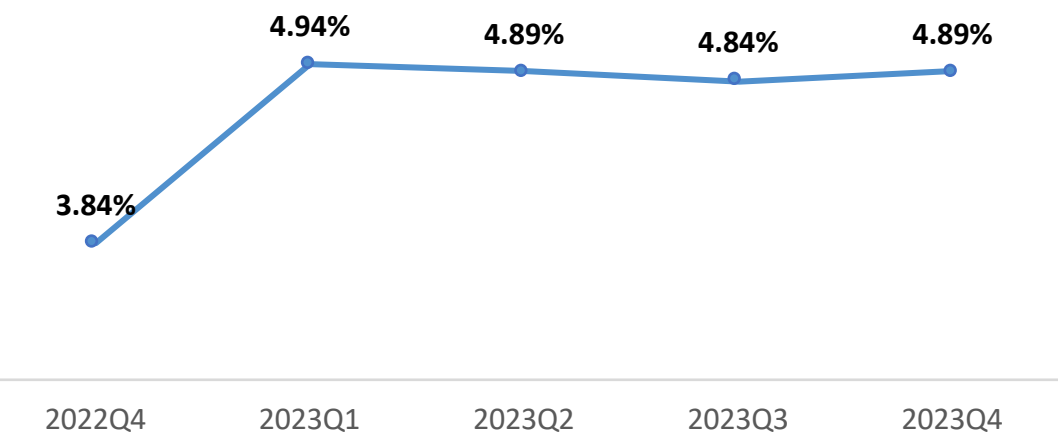
Total Risk Based Capital



Uninsured Deposits



Rates on Short-term Borrowings

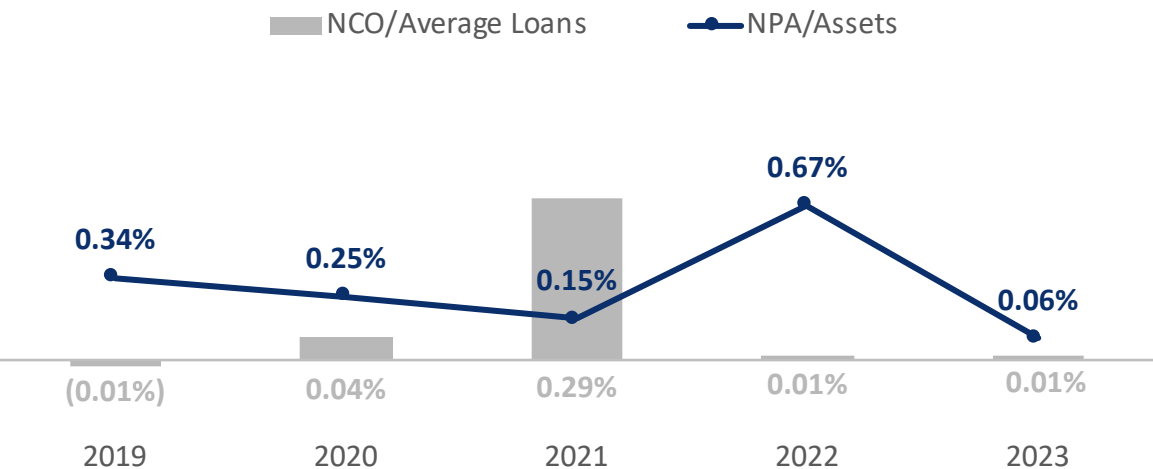


Credit Quality

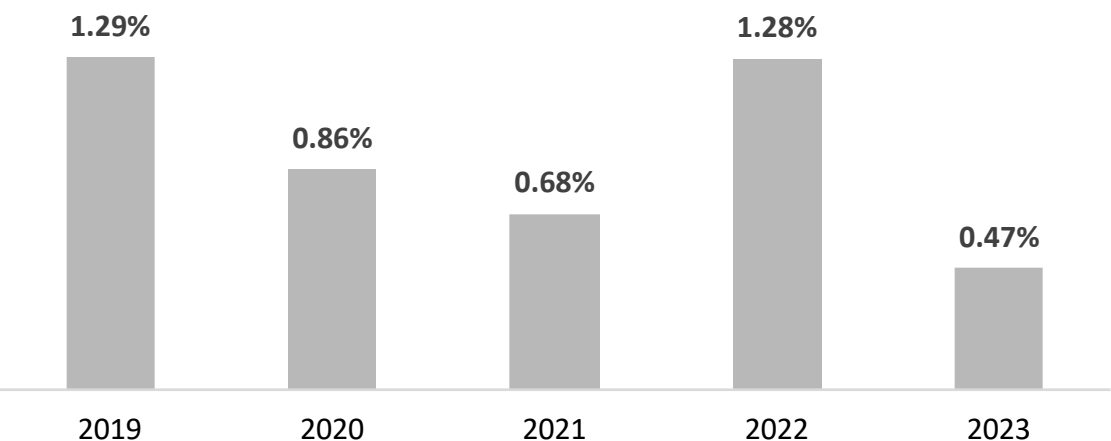
Overview

- Nonperforming loans were 0.08% of total loans as of December 31, 2023
- To maintain exceptional credit quality, the bank follows well established safeguards and practices including:
 - monthly credit reviews
 - deposit requirements on venture loans with authority to sweep balances, and
 - detailed collateral tracking for invoice based and ABL loans

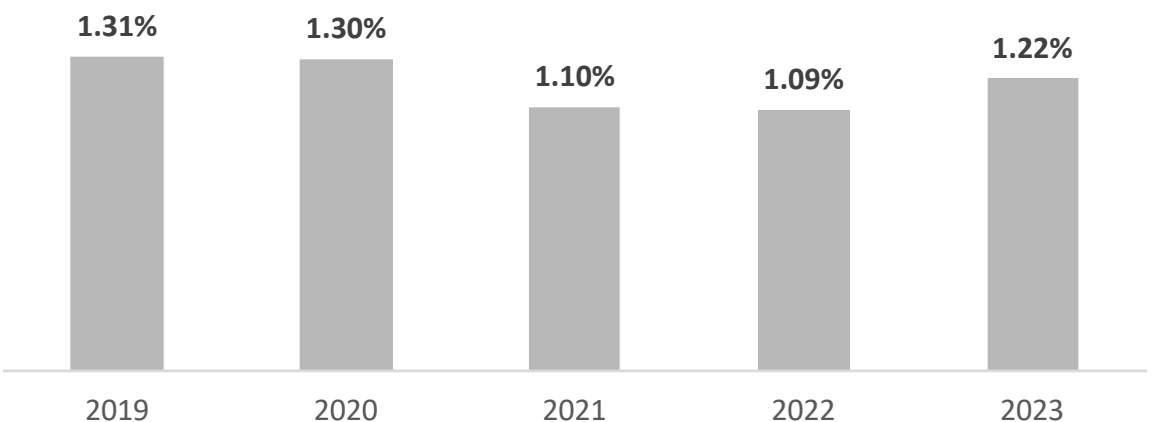
NPA/Assets and NCO/Avg Loans (%)



Classified Loans/Total Loans (%)








Allowance for Credit Losses/Total Loans (%)



Appendix

Leadership Team

Over 100 combined years of financial services experience

Mark D. Mordell Chairman Chief Executive Officer	Gina Thoma Peterson Executive Vice President Chief Operating Officer	Patrick Oakes Executive Vice President Chief Financial Officer	Dori Hamilton Executive Vice President Chief Banking Officer	Geoff Butner Executive Vice President Chief Credit Officer
				

Financial Services Experience

All have approximately 30 years experience in the Financial Services industry

Previous Experience

CBC Properties, LLC MMM Management, Inc. Pacific Real Estate Investment Trust	MUFG Americas Union Bank PricewaterhouseCoopers Office of the Comptroller of the Currency	Atlantic Capital Bank Square1 Financial Encore Bancshares Sterling Bank	Bridge Bank Comerica Bank Union Bank	Square 1 Bank New Resource Bank Silicon Valley Bank eFinance Corporation
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Joined Avidbank

2006	2019	2022	2012	2016
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Business Development Leadership Team

Proven track record of building quality portfolios – Strong ties to the business community -- Specialized teams focus on niche markets

Dori Hamilton Executive Vice President Corporate Banking	Sam Bhaumik Executive Vice President Venture Lending	Mark Cameron Executive Vice President Specialty Finance	Joe Maleti Executive Vice President Commercial Real Estate	Fergal O'Boyle Executive Vice President Construction Lending	Art Wasson Executive Vice President Treasury Management
					
Financial Services Experience					
All have approximately 30 years experience in the Financial Services industry					
Previous Experience					
Bridge Bank Comerica Bank Union Bank	Square 1 Bank Hercules Capital Imperial Bank Silicon Valley Bank	Square 1 Bank Sand Hill Finance Sand Hill Capital Imperial Bank	City National Mid-Peninsula Bank Comerica Bank	Bridge Bank Greater Bay Bank	Signature Bank Pacific Western Bank Square 1 Bank
Joined Avidbank					
2012	2018	2019	2013	2008	2023

Consolidated Historical Income Statement

	Fiscal Year Ended December 31,					Quarter Ended				
	2019	2020	2021	2022	2023	Dec. 31 2022	Mar. 31 2023	Jun. 30 2023	Sept. 30 2023	Dec. 31 2023
Interest and fees on loans	\$ 49,178	\$ 49,517	\$ 50,823	\$ 71,813	\$ 112,494	\$ 23,160	\$ 25,577	\$ 26,713	\$ 29,125	\$ 31,078
Interest on investment securities	1,387	901	3,606	9,877	8,658	2,751	2,612	2,058	2,009	1,979
Other interest income	1,445	482	456	1,342	3,140	526	628	1,196	662	654
Total interest income	\$ 52,010	\$ 50,900	\$ 54,885	\$ 83,032	\$ 124,292	\$ 26,437	\$ 28,817	\$ 29,967	\$ 31,796	\$ 33,711
Interest on deposits	5,120	4,712	2,618	7,513	36,414	4,269	6,030	7,989	10,704	11,692
Interest on borrowings	2,188	1,243	1,238	1,440	15,009	414	2,973	4,489	3,780	3,767
Total interest expense	\$ 7,308	\$ 5,955	\$ 3,856	\$ 8,953	\$ 51,423	\$ 4,683	\$ 9,003	\$ 12,478	\$ 14,484	\$ 15,459
Net interest income before provision	\$ 44,702	\$ 44,945	\$ 51,029	\$ 74,079	\$ 72,869	\$ 21,754	\$ 19,814	\$ 17,489	\$ 17,312	\$ 18,252
Provision for credit losses	1,426	1,702	3,572	3,510	3,042	993	185	1,471	120	1,266
Net interest income after provision	\$ 43,276	\$ 43,243	\$ 47,457	\$ 70,569	\$ 69,827	\$ 20,761	\$ 19,629	\$ 16,018	\$ 17,192	\$ 16,986
Service charges, fees and other income	2,212	2,169	2,366	2,871	2,620	660	573	611	613	823
Gain (loss) on sale of investment securities	-	-	735	(404)	(6,214)	(404)	(815)	-	-	(5,399)
Other non-interest income	539	462	2,212	2,203	1,632	999	410	476	621	126
Total non-interest income	\$ 2,751	\$ 2,631	\$ 5,313	\$ 4,670	\$ (1,962)	\$ 1,255	\$ 168	\$ 1,087	\$ 1,234	\$ (4,450)
Salaries and employee benefits	19,759	23,233	25,256	29,102	30,572	7,592	7,954	7,021	7,460	8,137
Occupancy and equipment	3,457	4,123	4,078	3,652	3,954	911	961	1,005	1,002	986
Other	4,954	5,811	6,282	8,036	9,367	1,947	2,118	2,386	2,434	2,427
Total non-interest expense	\$ 28,170	\$ 33,167	\$ 35,616	\$ 40,790	\$ 43,893	\$ 10,450	\$ 11,033	\$ 10,412	\$ 10,896	\$ 11,550
Income before provision for income taxes	17,857	12,707	17,154	34,449	23,972	11,566	8,764	6,693	7,530	986
Provision for income taxes	5,000	3,080	4,890	9,426	7,171	3,151	2,400	1,967	2,122	683
Net income	\$ 12,857	\$ 9,627	\$ 12,264	\$ 25,023	\$ 16,801	\$ 8,415	\$ 6,364	\$ 4,726	\$ 5,408	\$ 303
Basic earnings per common share (actual)	\$ 2.22	\$ 1.64	\$ 2.08	\$ 3.68	\$ 2.29	\$ 1.16	\$ 0.87	\$ 0.65	\$ 0.74	\$ 0.04
Diluted earnings per common share (actual)	\$ 2.17	\$ 1.61	\$ 2.02	\$ 3.60	\$ 2.24	\$ 1.13	\$ 0.85	\$ 0.63	\$ 0.72	\$ 0.04

Consolidated Historical Balance Sheet

	Fiscal Year Ended December 31,					Quarter Ended				
	2023	2022	2021	2020	2019	Dec. 31 2023	Sept. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022
Cash and due from banks	\$ 9,754	\$ 17,435	\$ 29,616	\$ 14,327	\$ 13,068	\$ 9,754	\$ 21,157	\$ 33,849	\$ 19,452	\$ 17,435
Due from Federal Reserve Bank and interest-bearing deposits in banks	71,642	29,853	463,727	215,705	139,780	71,642	58,885	70,364	114,615	29,853
Total cash and cash equivalents	\$ 81,396	\$ 47,288	\$ 493,343	\$ 230,032	\$ 152,848	\$ 81,396	\$ 80,042	\$ 104,213	\$ 134,067	\$ 47,288
Total investment securities	325,320	444,664	380,170	163,631	52,014	325,320	345,547	371,753	386,947	444,664
Loans, less allowance for loan losses	1,721,516	1,537,741	1,210,290	980,925	877,513	1,721,516	1,652,114	1,632,629	1,548,112	1,537,741
Property and equipment, net	3,297	4,163	4,565	5,565	5,542	3,297	3,558	3,774	4,037	4,163
Cash surrender value of BOLI	12,315	32,747	31,875	11,425	11,156	12,315	33,440	33,202	32,972	32,747
Other assets	86,992	66,665	42,235	39,048	32,484	86,992	87,199	62,234	63,916	66,665
Total assets	\$ 2,230,836	\$ 2,133,268	\$ 2,162,478	\$ 1,430,626	\$ 1,131,557	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805	\$ 2,170,051	\$ 2,133,268
Non-interest bearing	472,517	765,079	993,156	665,096	431,638	472,517	490,289	593,246	605,093	765,079
Interest bearing	1,181,812	1,058,156	986,254	588,658	541,505	1,181,812	1,217,911	1,155,467	1,012,975	1,058,156
Total deposits	\$ 1,654,329	\$ 1,823,235	\$ 1,979,410	\$ 1,253,754	\$ 973,143	\$ 1,654,329	\$ 1,708,200	\$ 1,748,713	\$ 1,618,068	\$ 1,823,235
Subordinated debt, net	21,906	21,805	21,703	21,565	21,570	21,906	21,881	21,855	21,830	21,805
Short-term borrowings	360,000	130,000	-	-	-	360,000	300,000	264,000	359,000	130,000
Accrued interest payable and other liabilities	29,289	20,690	24,265	27,383	20,449	29,289	26,250	22,432	20,414	20,690
Total liabilities	\$ 2,065,524	\$ 1,995,730	\$ 2,025,378	\$ 1,302,702	\$ 1,015,162	\$ 2,065,524	\$ 2,056,331	\$ 2,057,000	\$ 2,019,312	\$ 1,995,730
Common stock	104,499	102,359	72,799	70,721	69,377	104,499	104,018	103,420	102,718	102,359
Retained earnings	109,688	93,824	68,801	56,537	46,910	109,688	109,386	103,979	99,252	93,824
AOCI	(48,875)	(58,645)	(4,500)	666	108	(48,875)	(67,835)	(56,594)	(51,231)	(58,645)
Total shareholders' equity	\$ 165,312	\$ 137,538	\$ 137,100	\$ 127,924	\$ 116,395	\$ 165,312	\$ 145,569	\$ 150,805	\$ 150,739	\$ 137,538
Total liabilities and shareholders' equity	\$ 2,230,836	\$ 2,133,268	\$ 2,162,478	\$ 1,430,626	\$ 1,131,557	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805	\$ 2,170,051	\$ 2,133,268

Non-GAAP Reconciliation

	Quarter Ended,				
	Dec. 31 2023	Sept. 30 2023	Jun. 30 2023	Mar. 31 2023	Dec. 31 2022
Net income - GAAP	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364	\$ 8,415
Loss on sale of securities, net of income tax	3,888	-	-	595	295
Severance, net of income tax	233	-	-	-	-
BOLI surrender tax expense	478	-	-	-	-
Adjusted net income	\$ 4,902	\$ 5,408	\$ 4,726	\$ 6,959	\$ 8,710
Diluted earnings per share - GAAP	\$ 0.04	\$ 0.72	\$ 0.63	\$ 0.85	\$ 1.13
Loss on sale of securities, net of income tax	0.52	-	-	0.08	0.04
Severance, net of income tax	0.03	-	-	-	-
BOLI surrender tax expense	0.06	-	-	-	-
Diluted earnings per share - operating	\$ 0.65	\$ 0.72	\$ 0.63	\$ 0.93	\$ 1.17
Net interest income - GAAP	\$ 18,252	\$ 17,312	\$ 17,489	\$ 19,814	\$ 21,754
Taxable equivalent adjustment	2	-	-	70	75
Net interest income - taxable equivalent	\$ 18,254	\$ 17,312	\$ 17,489	\$ 19,884	\$ 21,829
Net interest margin - GAAP	3.47%	3.34%	3.39%	3.91%	4.40%
Impact of taxable equivalent adjustment	0.00%	0.00%	0.00%	0.01%	0.01%
Net interest margin - taxable equivalent	3.47%	3.34%	3.39%	3.92%	4.41%
Net income - GAAP	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364	\$ 8,415
Provision for credit losses	1,266	120	1,471	185	993
Provision for income taxes	683	2,122	1,967	2,400	3,151
Pre-tax pre-provision net income	\$ 2,252	\$ 7,650	\$ 8,164	\$ 8,949	\$ 12,559
Book value per common share	\$ 21.27	\$ 18.83	\$ 19.55	\$ 19.57	\$ 17.99
Impact of OCI	6.29	8.77	7.34	6.65	7.67
Book value per common share - excluding OCI	\$ 27.56	\$ 27.60	\$ 26.89	\$ 26.22	\$ 25.66

\$s in millions except share data