

Q3 2023

Investor Presentation

Avidbank™

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 the Bay Area
- ✓ Headquartered in San Jose with expanding national reach
- ✓ Diversified core funding base
- ✓ Well-balanced loan portfolio
- ✓ Experienced management team

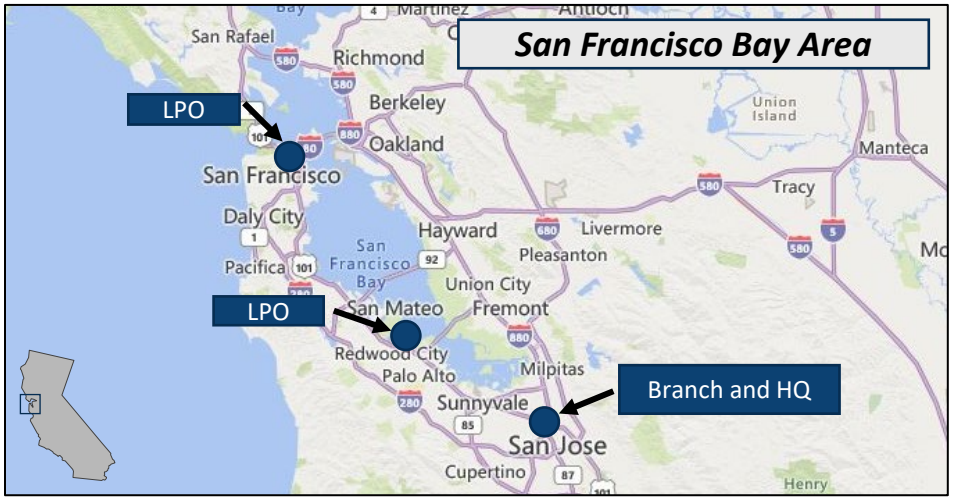
◢ Positioned to Grow

- ✓ 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
- 147 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
August 2023 Unemployment Rate (%)	4.0	3.8
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

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.

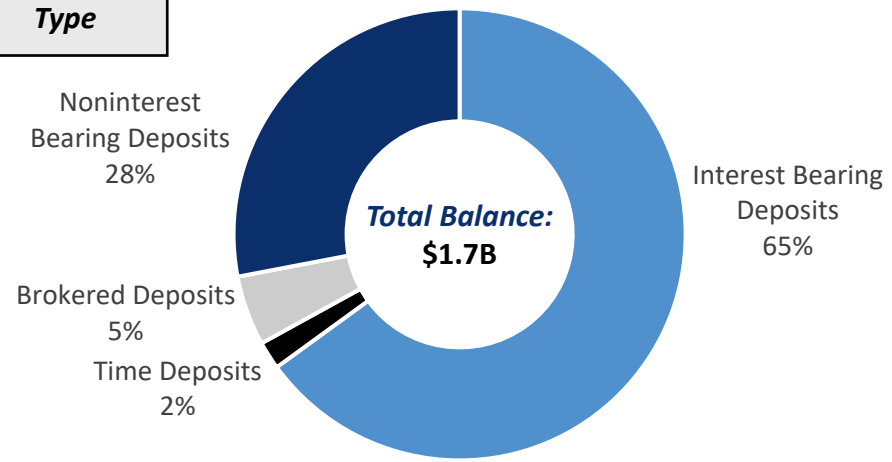
Q3 2023 Highlights

- Loans increased $19.6 million, or 5% annualized, from June 30, 2023, and $115.7 million, or 7%, from December 31, 2022.
- Return on average assets of 0.99% for the third quarter of 2023.
- Average deposits increased $53.4 million, or 13% annualized, from the second quarter of 2023.
- Uninsured deposits represented 35% of total deposits. Net available borrowing capacity totaled approximately $1.4 billion as of September 30, 2023.
- Year-to-date annualized net charge-offs total 0.01% of total loans.
- Nonperforming assets to total assets was unchanged at 0.70% on September 30, 2023 compared to June 30, 2023.

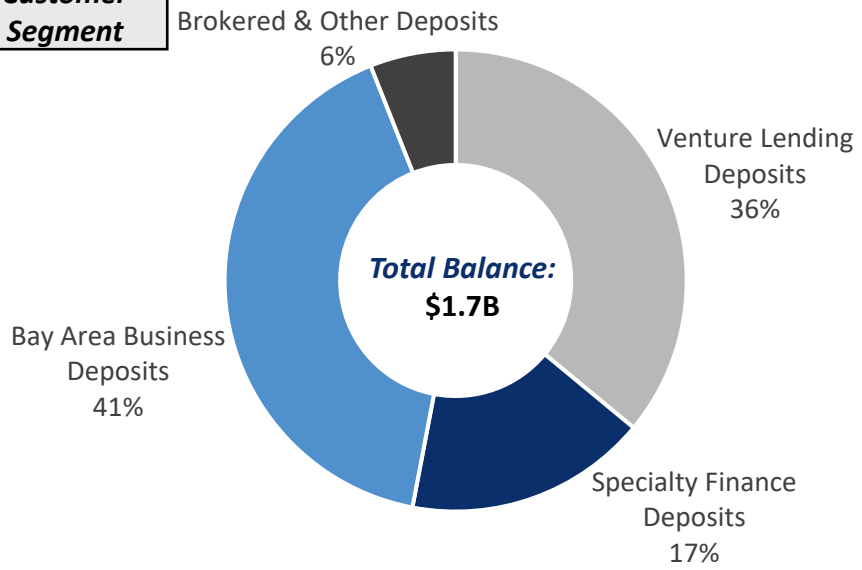
Deposit Portfolio

Quarter End Deposit Composition

By Product Type



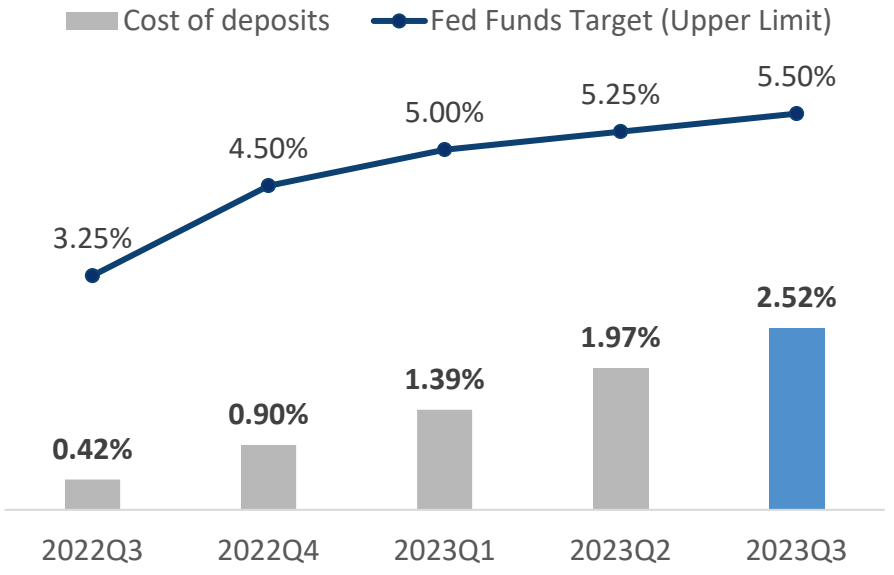
By Customer Segment



Highlights

- Diversified deposits across multiple business lines
- Uninsured deposits totaled 35% of total deposits at 9/30/2023
- Available liquidity to uninsured deposits ratio of 240% as of 9/30/2023

Cost of Deposits

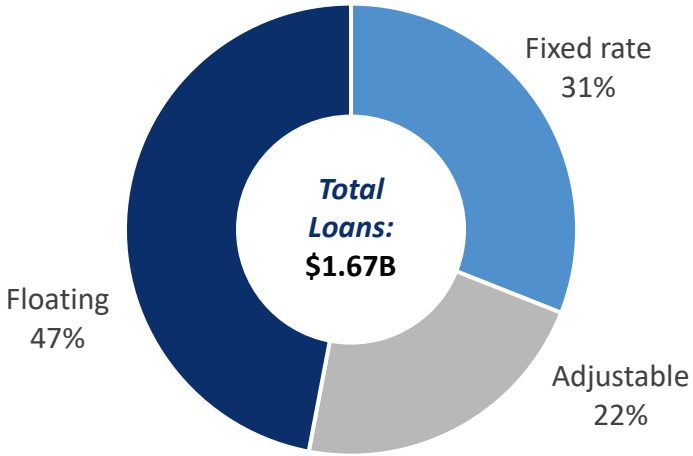


Well-managed, Diversified Loan Portfolio

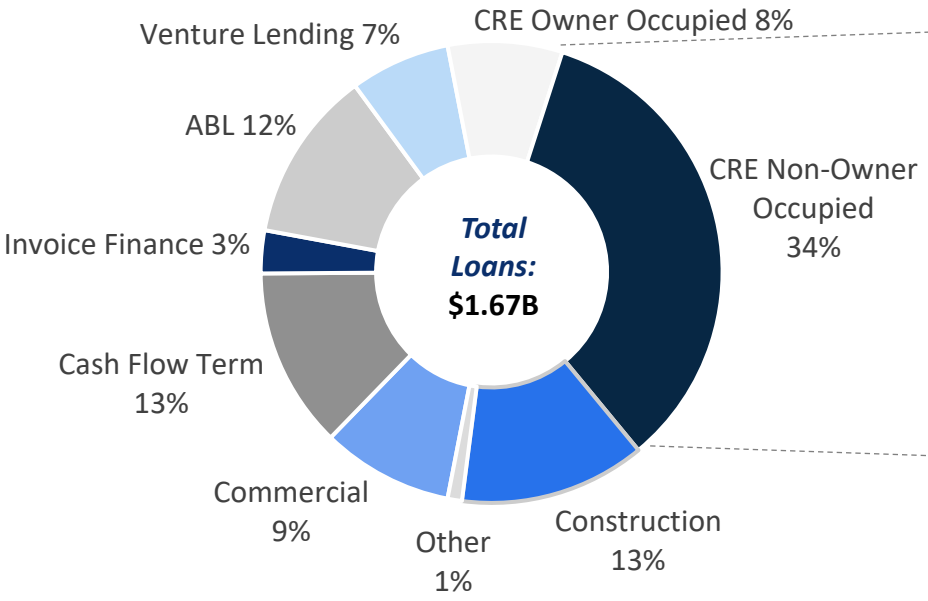
Commentary

- Loan portfolio is composed of:
  - Bay Area focused lines of businesses (64%)
  - Specialty Finance (22%)
  - Venture Lending (14%)
- Approximately 82% of loans are California based with remainder dispersed nationally
- Non-owner occupied office loans represent 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



Non-Owner Occupied CRE at 9/30/2023

$s in 000s; % of total loans

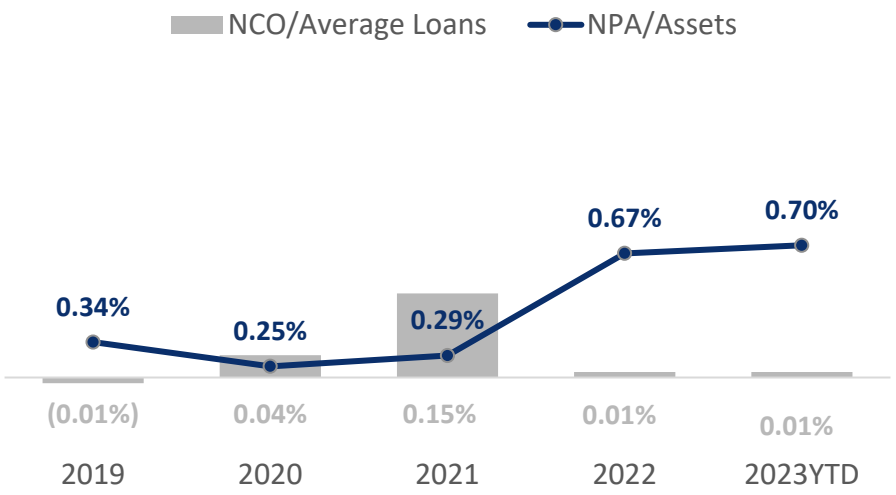
Office	$	142,896	9%
Multifamily		140,090	8%
Retail		78,475	5%
Hotel/Motel		70,521	4%
Industrial		55,107	3%
Mixed Use		44,056	3%
Warehouse		3,731	0%
Other		35,900	2%
Total	**$**	**570,776**	**34%**

Credit Quality

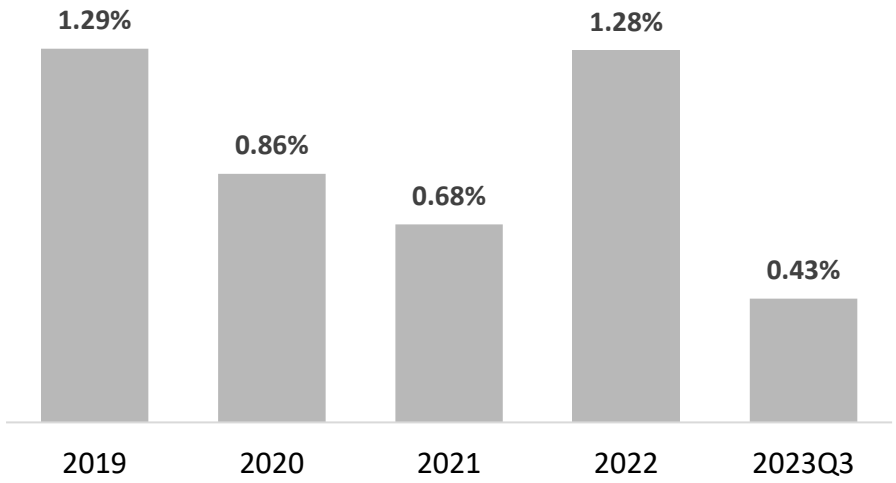
Commentary

- As of September 30, 2023, nonperforming loans were 0.08% of total loans. The decrease from the prior quarter was due to the foreclosure of one $14.1 million nonperforming loan.
- The bank maintains 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

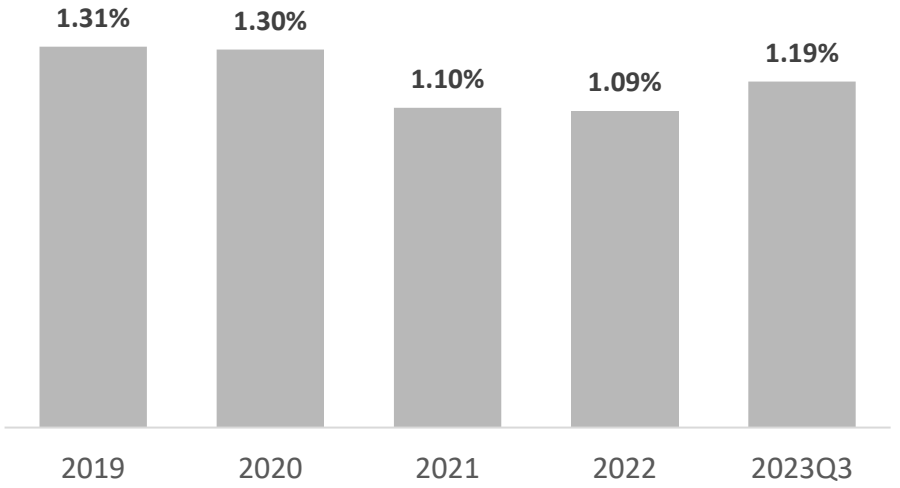
NPAs/Assets and NCO/Avg Loans (%)



Classified Loans/Total Loans (%)



Allowance for Credit Losses / Total Loans (%)



Appendix

Leadership Team

- Team capitalizes on unique Silicon Valley market opportunities
- 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
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 *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

Q3 2023 Financial Highlights

	METRICS	Q3 2023	Q2 2023	Q3 2022	Change vs Q2 2023*		Change vs Q3 2022	
Income	Diluted EPS - operating[1]	$ 0.72	$ 0.63	$ 0.95	$ 0.09	57%	$ (0.23)	(24%)
	Operating net income[1]	5,408	4,726	7,046	682	58%	(1,638)	(23%)
	Pre-tax, pre-provision income[1]	7,650	8,164	10,743	(514)	(25%)	(3,093)	(29%)
Balance Sheet	Total loans, net of deferred fees (period-end)	$ 1,669,914	$ 1,650,265	$ 1,392,546	19,649	5%	277,368	20%
	Total assets (period-end)	2,201,900	2,207,805	1,983,822	(5,905)	(1%)	218,078	11%
	Total deposits (quarterly average)	1,682,329	1,628,975	1,819,008	53,354	13%	(136,679)	(8%)
	Non-interest bearing deposits (quarterly average)	520,573	621,603	820,047	(101,030)	(65%)	(299,474)	(37%)
Performance Measures	Book value per common share	$ 18.83	$ 19.55	$ 16.58	(0.72)	(15%)	2.25	14%
	Book value per common share (excluding OCI)[1]	27.60	26.89	24.52	0.71	11%	3.08	13%
	Taxable equivalent net interest margin[1]	3.34%	3.39%	4.07%	(5)	bps	(73)	bps
	Efficiency ratio	58.75%	56.05%	48.00%	270	bps	1,075	bps
	FTE	147	145	134	2		13	
Capital Ratios	Common equity to assets	6.61%	6.83%	6.38%	(22)	bps	23	bps
	Tier 1 leverage ratio	9.84%	9.55%	9.22%	29	bps	62	bps
	Total risk based capital	11.89%	11.87%	12.31%	2	bps	(42)	bps
Shares Outstanding	Number of common shares outstanding	7,731	7,712	7,630	19	1%	101	1%
	Average common shares outstanding - basic	7,327	7,321	7,275	6	0%	52	1%
	Average common shares outstanding - diluted	7,511	7,458	7,410	53	3%	101	1%

$ in 000s, except per share amounts
[1]Non-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	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Interest and fees on loans	$39,874	$49,178	$49,517	$50,823	$71,813	$18,853	$23,160	$25,577	$26,713	$29,125
Interest on investment securities	1,578	1,387	901	3,606	9,877	2,794	2,751	2,612	2,058	2,009
Interest on Federal funds sold	1,132	1,445	482	456	1,342	307	526	628	1,196	662
Total interest income	**42,584**	**52,010**	**50,900**	**54,885**	**83,032**	**21,954**	**26,437**	**28,817**	**29,967**	**31,796**
Interest on deposits	2,958	5,120	4,712	2,618	7,513	1,948	4,269	6,030	7,989	10,704
Interest on borrowings	1,760	2,188	1,243	1,238	1,440	426	414	2,973	4,489	3,780
Total interest expense	**4,718**	**7,308**	**5,955**	**3,856**	**8,953**	**2,374**	**4,683**	**9,003**	**12,478**	**14,484**
Net interest income before provision	**37,866**	**44,702**	**44,945**	**51,029**	**74,079**	**19,580**	**21,754**	**19,814**	**17,489**	**17,312**
Provision for credit losses	1,612	1,426	1,702	3,572	3,510	925	993	185	1,471	120
Net interest income after provision	**36,254**	**43,276**	**43,243**	**47,457**	**70,569**	**18,655**	**20,761**	**19,629**	**16,018**	**17,192**
Service charges, fees and other income	1,826	2,212	2,169	2,366	2,871	725	660	573	611	613
Gain (loss) on sale of investment securities	17	-	-	735	(404)	-	(404)	(815)	-	-
Other non-interest income	876	539	462	2,212	2,203	351	999	410	476	621
Total non-interest income	**2,719**	**2,751**	**2,631**	**5,313**	**4,670**	**1,076**	**1,255**	**168**	**1,087**	**1,234**
Salaries and employee benefits	15,102	19,759	23,233	25,256	29,102	7,069	7,592	7,954	7,021	7,460
Occupancy and equipment	3,436	3,457	4,123	4,078	3,652	946	911	961	1,005	1,002
Other	4,991	4,954	5,811	6,282	8,036	1,898	1,947	2,118	2,386	2,434
Total non-interest expense	**23,529**	**28,170**	**33,167**	**35,616**	**40,790**	**9,913**	**10,450**	**11,033**	**10,412**	**10,896**
Income before provision for income taxes	15,444	17,857	12,707	17,154	34,449	9,818	11,566	8,764	6,693	7,530
Provision for income taxes	4,324	5,000	3,080	4,890	9,426	2,772	3,151	2,400	1,967	2,122
Net income	**11,120**	**12,857**	**9,627**	**12,264**	**25,023**	**7,046**	**8,415**	**6,364**	**4,726**	**5,408**
Basic earnings per common share (actual)	$1.93	$2.22	$1.64	$2.08	$3.68	$0.97	$1.16	$0.87	$0.65	$0.74
Diluted earnings per common share (actual)	$1.90	$2.17	$1.61	$2.02	$3.60	$0.95	$1.13	$0.85	$0.63	$0.72

Consolidated Historical Balance Sheet

	Fiscal Year Ended December 31,					Quarter Ended,				
	2018	2019	2020	2021	2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Cash and due from banks	$19,252	$13,068	$14,327	$29,616	$17,435	$23,766	$17,435	$19,452	$33,849	$21,157
Due from Federal Reserve Bank	8,400	139,780	215,705	463,727	29,853	13,476	29,853	114,615	70,364	58,885
Total cash and cash equivalents	**27,652**	**152,848**	**230,032**	**493,343**	**47,288**	**37,242**	**47,288**	**134,067**	**104,213**	**80,042**
Total investment securities	56,491	52,014	163,631	380,170	444,664	468,239	444,664	386,947	371,753	345,547
Loans, less allowance for loan losses	797,581	877,513	980,925	1,210,290	1,537,741	1,377,058	1,537,741	1,548,112	1,632,629	1,652,114
Property and equipment, net	5,723	5,542	5,565	4,565	4,163	4,318	4,163	4,037	3,774	3,558
Cash surrender value of BOLI	10,890	11,156	11,425	31,875	32,747	32,522	32,747	32,972	33,202	33,440
Other assets	18,568	32,484	39,048	42,235	66,665	64,443	66,665	63,916	62,234	87,199
Total assets	**916,905**	**1,131,557**	**1,430,626**	**2,162,478**	**2,133,268**	**1,983,822**	**2,133,268**	**2,170,051**	**2,207,805**	**2,201,900**
Non-interest bearing	366,851	431,638	665,096	993,156	765,079	804,383	765,079	605,093	593,246	490,289
Interest bearing	429,746	541,505	588,658	986,254	1,058,156	1,009,989	1,058,156	1,012,975	1,155,467	1,217,911
Total deposits	**796,597**	**973,143**	**1,253,754**	**1,979,410**	**1,823,235**	**1,814,372**	**1,823,235**	**1,618,068**	**1,748,713**	**1,708,200**
Subordinated debt, net	11,845	21,570	21,565	21,703	21,805	21,779	21,805	21,830	21,855	21,881
Short-term borrowings	-	-	-	-	130,000	-	130,000	359,000	264,000	300,000
Accrued interest payable and other liabilities	7,947	20,449	27,383	24,265	20,690	21,188	20,690	20,414	22,432	26,250
Total liabilities	**816,389**	**1,015,162**	**1,302,702**	**2,025,378**	**1,995,730**	**1,857,339**	**1,995,730**	**2,019,312**	**2,057,000**	**2,056,331**
Common stock	68,012	69,377	70,721	72,799	102,359	101,679	102,359	102,718	103,420	104,018
Retained earnings	34,053	46,910	56,537	68,801	93,824	85,409	93,824	99,252	103,979	109,386
AOCI	(1,549)	108	666	(4,500)	(58,645)	(60,605)	(58,645)	(51,231)	(56,594)	(67,835)
Total shareholders' equity	**100,516**	**116,395**	**127,924**	**137,100**	**137,538**	**126,483**	**137,538**	**150,739**	**150,805**	**145,569**
Total liabilities and shareholders' equity	**916,905**	**1,131,557**	**1,430,626**	**2,162,478**	**2,133,268**	**1,983,822**	**2,133,268**	**2,170,051**	**2,207,805**	**2,201,900**

Non-GAAP Reconciliation

	Quarter Ended,				
	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Net income - GAAP	$ 7,046	$ 8,415	$ 6,364	$ 4,726	$ 5,408
Loss on sale of securities, net of income tax	-	295	595	-	-
Operating net income	**$ 7,046**	**$ 8,710**	**$ 6,959**	**$ 4,726**	**$ 5,408**
Diluted earnings per share - GAAP	$ 0.95	$ 1.13	$ 0.85	$ 0.63	$ 0.72
Loss on sale of securities, net of income tax	-	0.04	0.08	-	-
Diluted earnings per share - operating	**$ 0.95**	**$ 1.17**	**$ 0.93**	**$ 0.63**	**$ 0.72**
Net interest income - GAAP	$ 19,580	$ 21,754	$ 19,814	$ 17,489	$ 17,312
Taxable equivalent adjustment	69	75	70	-	-
Net interest income - taxable equivalent	**$ 19,649**	**$ 21,829**	**$ 19,884**	**$ 17,489**	**$ 17,312**
Net interest margin - GAAP	4.05%	4.40%	3.91%	3.39%	3.34%
Impact of taxable equivalent adjustment	0.02%	0.01%	0.01%	0.00%	0.00%
Net interest margin - taxable equivalent	**4.07%**	**4.41%**	**3.92%**	**3.39%**	**3.34%**
Net income - GAAP	$ 7,046	$ 8,415	$ 6,364	$ 4,726	$ 5,408
Provision for credit losses	925	993	185	1,471	120
Provision for income taxes	2,772	3,151	2,400	1,967	2,122
Pre-tax pre-provision net income	**$ 10,743**	**$ 12,559**	**$ 8,949**	**$ 8,164**	**$ 7,650**
Book value per common share	$ 16.58	$ 17.99	$ 19.57	$ 19.55	$ 18.83
Impact of OCI	7.94	7.73	6.65	7.34	8.77
Book value per common share - excluding OCI	**$ 24.52**	**$ 25.72**	**$ 26.22**	**$ 26.89**	**$ 27.60**