Endeavor Bancorp
Annual Meeting of Shareholders
May 25, 2023

Opening Remarks & Introduction

Endeavor Bancorp

Directors

Julie Dubick
Director

James Ledwith
Director

Bryan Min
Director

Jillian Murish
Director

Matt Rattner
Chairman of the Board

Lorne Polger
Director

Steve Sefton
President

Vickie Turner
Director

Christopher Woolley
Director

Dan Yates
Chief Executive Officer

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Voting Process

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Declaration of a quorum
Meeting declared open

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PROPOSAL 1 **Election of Directors**

PROPOSAL 2 **Ratification of Auditors**

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PROPOSAL 1 **Election of Directors**

PROPOSAL 2 **Ratification of Auditors**

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PROPOSAL 1 Election of Directors

PROPOSAL 2 **Ratification of Auditors**

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Polls are Open for Voting

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Inspector of Election Report

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PROPOSAL 1 Election of Directors

PROPOSAL 2 Ratification of Auditors

PROPOSAL 3 **Adjournment of the Formal Legal Portion of Today's Meeting**

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First Quarter 2023 and Full Year 2022 Financial Results

Forward Looking Statements

This communication includes “forward-looking statements,” as such term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on the current beliefs of the Company’s directors and executive officers (collectively, “Management”), as well as assumptions made by and information currently available to the Company’s Management. All statements regarding the Company’s business strategy and plans and objectives of Management of the Company for future operations, are forward-looking statements. When used in this communication, the words “anticipate,” “believe,” “estimate,” “expect” and “intend” and words or phrases of similar meaning, as they relate to the Company or the Company’s Management, are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from the Company’s expectations (“cautionary statements”) are loan losses, rapid and unanticipated deposit withdrawals, unavailability of sources of liquidity, additional regulatory requirements that may be imposed on community banks or banks generally, changes in interest rates, loss of key personnel, lower lending limits and capital than competitors, regulatory restrictions and oversight of the Company, the secure and effective implementation of technology, risks related to the local and national economy, changes in real estate values, the Company’s implementation of its business plans and management of growth, loan performance, interest rates, and regulatory matters, the effects of trade, monetary and fiscal policies, inflation, and changes in accounting policies and practices. Based upon changing conditions, if any one or more of these risks or uncertainties materialize, or if any underlying assumptions prove incorrect, actual results may vary materially from those described as anticipated, believed, estimated, expected, or intended. The Company does not intend to update these forward-looking statements.

Leadership Team

Dan C. Yates
Chief Executive Officer

Steven D. Sefton
President

Julie Given-Glance
Chief Financial Officer

Mark A. Anderson
Chief Operations Officer

Scott T. Parker
Chief Credit Officer

John Harelson
Chief Banking Officer

Endeavor Bancorp

Locations

Headquarters
Symphony Towers
750 B Street, Suite 3110
San Diego, CA 92101
(619) 329-6565

East County San Diego Office (Now Open)
9400 Grossmont Summit Drive, Suite 201
La Mesa, CA 91941
(619) 859-6850

Administrative & Executive Office
703 Palomar Airport Road, Suite 165
Carlsbad, CA 92011
(760) 795-0102

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Proactive Strategy

Control our Destiny vs. Lose Control

May and June of Last Year

- Improve Liquidity- to prepare for recessionary winds
- Reduce Loan to Deposit Ratio
- Rejected bond buying strategy
  - Consultants recommended in 2021 and 2022

Fall Strategic Planning

- Build a Fortress Balance sheet
  - Prioritize liquidity
  - Deposit growth
  - Deemphasize lending

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2023 Strategic Goals

Increase visibility and outreach to shareholders

OTCQX, Investor relations, virtual investor presentations

Manage to a 1% ROA, 10% ROE and under 60% efficiency ratio

But not at the expense of losing deposits

Growth Priorities:

- Balance sheet favors deposit growth over loans
- Manage to an 80% loan-to-deposit ratio
- Outperform the market regarding cost of funds
- Outperform the market regarding NIM

Selective expansion: geographic and team lift out

Technology roadmap

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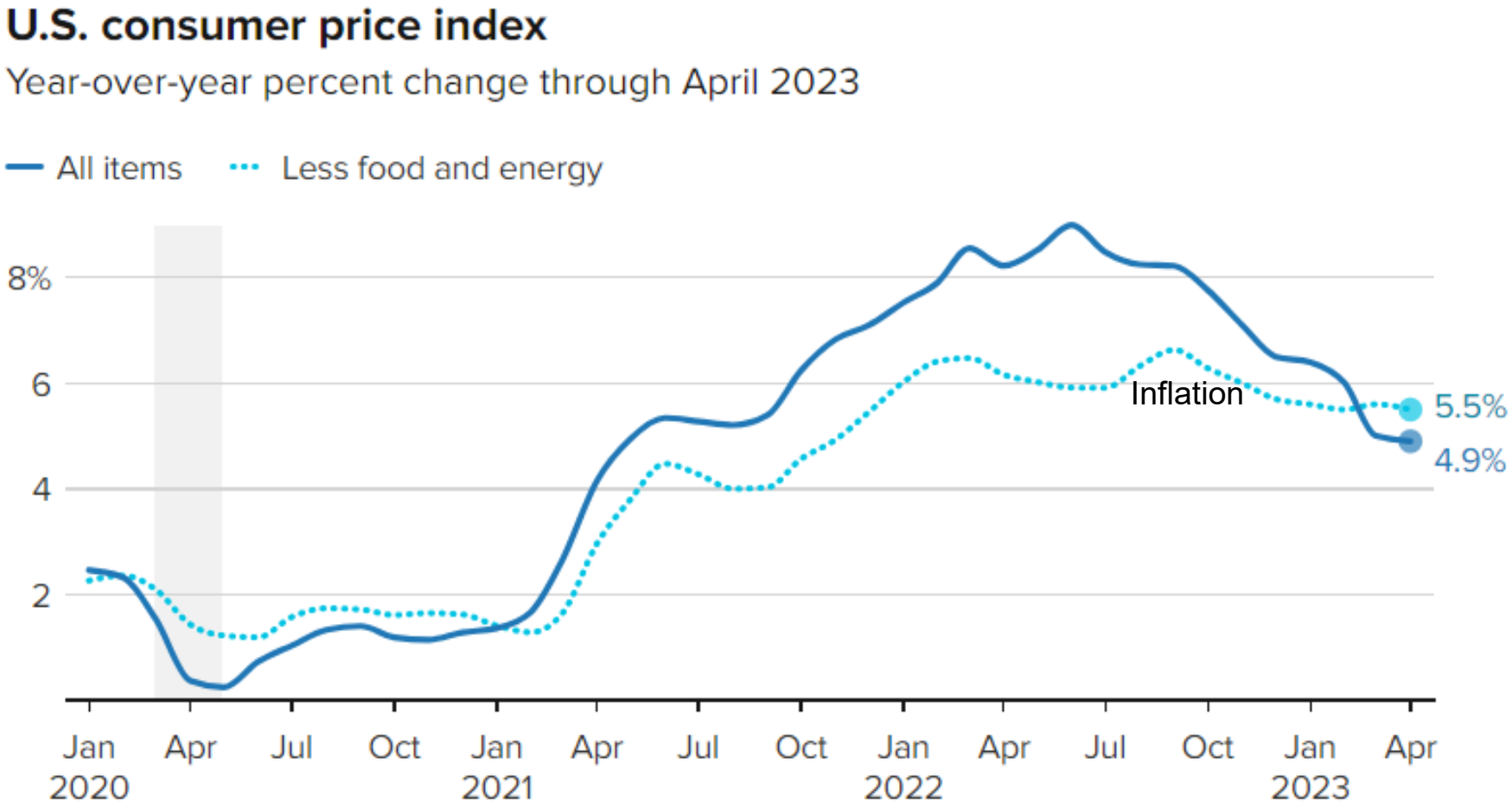
Economic Conditions influenced our Strategy

Economic headwinds

- Inflation
- Potential recession
  - Inverted yield curve



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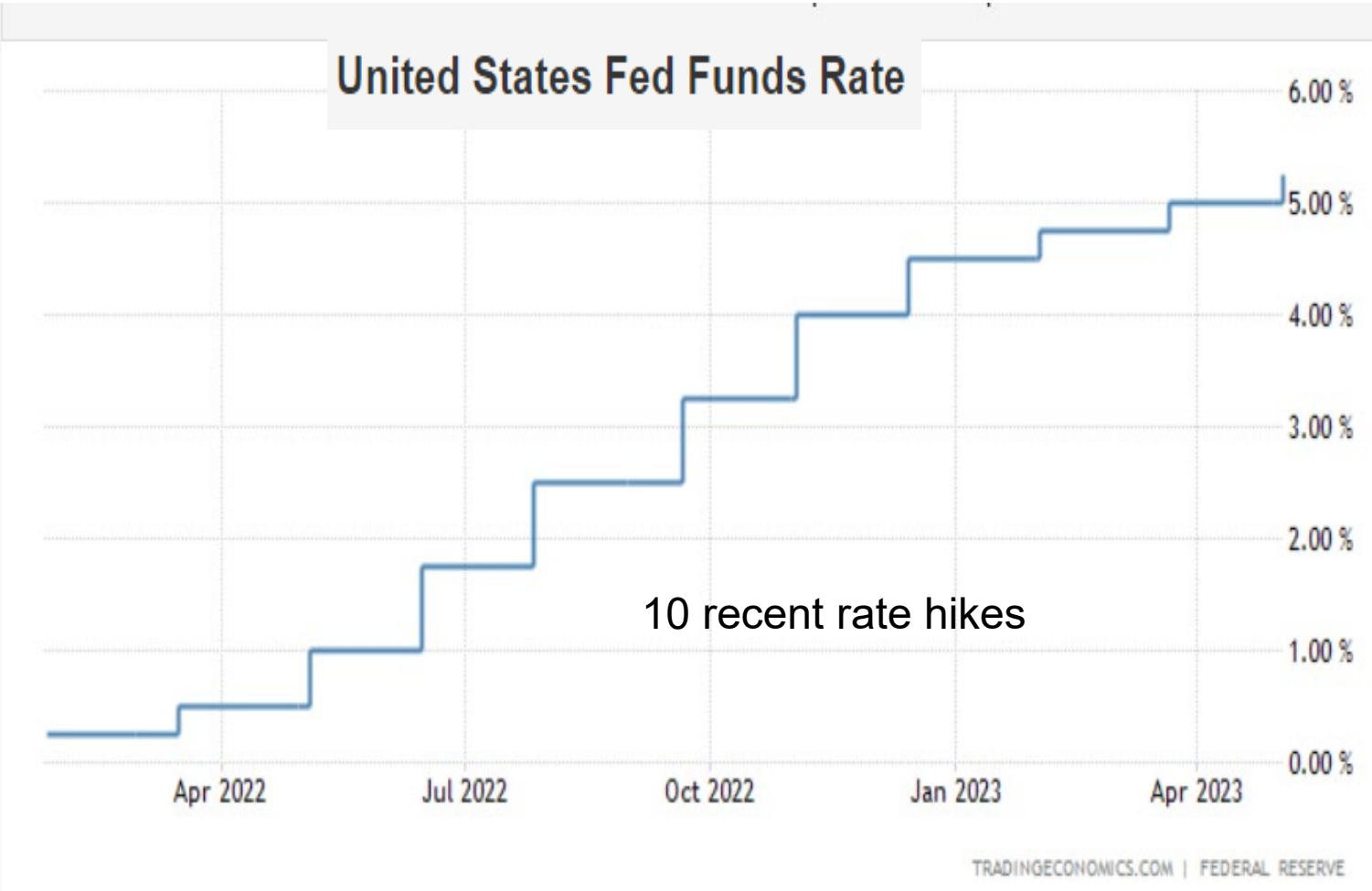
Banking Industry Challenges vs our Strategy

Interest rate environment

- Historic increase in FF's
- Intense pricing pressure for deposits

Confidence in the banking system

- Silvergate Bank was the starting gun
- The failure of Silicon Valley Bank, Signature Bank, First Republic
- Short Sellers
- Social media



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Banking Industry Impact – Key headlines today

Silvergate

svb Silicon Valley Bank

Liquidity vs Profits
Uninsured Depositors
Client Concentrations
Industry Concentrations
Run on Deposits/Short Sellers
Capital
Asset Quality

First Republic Bank

Signature Bank®

Calls for Strategic Actions

- Approximately $433 billion in deposits have left banks in the US since early March (data as of April 26, 2023) – Banks competing with US Treasury for Deposits
  - March deposit outflows from all banks peaked at $172 billion in the week of March 22
  - Endeavor Bank deposits have increased $39.2 million (9.1%) between March 1 through April 30

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A Few Helpful Banking Terms

- **Uninsured deposits, Industry and Client Concentrations** – Why they matter?
- **Liquidity** – How do you measure it and why is it important?
- **Bond Portfolio** – Why have so many banks lost money on their bond portfolios?
- Why do banks purchase bonds?
- **Unrealized / Realized Bond losses** – How do they effect bank health?
- **Loan to Deposit Ratio** – liquidity vs profits
- **Run on Deposits** – Cause and how to mitigate?

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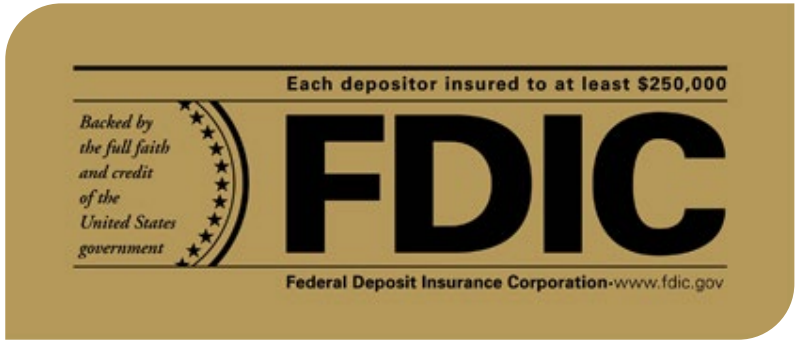
Top Defensive Strategic move- Reduce Risk of Deposit Flight



After the Silicon Valley Bank (SVB) seizure:

- We spoke to 100% of all Endeavor clients with deposits exceeding the $250,000 limit
- We were able to shift an additional $152 million of “uninsured” deposits into fully FDIC insured through our IntraFi/ICS program.
- Almost 75% of total deposits are now FDIC insured.
- The Strategic shift to ICS has grown our reciprocal deposits to $220 million, requiring us to report $127.7 million of this as “Brokered Deposits” on the Call report.

**as of March 31, 2023*

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2023 Strategy – Prioritize Liquidity

- **25% of our assets, totaling in excess of $134 million, are in overnight cash liquid reserves*** (interest earning, 4.59%)
- **Only $7 million in Investments (Primarily Bonds)**
  - Unrealized loss “mark to market” of less than $500 thousand
  - All eligible securities have been pledged with the FHLB borrowing for additional borrowing capacity
- **Line of credit availability**
  - In excess of $128 million – fully available with nothing outstanding.

**As of April 30, 2023*

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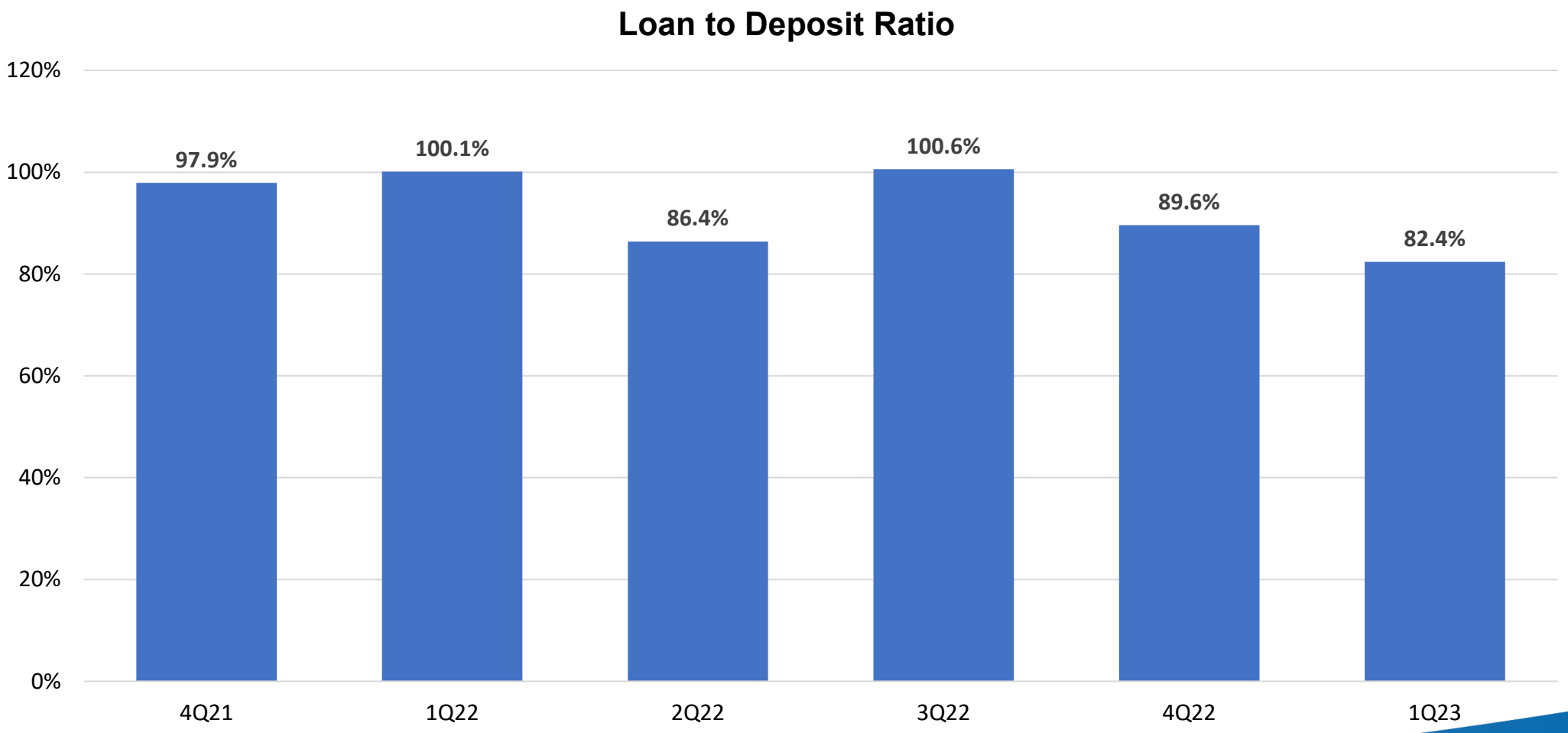
Loan to Deposit Ratio Trends
Our Strategy - reduce to 80%



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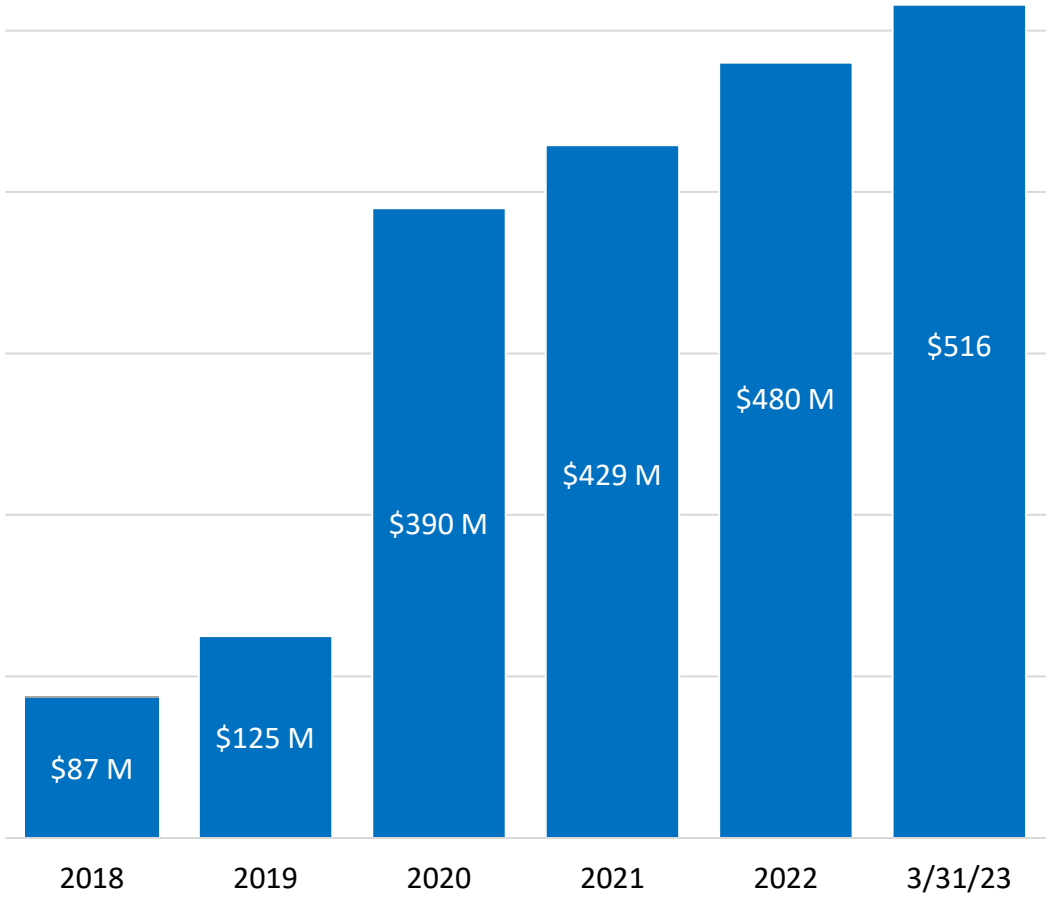
Asset Growth and Mix

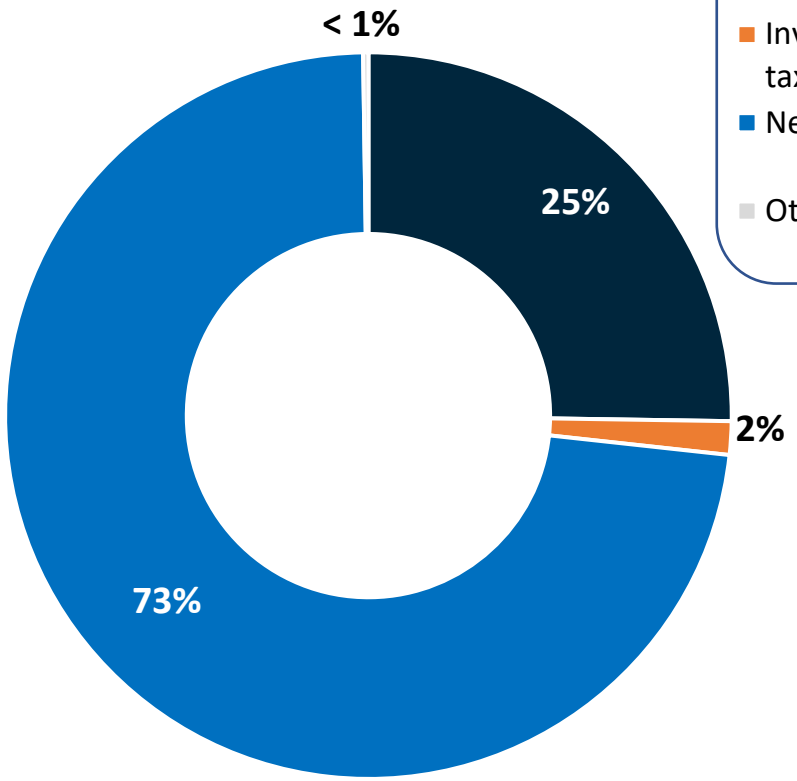
$516 Million in Total Assets

At March 31, 2023



Asset Mix

At March 31, 2023



- Overnight cash liquid reserves
- Investment securities-taxable (bonds)
- Net loans
- Other assets

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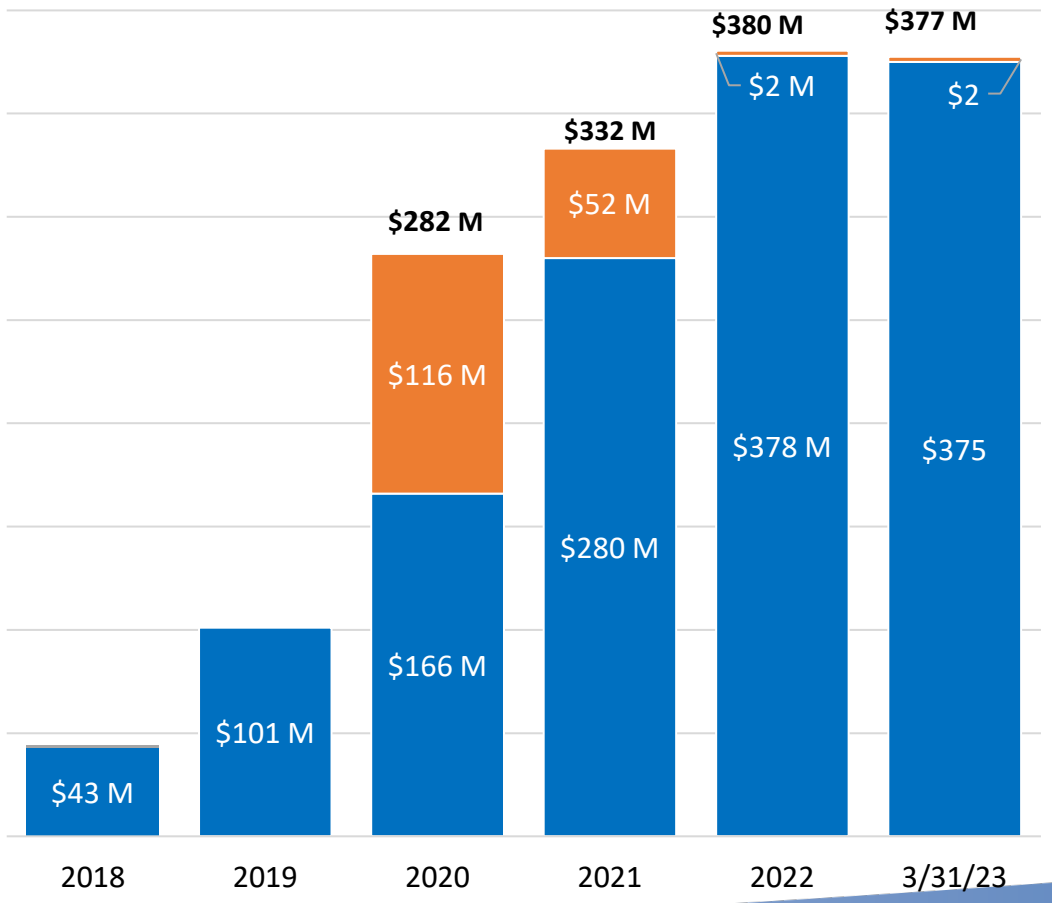
Loan Portfolio Growth / Composition

Our Strategy – slow rate of loan growth

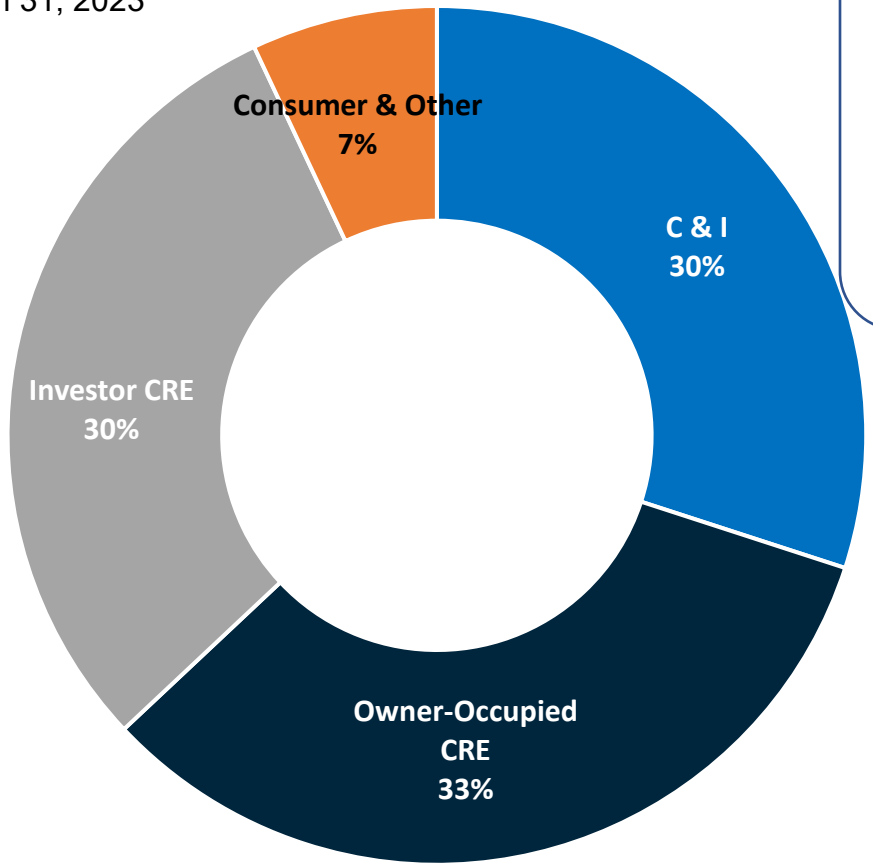
$377 Million Loan Portfolio

At March 31, 2023



A Diversified Portfolio

At March 31, 2023



- C & I
- Owner-Occupied CRE
- Investor CRE
- Consumer & Other

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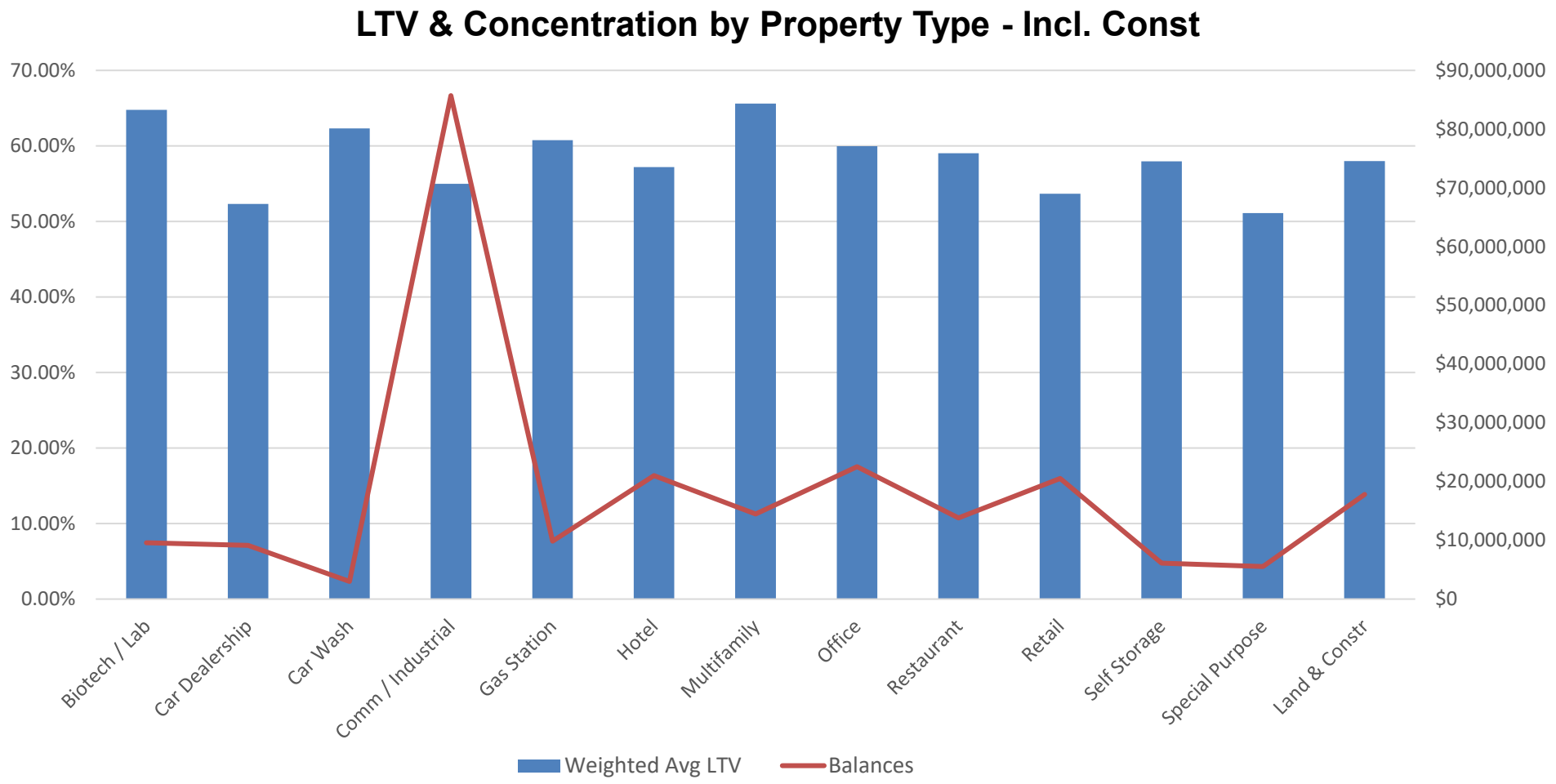
Real Estate (CRE) Loan Portfolio Composition

Our Strategy - focus on strong sectors and diversify



*CRE Loan to Value at origination 58%

Data as of March 31, 2023

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Commercial Real Estate Values – San Diego County

Industrial vacancies less than 3% overall – No deterioration in property values.

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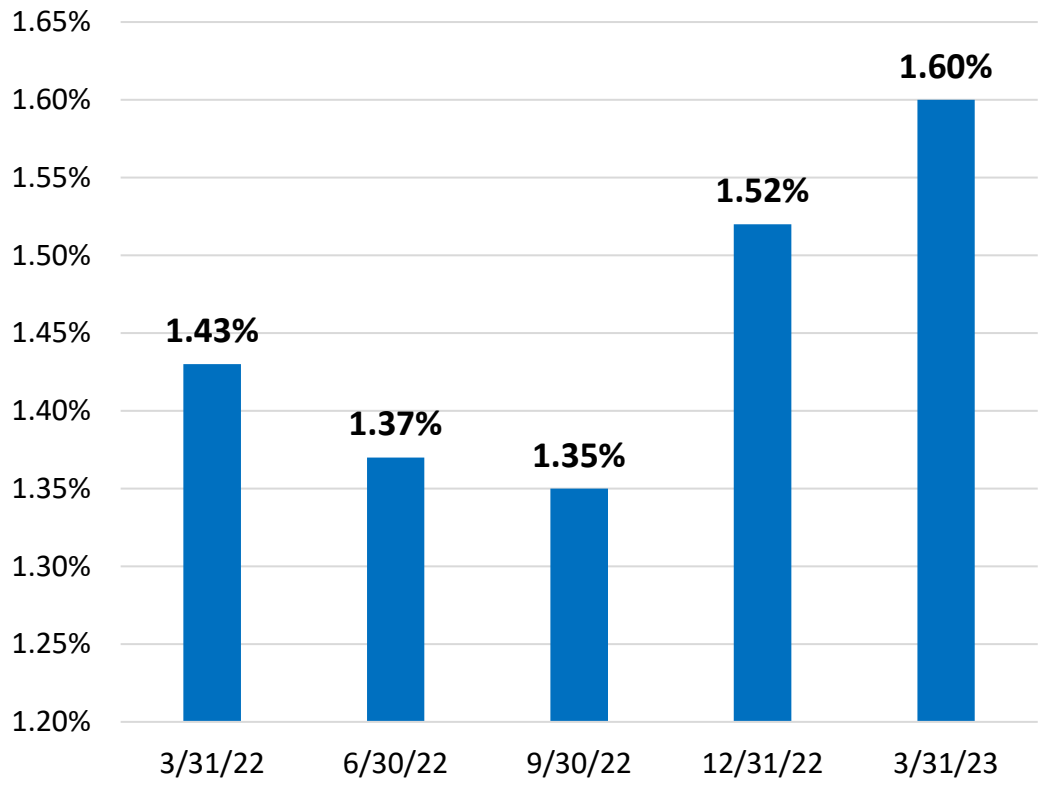
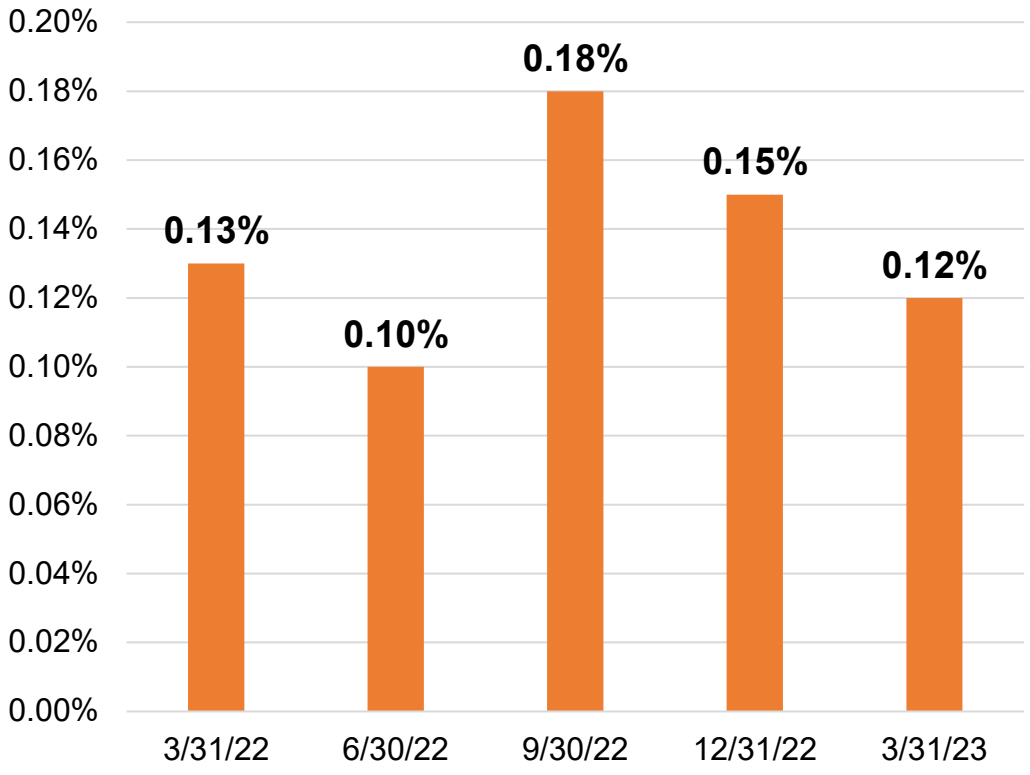
Disciplined Credit Culture

Our Strategy – Maintain strong Credit Quality

Allowance for Loan Losses/Total Loans*



Nonperforming Assets/Total Loans*



*1Q23, 4Q22, 3Q22 and 2Q22 are consolidated results, 1Q22 is Bank only results.

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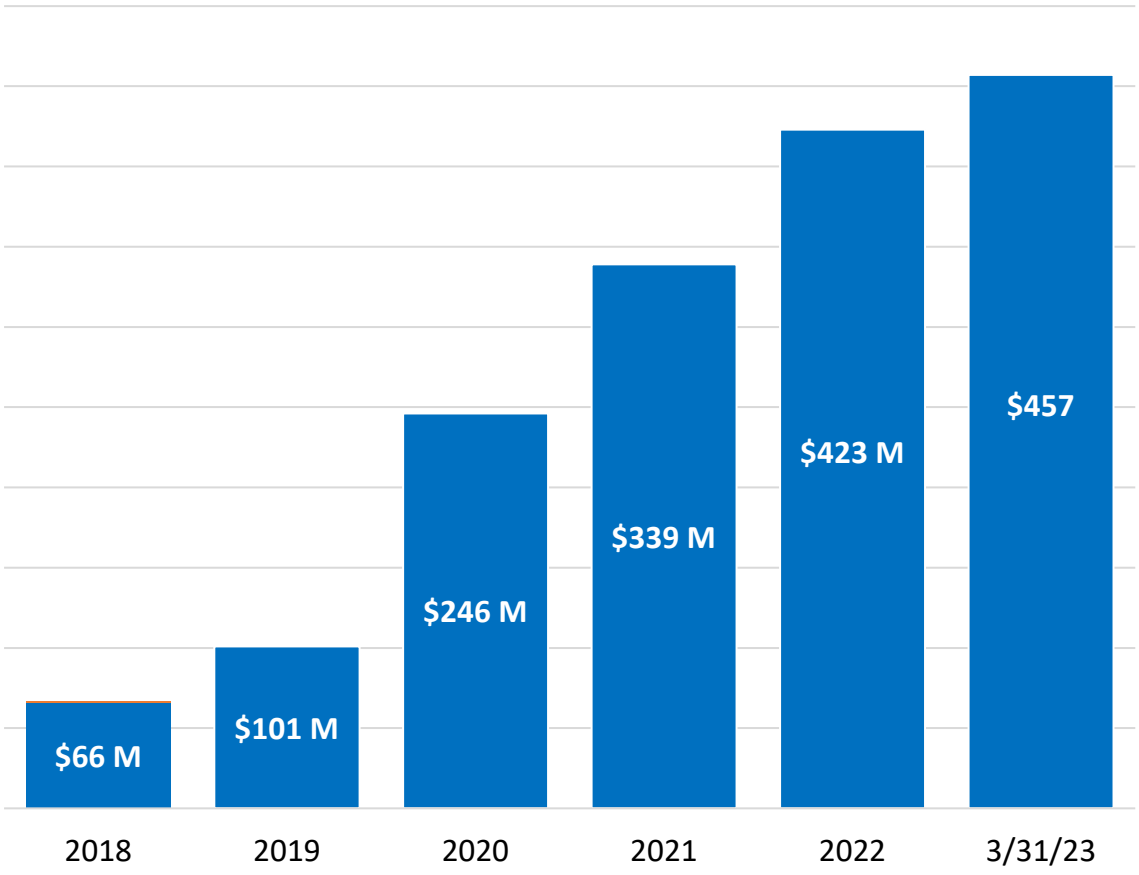
Deposit Composition

Our Strategy – Drive our value proposition to manage cost of deposits

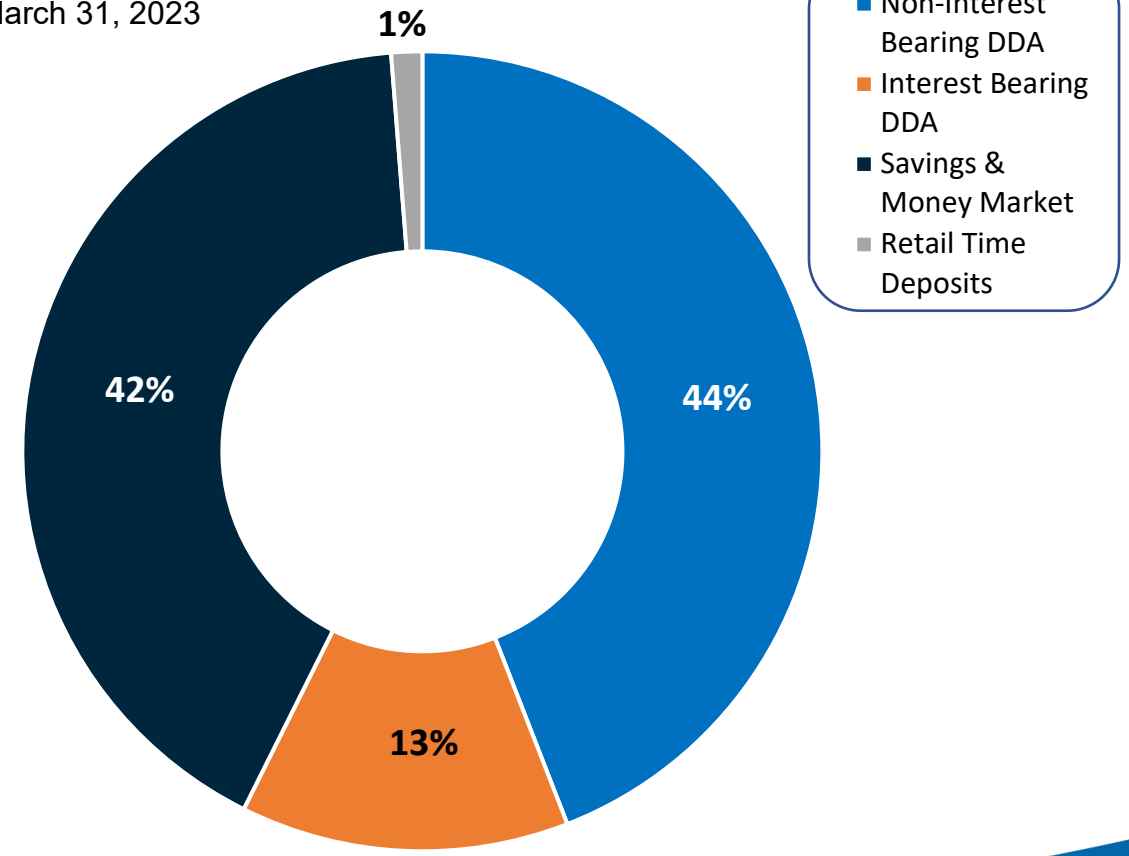
Deposit Composition Over Time

At March 31, 2023



Deposits $457 Million

At March 31, 2023



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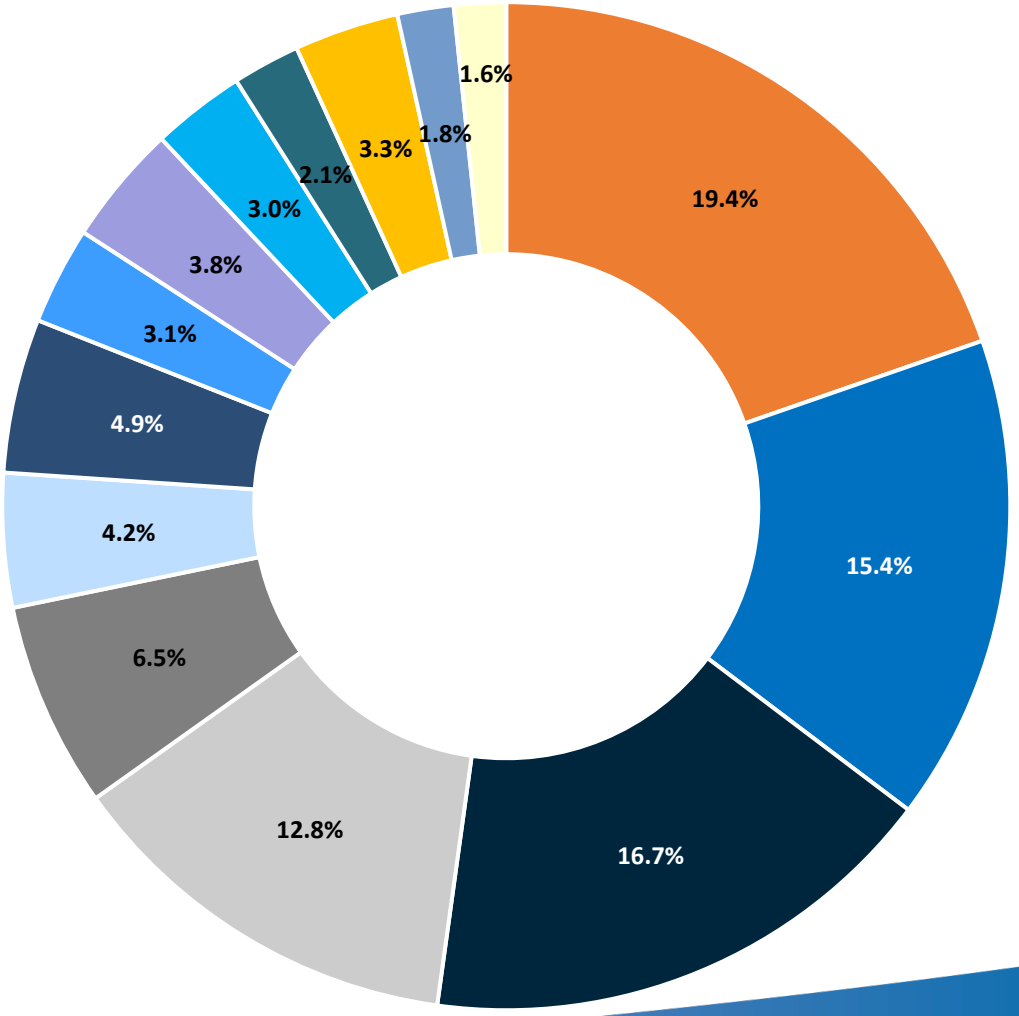
Deposit Composition / Diversification

Our Strategy – no sector bets, minimize concentration risk



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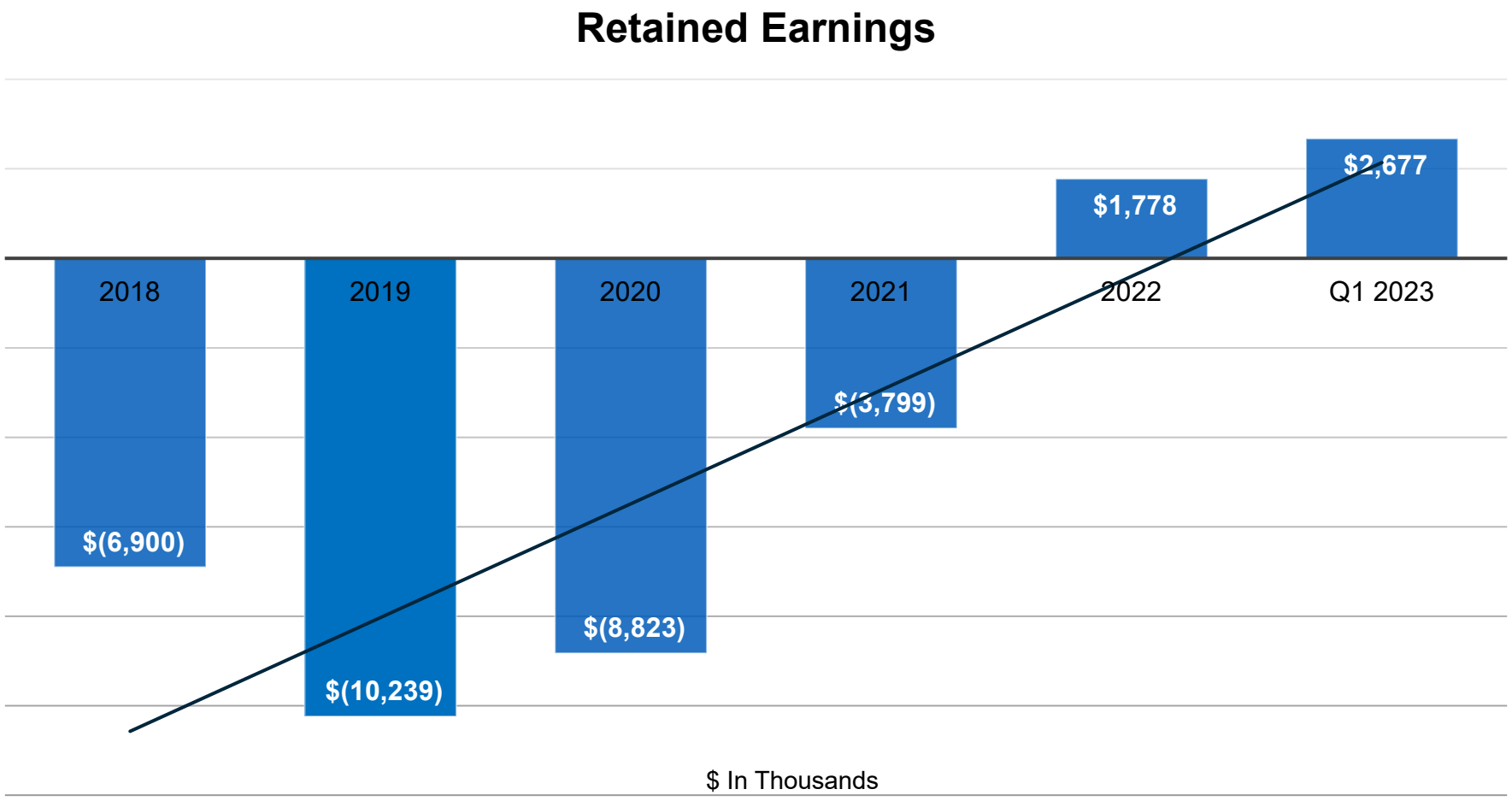
Retained Earnings – 5-Year Trend

De Novo Start up Journey – transition to core profits



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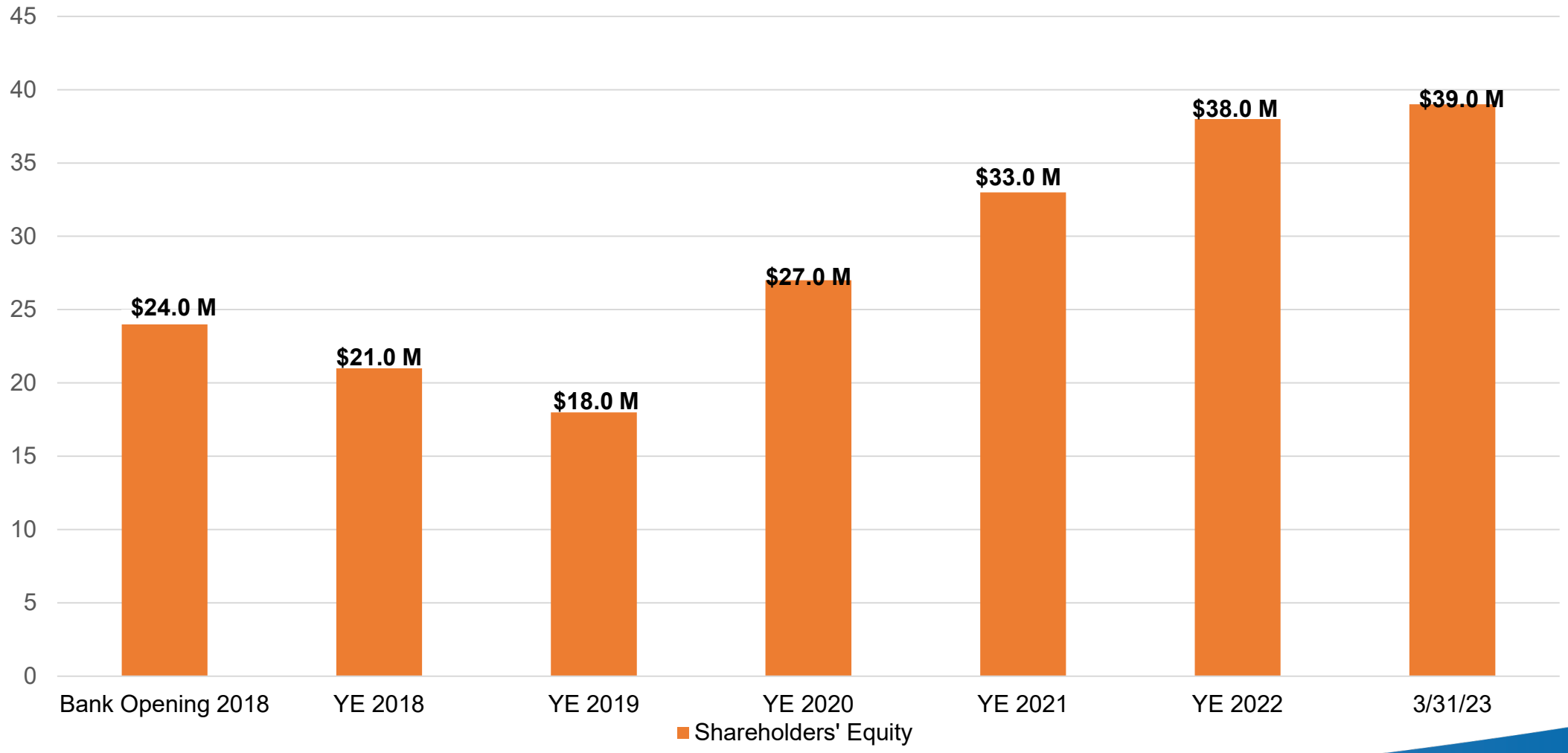
Stockholder's Equity / Capital

The Journey – start up losses, PPP, capital raises, profits



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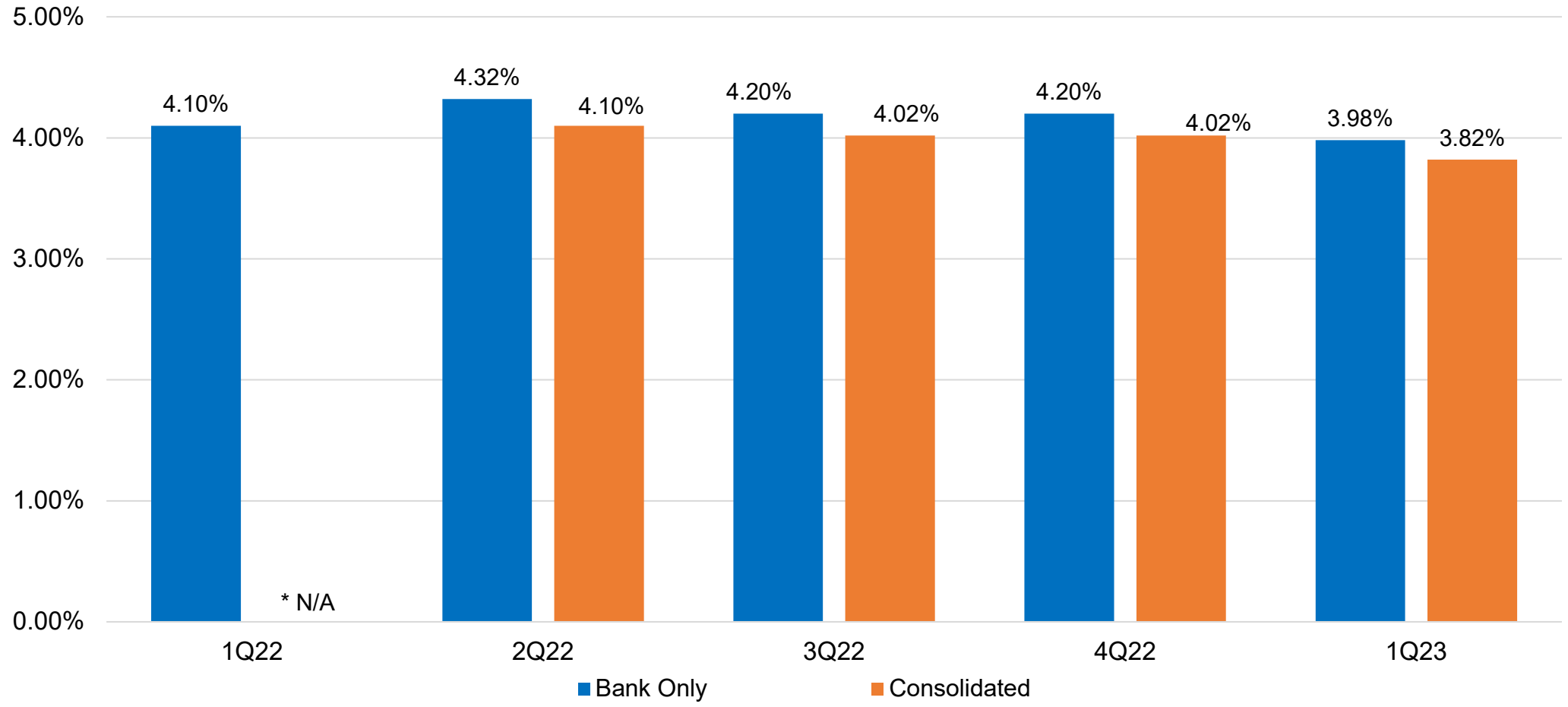
Net Interest Margin

NIM drives profits – loan pricing vs. deposit pricing



*Holding Company formed Q2 2022

*1Q23, 4Q22, 3Q22 and 2Q22 are consolidated results, 1Q22 is Bank only results.

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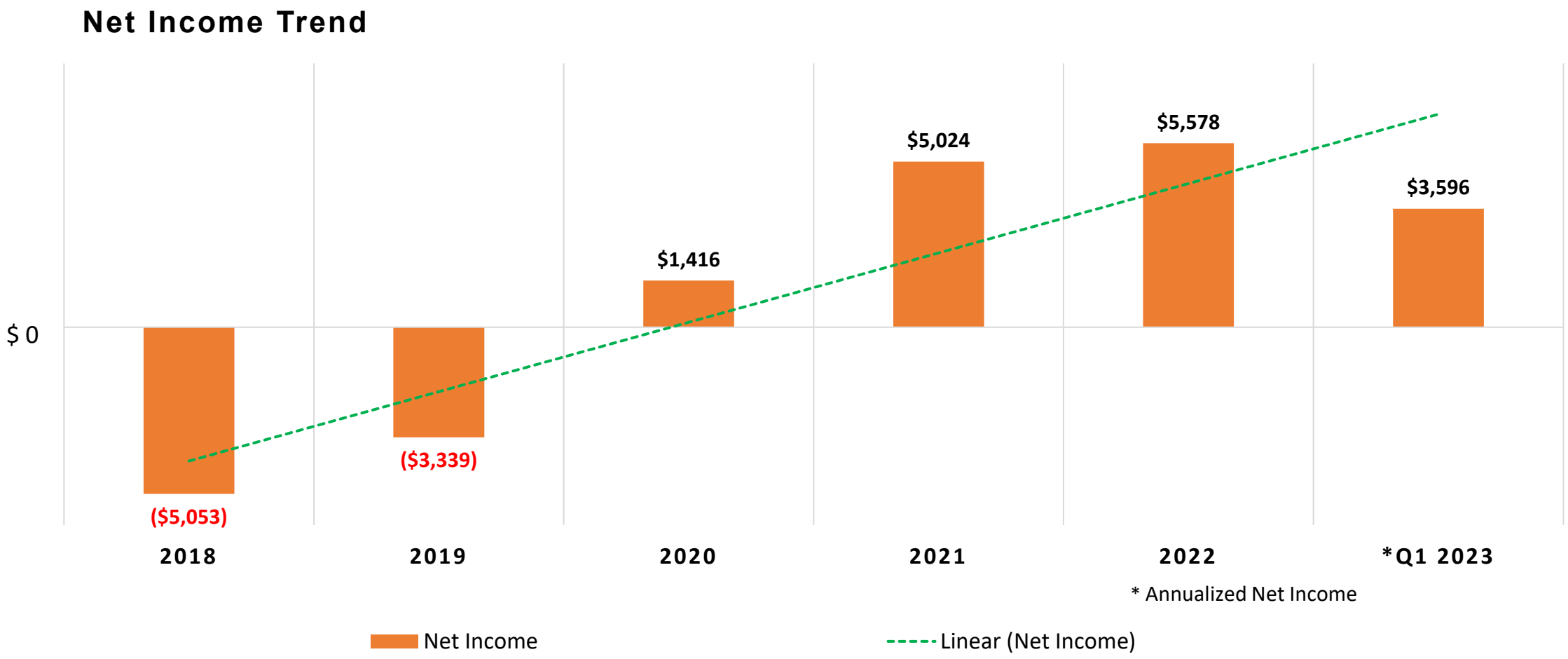
Profitability – 5-Year Trend



*2022 shows consolidated results, all prior periods show Bank only results.

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Comparing EDVR Stock Price to Tangible Book Value Per Share

Expectations vs. Actual – key ratio for shareholders to monitor

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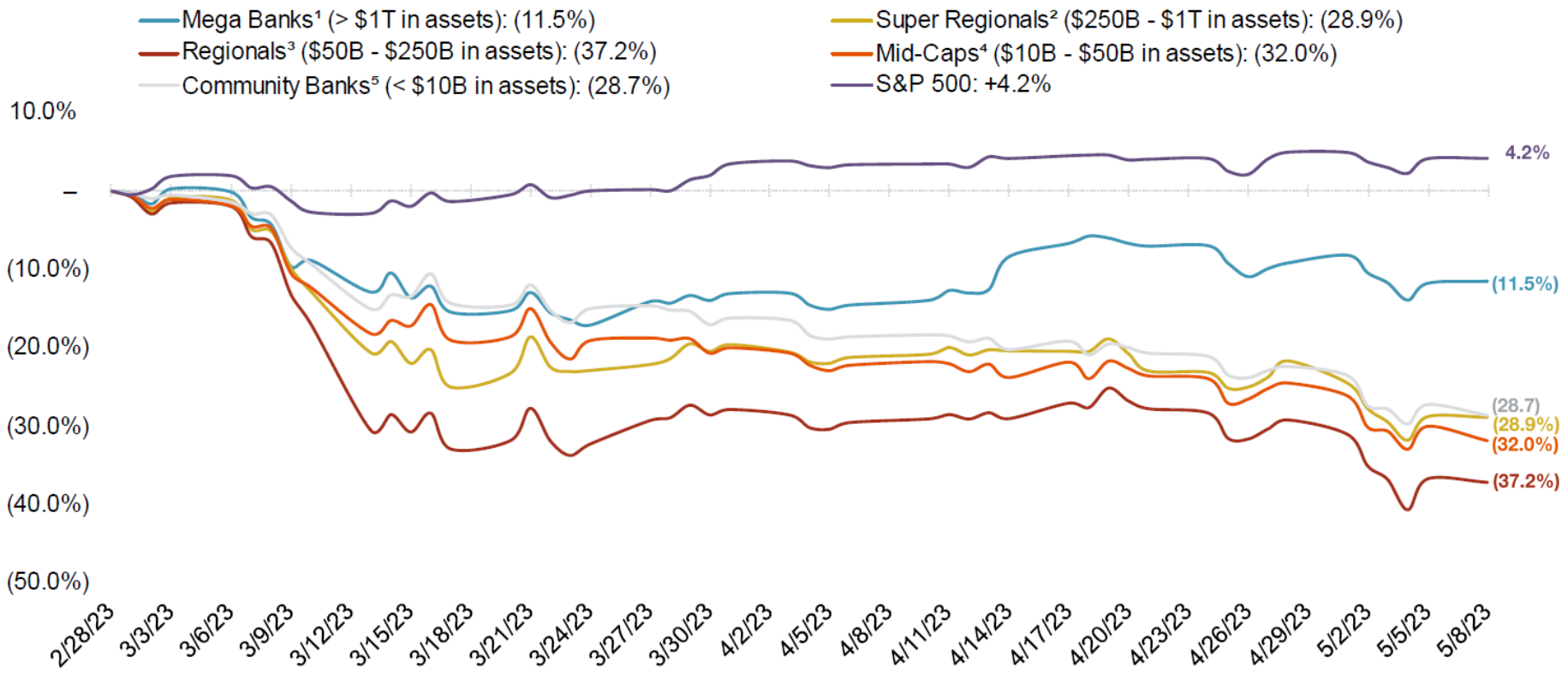
Bank Stock Prices Suggest Recent Events have Broad Based Impact

Sector trailing S & P – What do the experts say?



1) Mega Banks defined as having greater than $1T in total assets
2) Super Regionals defined as having between $250B and $1T in total assets
3) Regionals defined as having between $50B and $250B in total assets
4) Mid-Caps defined as having between $10B and $50B in total assets
5) Community Banks defined as having less than $10B in total assets

Note: Market data as of May 8, 2023; indices are mkt cap weighted as of February 28, 2023; Source: S&P Capital IQ Pro

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Southern California GDP Market*

1 **Los Angeles** is #1 in the Nation

9 **Orange County** #9

10 **San Diego** #10

2021 list

Rank	County	Largest city
1	Los Angeles	Los Angeles
2	New York	New York[a]
3	Santa Clara	San Jose
4	Cook	Chicago
5	Harris	Houston
6	King	Seattle
7	Dallas	Dallas
8	Maricopa	Phoenix
9	Orange	Anaheim
10	San Diego	San Diego

*US Department of Commerce

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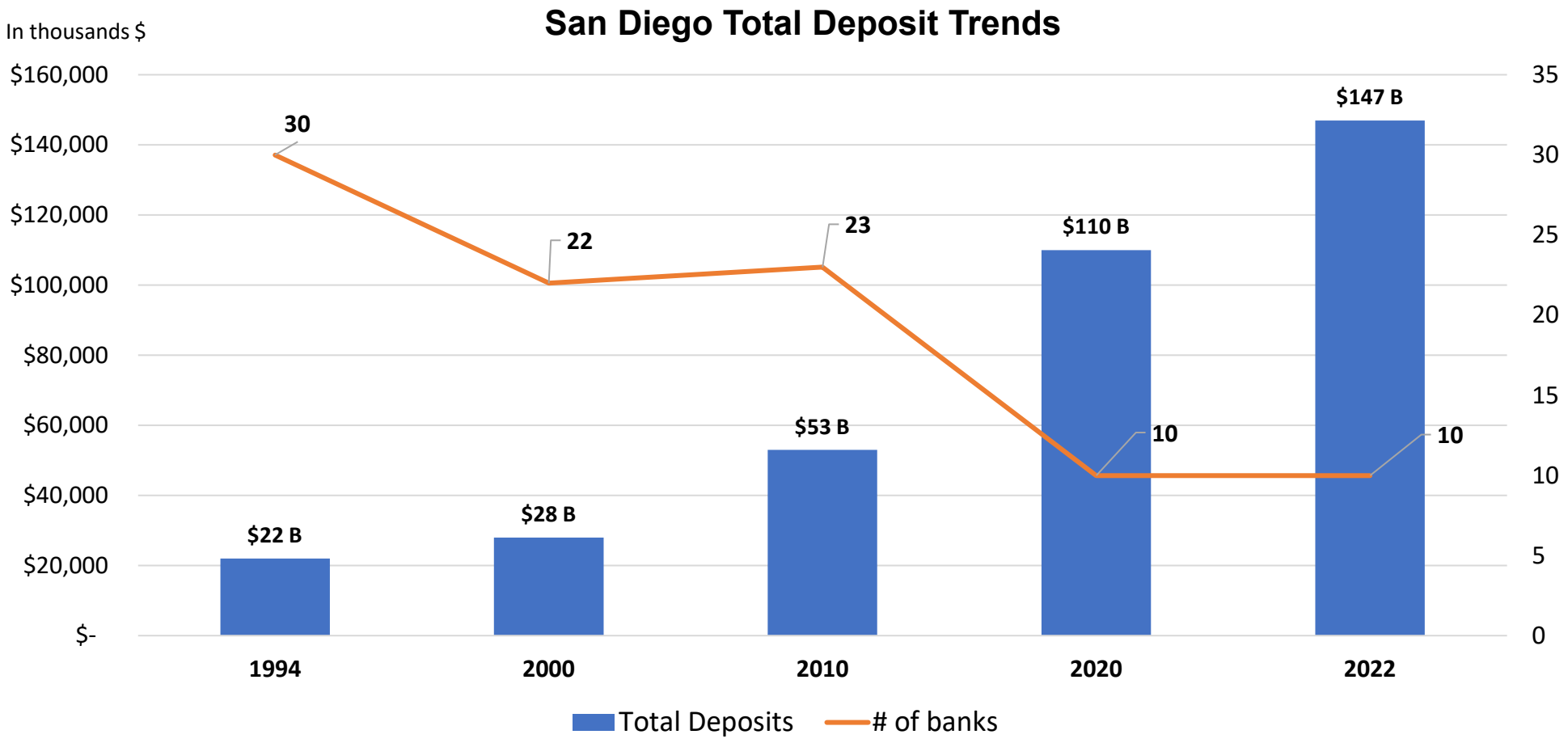
Local San Diego County Banks



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Summary of Key Takeaways

Liquidity

What other banks did – (sector concentrations, long duration bonds, dropped hedges, emphasized profits over liquidity

Bond Portfolios

% assets - many invested a high percentage of liquidity in bonds when rates were much lower

Loan to Deposit ratio

Many banks increased L to D ratio to 100% or above to drive earnings

Placed heavy reliance on their ability to source and maintain deposits

Many need to pay up for wholesale deposits or borrow on liquidity lines

Crushes NIM (profits) and increases liquidity risk

Deposit Growth

Many banks have weak strategies to grow their deposit franchise

The industry poorly timed strategic decisions, followed by key bank failures…

Have caused investors to temporarily lose confidence in the sector

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Endeavor Bank by Comparison

Liquid

Vast majority of our reserves are in cash – minimal exposure to bonds

$130 million in cash – overnight investments with FF and Cash

Proactively reduced level of uninsured deposits

Lowered volatility of deposit risk – no reason to fly to TBTF institutions when fully insured

Reduced Loan to Deposit ratio to more conservative level

Strategically built a loan portfolio to emphasize floating rate loans.

Low fixed rate asset to floating rate asset ratio (loan portfolio)

Deposit Growth since end of the year – up close to 10%

No net deposit losses

Solid profitability

Stock trading below book value

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Contacts

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Steven D. Sefton
President
ssefton@bankendeavor.com

Julie Given-Glance
Chief Financial Officer
jglance@bankendeavor.com

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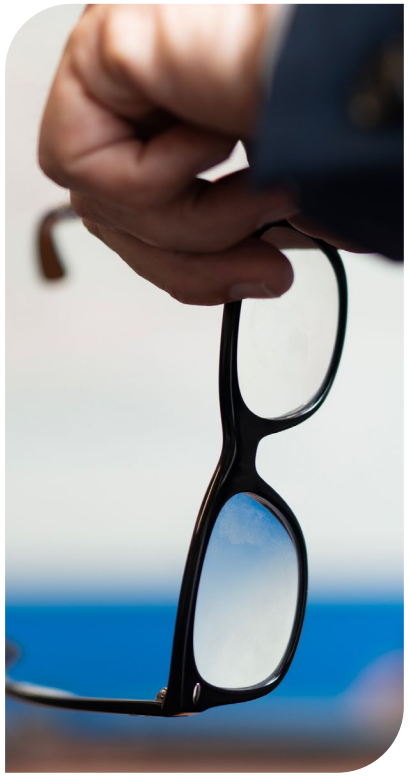
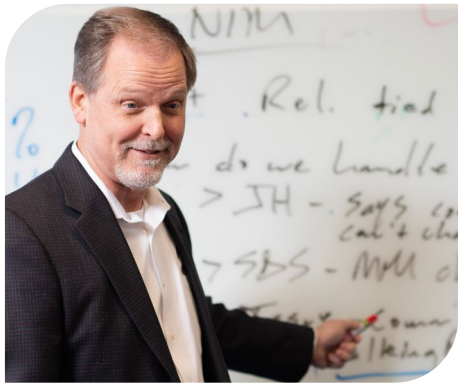
We are always here to answer your questions.





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Annual Meeting of Shareholders

May 25, 2023