

# Banking with a disciplined approach to growth

2021 Virtual KBW Community Bank Investor Conference

August 3-4, 2021



**Bank of Marin Bancorp**

# Forward-Looking Statements

This presentation may contain certain forward-looking statements that are based on management's current expectations regarding economic, legislative, and regulatory issues that may impact Bancorp's earnings in future periods. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "intend," "estimate" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could" or "may." Factors that could cause future results to vary materially from current management expectations include, but are not limited to, the businesses of Bank of Marin Bancorp and/or American River Bankshares may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the acquisition may not be fully realized or realized within the expected time frame; revenues following the merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the acquisition; the ability to obtain required regulatory and shareholder approvals, and the ability to complete the acquisition on the expected timeframe may be more difficult, time-consuming or costly than expected; natural disasters (such as wildfires and earthquakes), our borrowers' actual payment performance as loan deferrals related to the COVID-19 pandemic expire, changes to statutes, regulations, or regulatory policies or practices as a result of, or in response to COVID-19, including the potential adverse impact of loan modifications and payment deferrals implemented consistent with recent regulatory guidance, general economic conditions, economic uncertainty in the United States and abroad, changes in interest rates, deposit flows, real estate values, costs or effects of acquisitions, competition, changes in accounting principles, policies or guidelines, legislation or regulation (including the Coronavirus Aid, Relief and Economic Security Act of 2020, as amended, and the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act of 2020), interruptions of utility service in our markets for sustained periods, and other economic, competitive, governmental, regulatory and technological factors (including external fraud and cybersecurity threats) affecting Bancorp's operations, pricing, products and services. These and other important factors are detailed in various securities law filings made periodically by Bancorp, copies of which are available from Bancorp without charge. Bancorp undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

# Bank of Marin Bancorp

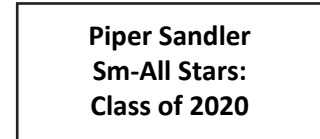
<b>Headquarters</b>	<b>Novato, California</b> Marin County, North of San Francisco
Employees, <i>full-time equivalent</i>	278
Assets	\$3.1 billion
Footprint	25 locations in San Francisco Bay Area
Ticker	BMRC (Nasdaq Capital Markets)
Founded 1989	First branch opened in 1990

As of June 30, 2021

## Recent awards:



**RAYMOND JAMES®**  
COMMUNITY BANKERS CUP AWARD  
2014 - 2015 - 2016



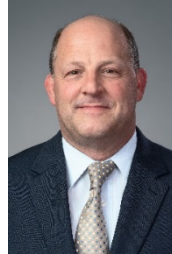
# Over 290 Years of Combined Management Experience Through Various Economic Cycles



**Russell A. Colombo**

*Chief Executive Officer*

- 46 years in banking
- Comerica Bank, Imperial Bank, Security Pacific, Union Bank



**Tim Myers**

*President & Chief Operating Officer*

- 25 years in finance and banking
- U.S. Bank, Comerica Bank, Imperial Bank



**Tani Girton**

*EVP, Chief Financial Officer*

- 35 years in financial services
- Bank of the West, Charles Schwab, CalFed Bank



**Rich Lewis**

*EVP, Chief Information Officer*

- 25 years in financial services
- Mechanics Bank, Luther Burbank Savings, Tamalpais Bank, Exchange Bank



**Bob Gotelli**

*EVP, Human Resources*

- 27 years of human resources experience



**Beth Reizman**

*EVP, Chief Credit Officer*

- 38 years in banking
- Bank of California, Hibernia Bank, Crocker Bank



**Nikki Sloan**

*EVP, Head of Commercial Banking*

- 20 years in banking
- Wells Fargo



**Nancy Rinaldi Boatright**

*SVP, Corporate Secretary*

- 48 years in banking
- Business Bank of California, Westamerica Bank



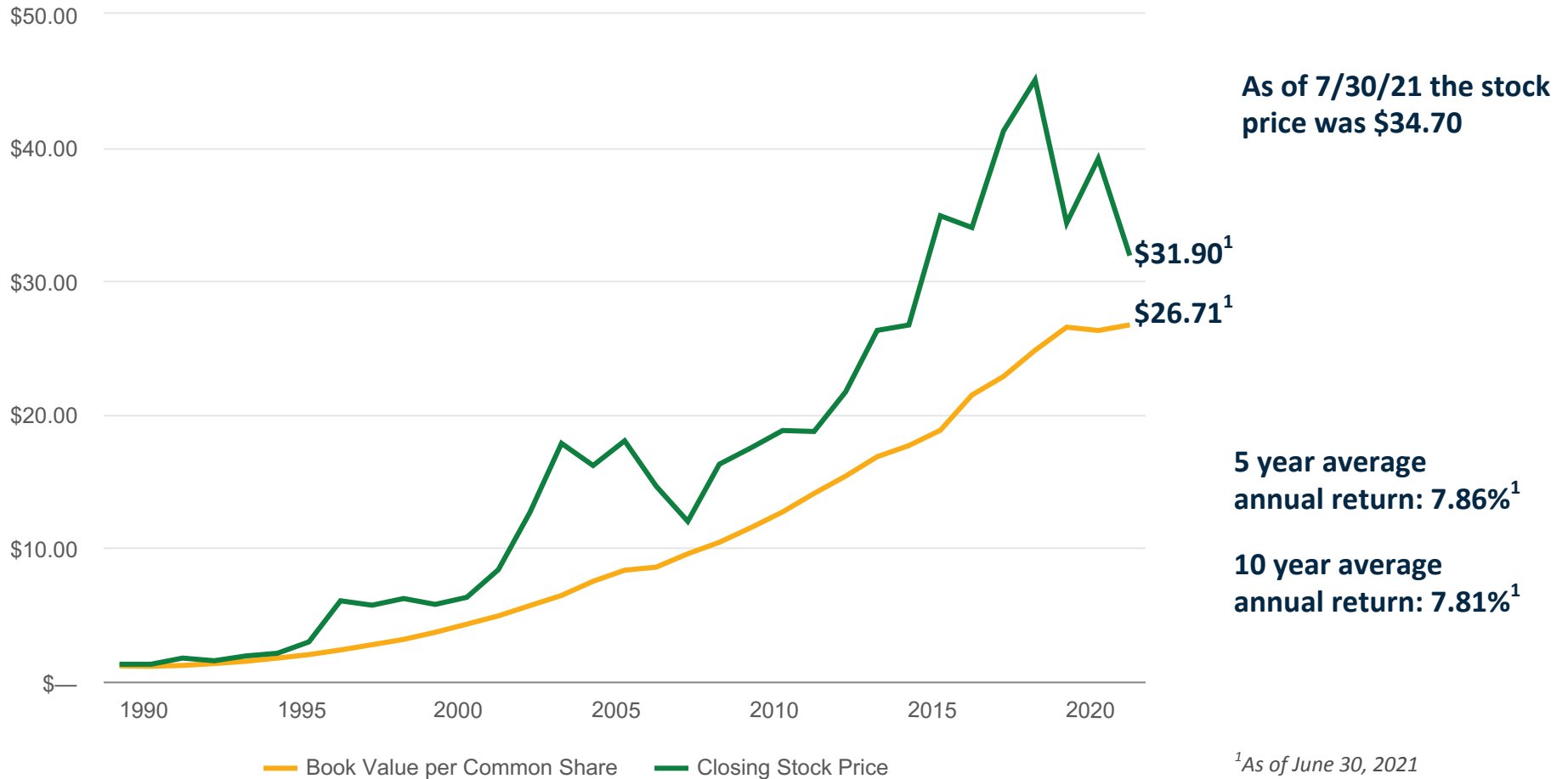
**Brandi Campbell**

*SVP, Retail Banking*

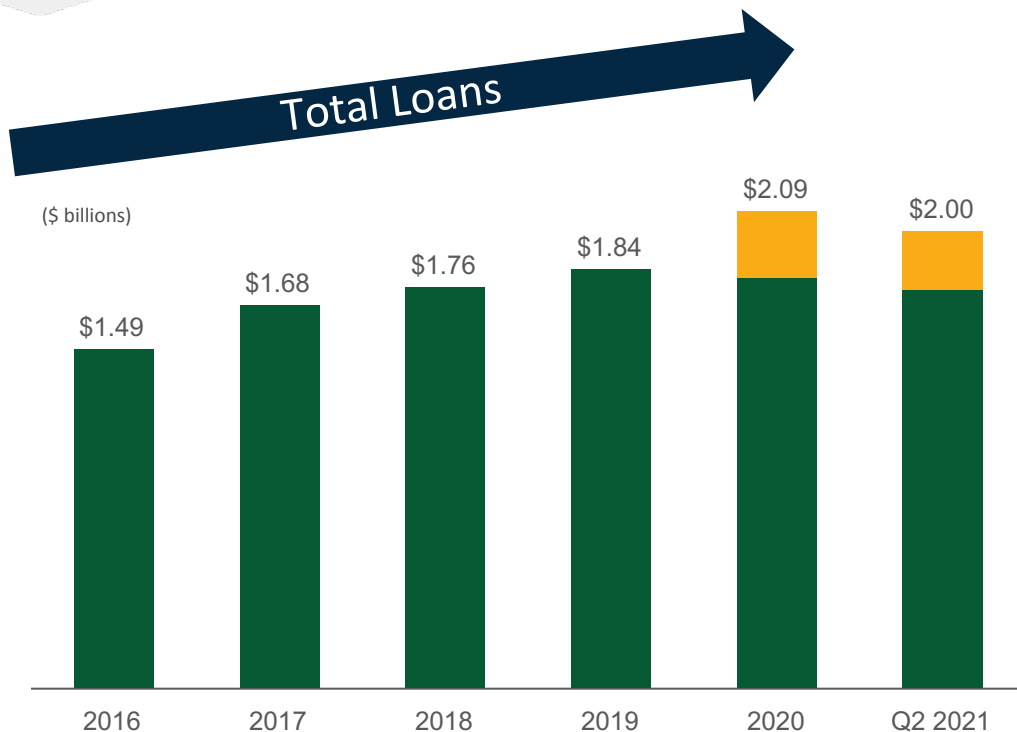
- 31 years in banking
- Bank of America

# Balanced Approach to Growth Creates Long-Term Value

Total annual shareholder return averages 10.19% over 20 years<sup>1</sup>



# Prudent, Sustainable Model for Loan Growth



PPP Loans: \$248.3 million<sup>1</sup>

\$1.75 Excluding PPP Loans

**Five-year compound annual loan growth rate: 6.70% (3.92% excluding PPP loans)<sup>2</sup>**

<sup>1</sup> Net of deferred unaccrued PPP loan fees and costs of \$6.5 million.

<sup>2</sup> Compounded annual growth rate from June 30, 2016 to June 30, 2021.

	2016	2017	2018	2019	2020	Q2 2021
<b>NPAs / Total Assets</b>	0.03 %	0.02 %	0.03 %	0.01 %	0.32 %	0.30 %
<b>NCO / Average Loans</b>	(0.16)%	0.01 %	— %	— %	— %	— %

**Disciplined Underwriting Standards Mitigate Risk and Produce Strong Asset Quality Through Economic Cycles**

# Payment Relief Program Status Update

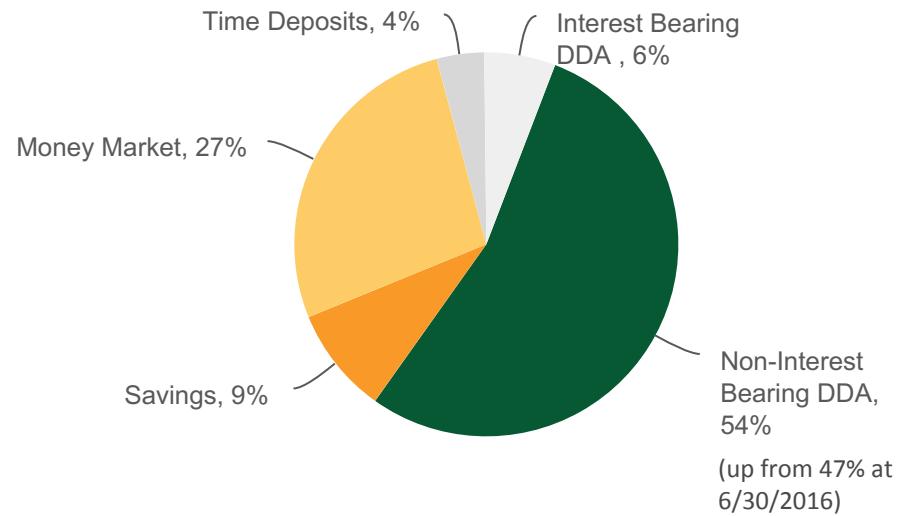
- Since the onset of the pandemic, Bank of Marin provided payment relief for 269 loans totaling \$402.9 million, most of which resumed normal payments or paid off.

Payment Relief by Type				
Industry/Collateral type	Outstanding Loan Balance 12/31/20 (in thousands)	Weighted Average LTV	Outstanding Loan Balance 7/30/21 (in thousands)	Weighted Average LTV
Education	\$17,580	26 %	\$16,418	26 %
Health Clubs	16,551	38 %	13,350	57 %
Office	15,883	44 %	12,888	43 %
Hospitality	12,439	49 %	—	N/A
Retail Related CRE	6,899	52 %	719	46 %
Auto Dealership	393	49 %	—	N/A
Non-CRE Related	121	N/A	—	N/A
Residential Real Estate	1,130	60 %	—	N/A
<b>Payment Relief Totals</b>	<b>\$70,996</b>	<b>40 %</b>	<b>\$43,375</b>	<b>41 %</b>

# Low-Cost Deposit Base: A Key Competitive Advantage



## Q2 2021 Cost of Deposits 0.07%



**Five-year compound annual deposit growth rate: 9.49% (10.87% including off-balance sheet deposits)<sup>1</sup>**

<sup>1</sup> Compounded annual growth rate from June 30, 2016 to June 30, 2021.

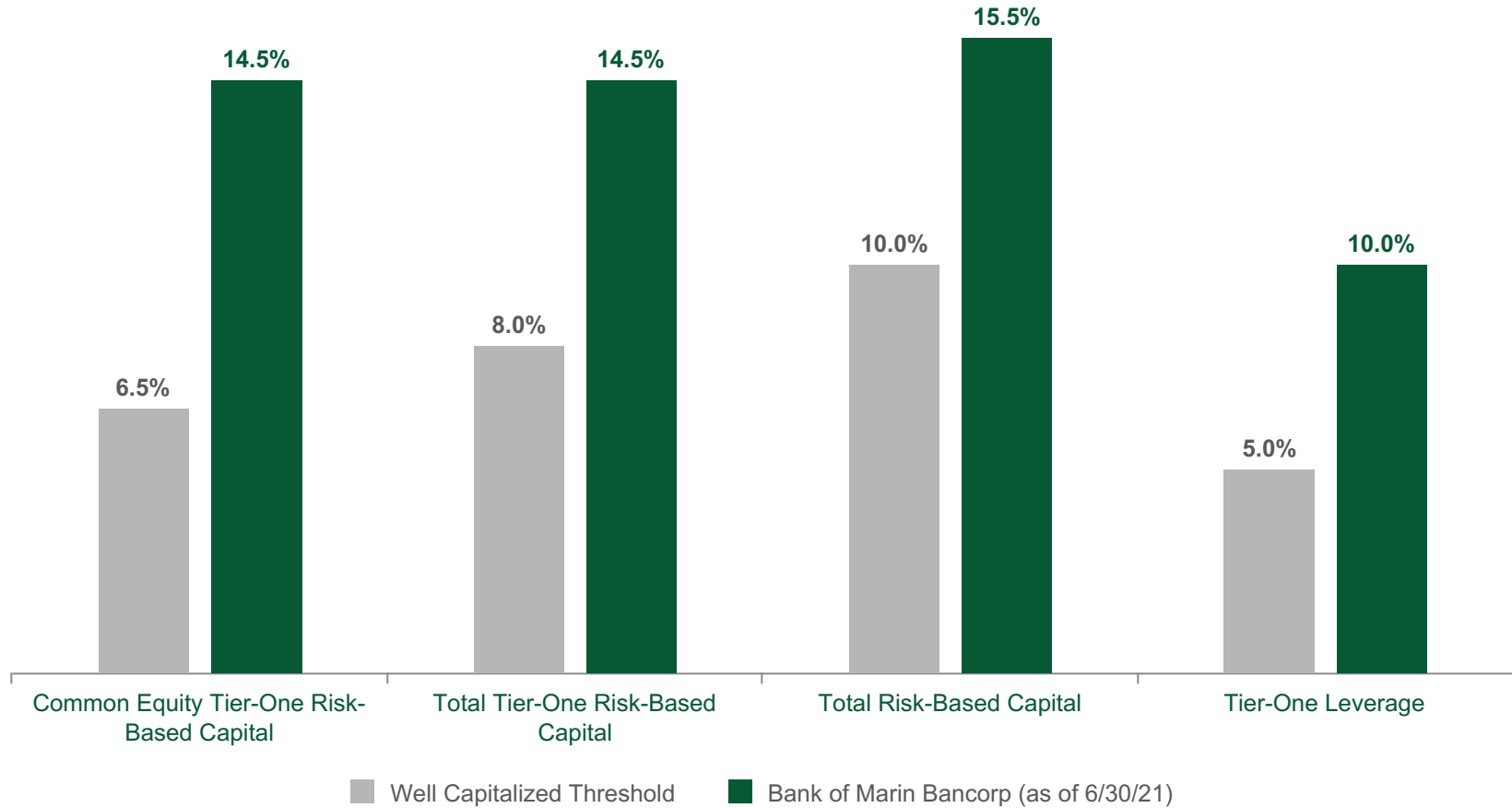


# Dependable Earnings and Dividend Growth



<sup>1</sup> Prior period share and per share data have been adjusted to reflect the two-for-one stock split effective in 2018.

# Strong Capital Ratios Support Future Growth Opportunities



# Peer Comparison Financial Measures

	<b>BMRC Q1 2021</b>	<b>Peer Median Q1 2021</b>	<b>Percentile</b>
Non-Interest Bearing/Total Deposits	54.4 %	36.6 %	100%
Gross Loan Growth Rate (year over year)	15.1 %	13.4 %	59.0 %
NPAs/Assets	0.3 %	0.2 %	40.9 %
Efficiency Ratio	62.1 %	57.5 %	27.9 %
Return on Average Assets	1.2 %	1.3 %	47.9 %
Return on Average Equity	10.2 %	12.7 %	24.7 %
Tangible Common Equity/ Tangible Assets	10.5 %	8.9 %	94.5 %
Net Income/FTE Annualized	\$ 126.9	\$ 100.4	72.2 %

Peers are major exchange-traded U.S. Western-region banks with \$1 billion to \$6.5 billion in assets.  
Source: Peer Median and Percentile obtained from S&P Global Market Intelligence as of Q1 2021.

## YTD June 2021 Results: BMRC & AMRB

	BMRC		AMRB	
	YTD 2021	△ YTD 2021 vs YTD 2020	YTD 2021	△ YTD 2021 vs YTD 2020
Earnings	\$18.2MM	\$3.6MM	\$5.0MM	\$1.8MM
Diluted EPS	\$1.37	\$0.30	\$0.84	\$0.30
Deposit Cost	0.07 %	(8 bps)	0.08 %	(17 bps)
Total Deposits	\$2,684MM	(\$96.0MM)	\$788MM	\$46.0MM
Total Loans <sup>1</sup>	\$2,003MM	(\$107.0MM)	\$434MM	(\$32.4 MM)
Tax Equivalent NIM	3.28 %	(42 bps)	3.51 %	(9 bps)
Efficiency Ratio <sup>2</sup>	61.43 %	669 bps	56.44 %	(335 bps)
Return on Assets	1.21 %	16 bps	1.12 %	29 bps
Return on Equity	10.47 %	194 bps	10.83 %	344 bps

<sup>1</sup> BMRC's gross SBA PPP loans totaled \$254.8 million at June 30, 2021, compared to \$307.0 million at June 30, 2020 (a decrease of \$52.2 million). AMRB's gross SBA PPP loans totaled \$25.8 million at June 30, 2021, compared to \$75.8 million at June 30, 2020 (a decrease of \$50.0 million).

<sup>2</sup> In the second quarter of 2021, the (reversal of) or provision for credit losses on unfunded commitments was reclassified out of non-interest expense and included as a separate line item under net interest income in the consolidated statements of comprehensive income for all periods presented. Efficiency ratios for all periods reported have been updated to reflect the reclassification.

# AMRB Acquisition Status Update – as of July 30, 2021

- Regulatory approval received from FDIC (6/24/2021) and DFPI (7/20/2021)
- Non-objection received from Federal Reserve (6/11/2021) and no review received from SEC (6/17/2021)
- Shareholder approval received:
  - BMRC - Special Meeting of Shareholders on 7/28/21
  - AMRB - Special Meeting of Shareholders on 7/28/21
- Teams from Bank of Marin and American River Bank are working together to:
  - Develop regional growth strategies for Greater Sacramento and Amador County
  - Host executive visits with American River Bank clients
  - Identify regional community events to attend post close
  - Lay the groundwork for a seamless systems conversion



# Appendix

Acquisition Announcement Investor Presentation – April 19, 2021

(Based on information known as of April 19, 2021 which may differ from information in S-4 filed on June 11, 2021.)





**Bank of Marin Bancorp**



**Bank of Marin Expands Northern California Presence with  
Merger of Bank of Marin and American River Bank**

Acquisition Announced April 19, 2021

# Strategic Rationale

## Strategic Rationale

- Expands combined company footprint across the Greater Bay Area, Sacramento and Amador regions
  - Creates a \$4.0 billion bank that is well positioned to become the preeminent business bank serving Northern California
  - Increases efficiency and spreads costs across a diversified geographic footprint
  - Increased capital enhances lending capabilities for American River Bank customers
- Builds immediate scale in highly attractive Northern California markets
  - Combined company would be one of the largest community banks by market capitalization headquartered in Northern California<sup>(1)(2)</sup>
- American River Bank is a high quality, relationship-based business bank
  - Community-focused bank headquartered in the Greater Sacramento region
  - Total assets of \$916 million, total loans of \$475 million and total deposits of \$789 million
  - Disciplined credit and risk management cultures
- Aligned loan and deposit strategies allows for a seamless integration of business models
  - Enhances already strong core deposit base
- Similar cultures committed to providing exceptional client service and dedication to local communities

## Financially Attractive

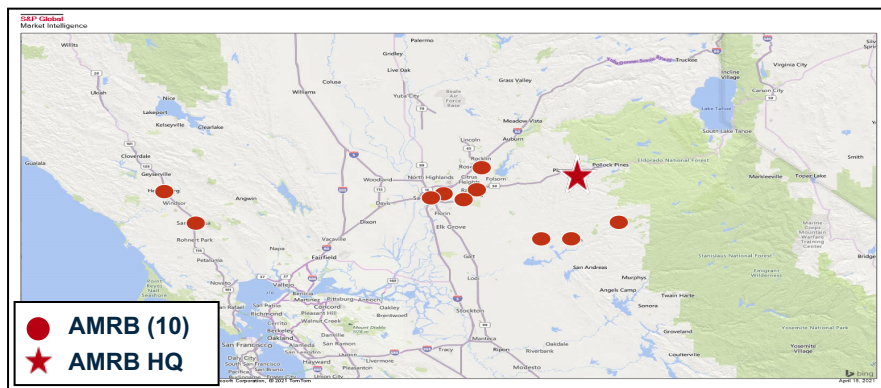
- 14.2% accretive to 2022 earnings per share (fully phased-in cost savings)
- 3.9% tangible book value dilution with a 3.5 year earnback
- >15% internal rate of return
- Robust pro forma capital ratios

1. Includes banks with less than \$10 billion in assets headquartered north of Ventura, Los Angeles, and San Bernardino counties.  
2. Market data as of 4/16/2021.



# American River Bankshares (NASDAQ: AMRB) Overview

## Branch Locations



## Company Highlights

- **Headquarters:** Rancho Cordova, CA
- **Strong NorCal presence:** 10 full-service branches providing business banking services in Sacramento, Amador, Sonoma, and Placer counties
- **Organic Growth in Current Markets:** Low cost of core deposits, robust sales culture, and an extraordinary client experience
- **Lending Expertise:** Commercial real estate, small business (\$1-\$50mm), wholesalers/manufacturers, professionals, and property managers
- **Relationship Banking:** Customized financial services for businesses, business owners, their families and employees

## Deposit Market Share by County

County	County Population (actual)	County Median HHI (\$actual)	Active Branches (#)	Deposit Rank (#)	Deposit Deposits (\$mm)	Market Share (%)
Sacramento	1,564,478	\$74,806	4	12	\$437.3	1.05%
Amador	39,554	\$66,656	3	3	\$133.7	16.45
Sonoma	492,770	\$90,481	2	14	\$103.5	0.63
Placer	402,773	\$95,803	1	21	\$67.2	0.55

## Financial Highlights as of 3/31/2021

Balance Sheet (\$mm)	
Total Assets	\$ 916.1
Total Loans	475.4
Total Deposits	788.6
Tangible Common Equity	76.6

Profitability / Rates for the Quarter Ended 3/31/2021 (%)	
Net Income (\$000s)	\$ 2,647
Return on Average Assets	1.21
Return on Average Tangible Common Equity	14.00
Net Interest Margin	3.58
Efficiency Ratio (FTE)	52.3
Yield on Total Loans	4.92
Cost of Total Deposits	0.09

Balance Sheet Ratios / Capital (%)	
Total Loans / Deposits	60.3
TCE / TA	8.51
Leverage Ratio	8.46
Tier 1 Risk-based Capital Ratio	15.47
Total Risk-based Capital Ratio	16.72

Asset Quality (%)	
Nonperforming Loans / Total Loans	0.00
Net (Recoveries) Chargeoffs / Average Loans	(0.06)
Allowance for Loans Losses / Total Loans (Excluding PPP Loans)	1.60

Market information as of 4/16/21	
Stock Price (\$)	\$ 16.35
Market Cap (\$mm)	\$ 97.5
Price / Tangible Book Value per Share <sup>(1)</sup> (x)	1.27x
Price / 2022 EPS (x)	12.5x
Dividend Yield (%)	1.71

Source: Company documents, S&P Global, FactSet, and FDIC Summary of Deposits.

Note: Deposit market share data as of 6/30/2020. Excludes non-retail deposits.

1. Based on common shares outstanding of 5,962,466 as of 3/31/2021.
2. Consensus estimates per FactSet.

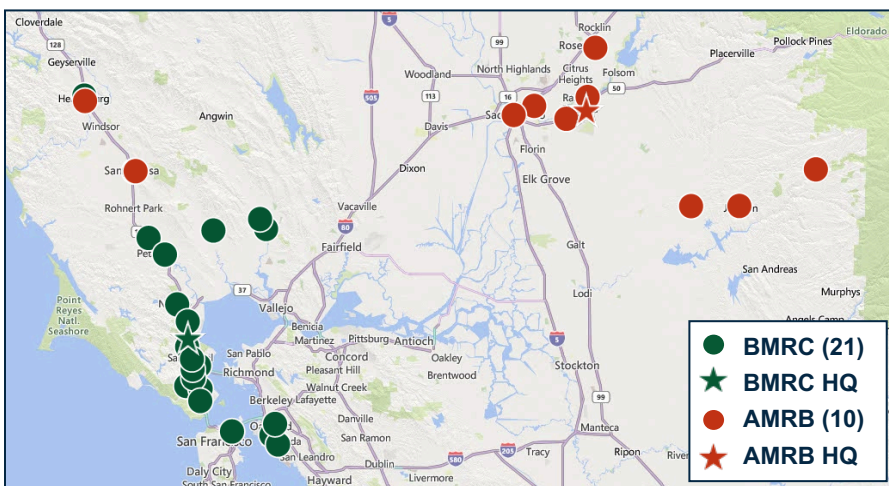
# Greater Sacramento Region Market Highlights

- American River Bank **expands BMRC's presence into a growing Greater Sacramento Region**
  - The Greater Sacramento region has a population of **~2.6 million**
  - The **population of Sacramento-Roseville-Folsom MSA is expected to grow 3.6%** from 2021 to 2026, compared to 2.6% for the state of California and 2.9% nationwide
  - Additionally, **household income is expected to grow 13.0%** from 2021 to 2026, compared to only 9.0% nationwide
- In the last year, the region has been ranked the **top migration destination for people looking to relocate**, driven in part by newly remote workers seeking a more affordable lifestyle while still accessible to everything Northern California has to offer
  - **Ample amount of available low-rise, campus-style office space** for companies to open satellite offices to follow employees migrating into the region
  - Increasingly attractive market for companies **seeking educated, young professionals** from a number of universities including UC Davis, Sacramento State University, and University of the Pacific
- Sacramento's Downtown and Midtown areas have been experiencing a **renaissance and reinvigoration**
  - **\$6 billion** invested in new development since the opening of the Golden 1 Center in 2016
  - New residential and hospitality projects are **poised to transform Sacramento's urban core into a true live/work/play destination**



# Pro Forma Profile

## Enhanced Northern California Branch Footprint



## Top 5 Markets of Operation

Sorted by pro forma deposits

	<u>County</u>	<u># of Branches</u> <sup>(1)</sup>	<u>Deposits (\$mm)</u>	<u>Market Rank</u>
1	Marin	10	\$1,816	3
2	Sacramento	4	\$437	12
3	Sonoma	7	\$396	12
4	Alameda	3	\$287	19
5	Napa	2	\$223	8

Note: Deposits for Amador, Placer and San Francisco counties not listed.

## Financial Highlights as of 3/31/2021

(\$ in millions)		3/31/21 BMRC	3/31/21 AMRB	Pro Forma <sup>(2)</sup>
Balance Sheet	Total Assets	\$3,058.1	\$916.1	\$3,974.2
	Total Loans (excl. PPP)	\$1,756.8	\$419.3	\$2,176.1
	Total Deposits	\$2,656.2	\$788.6	\$3,444.8
	Tangible Common Equity	\$316.5	\$76.6	\$393.1
Income Statement	2020 Net Income	\$30.2	\$7.1	\$37.3
	2021E Net Income <sup>(3)</sup>	\$29.6	\$8.4	\$38.0
Market Cap	Pre-Deal Market Capitalization	\$520.5	\$97.5	\$618.0

# Transaction Assumptions

## Earnings

- Consensus earnings estimates for both companies

## Cost Savings

- ~\$6.1 million, or 35.0% of AMRB's standalone noninterest expense base
- 25% phase-in during 2021, 90% phase-in during 2022, and 100% thereafter

## Transaction Expenses

- \$9.5 million after-tax or 7.1% of aggregate deal value

## Fair Market Value Adjustments

- Total gross credit mark of \$6.6 million, or 1.56% of AMRB's loan portfolio (excl. PPP)
  - \$0.3 million, or 4.7% of total gross credit mark associated with purchase credit deteriorated ("PCD") loans, recorded into ACL (5.00% of estimated PCD loans)
  - \$6.3 million, or 95.3% of gross loan credit mark associated with non-PCD loans, recorded as a discount to loan value; amortized into earnings over 4 years (1.52% of non-PCD loans)
- Provision expense of \$6.3 million to be taken immediately after close, included in pro forma tangible book value
- Positive loan interest rate mark of \$5.2 million or 1.25% of AMRB's loan portfolio (excl. PPP); amortized from earnings straight-line over 4 years
- AOCI netted for fair market value reduction of \$1.5 million pretax; amortized into earnings straight line over 4 years
- Fixed asset write-up \$1.3 million on AMRB's Healdsburg branch; 50% depreciated straight-line over 25 years

## Core Deposit Intangibles

- ~\$3.4 million, or 0.50% of AMRB's non-time deposits
- Amortized sum-of-the-year digits over 10 years

# Transaction Overview

## Transaction Overview

<b>Fixed Exchange Ratio</b>	<ul style="list-style-type: none"> <li>0.575 BMRC shares issued for each AMRB common share outstanding</li> </ul>
<b>Consideration Mix</b>	<ul style="list-style-type: none"> <li>100% Stock</li> </ul>
<b>Pro Forma Ownership</b>	<ul style="list-style-type: none"> <li>79.5% BMRC   20.5% AMRB</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>2 AMRB Board members to join BMRC Board of Directors</li> </ul>
<b>Due Diligence</b>	<ul style="list-style-type: none"> <li>Completed, including extensive loan and compliance review</li> </ul>
<b>Required Approvals</b>	<ul style="list-style-type: none"> <li>BMRC and AMRB shareholder approvals, and other customary regulatory approvals</li> </ul>
<b>Expected Closing</b>	<ul style="list-style-type: none"> <li>Q3 2021</li> </ul>

## Transaction Valuation

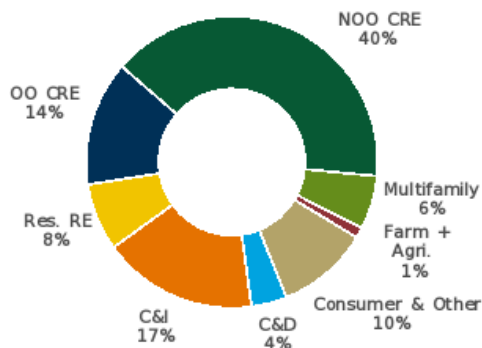
<b>Transaction Value<sup>(1)(2)</sup></b>	\$134.5 million
<b>Per Share Purchase Price<sup>(1)</sup></b>	\$22.46
<b>Price / Tangible Book Value</b>	1.75x
<b>Price / LTM Earnings<sup>(3)</sup></b>	15.9x
<b>Price / 2022 Earnings</b>	17.1x
<b>Core Deposit Premium<sup>(4)</sup></b>	7.9%

## Transaction Metrics

<b>2022 EPS Accretion</b>	12.9%
<b>2022 EPS Accretion (fully phased in cost savings)</b>	14.2%
<b>TBV Dilution   Earnback</b>	3.9%   3.5 yrs
<b>Internal Rate of Return</b>	>15%
<b>TCE / TA Ratio</b>	10.8%
<b>Total Capital Ratio</b>	17.3%

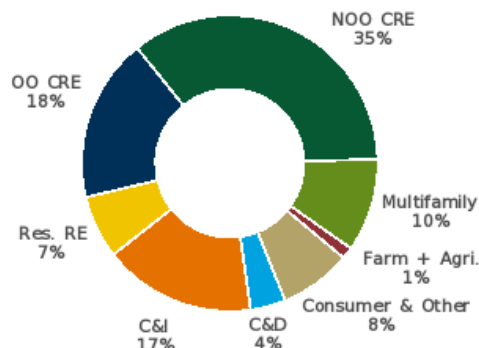
# Pro Forma Loan and Deposit Composition

## Bank of Marin Bancorp



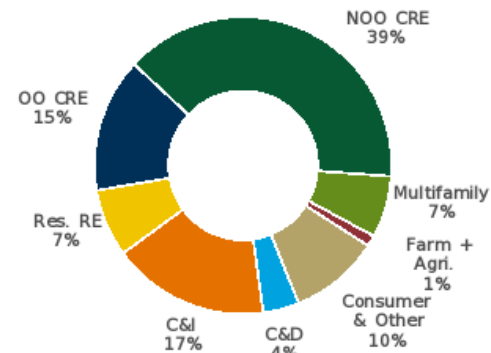
Gross Loans (excl. PPP): \$1,796,972  
Yield on Loans: 3.96%

## American River Bankshares

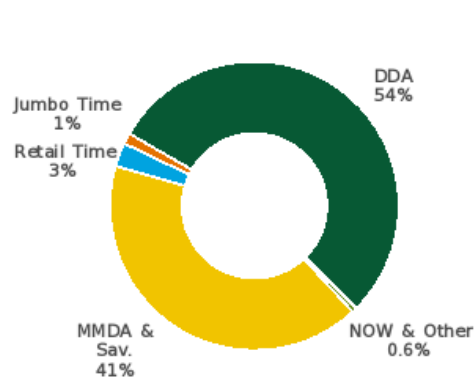


Gross Loans (excl. PPP): \$422,901  
Yield on Loans: 4.76%

## Pro Forma

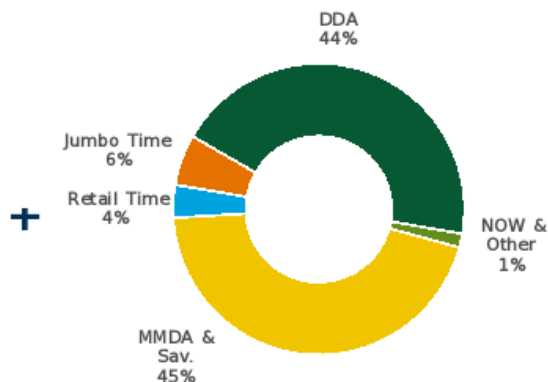


Gross Loans (excl. PPP): \$2,219,873  
Yield on Loans: 4.11%



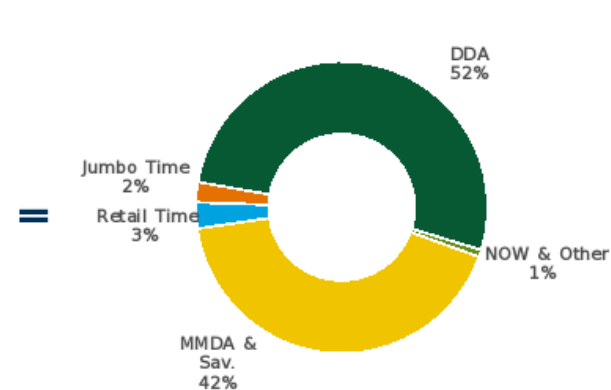
Total Deposits: \$2,509,670  
Cost of Deposits: 0.07%

Loans / Deposits (excl. PPP): 71.6%



Total Deposits: \$744,425  
Cost of Deposits: 0.11%

Loans / Deposits (excl. PPP): 56.8%



Total Deposits: \$3,254,095  
Cost of Deposits: 0.08%

Loans / Deposits (excl. PPP): 68.2%

Source: S&P Global. Financial data as of 12/31/2020.  
Note: Pro forma excludes purchase accounting adjustments.

# Contact Us

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