Bank of Marin Bancorp

25th Annual KBW Community Bank Investor Conference

July 30 - 31, 2024

Forward-Looking Statements

This discussion of financial results includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "1933 Act") and Section 21E of the Securities Exchange Act of 1934, as amended, (the "1934 Act"). Those sections of the 1933 Act and 1934 Act provide a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about their financial performance so long as they provide meaningful, cautionary statements identifying important factors that could cause actual results to differ significantly from projected results. Our forward-looking statements include descriptions of plans or objectives of management for future operations, products or services, and forecasts of revenues, earnings or other measures of economic performance. 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 preceded by "will," "would," "should," "could" or "may." Forward-looking statements are based on management's current expectations regarding economic, legislative, and regulatory issues that may affect our earnings in future periods. Factors that could cause future results to vary materially from current management expectations include, but are not limited to, general economic conditions and the economic uncertainty in the United States and abroad, including economic or other disruptions to financial markets caused by acts of terrorism, war, impacts from inflation, supply chain disruptions, changes in interest rates (including the actions taken by the Federal Reserve to control inflation), California's unemployment rate, deposit flows, real estate values, and expected future cash flows on loans and securities; the impact of adverse developments at other banks, including bank failures, that impact general sentiment regarding the stability and liquidity of banks; costs or effects of acquisitions; competition; changes in accounting principles, policies or guidelines; changes in legislation or regulation; natural disasters (such as wildfires and earthquakes in our area); adverse weather conditions; 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 our operations, pricing, products and services; and successful integration of acquisitions. Important factors that could cause results or performance to materially differ from those expressed in our prior forward-looking statements are detailed in ITEM 1A, Risk Factors sections of our December 31, 2023 Form 10-K and March 31, 2024 Form 10-Q as filed with the SEC, copies of which are available from us at no charge. Forward-looking statements speak only as of the date they are made. 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 that occur after the date of this press release or to reflect the occurrence of unanticipated events.

GAAP to Non-GAAP Financial Measures

This presentation includes some non-GAAP financial measures as shown in the Appendix of this presentation. Please refer to the reconciliation of GAAP to Non-GAAP financial measures included in our Form 8-K under Item 9 - Financial Statements and Exhibit 99.1 filed with the SEC on July 29, 2024.

Bank of Marin Bancorp

Franchise Highlights

SECTION 01

Bank of Marin Bancorp

BMRC AT A GLANCE

BMRC NASDAQ	**Novato, CA** Headquarters
$3.7 Billion Total Assets	**$263.5 Million** Market Cap
16.46% Total RBC	**6.18%** Dividend Yield

Data as of June 30 2024

Relationship Banking

Build strong, long-term customer relationships based on trust, integrity and expertise, inspiring loyalty though exceptional service.

Disciplined Fundamentals

Apply a disciplined business approach with sound banking practices, high quality products, and consistent fundamentals ensuring continued strong results.

Community Commitment

Give back to the communities that we serve through active employee volunteerism, nonprofit board leadership and financial contributions.

231 Years of Combined Experience Through Various Economic Cycles

Tim Myers

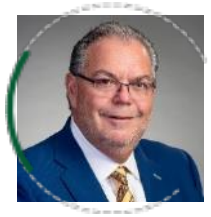
President and Chief Executive Officer

- 27 years of finance and banking experience
- Joined Bank of Marin in 2007

Sathis Arasadi

EVP, Chief Information Officer

- 32 years of engineering, technology, and fintech experience
- Joined Bank of Marin in 2023



David Bloom

EVP, Head of Commercial Banking

- 30 years of commercial banking experience
- Joined Bank of Marin in 2023

Brandi Campbell

EVP, Head of Retail Banking

- 37 years of banking experience
- Joined Bank of Marin in 2019

Tani Girton

EVP, Chief Financial Officer

- 40 years of financial services experience
- Joined Bank of Marin in 2013

Bob Gotelli

EVP, Human Resources Director

- 31 years of human resources experience
- Joined Bank of Marin in 2000

Misako Stewart

EVP, Chief Credit Officer

- 34 years of banking experience
- Joined Bank of Marin in 2013

Long-Term Strategic Priorities

A strategic and disciplined approach to delivering long-term value

01 Drive high-quality **LOAN GROWTH**

02 Grow **NON-INTEREST INCOME**

03 Scale through **EFFICIENCY GAINS** and **ACQUISITIONS**

04 Invest in **TALENT** and **TECHNOLOGY**

Bank of Marin Bancorp

Second Quarter 2024 Highlights

Loan Growth & Balance Sheet Repositioning

- Total portfolio loan balances increased 1.3%
- New commitments of $94 million, $64 million of which funded
- Sold $325 million (56% of AFS portfolio) securities yielding 1.94%
- Redeployment of the $293 million proceeds is expected to contribute to a 30 bps lift in annualized NIM beginning in Q3, assuming an average reinvestment yield of 5.75%
- Reduced borrowings by $58.5 million costing 5.50%
- Purchased $19.0 million in higher yielding AFS securities with average yield of 5.23%
- Remaining cash at Federal Reserve with average yield of 5.40%

Capital

- Bancorp total risk-based capital remained strong at 16.5%
- Bancorp TCE / TA of 9.9%, 7.7% when adjusted for HTM securities [1]

Key Operating Trends

- Tax-equivalent yield on interest-earning assets of 3.84%, up 9 bps
- Tax-equivalent net interest margin increased to 2.52% from 2.50%
- Cost of deposits up slightly 7 bps

Deposits and Liquidity

- Non-interest bearing deposits stay strong at 44% of total deposits
- Total cost of deposits was 1.45% (interest-bearing 2.56%) for Q2 and 1.46% (interest-bearing 2.60%) for the month of June
- Total deposits decreased 2.1%
- Uninsured deposits estimated to represent 28% of total deposits
- Net available funding $1.8 billion
- Strong liquidity provides 202% coverage of estimated uninsured deposits

Credit Quality

- Non-accrual loans of 1.62% (from 0.31% last quarter) of total loans, due largely to 2 relationships totaling $27.2 million moved to non-accrual status in Q2
- Classified loans stable and down to 2.63% (from 2.67% last quarter) of total loans
- $5.2 million provision for credit losses, primarily due to an increased individual reserve on one loan placed on non-accrual

(1) See Reconciliation of Non-GAAP Financial Measures in the Appendix

Focused on Building Long-Term Shareholder Value

Strong Core Deposit Franchise

Largest community bank in Marin County with 12.3% market share[1]
44% non-interest bearing deposits with a 1.45% cost of deposits in 2Q24

Robust Capital Levels & Liquidity

Regulatory capital ratios remain comfortably above “well-capitalized” thresholds
$1.8 billion in available liquidity

Improving Margin Outlook

Improving asset yield due to:

- weighted average rates on loan originations exceed payoff rates
- Redeployment of $293 million security sales proceeds in higher yielding loans, securities, and cash
- signs of deceleration in funding costs continue in Q2

Prudent Loan Growth

Markets with proven track record of organic growth
Key opportunistic relationship banking talent acquisitions due to market dislocation
65% loan-to-deposit ratio provides runway for additional growth

Seasoned Risk Management

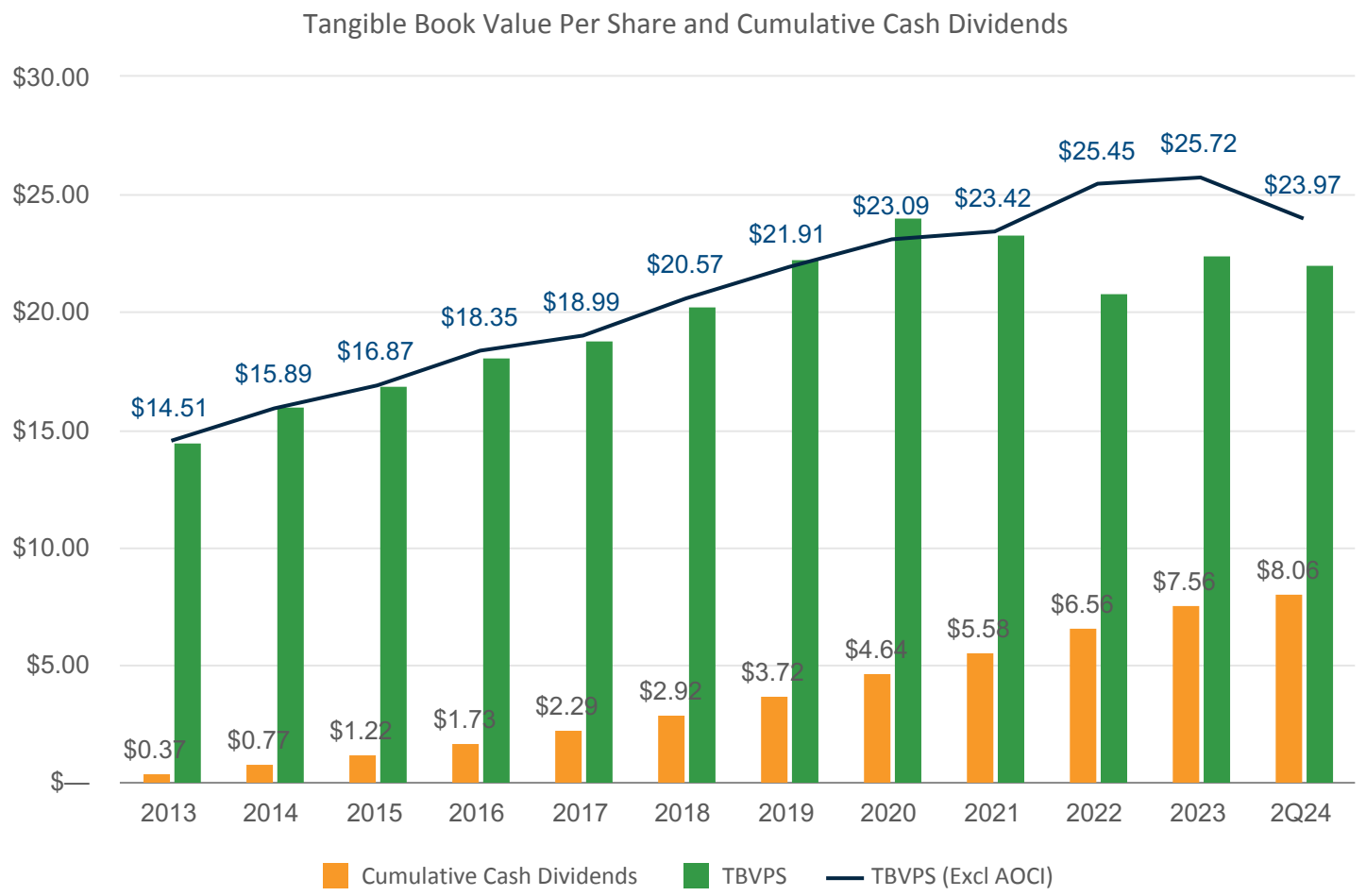
Classified loans remain stable
Low NOO CRE office exposure in the City of San Francisco at 3% of total loans (6% of total NOO-CRE) and a weighted average 72% LTV

Bank of Marin Bancorp

[1]Source: S&P Global Market Intelligence - FDIC deposit market share data as of June 30, 2023

Focused on delivering Long-Term, Consistent Growth

- Proven ability to grow both organically and through M&A
- Consistent cash dividend provides stable and reliable return for shareholders



Note: Tangible book value per share (TBVPS) equals total shareholders' equity, less intangible assets including goodwill and core deposit intangibles, divided by outstanding common shares at period end. Accumulated other comprehensive income (AOCI) represents the unrealized gains (losses) on available-for-sale securities, net of tax. Components of these calculations were derived from our financial reports filed with the SEC for each respective period. Additional information for Q2 2024 can be found in the Reconciliation of Non-GAAP Financial Measures in the Appendix.

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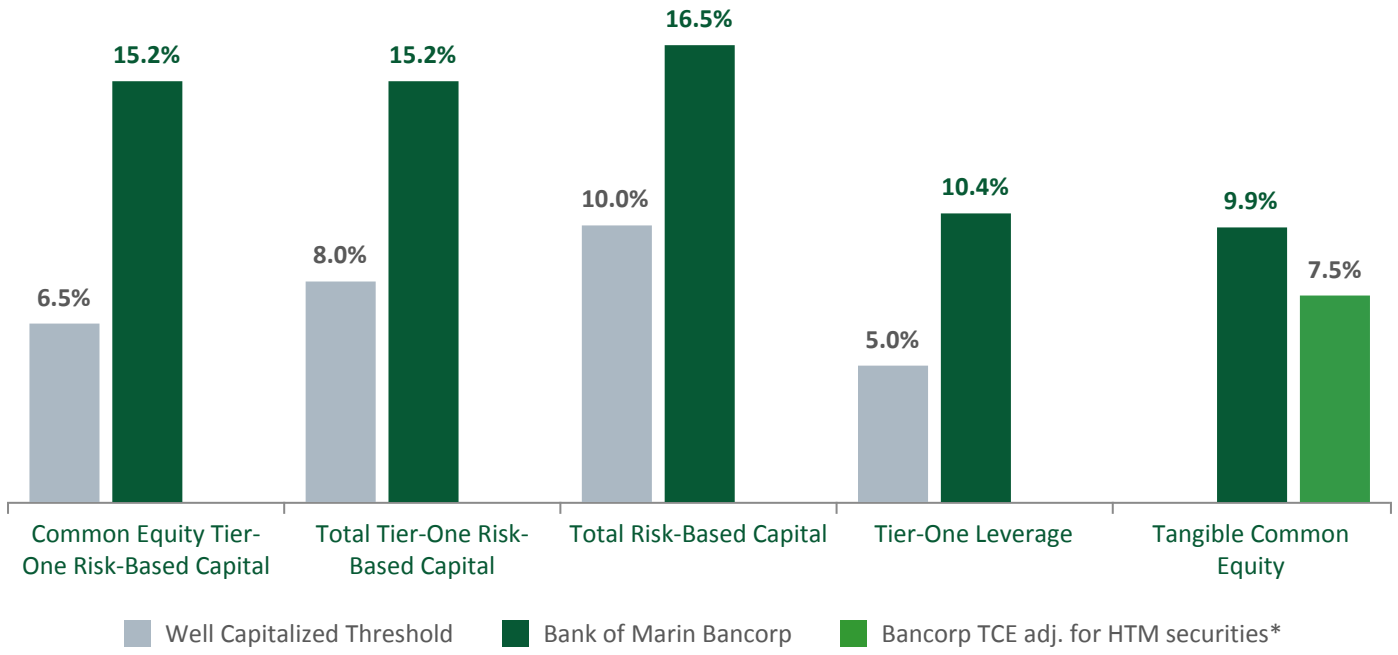
Robust Capital Ratios

As of June 30, 2024

- We maintained high capital levels and are in a position of strength
- Total risk-based capital decreased 59 bps in 2Q24 to 16.5%
- Tangible common equity ratio improved 16 bps in 2Q24 to 9.9%
- No repurchases in 2Q24



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* See Reconciliation of Non-GAAP Financial Measures in the Appendix.

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Balance Sheet Highlights

SECTION 02

Strategic Balance Sheet Repositioning During The Second Quarter

- Bank generated $293 million in proceeds from AFS security sales with an average yield of 1.94%
- Proceeds paid down borrowings and were reinvested into higher yielding assets
- Anticipated benefits to: earnings per share, net interest margin, return on assets, and other metrics
- POST REPOSITIONING, AVERAGE BOOK YIELD OF SECURITIES PORTFOLIO INCREASED 3 BPS AND EFFECTIVE DURATION INCREASED 0.2

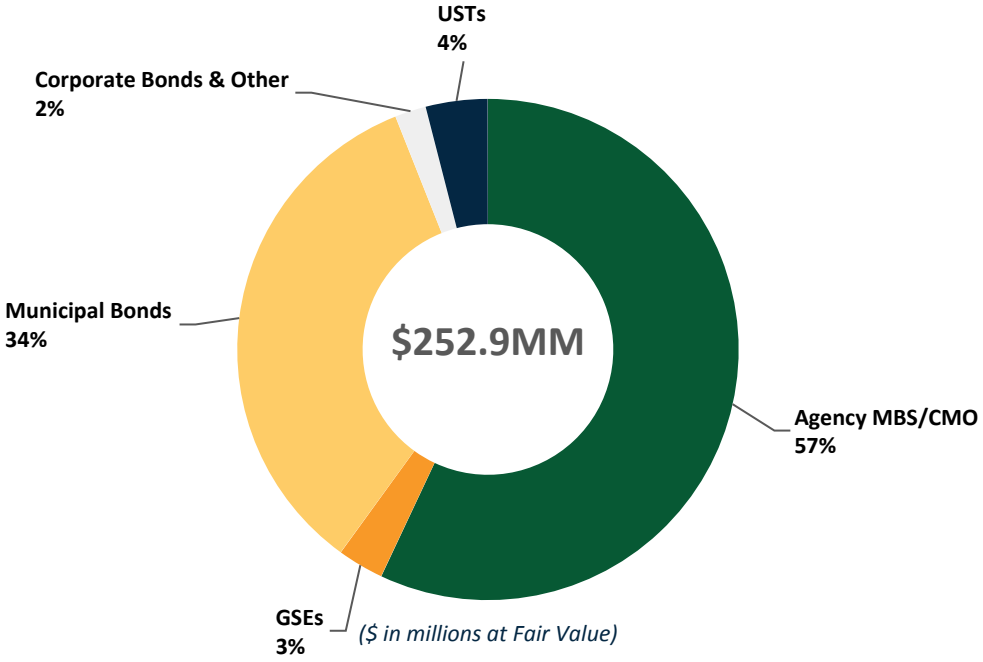
(in thousands)	Market Value AFS & HTM Securities	T/E Book Yield	Effective Duration	Pre-Tax Unrealized Gains (Losses)	Pre-Tax Realized Losses	After-Tax Realized Losses[1]	AFS % of Total Investments
Securities Portfolio as of 3/31/2024	$1,332,274	2.31%	5.2	$(185,178)	N/A	N/A	37%
Q2 Securities Sales	$(292,627)	1.94%	3.4	$(32,542)	$32,542	$(22,922)	
Q2 Change in Pre-Tax Unrealized Losses	N/A	N/A	N/A	$63,589	N/A	N/A	
Securities Portfolio as of 6/30/2024	**$1,036,314**	**2.46%**	**5.4**	**$(154,131)**	**N/A**	**N/A**	**22%**

[1] Applied a blended state and federal statutory rate of 29.56%

High-Quality Securities Portfolio Generates Cash Flow

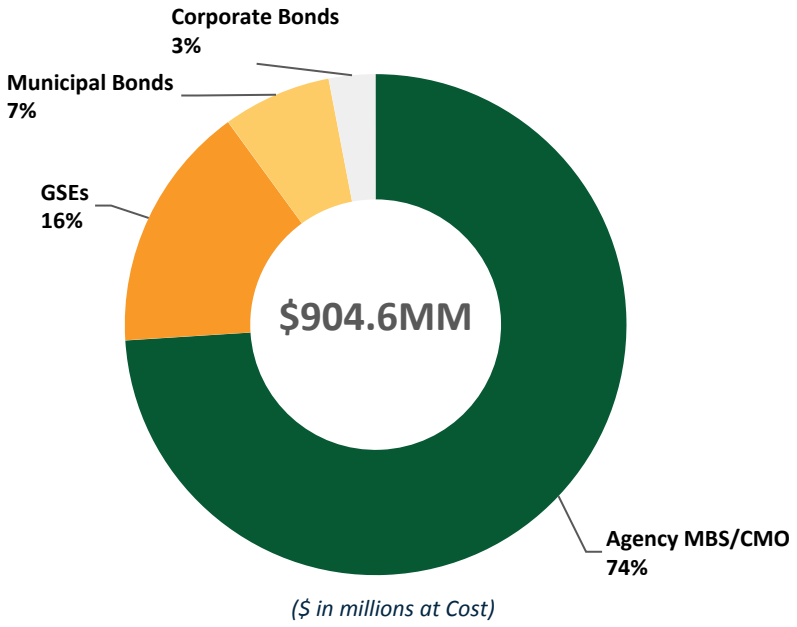
Data as of 6/30/24

AFS Securities Portfolio



Average Yield[1] — 2.41%
Approx. Effective Duration — 5.02
Unrealized Losses (after tax) — $23.2 million
TCE Bancorp — 9.9%

HTM Securities Portfolio



Average Yield — 2.47%
Approx. Effective Duration — 5.52
Unrealized Losses (after tax) — $93.6 million
TCE Bancorp w/ HTM — 7.5% [2]

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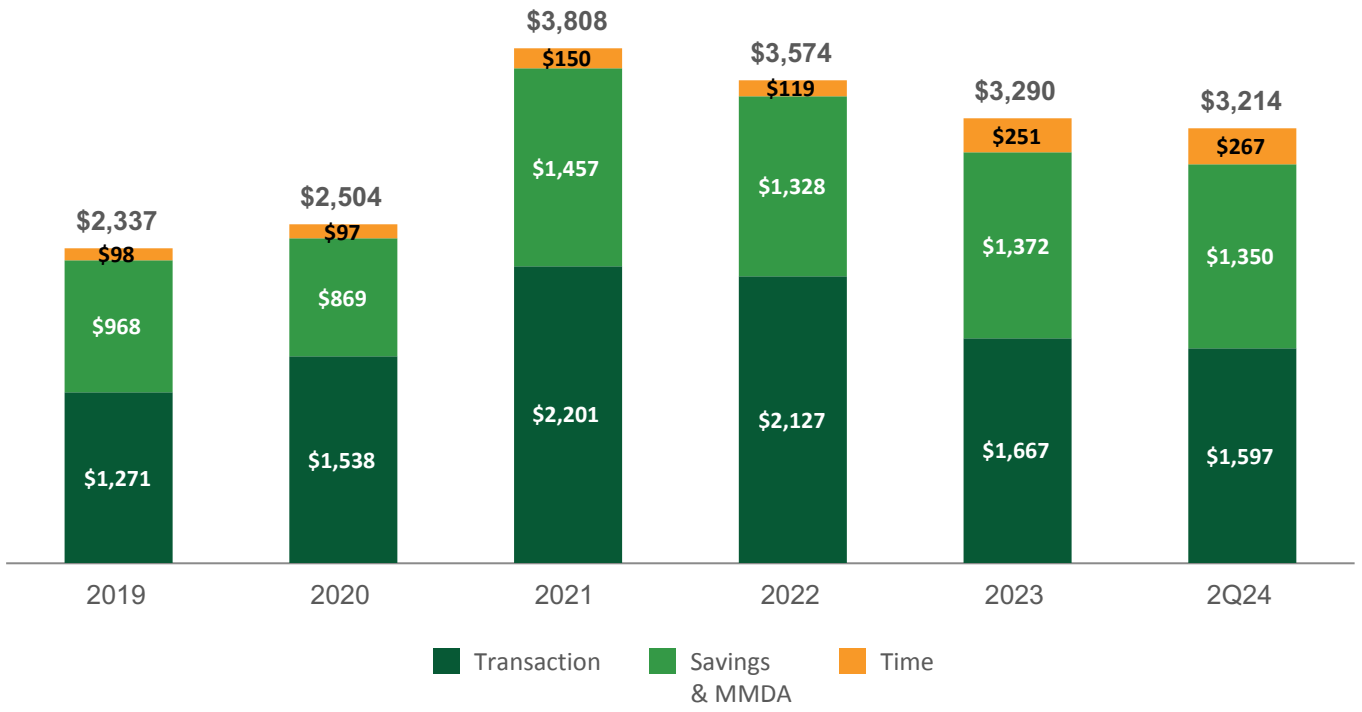
[1] Taxable equivalent
[2] See Reconciliation of Non-GAAP Financial Measures in the Appendix

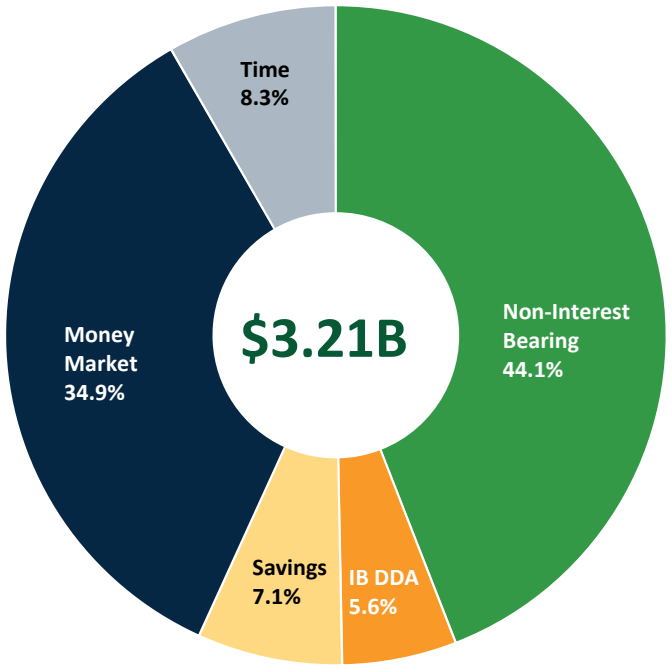
Strong Deposit Franchise

- Deposit mix continues to favor a high percentage of non-interest bearing deposits
- Total cost of deposits was 1.45% (interest-bearing 2.56%) for Q2 and 1.46% (interest-bearing 2.60%) for the month of June
- Our time deposits are not derived from brokered CD markets or advertised CD specials

Total Deposits ($ in millions)



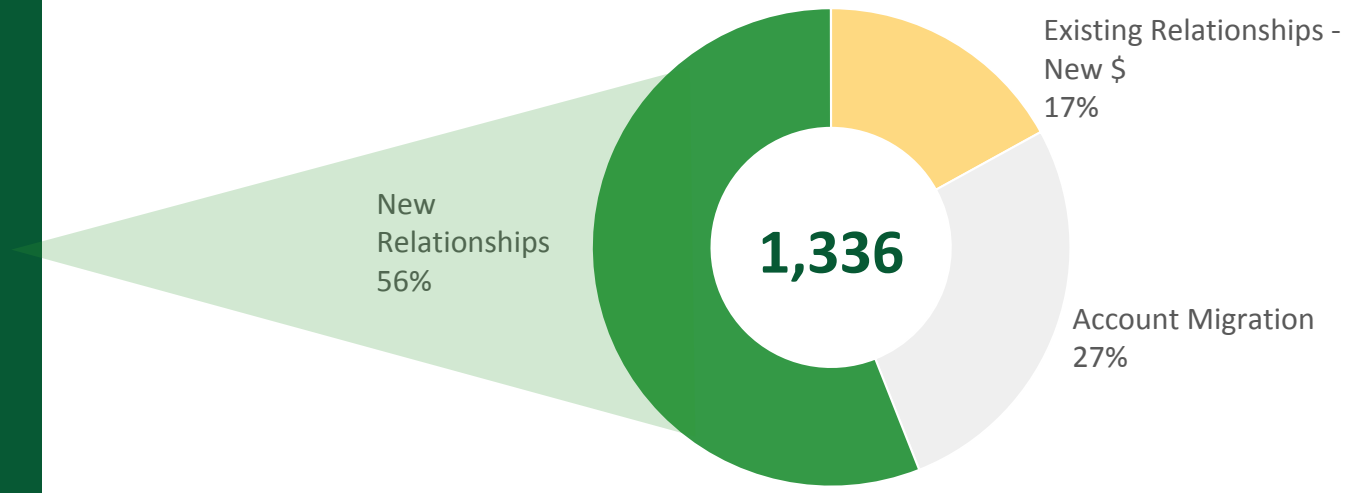
Total Deposit Mix at 2Q24



Granular Deposit Account Composition

- 56% of new accounts consisted of new relationships to the Bank
- 42% of new accounts were interest-bearing by count
- 74% of new accounts were interest-bearing in dollars at a weighted average rate of 3.18%
- Reciprocal deposit network program (expanded FDIC insurance products) utilization decreased notionally by $18.3 million

New Accounts Mix (by count) 2Q24



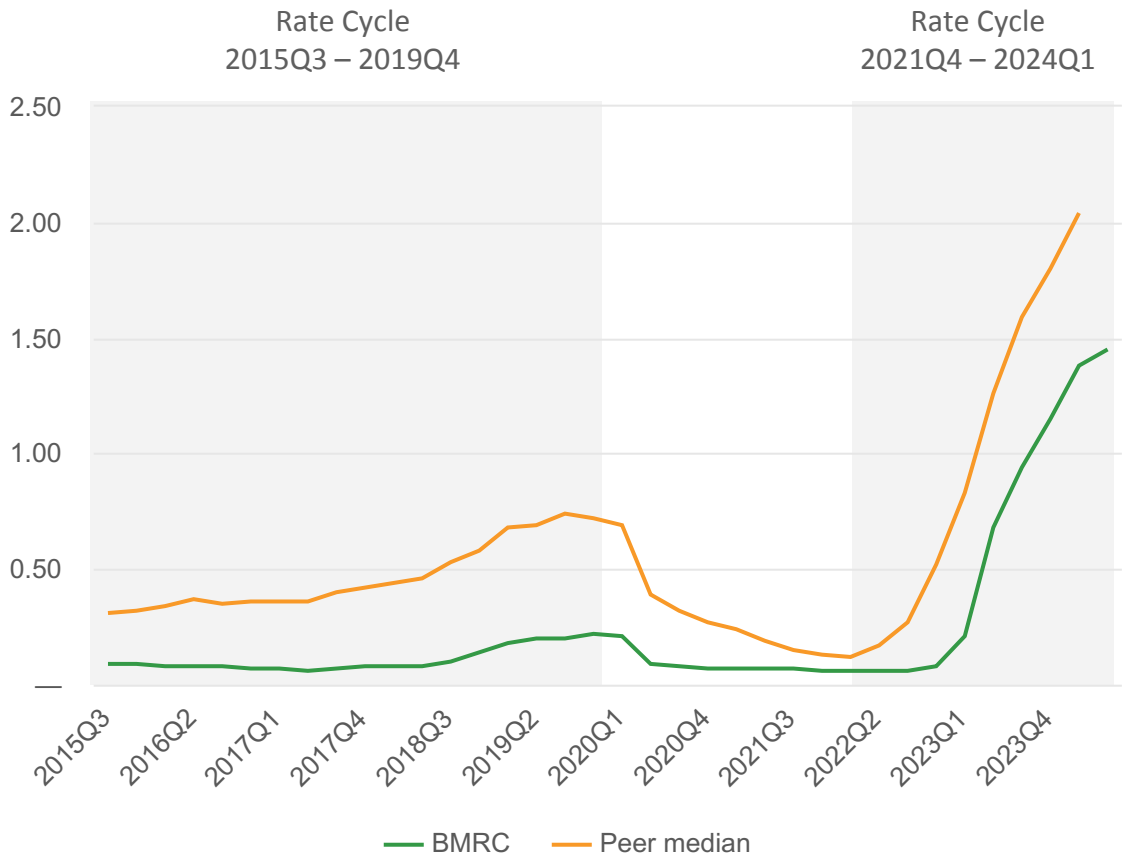
Deposit Accounts Mix - Consumer vs Business 2Q24

(in thousands; except for # of Accounts)	Interest Bearing	Non-Interest	Total
Consumer			
Account Balances	$ 987,528	$ 325,735	$ 1,313,263
# of Accounts	15,793	17,542	33,335
Avg Balance Per Account	$ 63	$ 19	$ 39
Business			
Account Balances	$ 807,216	$ 1,085,265	$ 1,892,481
# of Accounts	3,989	11,436	15,425
Avg Balance Per Account	$ 202	$ 95	$ 123

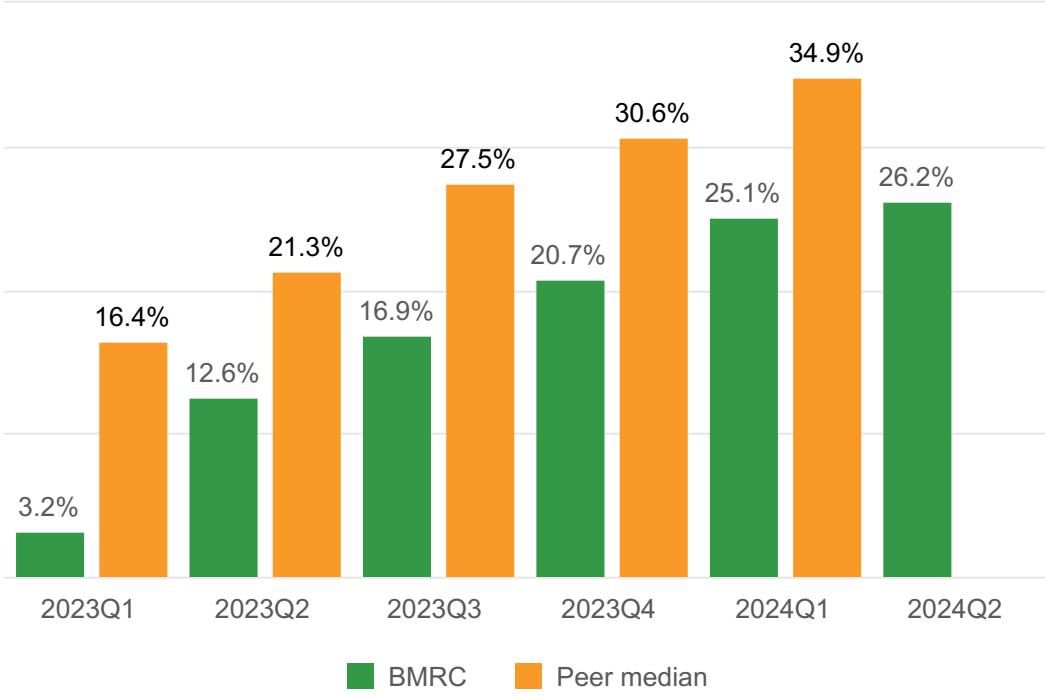
*Excludes internal operating accounts such as holding company cash and deposit settlement accounts totaling $8.0 million

Low Deposit Beta Through Cycles

Cost of Deposits[1] (%)



Deposit Beta[2]



Peers are major exchange-traded U.S. Western-region banks with $2 billion to $10 billion in assets. Source: S&P Global Market Intelligence.

[1] Deposit interest expense (actual / 365) / average total deposits

[2] Deposit betas are cumulative cycle-to-date metrics using 2021Q4 as the base period. Denominator is based on the average Fed Funds target rate upper bound for each period. Based on bank-level Call Report data using two-point averages of quarterly ending balances.

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Strong Liquidity: $1.8 Billion in Net Availability

- Immediately available contingent funding represented 202% of 6/30/24 estimated uninsured deposits
- The Bank has long-established minimum liquidity requirements regularly monitored using metrics and tools similar to larger banks, such as the liquidity coverage ratio and multi-scenario, long-horizon stress tests
- Deposit outflow assumptions for liquidity monitoring and stress testing are conservative relative to actual experience

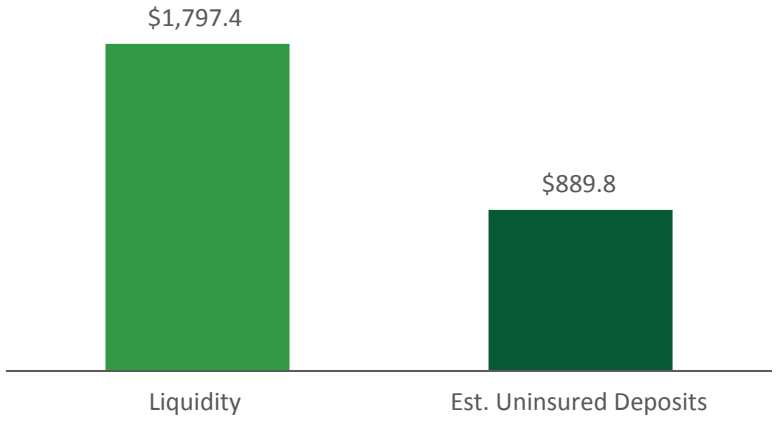
At June 30, 2024 *($ in millions)*	Total Available	Amount Used	Net Availability
Internal Sources			
Unrestricted Cash [1]	$ 201.8	N/A	$ 201.8
Unencumbered Securities	193.5	N/A	193.5
External Sources			
FHLB line of credit	941.7	$ —	941.7
FRB line of credit	335.4	—	335.4
Lines of credit at correspondent banks	125.0	—	125.0
Total Liquidity	$ 1,797.4	$ —	$ 1,797.4

[1] Excludes cash items in transit
Note: Access to brokered deposit purchases through networks such as Intrafi and Reich & Tang and brokered CD sales not included above

Liquidity & Uninsured Deposits

($ in millions)

2.0x Coverage Ratio



Prudent, Sustainable Model for Loan Growth

- Loan originations were at yields higher than those on paid off loans
- Notable pipeline growth and diversification from key hires and enhanced compensation and calling programs
- Sound underwriting produces a high-quality loan portfolio with low credit costs and stable earnings through cycles
- Extending credit and serving the needs of existing clients while ensuring new opportunities present the appropriate levels of risk and return

Five-year compound annual loan growth rate: 3.4%[1]

Total Loans ($ in billions)

[1] Compounded annual growth rate from June 30, 2019 to June 30, 2024

[2] Includes ARB loans acquired in 3Q21

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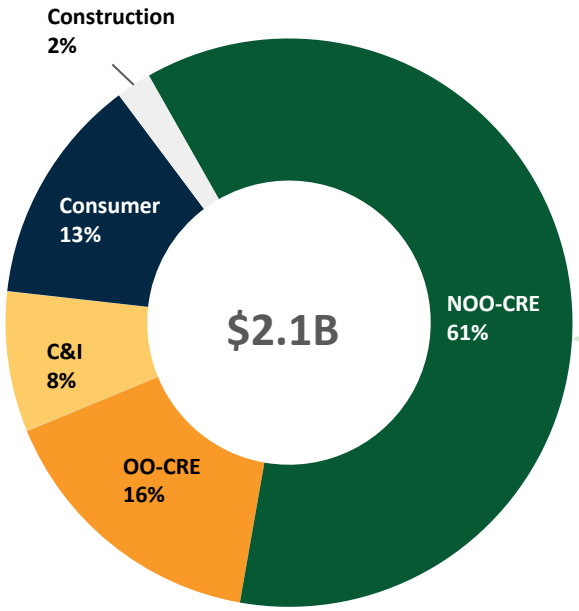
Well-diversified Loan Portfolio

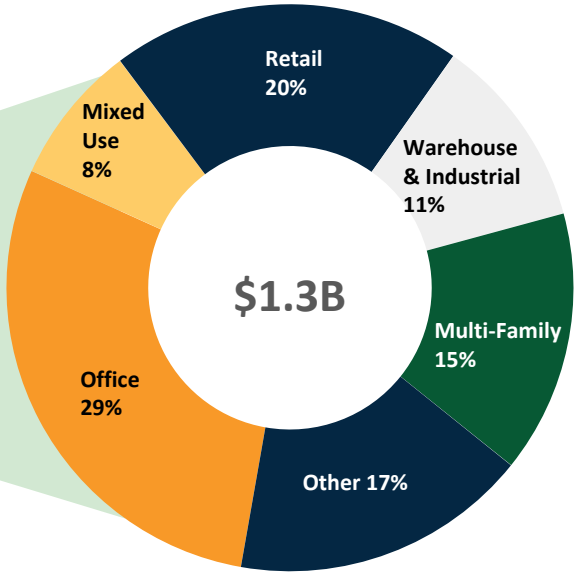
As of 6/30/24 - No material changes from 1Q24

- Loan portfolio is well-diversified across borrowers, industries, loan and property types within our geographic footprint — 86% of all loans and 93% of loans excluding nonprofit organizations are guaranteed by owners of the borrowing entities
- Non-owner occupied commercial real estate is well-diversified by property type with 88% of loans (90% of loans excluding nonprofit organizations) being guaranteed by owners of the borrowing entities
- Since 2001, net charge-offs for all NOO CRE and OO CRE totals $1.6 million
- Construction loans represent a small portion of the overall portfolio

2Q24 Total Loans



2Q24 Total NOO-CRE Loans



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Low Refinance Risk in NOO CRE Portfolio through 2025

- We conducted a DEEP DIVE on loans maturing or repricing before year-end 2025 *
- PORTFOLIO IS WELL-POSITIONED TO ABSORB HIGHER RATE ENVIRONMENT AT MATURITY OR REPRICING DATE
- Wtd. Avg. DSC Assumptions for Maturing Loans: Current market interest rate + spread of 3.00%, fully drawn commercial real estate lines of credit, 25-year amortization
- Wtd. Avg. DSC Assumptions for Repricing Loans: Current market interest rate + contractual spread, fully drawn commercial real estate lines of credit, remaining amortization on each loan

Maturing Loan Commitments > $1.0MM

	# of loans	Commitment	Outstanding Balance	Wtd. Avg. Rate	Wtd. Avg. DSC
2024	7	$21.4MM	$19.4MM	5.15%	1.82x
2025	26	$84.9MM	$79.7MM	5.04%	1.37x
TOTAL	**33**	**$106.3MM**	**$99.1MM**		

Repricing Loan Commitments > $1.0MM

	# of loans	Commitment	Outstanding Balance	Wtd. Avg. Rate	Wtd. Avg. DSC
2024	8	$19.3MM	$19.3MM	4.16%	1.40x
2025	17	$34.7MM	$34.7MM	4.47%	1.45x
TOTAL	**25**	**$54.0MM**	**$54.0MM**		

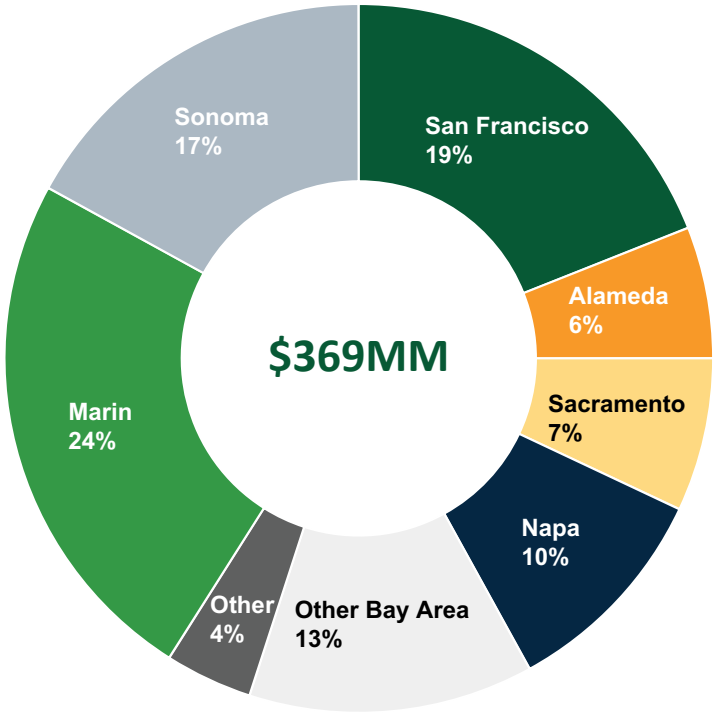
Commitments, outstanding balances and weighted average rates as of June 30, 2024

Non-owner Occupied Office Exposure

As of 6/30/24 - No material changes from 1Q24

- $369 million in credit exposure spread across our lending footprint comprised of 150 loans
- $2.5 million average loan balance – largest loan at $16.7 million
- 63% weighted average loan-to-value and 1.55x weighted average debt-service coverage ratio*
- City of San Francisco NOO CRE office exposure is 3% of total loan portfolio and 6% of total NOO CRE loans

NOO CRE Office Portfolio by County



City of S.F. NOO CRE Office Portfolio

Total Balance:	$70.2 million
Average Loan Bal:	$5.4 million
Number of Loans:	13 loans
Wtd. Average LTV*:	72%
Wtd. Average DCR:	0.96x
Average Occupancy:	77%

12 of the 13 loans are secured by low rise buildings and one loan is secured by a 10 story building

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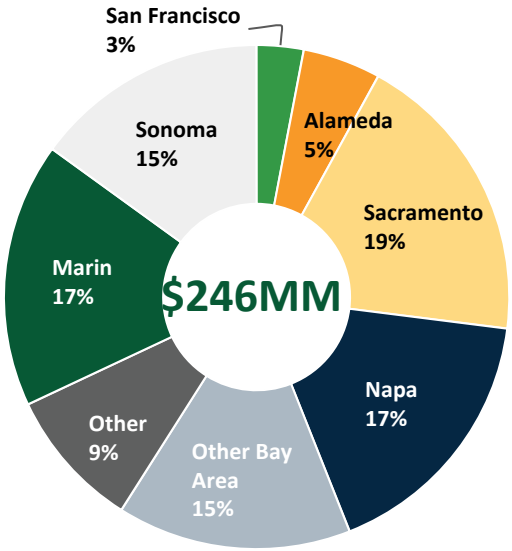
* Calculated for loans exceeding $1 million, based on the most recent annual review process, and net of individual reserves

NOO CRE Portfolio Diversified Across Property Type & County

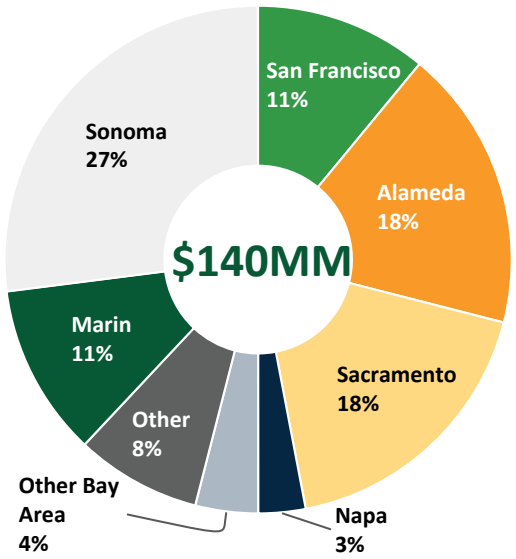
As of 6/30/24 - No material changes from 1Q24

Retail 2Q24



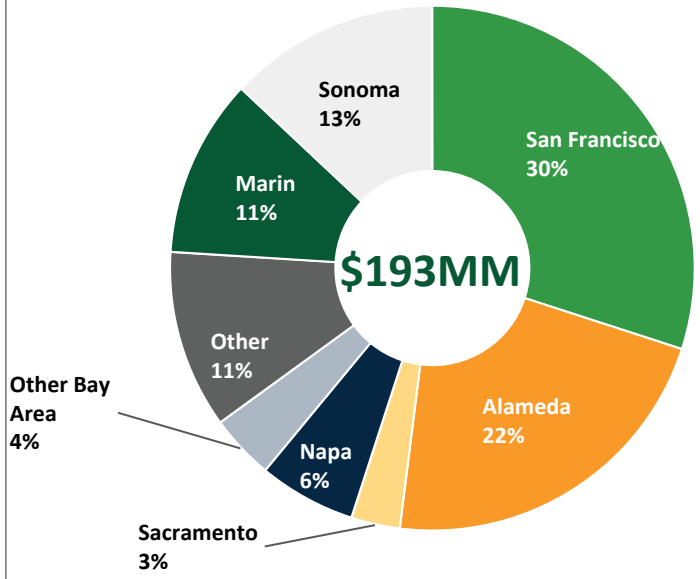
Average Balance:	$1.7MM
Largest Balance:	$13.9MM
Total # of Loans:	141
Wtd. Avg. LTV*:	60%

Warehouse & Industrial 2Q24



Average Balance:	$1.9MM
Largest Balance:	$14.7MM
Total # of Loans:	74
Wtd. Avg. LTV*:	55%

Multifamily 2Q24



Average Balance:	$1.7MM
Largest Balance:	$21.7MM
Total # of Loans:	116
Wtd. Avg. LTV*:	59%

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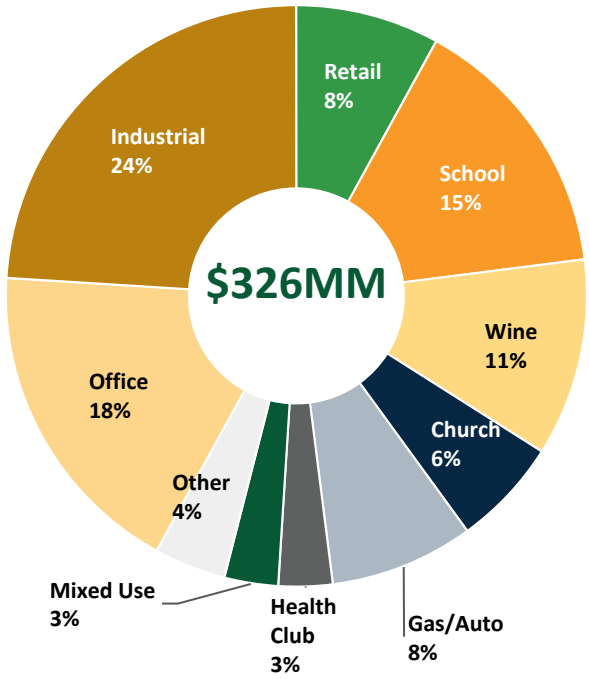
* Calculated for loans exceeding $1 million, based on the most recent annual review process
Note: Sacramento includes surrounding regional counties.

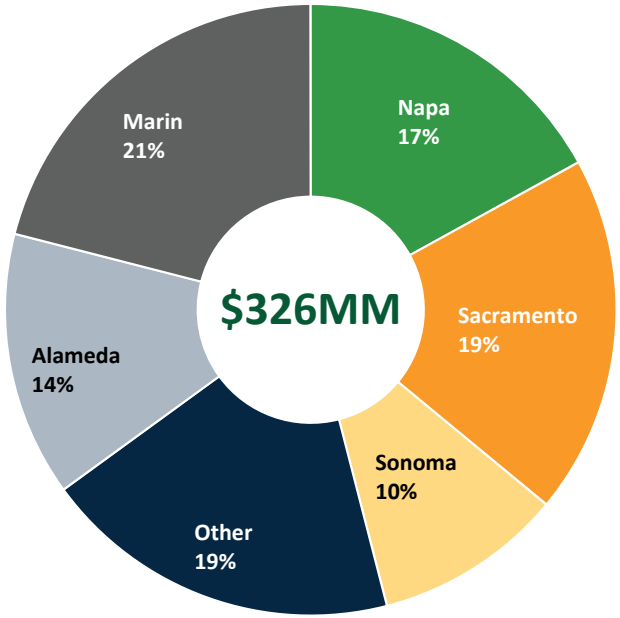
Owner-Occupied CRE Portfolio

As of 6/30/24 - No material changes from 1Q24

OO CRE by Type 2Q24



OO CRE by County 2Q24



Average Balance:	$1.1MM
Largest Loan:	$15.3MM
Wtd. Avg. LTV*:	45%
Total Balance:	$326.1MM
Total Loans:	300

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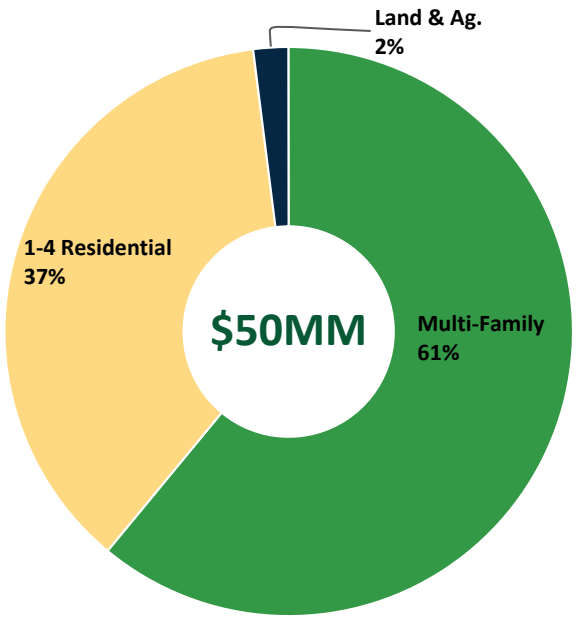
* Loan-to-value largely based on appraised values at origination, or updated appraisals for certain classified loans, and balances as of 6/30/24

Construction Portfolio Concentrations

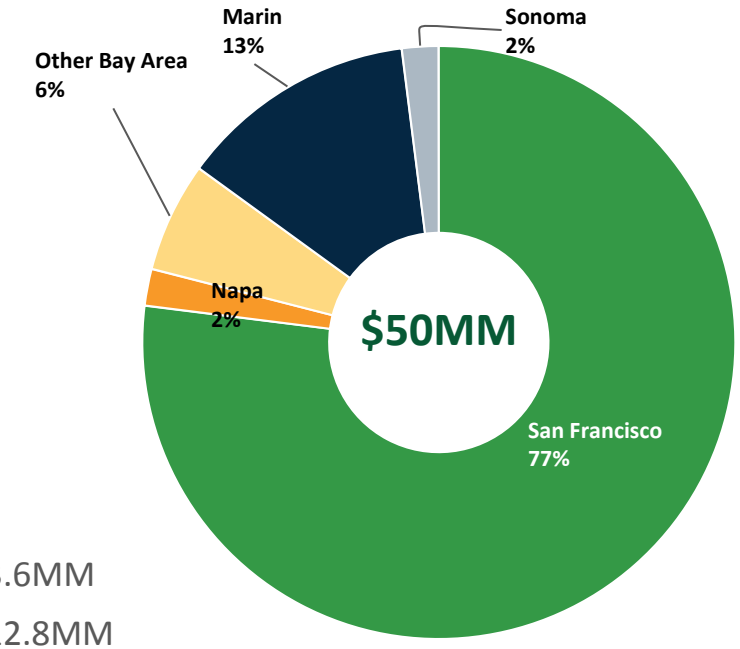
As of 6/30/24

- Construction loans decreased by a net $20.3 million since 1Q24 from one large project completion
- The payoff was in a county other than San Francisco, increasing the allocation to 77% from 62%, but no additional dollar exposure in San Francisco

Construction by Type 2Q24



Construction by County 2Q24



Average Balance:	$3.6MM
Largest Loan:	$12.8MM
Wtd. Avg. LTV*:	72%
Total Balance:	$50.2MM
Unfunded Commitments:	$13.0MM
Total Loans:	14

Bank of Marin Bancorp

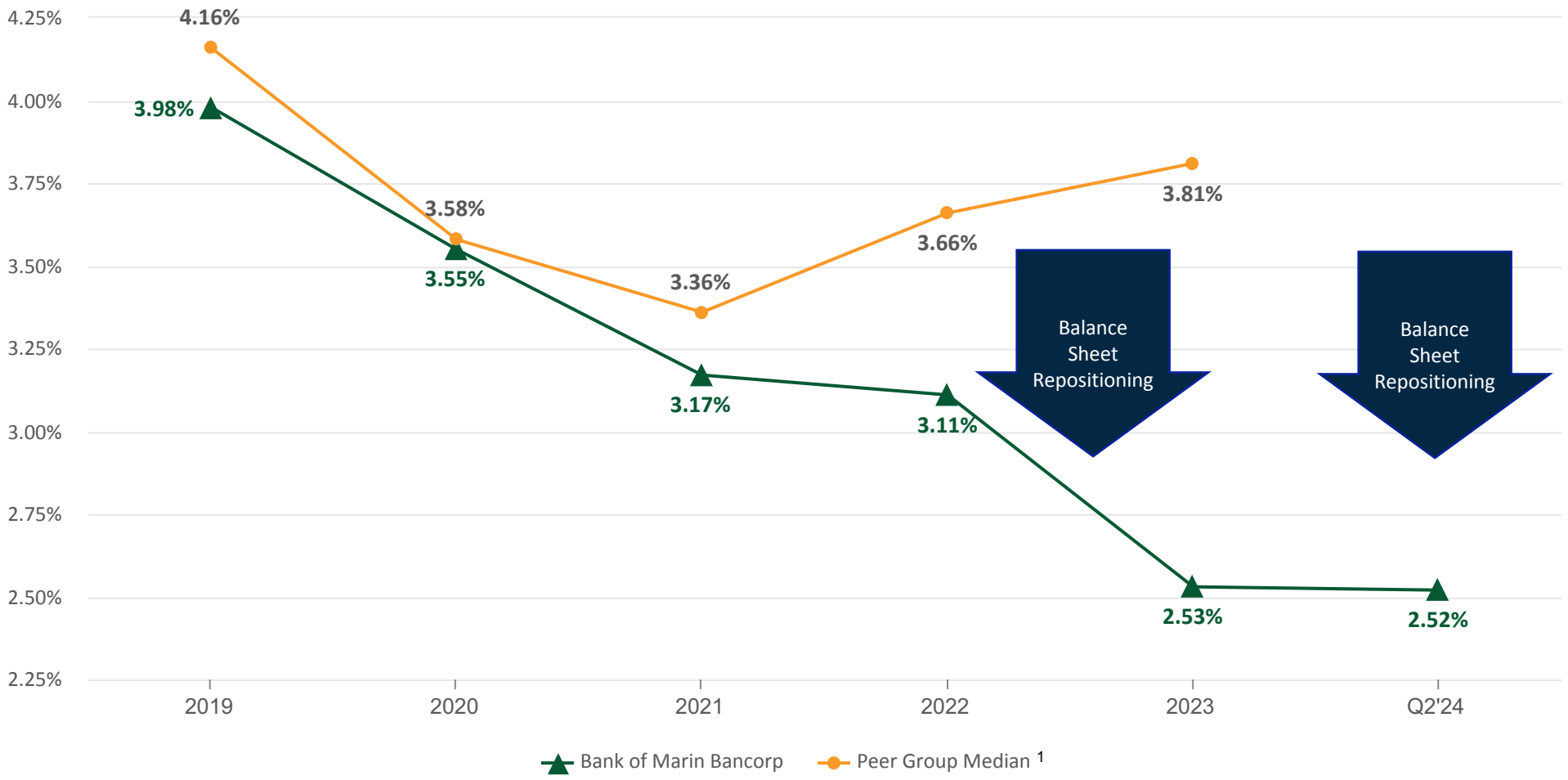
* Loan-to-value largely based on appraised values at origination, or updated appraisals for certain high dollar or classified loans and, balances as of 6/30/24

Bank of Marin Bancorp

Income Statement Highlights

SECTION 03

Tax Equivalent Net Interest Margin



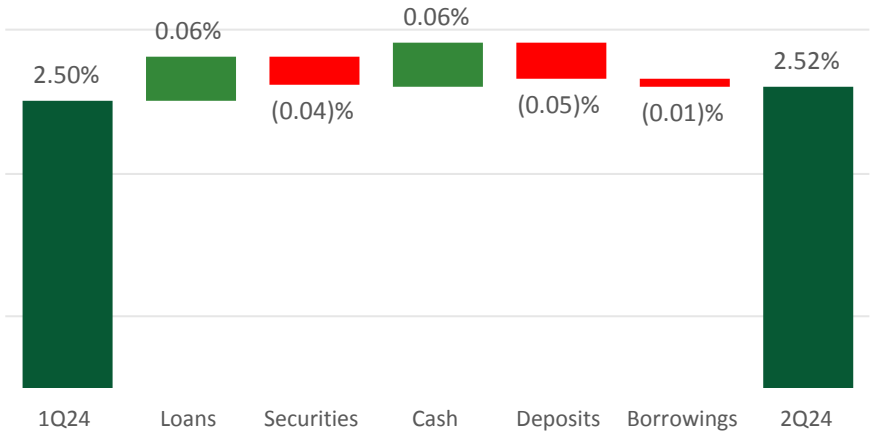
Bank of Marin Bancorp

[1] Peer group includes major exchange-traded Western region banks with assets of $2 billion to $10 billion. Peer data as of December 31, 2023

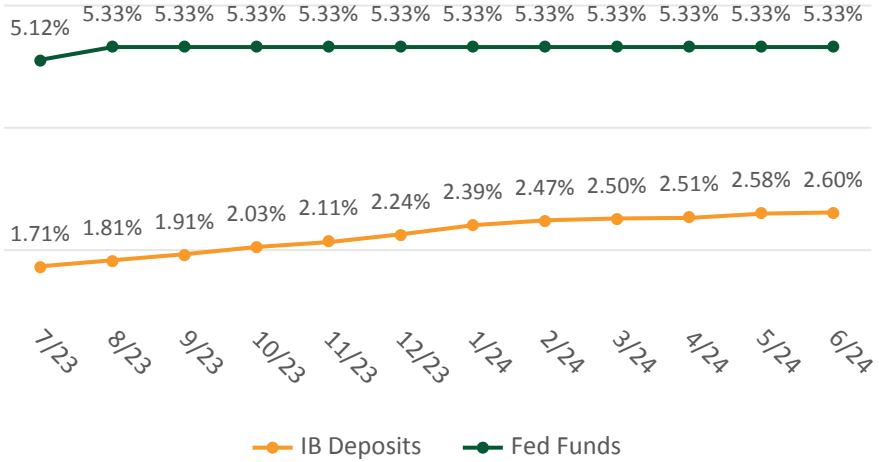
Net Interest Margin Drivers

- Linked-quarter NIM increased 2 bps due primarily to higher rates on loans and higher interest-bearing cash balances, partially offset by higher deposit rates and reduction in average earning asset balances
- Linked-month NIM increased 21 bps from May to June, which does not include full effects of balance sheet repositioning or loan fundings which were heavily skewed toward late June
- The increase in cost of deposits decelerated in the quarter, increasing by 7 bps compared to 23 bps last quarter
- Interest rate risk position is well-balanced with some liability sensitivity that should provide benefits in a falling rate environment
- Our practice is to use conservative modeled beta assumptions relative to actuals for both rising and falling environments, and we make adjustments as needed to reflect repricing expectations

Net Interest Margin Linked-Quarter Change



Average Monthly Cost of IB Deposits vs. Fed Funds



Loans & Securities — Repricing & Maturity

$ in millions, unless otherwise indicated

Total Loans[1]

** at June 30, 2024*

	Repricing Term							Rate Structure			
	3 mo or less	3-12 mos	1-3 years	3-5 years	5-15 years	Over 15 years	Total	Floating Rate	Variable Rate	Variable Rate at Floor or Ceiling	Fixed Rate
C&I	$ 90.6	$ 5.5	$ 12.2	$ 34.5	$ 23.8	$ 2.6	**$ 169.2**	$ 70.4	$ 18.7	$ 6.6	$ 73.5
Real estate:											
Owner-occupied CRE	3.7	9.4	38.9	64.1	201.9	7.1	**325.1**	0.1	35.0	103.0	187.0
Non-owner occupied CRE	54.6	41.5	232.1	273.7	652.8	13.2	**1,267.9**	7.7	103.7	336.8	819.7
Construction	42.0	5.0	4.2	—	—	—	**51.2**	1.5	—	15.0	34.7
Home equity	87.3	—	—	—	0.7	—	**88.0**	87.3	—	—	0.7
Other residential	0.3	7.1	—	0.6	1.5	104.6	**114.1**	—	7.7	105.1	1.3
Installment & other consumer	1.6	2.4	7.9	3.3	51.7	—	**66.9**	0.6	8.8	7.5	50.0
Total	**$ 280.1**	**$ 70.9**	**$ 295.3**	**$ 376.2**	**$ 932.4**	**$ 127.5**	**$2,082.4**	**$167.6**	**$173.9**	**$574.0**	**$1,166.9**
% of Total	***14 %***	***3 %***	***14 %***	***18 %***	***45 %***	***6 %***	***100 %***	***8 %***	***8 %***	***28 %***	***56 %***
Weighted Average Rate	***7.80 %***	***5.44 %***	***4.77 %***	***5.13 %***	***4.25 %***	***3.93 %***	***4.99 %***				

[1] Amounts represent amortized cost. Based on maturity date for fixed rate loans and variable rate loans at their floors and ceilings and next repricing date for all other variable rate loans. Does not included prepayment assumptions.

Investment Securities[2]

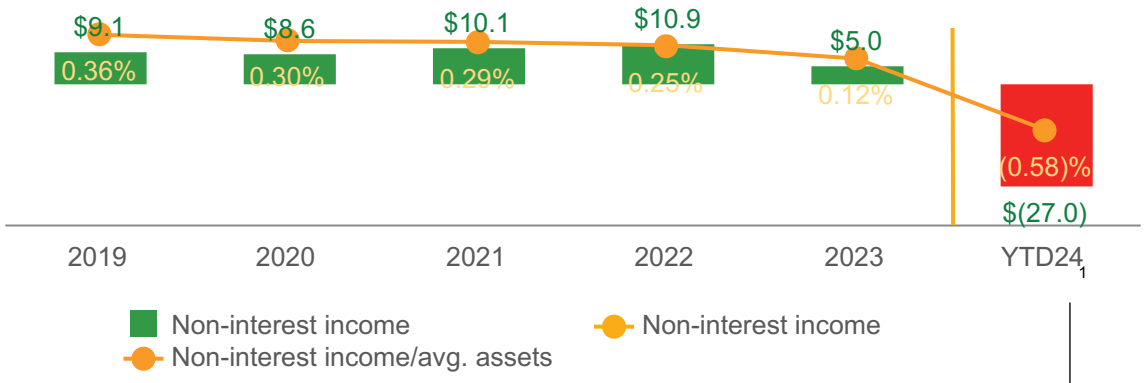
** at June 30, 2024*

Maturity & Projected Cash Flow Distribution							
	3 mo or less	3-12 mos	1-3 years	3-5 years	5-10 years	Over 10 years	Total
Principal (par) & interest	$ 27.5	$ 93.3	$ 260.9	$ 209.1	$ 512.2	$ 291.8	**$ 1,394.8**
% of Total	2 %	7 %	19 %	15 %	36 %	21 %	**100 %**

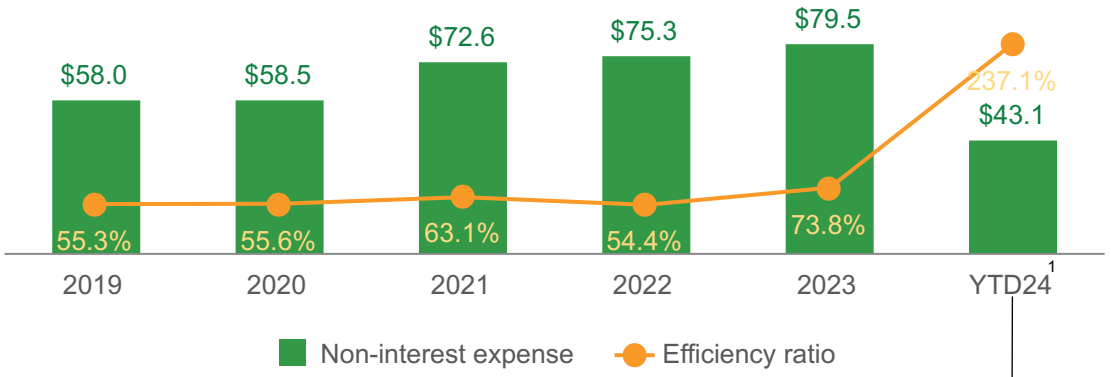
[2] Includes both available-for-sale and held-to-maturity investment securities with prepayment assumptions applied.

Total Non-Interest Components

Non-interest Income ($ in millions)

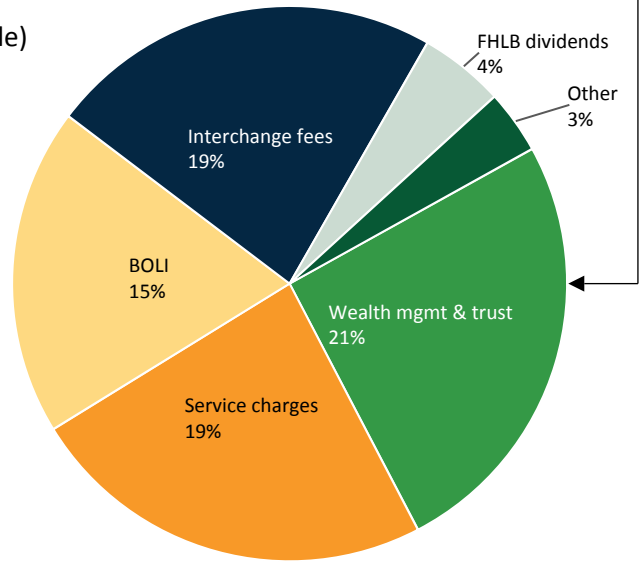


Non-interest Expense ($ in millions)

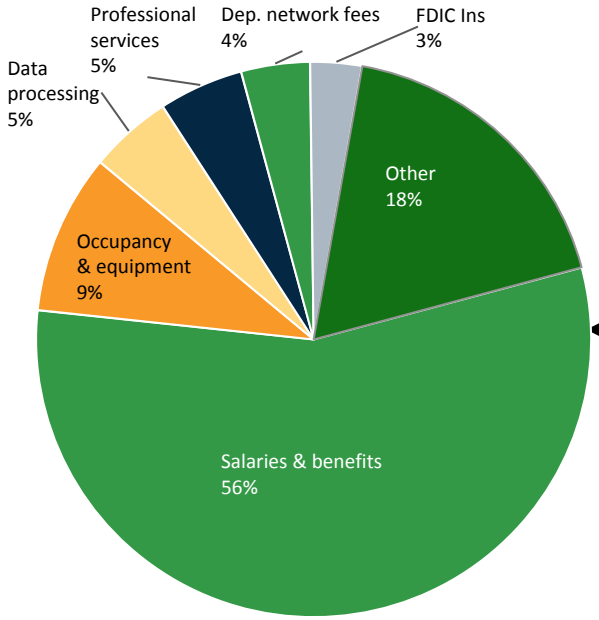


Sources of NII
(excluding loss on sec sale)

Consistent and diverse sources of non-interest income bolster revenue through cycles



Investment in our people, branches and technology provide a runway for future growth



Bank of Marin Bancorp

[1] Six Months ended June 30, 2024 non-interest income as a percentage of average assets is annualized, excluding the impact of the security sales pre-tax loss of $32.5 million

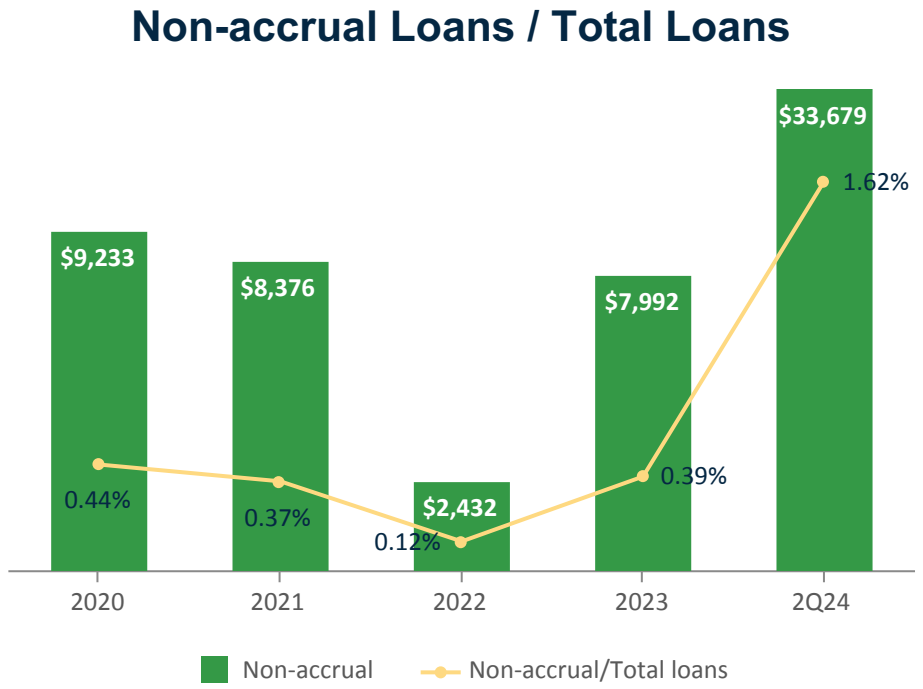
Bank of Marin Bancorp

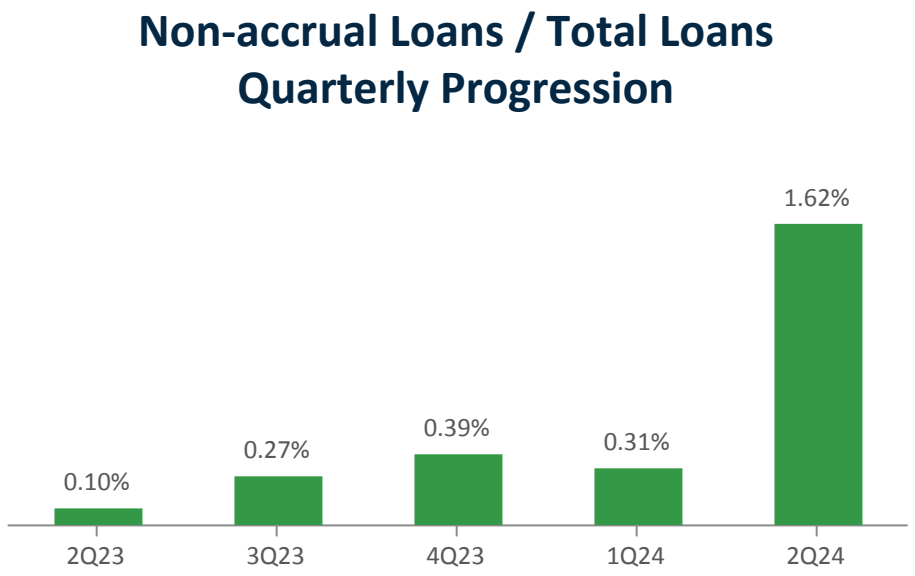
Capital & Asset Quality

SECTION 04

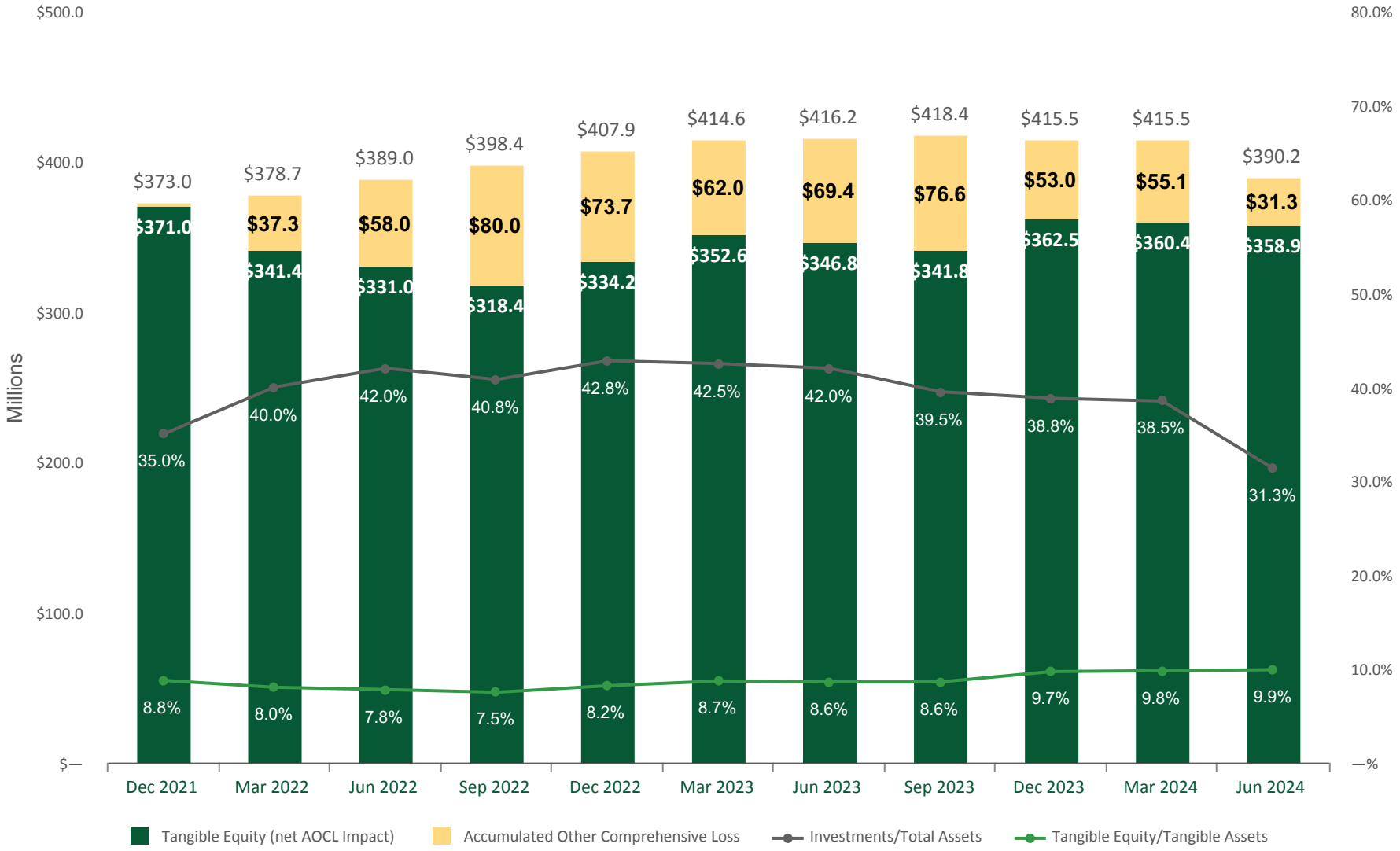
History of Strong Asset Quality

- Allowance for credit losses to total loans of 1.47%, up from 1.24% last quarter
- Non-accrual balances increased largely due to one $16.7 million NOO CRE loan which moved to non-accrual as management believes there is substantial doubt as to the collection or refinance of the principal amount of the loan at maturity based on the current collateral value and borrower creditworthiness. We expect payments to remain current through maturity from cash collateral. Individual reserve was increased as well, largely causing the $5.2 million provision.
- Consistent, robust credit culture and underwriting principles support strong asset quality
- Net charge-offs have consistently been negligible for the last five years due to strong underwriting fundamentals, except that in 4Q23 charge-offs included $406 thousand charged to the allowance due to the sale of an acquired loan.





AOCI and Tangible Equity



Bank of Marin Bancorp

Bank of Marin Bancorp

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

(in thousands, unaudited)			June 30, 2024
Tangible Common Equity - Bancorp			
Total stockholders' equity		$	434,943
Goodwill and core deposit intangible			(76,023)
Total TCE	a		358,920
Unrealized losses on HTM securities, net of tax			(93,600)
TCE, net of unrealized losses on HTM securities (non-GAAP)	b	$	265,320
Total assets		$	3,694,728
Goodwill and core deposit intangible			(76,023)
Total tangible assets	c		3,618,705
Unrealized losses on HTM securities, net of tax			(93,600)
Total tangible assets, net of unrealized losses on HTM securities (non-GAAP)	d	$	3,525,105
Bancorp TCE ratio	a / c		9.9 %
Bancorp TCE ratio, net of unrealized losses on HTM securities (non-GAAP)	b / d		7.5 %

For further discussion about this non-GAAP financial measure, refer to our Form 8-K under Item 9 - Financial Statements and Exhibit 99.1 filed with the SEC on January 29, 2024.

Reconciliation of GAAP to Non-GAAP Financial Measures (Excluding Loss on Sale of Securities)

(in thousand, unaudited)	Three months ended		Six months ended	
Net (loss) income	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023
Net (loss) income (GAAP)	$ (21,902)	$ 2,922	$ (18,980)	$ 13,991
Adjustments:				
Losses on sale of investment securities	32,542	—	32,542	—
Income tax benefit	(9,620)	—	(9,620)	—
Adjustments, net of taxes	22,922	—	22,922	—
Comparable net income (non-GAAP)	1,020	2,922	3,942	13,991
Diluted (loss) earnings per share				
Weighted average diluted shares	16,114	16,092	16,103	16,008
Diluted (loss) earnings per share (GAAP)	$ (1.36)	$ 0.18	$ (1.18)	$ 0.87
Comparable diluted earnings per share (non-GAAP)	$ 0.06	$ 0.18	$ 0.24	$ 0.87
Return on average assets				
Average assets	$ 3,751,159	$ 3,811,270	$ 3,781,214	$ 4,141,284
Return on average assets (GAAP)	(2.35)%	0.31 %	(1.01)%	0.68 %
Comparable return on average assets (non-GAAP)	0.11 %	0.31 %	0.21 %	0.68 %
Return on average equity				
Average stockholders' equity	$ 432,692	$ 435,973	$ 434,332	$ 424,386
Return on average equity (GAAP)	(20.36)%	2.70 %	(8.79)%	6.65 %
Comparable return on average equity (non-GAAP)	0.95 %	2.70 %	1.83 %	6.65 %
Efficiency ratio				
Non-interest expense	$ 21,894	$ 21,169	$ 43,063	$ 40,445
Net interest income	$ 22,467	$ 22,694	$ 45,161	$ 54,029
Non-interest income (GAAP)	$ (29,755)	$ 2,754	$ (27,001)	$ 5,674
Losses on sale of investment securities	32,542	—	32,542	—
Non-interest income (non-GAAP)	$ 2,787	$ 2,754	$ 5,541	$ 5,674
Efficiency ratio (GAAP)	(300.37)%	83.18 %	237.13 %	67.74 %
Comparable efficiency ratio (non-GAAP)	86.70 %	83.18 %	84.93 %	67.74 %

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