



Q2 2023

Investor Presentation

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 Profile

▲ *Business Profile*

- ✓ \$2.2 billion commercial bank based in Silicon Valley
- ✓ Headquartered in San Jose with expanding national reach
- ✓ Resilient core funding base
- ✓ Well-balanced loan portfolio
- ✓ Exceptional board and experienced management team

▲ *Positioned to Grow*

- ✓ Focus on dynamic markets – Bay Area and beyond
- ✓ Increased market presence and specialized expertise
- ✓ Clearly defined lines of business
- ✓ Continued investment in talent acquisition/development
- ✓ Disruption in our market creates opportunity
- ✓ Achieving scale while managing risk and maximizing profitability

Market Franchise

San Jose Based Single Branch Bank with Two Bay Area Loan Production Offices

Branch and Office Map



Company Position

- Headquartered in San Jose with expanding national reach
- Loan production offices in San Francisco and Redwood City
- Achieving scale while managing risk and maximizing profitability
- 145 total bank employees with venture and specialty finance bankers located in other key markets throughout the country including Texas, Arizona, New England, Los Angeles and Colorado.

Regional Demographic Trends

	San Jose - Sunnyvale - Santa Clara MSA	Nationwide
May 2023 Unemployment Rate (%)	3.3	3.4
Median HHI (\$000s)	\$148.1	\$73.5
Projected HHI Growth ('23-'28) (%)	18.8	13.4
2010-2023 Population Change (%)	7.0	8.3

Well-Positioned in Innovative & Growing Marketplace

- San Francisco Bay Area is the center of global technology innovation with Santa Clara County dominated by hardware and software companies
 - Major tech companies such as Apple, Netflix, PayPal, Cisco, Zoom, Adobe, and Intel call Santa Clara County home
- San Jose – Sunnyvale – Santa Clara MSA is a major population center with ~ 2 million people
- Well-educated population and rapid venture capital investment continues to drive growth in region

Note: Deposit and Branch data is as of May 2023
Source: US BLS, S&P Capital IQ Pro

Business Model

▲ Local Bay Area Focus

Commercial Real Estate

- ✓ 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.

Corporate Banking

- ✓ 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.

Construction Lending

- ✓ 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.

▲ Growing National Presence

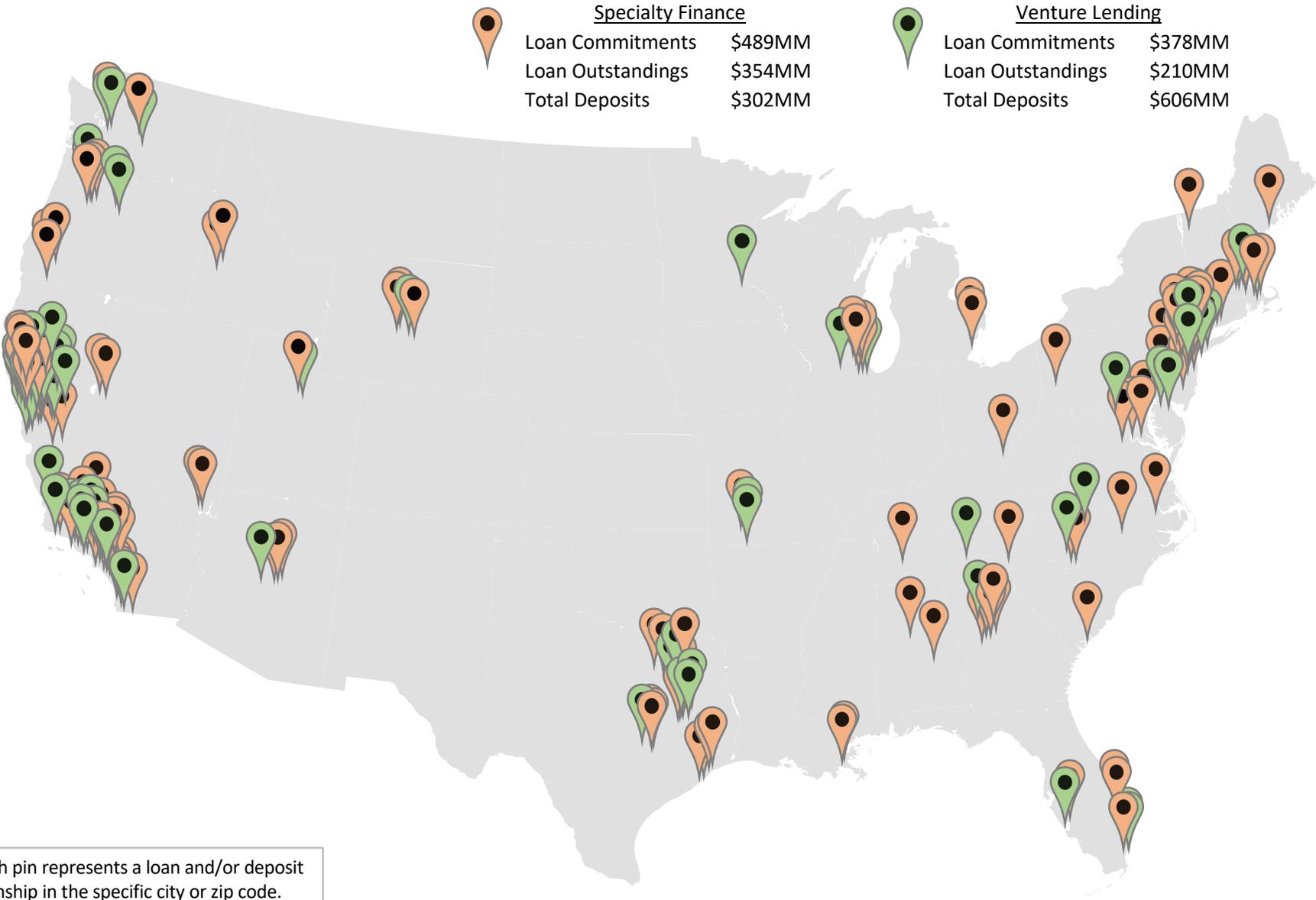
Specialty Finance

- ✓ 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.

Venture Lending

- ✓ 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



Note: Each pin represents a loan and/or deposit relationship in the specific city or zip code.

Recent Events and AVBH Response

Recent Events

- COVID-era stimulus injected “surge” of deposits into banks during 2020 & 2021.
- Surge deposits were subsequently reinvested into securities portfolio
- The Fed raised the Fed Funds target rate from 0.25% to 5.50% in 2022 & 2023.
- Liquidity in the banking industry has been pressured by:
 - Higher rates on deposit alternatives
 - Significant unrealized losses in bank securities portfolios
 - Three large banks failures since March 10

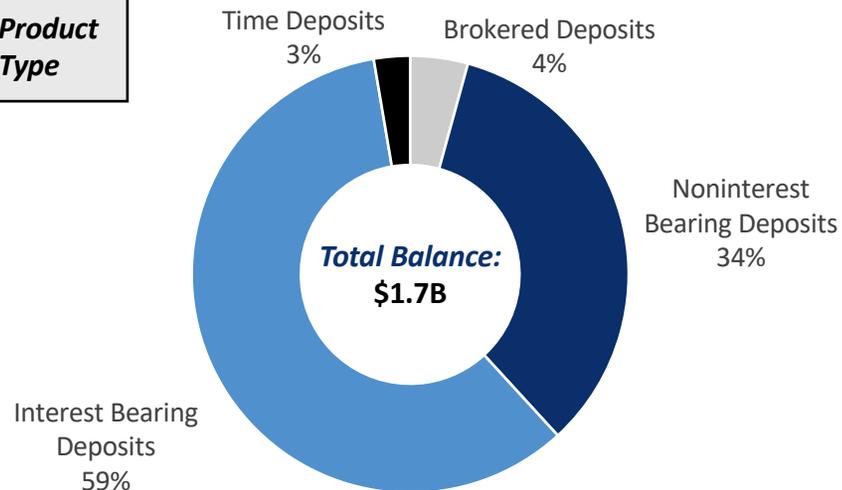
AVBH Impact & Response

- Increased deposits \$131 million, or 32% annualized, from March 31, 2023.
- Since May 1st, deposits increased \$195 million generated from all five banking divisions.
- Reduced uninsured deposits to 40% of total deposits
- Increased ICS reciprocal deposits by \$692 million on June 30, 2023
- Reduced reliance on borrowings by \$95 million during Q2 2023.

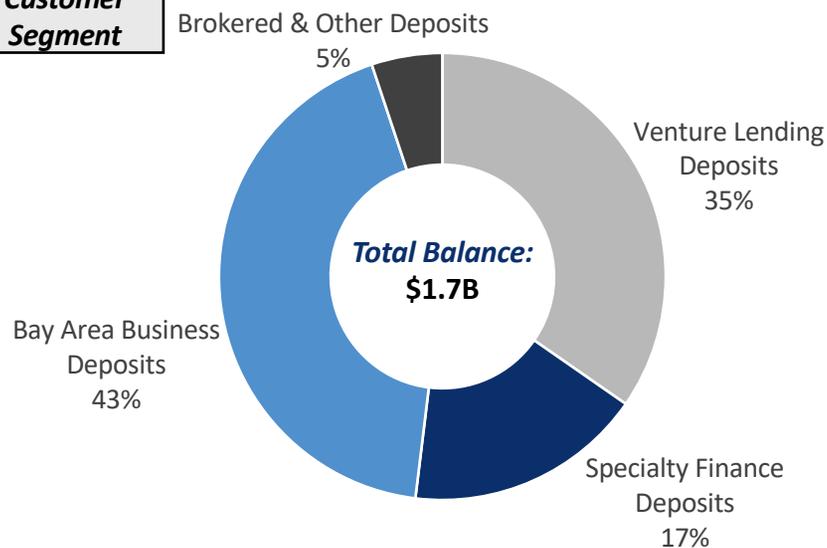
Deposit Portfolio

Quarter End Deposit Composition

By Product Type



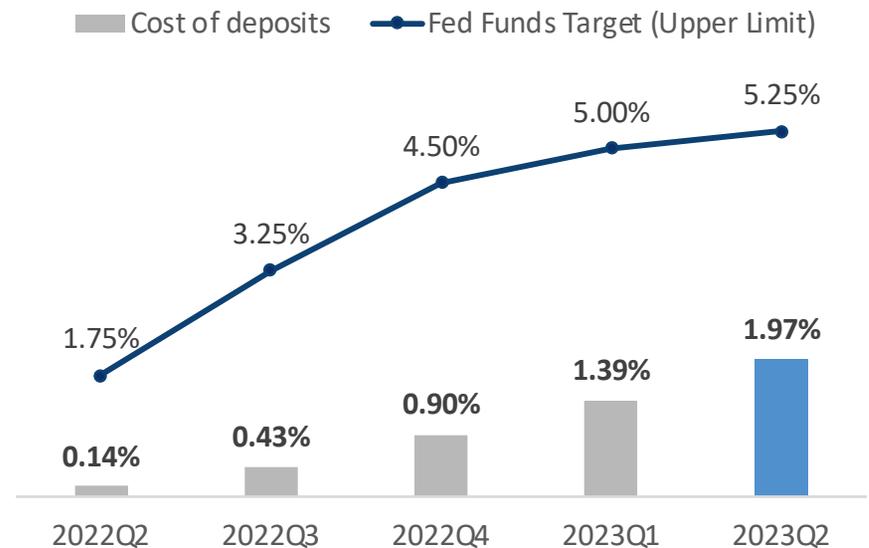
By Customer Segment



Highlights

- Diversified deposits across multiple business lines
- The cost of deposits increased since the beginning of 2022 as the Fed raised the Fed Funds target rate
- Uninsured deposits of 40% at 6/30/2023
- Available liquidity to uninsured deposits ratio of 192% as of 6/30/2023

Cost of Deposits

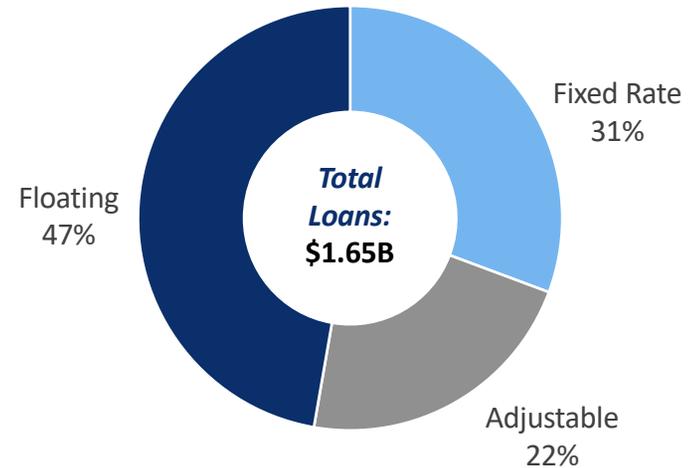


Well-managed, Diversified Loan Portfolio

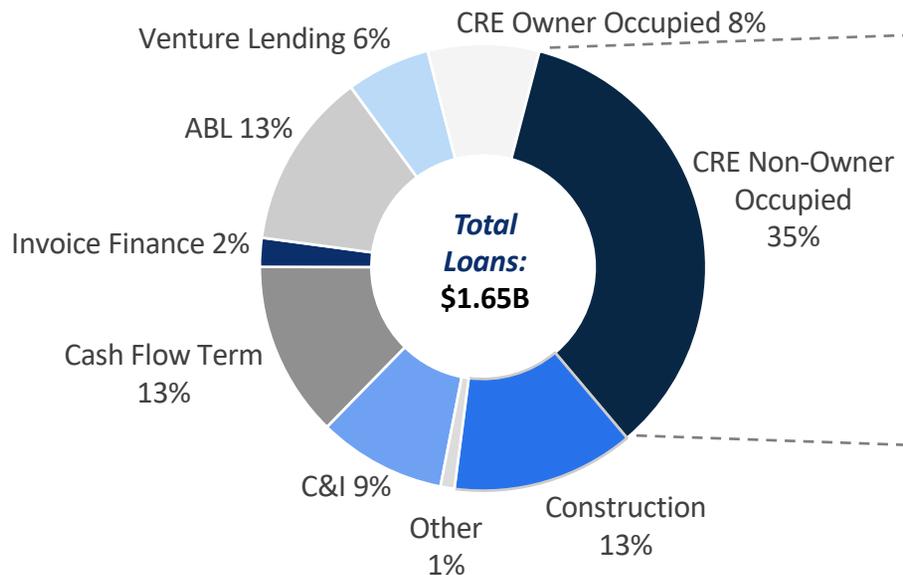
Commentary

- Loan portfolio is composed of:
 - Bay Area focused lines of businesses (66%)
 - Specialty Finance (21%)
 - Venture Lending (13%)
- Approximately 81% of loans are California based with remainder dispersed nationally
- Non-owner occupied office loans represent only 9% of the total loan portfolio with an average loan size of \$2.9 million.

Loan Portfolio Detail – Fixed vs. Floating



Loan Portfolio by Type



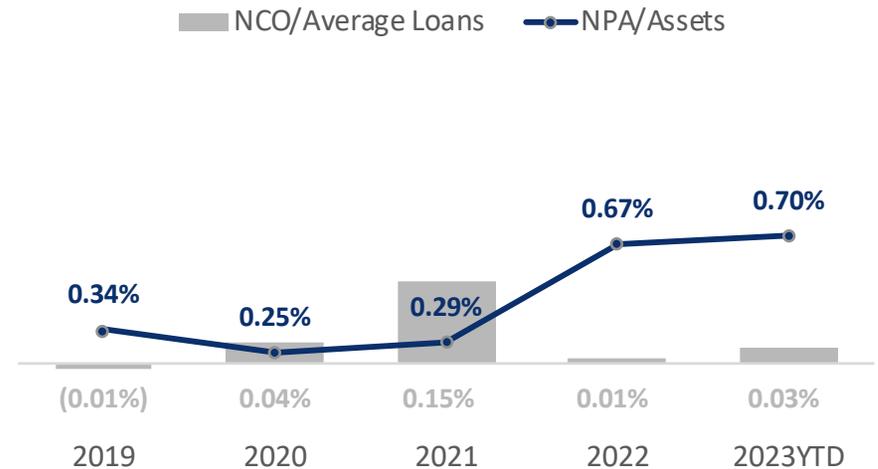
Multifamily	\$ 147,750	9%
Office	147,412	9%
Hotel/Motel	70,883	4%
Retail	62,567	4%
Industrial	53,020	3%
Mixed Use	45,263	3%
Warehouse	3,759	<1%
Other	38,827	2%
Total	\$ 569,481	35%

Credit Quality

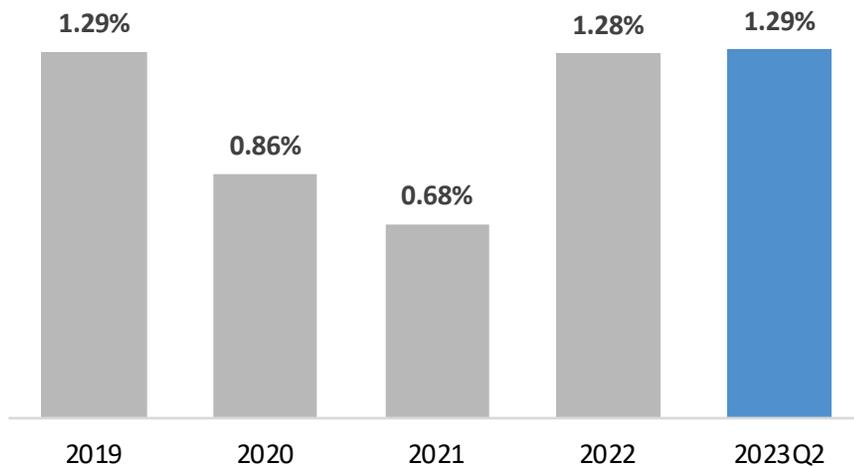
Commentary

- As of June 30, 2023, nonperforming loans totaled \$15.5 million, including one \$14.1 million construction loan credit. The bank is working towards a positive outcome in the second half of the year.
- Well established safeguards and practices within the national lines
 - Monthly credit reviews
 - Deposit requirements on venture loans with authority to sweep balances
 - Detailed collateral tracking for invoice based and ABL loans

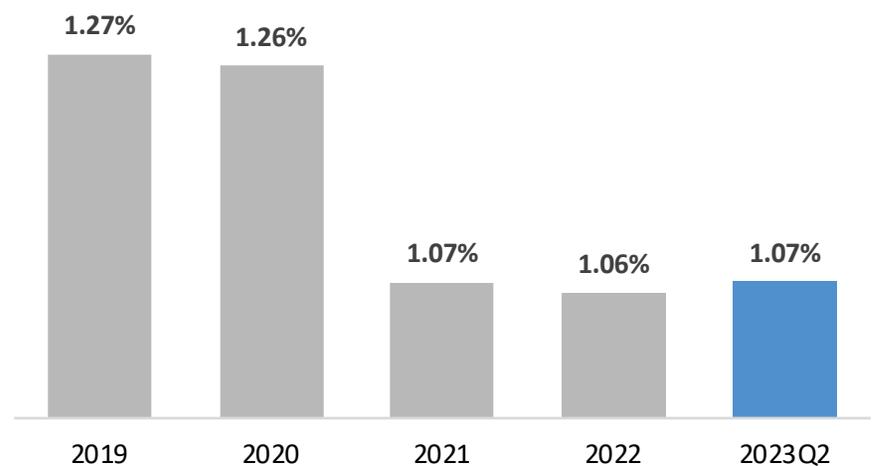
NPAs/Assets and NCO/Avg Loans (%)



Classified Loans/Total Net Loans (%)



LLR/Gross Loans (%)



Appendix

Leadership Team

- ▲ Team capitalizes on unique Silicon Valley market opportunities
- ▲ Over 100 combined years of financial services experience

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



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
--	--	--	--	---

Joined Avidbank

2006	2019	2022	2012	2016
------	------	------	------	------

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 <i>Executive Vice President Corporate Banking</i>	Sam Bhaumik <i>Executive Vice President Venture Lending</i>	Mark Cameron <i>Executive Vice President Specialty Finance</i>	Joe Maleti <i>Executive Vice President Commercial Real Estate</i>	Fergal O'Boyle <i>Executive Vice President Construction Lending</i>	Art Wasson <i>Executive Vice President Treasury Management</i>
---	---	--	---	---	--



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

Q2 2023 Financial Highlights

	METRICS	Q2 2023	Q1 2023	Q2 2022	Change vs			
					Q1 2023*		Q2 2022	
Income	Diluted EPS - operating ¹	\$ 0.63	\$ 0.93	\$ 0.76	\$ (0.30)	(129%)	\$ (0.13)	(17%)
	Operating net income ¹	4,726	6,959	5,214	(2,233)	(128%)	(488)	(9%)
	Pre-tax, pre-provision income ¹	8,164	8,949	8,729	(785)	(35%)	(565)	(6%)
Balance Sheet	Total loans, net of deferred fees (period-end)	\$ 1,650,265	\$ 1,564,501	\$ 1,336,786	85,764	22%	313,479	23%
	Total assets (period-end)	2,207,805	2,170,051	2,010,256	37,754	7%	197,549	10%
	Total deposits (quarterly average)	1,628,975	1,753,295	1,888,494	(124,320)	(28%)	(259,519)	(14%)
	Non-interest bearing deposits (quarterly average)	621,603	724,894	885,271	(103,291)	(57%)	(263,668)	(30%)
Performance Measures	Book value per common share	\$ 19.55	\$ 19.57	\$ 18.27	(0.02)	(0%)	1.28	7%
	Book value per common share (excluding OCI) ¹	26.89	26.22	23.68	0.67	10%	3.21	14%
	Taxable equivalent net interest margin ¹	3.39%	3.92%	3.62%	(53)	bps	(23)	bps
	Efficiency ratio	56.05%	55.21%	55.62%	84	bps	43	bps
	FTE	145	142	132	3		13	
Capital Ratios	Common equity to assets	6.83%	6.95%	6.90%	(12)	bps	(7)	bps
	Tier 1 leverage ratio	9.55%	9.33%	8.72%	22	bps	83	bps
	Total risk based capital	11.87%	12.16%	12.25%	(29)	bps	(38)	bps
Shares Outstanding	Number of common shares outstanding	7,712	7,704	7,586	9	0%	126	2%
	Average common shares outstanding - basic	7,321	7,299	6,687	22	1%	634	9%
	Average common shares outstanding - diluted	7,458	7,452	6,821	6	0%	637	9%

\$ in 000s, except per share amounts

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

*Quarterly growth rates are annualized

Consolidated Historical Income Statement

	Fiscal Year Ended December 31,					Quarter Ended,				
	2018	2019	2020	2021	2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
Interest and fees on loans	\$39,874	\$49,178	\$49,517	\$50,823	\$71,813	\$15,639	\$18,853	\$23,160	\$25,577	\$26,713
Interest on investment securities	1,578	1,387	901	3,606	9,877	2,477	2,794	2,751	2,612	2,058
Interest on Federal funds sold	1,132	1,445	482	456	1,342	356	307	526	628	1,196
Total interest income	42,584	52,010	50,900	54,885	83,032	18,472	21,954	26,437	28,817	29,967
Interest on deposits	2,958	5,120	4,712	2,618	7,513	657	1,948	4,269	6,030	7,989
Interest on borrowings	1,760	2,188	1,243	1,238	1,440	300	426	414	2,973	4,489
Total interest expense	4,718	7,308	5,955	3,856	8,953	957	2,374	4,683	9,003	12,478
Net interest income before provision	37,866	44,702	44,945	51,029	74,079	17,515	19,580	21,754	19,814	17,489
Provision for loan losses	1,612	1,426	1,702	3,572	3,510	1,592	925	993	185	1,471
Net interest income after provision	36,254	43,276	43,243	47,457	70,569	15,923	18,655	20,761	19,629	16,018
Service charges, fees and other income	1,826	2,212	2,169	2,366	2,871	761	725	660	573	611
Gain (loss) on sale of investment securities	17	-	-	735	(404)	-	-	(404)	(815)	-
Other non-interest income	876	539	462	2,212	2,203	466	351	999	410	476
Total non-interest income	2,719	2,751	2,631	5,313	4,670	1,227	1,076	1,255	168	1,087
Salaries and employee benefits	15,102	19,759	23,233	25,256	29,102	7,129	7,069	7,592	7,954	7,021
Occupancy and equipment	3,436	3,457	4,123	4,078	3,652	901	946	911	961	1,005
Other	4,991	4,954	5,811	6,282	8,036	1,983	1,898	1,947	2,118	2,386
Total non-interest expense	23,529	28,170	33,167	35,616	40,790	10,013	9,913	10,450	11,033	10,412
Income before provision for income taxes	15,444	17,857	12,707	17,154	34,449	7,137	9,818	11,566	8,764	6,693
Provision for income taxes	4,324	5,000	3,080	4,890	9,426	1,923	2,772	3,151	2,400	1,967
Net income	11,120	12,857	9,627	12,264	25,023	5,214	7,046	8,415	6,364	4,726
Basic earnings per common share (actual)	\$1.93	\$2.22	\$1.64	\$2.08	\$3.68	\$0.78	\$0.97	\$1.16	\$0.87	\$0.65
Diluted earnings per common share (actual)	\$1.90	\$2.17	\$1.61	\$2.02	\$3.60	\$0.76	\$0.95	\$1.13	\$0.85	\$0.63

Consolidated Historical Balance Sheet

	Fiscal Year Ended December 31,					Quarter Ended,				
	2018	2019	2020	2021	2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023
Cash and due from banks	\$19,252	\$13,068	\$14,327	\$29,616	\$17,435	\$50,907	\$23,766	\$17,435	\$19,452	\$33,849
Due from Federal Reserve Bank	8,400	139,780	215,705	463,727	29,853	35,913	13,476	29,853	114,615	70,364
Total cash and cash equivalents	27,652	152,848	230,032	493,343	47,288	86,820	37,242	47,288	134,067	104,213
Total investment securities	56,491	52,014	163,631	380,170	444,664	507,826	468,239	444,664	386,947	371,753
Loans, less allowance for loan losses	797,581	877,513	980,925	1,210,290	1,537,741	1,322,140	1,377,058	1,537,741	1,548,112	1,632,629
Property and equipment, net	5,723	5,542	5,565	4,565	4,163	4,314	4,318	4,163	4,037	3,774
Cash surrender value of BOLI	10,890	11,156	11,425	31,875	32,747	32,303	32,522	32,747	32,972	33,202
Other assets	18,568	32,484	39,048	42,235	66,665	56,853	64,443	66,665	63,916	62,234
Total assets	916,905	1,131,557	1,430,626	2,162,478	2,133,268	2,010,256	1,983,822	2,133,268	2,170,051	2,207,805
Non-interest bearing	366,851	431,638	665,096	993,156	765,079	838,666	804,383	765,079	605,093	593,246
Interest bearing	429,746	541,505	588,658	986,254	1,058,156	990,086	1,009,989	1,058,156	1,012,975	1,155,467
Total deposits	796,597	973,143	1,253,754	1,979,410	1,823,235	1,828,752	1,814,372	1,823,235	1,618,068	1,748,713
Subordinated debt, net	11,845	21,570	21,565	21,703	21,805	21,754	21,779	21,805	21,830	21,855
Short-term borrowings	-	-	-	-	130,000	-	-	130,000	359,000	264,000
Accrued interest payable and other liabilities	7,947	20,449	27,383	24,265	20,690	21,139	21,188	20,690	20,414	22,432
Total liabilities	816,389	1,015,162	1,302,702	2,025,378	1,995,730	1,871,645	1,857,339	1,995,730	2,019,312	2,057,000
Common stock	68,012	69,377	70,721	72,799	102,359	101,244	101,679	102,359	102,718	103,420
Retained earnings	34,053	46,910	56,537	68,801	93,824	78,364	85,409	93,824	99,252	103,979
AOCI	(1,549)	108	666	(4,500)	(58,645)	(40,997)	(60,605)	(58,645)	(51,231)	(56,594)
Total shareholders' equity	100,516	116,395	127,924	137,100	137,538	138,611	126,483	137,538	150,739	150,805
Total liabilities and shareholders' equity	916,905	1,131,557	1,430,626	2,162,478	2,133,268	2,010,256	1,983,822	2,133,268	2,170,051	2,207,805

Non-GAAP Reconciliation

	Quarter Ended,					
	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023	
Net income - GAAP	\$ 5,214	\$ 7,046	\$ 8,415	\$ 6,364	\$ 4,726	
Loss on sale of securities, net of income tax	-	-	295	595	-	
Operating net income	\$ 5,214	\$ 7,046	\$ 8,710	\$ 6,959	\$ 4,726	
Diluted earnings per share - GAAP	\$ 0.76	\$ 0.95	\$ 1.13	\$ 0.85	\$ 0.63	
Loss on sale of securities, net of income tax	-	-	0.04	0.08	-	
Diluted earnings per share - operating	\$ 0.76	\$ 0.95	\$ 1.17	\$ 0.93	\$ 0.63	
Net interest income - GAAP	\$ 17,515	\$ 19,580	\$ 21,754	\$ 19,814	\$ 17,489	
Taxable equivalent adjustment	26	69	75	70	-	
Net interest income - taxable equivalent	\$ 17,541	\$ 19,649	\$ 21,829	\$ 19,884	\$ 17,489	
Net interest margin - GAAP	3.62%	4.05%	4.40%	3.91%	3.39%	
Impact of taxable equivalent adjustment	0.00%	0.02%	0.01%	0.01%	0.00%	
Net interest margin - taxable equivalent	3.62%	4.07%	4.41%	3.92%	3.39%	
Net income - GAAP	\$ 5,214	\$ 7,046	\$ 8,415	\$ 6,364	\$ 4,726	
Provision for credit losses	1,592	925	993	185	1,471	
Provision for income taxes	1,923	2,772	3,151	2,400	1,967	
Pre-tax pre-provision net income	\$ 8,729	\$ 10,743	\$ 12,559	\$ 8,949	\$ 8,164	
Book value per common share	\$ 18.27	\$ 16.58	\$ 17.99	\$ 19.57	\$ 19.55	
Impact of OCI	5.41	7.94	7.73	6.65	7.34	
Book value per common share - excluding OCI	\$ 23.68	\$ 24.52	\$ 25.72	\$ 26.22	\$ 26.89	