

FOR IMMEDIATE RELEASE

PRESS RELEASE

Avidbank Holdings, Inc. Announces Net Income for the First Quarter of 2024

SAN JOSE, CA (Accesswire) – 04/17/24 – Avidbank Holdings, Inc. (OTC Pink: AVBH) announced net income for the first quarter of 2024 of \$5.2 million, or \$0.69 per diluted share, compared to \$303,000, or \$0.04 per diluted share, for the fourth quarter of 2023 and \$6.4 million, or \$0.85 per diluted share, for the first quarter of 2023.

First Quarter 2024 Highlights

- Period end deposits increased \$103.5 million, or 25% annualized, from December 31, 2023, and \$139.8 million, or 9%, from March 31, 2023.
- Taxable equivalent net interest margin⁽¹⁾ was 3.54% in the first quarter of 2024, compared to 3.49% in the fourth quarter of 2023.
- Loans increased \$42.4 million, or 10% annualized, from December 31, 2023, and \$218.5 million, or 14%, from March 31, 2023.
- Annualized net charge-offs to average loans totaled 0.0% for the first quarter of 2024 and the fourth quarter of 2023. Nonperforming assets to total assets was 0.06% as of March 31, 2024 and December 31, 2023.
- Book value per share was \$21.41, an increase of \$0.14, or 1%, from December 31, 2023 and an increase of \$1.84, or 9%, from March 31, 2023.

"We are pleased with our solid start to 2024, with the focus of strengthening our balance sheet and improving our performance metrics. Our first quarter results include deposit growth of \$104 million and loan growth of \$42 million. This strong growth, along with the steps we took in the fourth quarter made an impact in both areas. Our net interest margin was 3.54% in the first quarter and has now expanded 18 basis points from the third quarter of 2023. Credit quality continues to remain strong with no net charge-offs in the first quarter and nonperforming assets totaling only 6 basis points of total loans," said Mark Mordell, Chairman and Chief Executive Officer.

"Our bankers along with our enhanced treasury management team have been focused on increasing our revenue growth over the last several quarters. This has resulted in the 52% increase in service charge and foreign exchange fee income since the first quarter of 2023," added Mr. Mordell.

Income Statement

Taxable equivalent net interest income⁽¹⁾ totaled \$18.9 million for the first quarter of 2024, an increase of \$465,000, or 3%, from the fourth quarter of 2023, and a decrease of \$1.2 million, or 6%, from the first quarter of 2023. The taxable equivalent net interest margin was 3.54% in the first quarter of 2024, an increase of 5 basis points compared to the fourth quarter of 2023, and a decrease of 39 basis points compared to the first quarter of 2023. The increase in taxable equivalent net interest income and net interest margin compared to the prior quarter was primarily driven by an overall increase in loan balances and a decrease in investment securities. The decrease in taxable equivalent net interest margin compared to the same period one year ago was primarily driven by an increase in high-cost short-term borrowings replacing lower-cost deposits, interest bearing deposits replacing no-cost demand deposits, and an overall increase in deposit costs, partially offset by an increase in loan yields and average loan balances.

The yield on loans in the first quarter of 2024 was 7.28%, an increase of 3 basis points from the fourth quarter of 2023 and an increase of 61 basis points from the first quarter of 2023. The overall increase in loan yields compared to prior periods was primarily due to higher rates on new loans.

The cost of deposits in the first quarter of 2024 was 2.81%, an increase of 10 basis points from the fourth quarter of 2023 and an increase of 142 basis points from the first quarter of 2023. The cost of interest-bearing deposits in the first quarter of 2024 was 3.90% compared to 3.80% in the fourth quarter of 2023 and 2.38% in the first quarter of 2023. The increase in the cost of deposits compared to prior periods was primarily due to higher costs on new deposit accounts.

(1) A Non-GAAP performance measure. We provide detailed reconciliations in the "Non-GAAP Performance and Financial Measures Reconciliation" table.

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The provision for credit losses was \$319,000 in the first quarter of 2024, compared to \$1.27 million in the fourth quarter of 2023 and \$185,000 in the first quarter of 2023. The provision decreased in the current quarter primarily due to an improving economic forecast in the first quarter of 2024 and lower relative loan growth compared to the fourth quarter of 2023. The provision for credit losses in the first quarter of 2024 included a \$211,000 provision for credit losses on loans and a \$108,000 provision for unfunded commitments.

Noninterest income was \$1.3 million in the first quarter of 2024 compared to \$(4.6) million in the fourth quarter of 2023 and \$5,000 in the first quarter of 2023. The fourth quarter of 2023 included a \$5.40 million loss on sale of securities, a \$165,000 loss on the sale of a foreclosed property, and a loss of \$116,000 from changes in the fair value of fund investments. The first quarter of 2023 included an \$815,000 loss on the sale of securities.

Noninterest expense totaled \$12.4 million for the first quarter of 2024, an increase of \$877,000 compared to the fourth quarter of 2023. Much of the increase was due to seasonally higher FICA taxes and incentive expense. Salaries and benefits expense for the fourth quarter of 2023 included severance charges of \$324,000. There were 141 full-time equivalent employees on March 31, 2024, compared to 143 on December 31, 2023.

Balance Sheet

Total assets were \$2.26 billion as of March 31, 2024 compared to \$2.23 billion at December 31, 2023, and \$2.17 billion at March 31, 2023. Cash and cash equivalents were \$90.2 million on March 31, 2024, compared to \$81.4 million on December 31, 2023, and \$134.1 million on March 31, 2023.

Period end loans on March 31, 2024, totaled \$1.78 billion, an increase of \$42.4 million, or 10% annualized, from December 31, 2023, and an increase of \$218.5 million, or 14%, from March 31, 2023. The growth in loans during the first quarter of 2024 included an increase of \$24.6 million in commercial loans and \$22.4 million in construction loans. Quarterly average loans for the first quarter of 2024 increased \$58.1million, or 3%, from the fourth quarter of 2023 and \$201.6 million, or 13%, from the first quarter of 2023.

The allowance for credit losses on loans was \$19.3 million on March 31, 2024, representing an increase of \$211,000 from December 31, 2023. The allowance for credit losses on loans to total loans was 1.08% on March 31, 2024, compared to 1.10% on December 31, 2023. Nonperforming loans to total loans was 0.08% on March 31, 2024, unchanged from December 31, 2023.

Investment securities were \$314.8 million as of March 31, 2024, compared to \$325.3 million on December 31, 2023, and \$386.9 million at March 31, 2023. In the fourth quarter of 2023, we sold \$35.8 million of securities for a loss of \$5.4 million. During the first quarter of 2023, we sold \$25 million in available for sale mortgage-backed securities and all \$32 million in held to maturity municipal securities.

Period end deposits were \$1.76 billion on March 31, 2024, an increase of \$103.5 million, or 6%, from December 31, 2023. The change in deposits during the first quarter of 2024 included a \$23.9 million and a \$21.6 million increase in interest-bearing checking and money market/savings deposits, respectively, as well as a \$43.4 million increase in brokered deposits. Quarterly average deposits for the first quarter of 2024 were \$1.72 billion, an increase of \$16.1 million from the fourth quarter of 2023 and a decrease of \$28.5 million from the first quarter of 2023.

Short-term borrowings on March 31, 2024, totaled \$290.0 million, a decrease of \$70.0 million, or 19%, compared to December 31, 2023. The short-term borrowings on March 31, 2024 included \$244.0 million in borrowings from the Bank Term Funding Program (BTFP).

Book value per share was \$21.41 on March 31, 2024, an increase of \$0.14 compared to \$21.27 on December 31, 2023. Total shareholders' equity totaled \$167.1 million on March 31, 2024, an increase of \$1.8 million compared to December 31, 2023. This included an increase in accumulated other comprehensive loss of \$3.7 million.

About Avidbank

Avidbank Holdings, Inc. (OTC Pink: AVBH), headquartered in San Jose, California, offers innovative financial solutions and services. We specialize in commercial & industrial lending, venture lending, structured finance, asset-based lending, sponsor finance, fund finance, and real estate construction and commercial real estate lending. Avidbank provides a different approach to banking. We do what we say.

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Non-GAAP Financial Measures

This news release contains certain non-GAAP (Generally Accepted Accounting Principles) financial measures in addition to results presented in accordance with GAAP. Management has presented these non-GAAP financial measures in this earnings release because it believes that they provide useful and comparative information to assess trends in the Company's current quarter and year-to-date results and facilitate comparison of our performance with the performance of our peers. Where applicable, the Company has also presented comparable earnings information using GAAP financial measures. These non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. They should not be considered in isolation or as a substitute for operating results determined in accordance with GAAP. These non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

Forward-Looking Statements

This news release contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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," "opportunity," "anticipates," "targeted," "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 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; a prolonged slowdown or decline in construction activity; changes in the financial performance and/or condition of our borrowers; changes in the level of nonperforming 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; our ability to raise capital; inflation, interest rate, 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 a pandemic; destabilization in international economies resulting from the European sovereign debt crisis; 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 retain and attract key management and personnel; changes in the competitive environment among financial and bank holding companies and other financial service providers; continued volatility in the credit and equity markets and its effect on the general economy; 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. We do not undertake, and specifically disclaim 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.

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AVIDBANK HOLDINGS, INC.

Selected Financial Data (Unaudited)

(in thousands, except share and per share amounts)

	2024	2023			
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
INCOME HIGHLIGHTS					
Net income	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364
Loss on sale of securities, net of tax	—	3,888	—	—	595
Severance, net of income tax	—	233	—	—	—
BOLI surrender tax expense	—	478	—	—	—
Adjusted net income ⁽¹⁾	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 6,959
PER SHARE DATA					
Basic earnings per share	\$ 0.71	\$ 0.04	\$ 0.74	\$ 0.65	\$ 0.87
Diluted earnings per share	0.69	0.04	0.72	0.63	0.85
Diluted earnings per share - adjusted ⁽¹⁾	0.69	0.65	0.72	0.63	0.93
Book value per share	21.41	21.27	18.83	19.55	19.57
PERFORMANCE MEASURES					
Return on average assets	0.95%	0.05%	0.99%	0.87%	1.19%
Return on average assets - adjusted ⁽¹⁾	0.95%	0.89%	0.99%	0.87%	1.30%
Return on average equity	12.64%	0.81%	14.01%	12.32%	17.87%
Taxable equivalent net interest margin	3.54%	3.49%	3.36%	3.42%	3.94%
Efficiency ratio	61.62%	83.68%	58.75%	56.05%	55.21%
Average loans to average deposits	101.85%	99.41%	97.49%	97.57%	88.70%
CAPITAL					
Tier 1 leverage ratio	9.88%	9.77%	9.84%	9.55%	9.33%
Common equity tier 1 capital ratio	10.03%	9.88%	9.95%	9.88%	10.14%
Tier 1 risk-based capital ratio	10.03%	9.88%	9.95%	9.88%	10.14%
Total risk-based capital ratio	12.01%	11.86%	11.89%	11.87%	12.16%
Tangible common equity ratio	7.40%	7.41%	6.61%	6.83%	6.95%
SHARES OUTSTANDING					
Number of common shares outstanding	7,803,900	7,770,439	7,731,404	7,712,278	7,703,748
Average common shares outstanding - basic	7,386,639	7,344,693	7,327,197	7,321,246	7,299,006
Average common shares outstanding - diluted	7,551,406	7,543,616	7,511,373	7,457,906	7,452,254
ASSET QUALITY					
Allowance for credit losses to total loans	1.21%	1.22%	1.19%	1.20%	1.18%
Nonperforming assets to total assets	0.06%	0.06%	0.70%	0.70%	0.66%
Nonperforming loans to total loans	0.08%	0.08%	0.08%	0.94%	0.91%
Net charge-offs to average loans ⁽²⁾	0.00%	0.00%	0.00%	0.03%	0.00%
AVERAGE BALANCES					
Loans, net of deferred loan fees	\$ 1,756,770	\$ 1,698,690	\$ 1,640,080	\$ 1,589,372	\$ 1,555,207
Investment securities	319,440	337,808	365,244	382,860	443,870
Total assets	2,222,778	2,191,198	2,168,443	2,171,559	2,164,441
Deposits	1,724,845	1,708,789	1,682,329	1,628,975	1,753,295
Shareholders' equity	166,907	148,723	153,099	153,877	144,402

(1) A Non-GAAP performance measure. We provide detailed reconciliations in the "Non-GAAP Performance and Financial Measures Reconciliation" table.

(2) Annualized

Avidbank Holdings, Inc. First Quarter 2024 Financial Results Press Release

AVIDBANK HOLDINGS, INC.

Consolidated Balance Sheets (Unaudited)

(in thousands)

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Assets					
Cash and due from banks	\$ 10,268	\$ 9,754	\$ 21,157	\$ 33,849	\$ 19,452
Due from Federal Reserve Bank and interest-bearing deposits in banks	79,911	71,642	58,885	70,364	114,615
Total cash and cash equivalents	90,179	81,396	80,042	104,213	134,067
Investment securities - available for sale	314,793	325,320	345,547	371,753	386,947
Total investment securities	314,793	325,320	345,547	371,753	386,947
Loans, net of deferred loan fees	1,783,024	1,740,647	1,669,914	1,650,265	1,564,501
Allowance for credit losses on loans	(19,342)	(19,131)	(17,800)	(17,636)	(16,389)
Loans, net of allowance for credit losses on loans	1,763,682	1,721,516	1,652,114	1,632,629	1,548,112
Bank owned life insurance	12,401	12,315	33,440	33,202	32,972
Premises and equipment, net	3,061	3,297	3,558	3,774	4,037
Other real estate owned	—	—	14,095	—	—
Accrued interest receivable and other assets	72,395	86,992	73,104	62,234	63,916
Total assets	\$ 2,256,511	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805	\$ 2,170,051
Liabilities and Shareholders' Equity					
Deposits:					
Non-interest-bearing demand	\$ 477,728	\$ 472,517	\$ 490,289	\$ 593,246	\$ 605,093
Interest-bearing checking	764,766	740,902	784,757	717,116	335,410
Money market and savings	319,692	298,117	322,983	316,991	563,097
Time	56,140	46,676	30,880	46,794	61,645
Brokered	139,532	96,117	79,291	74,566	52,823
Total deposits	1,757,858	1,654,329	1,708,200	1,748,713	1,618,068
Subordinated debt, net	21,931	21,906	21,881	21,855	21,830
Short-term borrowings	290,000	360,000	300,000	264,000	359,000
Accrued interest payable and other liabilities	19,638	29,289	26,250	22,432	20,414
Total liabilities	2,089,427	2,065,524	2,056,331	2,057,000	2,019,312
Shareholders' Equity					
Common stock	104,771	104,499	104,018	103,420	102,718
Retained earnings	114,934	109,688	109,386	103,979	99,252
Accumulated other comprehensive (loss)	(52,621)	(48,875)	(67,835)	(56,594)	(51,231)
Total shareholders' equity	167,084	165,312	145,569	150,805	150,739
Total liabilities and shareholders' equity	\$ 2,256,511	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805	\$ 2,170,051

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AVIDBANK HOLDINGS, INC.

Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Interest and fees on loans	\$ 31,828	\$ 31,078	\$ 29,125	\$ 26,713	\$ 25,577
Interest on investment securities	1,824	1,979	2,009	2,058	2,612
Federal Home Loan Bank dividends ⁽¹⁾	190	172	171	185	163
Other interest income	819	654	662	1,196	628
Total interest income	34,661	33,883	31,967	30,152	28,980
Deposit interest expense	12,034	11,692	10,704	7,989	6,030
Interest on short-term borrowings	3,442	3,467	3,480	4,189	2,673
Interest on long-term debt	300	300	300	300	300
Total interest expense	15,776	15,459	14,484	12,478	9,003
Net interest income	18,885	18,424	17,483	17,674	19,977
Provision for credit losses	319	1,266	120	1,471	185
Net interest income after provision for credit losses	18,566	17,158	17,363	16,203	19,792
Service charges and bank fees	618	613	560	545	490
Foreign exchange income	251	210	53	66	83
Income from bank owned life insurance	187	201	238	230	225
Gain/(loss) on sale of securities	—	(5,399)	—	—	(815)
Warrant and success fee income	—	15	8	—	—
Other investment income	155	(116)	142	37	(6)
Loss on sale of ORE	—	(165)	—	—	—
Other income	72	19	62	24	28
Total noninterest income	1,283	(4,622)	1,063	902	5
Salaries and benefit expenses	8,794	8,137	7,460	7,021	7,954
Occupancy and equipment expenses	1,028	986	1,002	1,005	961
Data processing	564	499	538	477	528
Regulatory assessments	446	403	478	555	226
Legal and professional fees	611	531	483	394	431
Other operating expenses	984	994	935	960	933
Total noninterest expense	12,427	11,550	10,896	10,412	11,033
Income before income taxes	7,422	986	7,530	6,693	8,764
Provision for income taxes	2,176	683	2,122	1,967	2,400
Net income	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364
Basic earnings per common share	\$ 0.71	\$ 0.04	\$ 0.74	\$ 0.65	\$ 0.87
Diluted earnings per common share	0.69	0.04	0.72	0.63	0.85
Weighted average shares - basic	7,386,639	7,344,693	7,327,197	7,321,246	7,299,006
Weighted average shares - diluted	7,551,406	7,543,616	7,511,373	7,457,906	7,452,254

(1) Federal Home Loan Bank dividends have been reclassified from total noninterest income to total interest income for all periods presented.

Avidbank Holdings, Inc. First Quarter 2024 Financial Results Press Release

AVIDBANK HOLDINGS, INC.

Average Balance Sheets and Net Interest Margin Analysis (Unaudited)

(dollars in thousands; taxable equivalent)

	Three months ended					
	March 31, 2024			December 31, 2023		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
Assets						
Interest earning assets:						
Loans (1)	\$ 1,758,201	\$ 31,828	7.28%	\$ 1,700,094	\$ 31,078	7.25%
Fed funds sold/interest bearing deposits	59,391	819	5.46%	47,906	654	5.34%
Investment securities						
Taxable investment securities	317,572	1,802	2.28%	337,021	1,971	2.32%
Non-taxable investment securities (2)	1,868	28	5.93%	787	10	5.04%
Total investment securities	319,440	1,830	2.30%	337,808	1,981	2.33%
FHLB stock (3)	8,409	190	9.11%	8,409	172	8.10%
Total interest-earning assets	2,145,441	34,667	6.50%	2,094,217	33,885	6.42%
Noninterest-earning assets:						
Cash and due from banks	13,038			12,528		
All other assets (4)	64,299			84,453		
Total assets	\$ 2,222,778			\$ 2,191,198		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 746,916	\$ 7,439	4.01%	\$ 766,856	\$ 7,650	3.96%
Money market and savings	303,593	2,270	3.01%	305,240	2,218	2.88%
Time	56,783	555	3.93%	29,787	252	3.36%
Brokered	134,453	1,770	5.29%	119,605	1,572	5.21%
Total interest-bearing deposits	1,241,745	12,034	3.90%	1,221,488	11,692	3.80%
Short-term borrowings	282,066	3,442	4.91%	281,457	3,467	4.89%
Subordinated debt	21,917	300	5.51%	21,893	300	5.44%
Total interest-bearing liabilities	1,545,728	15,776	4.10%	1,524,838	15,459	4.02%
Noninterest-bearing liabilities:						
Demand deposits	483,100			487,301		
Accrued expenses and other liabilities	27,043			30,336		
Shareholders' equity	166,907			148,723		
Total liabilities and shareholders' equity	\$ 2,222,778			\$ 2,191,198		
Net interest spread			2.40%			2.40%
Net interest income and margin (5)		<u>\$ 18,891</u>	3.54%		<u>\$ 18,426</u>	3.49%
Non-taxable equivalent net interest margin			3.54%			3.49%
Cost of deposits	\$ 1,724,845	\$ 12,034	2.81%	\$ 1,708,789	\$ 11,692	2.71%

(1) Nonperforming loans are included in average loan balances. No adjustment has been made for these loans in the calculation of yields. Interest income on loans includes net amortization of deferred loan fees / (costs) of \$455 thousand and \$449 thousand, respectively.

(2) Interest income on tax-exempt securities has been increased to reflect comparable interest on taxable securities. The rate used was 21%, reflecting the statutory federal income tax rate.

(3) Federal Home Loan Bank dividends have been reclassified from total noninterest income to total interest income for all periods presented.

(4) Average allowance for credit losses on loans of \$19.1 million and \$17.8 million, respectively, is included as a contra asset.

(5) Net interest margin is net interest income divided by total interest-earning assets.

Avidbank Holdings, Inc. First Quarter 2024 Financial Results Press Release

AVIDBANK HOLDINGS, INC.

Average Balance Sheets and Net Interest Margin Analysis (Unaudited)

(dollars in thousands; taxable equivalent)

	Three months ended					
	March 31, 2024			March 31, 2023		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
Assets						
Interest earning assets:						
Loans (1)	\$ 1,758,201	\$ 31,828	7.28%	\$ 1,555,207	\$ 25,577	6.67%
Fed funds sold/interest bearing deposits	59,391	819	5.46%	56,303	628	4.52%
Investment securities						
Taxable investment securities	317,572	1,802	2.28%	414,380	2,348	2.30%
Non-taxable investment securities (2)	1,868	28	5.93%	29,490	334	4.59%
Total investment securities	319,440	1,830	2.30%	443,870	2,682	2.45%
FHLB stock (3)	8,409	190	9.11%	7,608	163	8.69%
Total interest-earning assets	2,145,441	34,667	6.50%	2,062,988	29,050	5.71%
Noninterest-earning assets:						
Cash and due from banks	13,038			22,992		
All other assets (4)	64,299			78,461		
Total assets	\$ 2,222,778			\$ 2,164,441		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 746,916	\$ 7,439	4.01%	\$ 30,101	\$ 56	0.75%
Money market and savings	303,593	2,270	3.01%	919,292	5,593	2.47%
Time	56,783	555	3.93%	65,830	223	1.37%
Brokered	134,453	1,770	5.29%	13,178	158	4.86%
Total interest-bearing deposits	1,241,745	12,034	3.90%	1,028,401	6,030	2.38%
Short-term borrowings	282,066	3,442	4.91%	219,550	2,673	4.94%
Subordinated debt	21,917	300	5.51%	21,816	300	5.58%
Total interest-bearing liabilities	1,545,728	15,776	4.10%	1,269,767	9,003	2.88%
Noninterest-bearing liabilities:						
Demand deposits	483,100			724,894		
Accrued expenses and other liabilities	27,043			25,378		
Shareholders' equity	166,907			144,402		
Total liabilities and shareholders' equity	\$ 2,222,778			\$ 2,164,441		
Net interest spread			2.40%			2.83%
Net interest income and margin (5)		\$ 18,891	3.54%		\$ 20,047	3.94%
Non-taxable equivalent net interest margin			3.54%			3.93%
Cost of deposits	\$ 1,724,845	\$ 12,034	2.81%	\$ 1,753,295	\$ 6,030	1.39%

(1) Nonperforming loans are included in average loan balances. No adjustment has been made for these loans in the calculation of yields. Interest income on loans includes net amortization of deferred loan fees / (costs) of \$455 thousand and \$530 thousand, respectively.

(2) Interest income on tax-exempt securities has been increased to reflect comparable interest on taxable securities. The rate used was 21%, reflecting the statutory federal income tax rate.

(3) Federal Home Loan Bank dividends have been reclassified from total noninterest income to total interest income for all periods presented.

(4) Average allowance for credit losses on loans of \$19.1 million and \$16.2 million, respectively, is included as a contra asset.

(5) Net interest margin is net interest income divided by total interest-earning assets.

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AVIDBANK HOLDINGS, INC.

Loans and Credit Data (Unaudited)

(dollars in thousands)

	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Current Quarter Change	Year over Year Change
Commercial loans	\$ 783,171	\$ 758,552	\$ 731,206	\$ 716,355	\$ 642,826	\$ 24,619	\$ 140,345
Commercial real estate							
Multi-family	198,017	194,981	184,147	193,014	188,411	3,036	9,606
Owner Occupied	137,426	139,059	135,950	132,078	137,118	(1,633)	308
Non-Owner Occupied	388,141	393,809	386,629	376,467	350,730	(5,668)	37,411
Construction and land	259,562	237,124	214,474	215,865	233,162	22,438	26,400
Residential	16,187	16,816	17,311	16,220	11,969	(629)	4,218
Total real estate loans	999,333	981,789	938,511	933,644	921,390	17,544	77,943
Other loans	520	306	197	266	285	214	235
Total loans	<u>\$1,783,024</u>	<u>\$1,740,647</u>	<u>\$1,669,914</u>	<u>\$1,650,265</u>	<u>\$1,564,501</u>	<u>\$ 42,377</u>	<u>\$ 218,523</u>
<u>Allowance for Credit Losses on Loans</u>							
Balance, beginning of quarter	\$ 19,131	\$ 17,800	\$ 17,636	\$ 16,389	\$ 16,481		
Adoption of ASU 2016-13	—	—	—	—	(249)		
Provision for loan losses	211	1,331	164	1,347	157		
Charge-offs	—	—	—	(100)	—		
Recoveries	—	—	—	—	—		
Balance, end of quarter	<u>\$ 19,342</u>	<u>\$ 19,131</u>	<u>\$ 17,800</u>	<u>\$ 17,636</u>	<u>\$ 16,389</u>		
<u>Allowance for Credit Losses on Unfunded Commitments</u>							
Balance, beginning of quarter	\$ 2,060	\$ 2,125	\$ 2,169	\$ 2,045	\$ 449		
Adoption of ASU 2016-13	—	—	—	—	1,568		
Provision for unfunded commitments	108	(65)	(44)	124	28		
Balance, end of quarter	<u>\$ 2,168</u>	<u>\$ 2,060</u>	<u>\$ 2,125</u>	<u>\$ 2,169</u>	<u>\$ 2,045</u>		
Total allowance for credit losses - loans and unfunded commitments	<u>\$ 21,510</u>	<u>\$ 21,191</u>	<u>\$ 19,925</u>	<u>\$ 19,805</u>	<u>\$ 18,434</u>		
Provision for credit losses under CECL							
Provision for loan losses	\$ 211	\$ 1,331	\$ 164	\$ 1,347	\$ 157		
Provision for unfunded commitments	108	(65)	(44)	124	28		
Total provision for credit losses	<u>\$ 319</u>	<u>\$ 1,266</u>	<u>\$ 120</u>	<u>\$ 1,471</u>	<u>\$ 185</u>		
<u>Nonperforming Assets</u>							
Loans accounted for on a non-accrual basis	\$ 1,370	\$ 1,378	\$ 1,385	\$ 15,485	\$ 14,240		
Loans past due 90 days or more and still accruing	—	—	—	—	—		
Nonperforming loans	1,370	1,378	1,385	15,485	14,240		
Other real estate owned	—	—	14,095	—	—		
Nonperforming assets	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 15,480</u>	<u>\$ 15,485</u>	<u>\$ 14,240</u>		
<u>Nonperforming Loans by Type:</u>							
Commercial	\$ 1,370	\$ 1,378	\$ 1,385	\$ 1,390	\$ 145		
Construction and land	—	—	—	14,095	14,095		
Total Nonperforming loans	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 1,385</u>	<u>\$ 15,485</u>	<u>\$ 14,240</u>		
<u>Asset Quality Ratios</u>							
Allowance for credit losses on loans to total loans	1.08%	1.10%	1.07%	1.07%	1.05%		
Allowance for credit losses to total loans	1.21%	1.22%	1.19%	1.20%	1.18%		
Allowance for credit losses on loans to nonperforming loans	1411.82%	1388.32%	1285.20%	113.89%	115.09%		
Nonperforming assets to total assets	0.06%	0.06%	0.70%	0.70%	0.66%		
Nonperforming loans to total loans	0.08%	0.08%	0.08%	0.94%	0.91%		
Net quarterly charge-offs to average loans ⁽¹⁾	0.00%	0.00%	0.00%	0.03%	0.00%		

(1) Annualized

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AVIDBANK HOLDINGS, INC.

Deposits (Unaudited)

(dollars in thousands)

Period End Deposits	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Current Quarter Change	Year over Year Change
Non-interest-bearing demand	\$ 477,728	\$ 472,517	\$ 490,289	\$ 593,246	\$ 605,093	\$ 5,211	\$ (127,365)
Interest-bearing checking	764,766	740,902	784,757	717,116	335,410	23,864	429,356
Money market and savings	319,692	298,117	322,983	316,991	563,097	21,575	(243,405)
Time	56,140	46,676	30,880	46,794	61,645	9,464	(5,505)
Brokered	139,532	96,117	79,291	74,566	52,823	43,415	86,709
Total deposits	<u>\$1,757,858</u>	<u>\$1,654,329</u>	<u>\$1,708,200</u>	<u>\$1,748,713</u>	<u>\$1,618,068</u>	<u>\$ 103,529</u>	<u>\$ 139,791</u>
Average Deposits	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	March 31, 2023	Current Quarter Change	Year over Year Change
Non-interest-bearing demand	\$ 483,100	\$ 487,301	\$ 520,573	\$ 621,603	\$ 724,894	\$ (4,201)	\$ (241,794)
Interest-bearing checking	746,916	766,856	748,016	486,367	87,198	(19,940)	659,718
Money market and savings	303,593	305,240	296,865	389,036	862,195	(1,647)	(558,602)
Time	56,783	29,787	41,455	48,650	65,830	26,996	(9,047)
Brokered	134,453	119,605	75,420	83,319	13,178	14,848	121,275
Total deposits	<u>\$1,724,845</u>	<u>\$1,708,789</u>	<u>\$1,682,329</u>	<u>\$1,628,975</u>	<u>\$1,753,295</u>	<u>\$ 16,056</u>	<u>\$ (28,450)</u>

Avidbank Holdings, Inc. First Quarter 2024 Financial Results Press Release

AVIDBANK HOLDINGS, INC.

Non-GAAP Performance and Financial Measures Reconciliation (Unaudited)

(in thousands, except share and per share amounts)

	2024	2023			
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Non-GAAP adjusted net income reconciliation					
Net income - GAAP	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364
Loss on sale of securities, net of income tax	—	3,888	—	—	595
Severance, net of income tax	—	233	—	—	—
BOLI surrender tax expense	—	478	—	—	—
Adjusted net income (non-GAAP)	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 6,959
Non-GAAP adjusted net income reconciliation					
Net income - GAAP	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364
Loss on sale of securities	—	5,399	—	—	815
Tax impact of loss on sale of securities	—	(1,511)	—	—	(220)
Severance	—	324	—	—	—
Tax impact of severance	—	(91)	—	—	—
BOLI surrender tax expense	—	478	—	—	—
Adjusted net income (non-GAAP)	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 6,959
Non-GAAP adjusted diluted earnings per share reconciliation					
Diluted earnings per share - GAAP	\$ 0.69	\$ 0.04	\$ 0.72	\$ 0.63	\$ 0.85
Loss on sale of securities, net of income tax	—	0.52	—	—	0.08
Severance, net of income tax	—	0.03	—	—	—
BOLI surrender tax expense	—	0.06	—	—	—
Diluted earnings per share - adjusted (non-GAAP)	\$ 0.69	\$ 0.65	\$ 0.72	\$ 0.63	\$ 0.93
Non-GAAP adjusted return on average assets reconciliation					
Net income - GAAP	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 6,364
Average total assets	2,222,778	2,191,198	2,168,443	2,171,559	2,164,441
Return on average assets - GAAP	0.95%	0.05%	0.99%	0.87%	1.19%
Adjusted net income (non-GAAP)	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 6,959
Average total assets	2,222,778	2,191,198	2,168,443	2,171,559	2,164,441
Return on average assets - adjusted (non-GAAP)	0.95%	0.89%	0.99%	0.87%	1.30%
Non-GAAP taxable equivalent net interest income reconciliation					
Net interest income - GAAP	\$ 18,885	\$ 18,424	\$ 17,483	\$ 17,674	\$ 19,977
Taxable equivalent adjustment	6	2	—	—	70
Net interest income - taxable equivalent (non-GAAP)	\$ 18,891	\$ 18,426	\$ 17,483	\$ 17,674	\$ 20,047
Non-GAAP taxable equivalent net interest margin reconciliation					
Net interest margin - GAAP	3.54%	3.49%	3.36%	3.42%	3.93%
Impact of taxable equivalent adjustment	—	—	—	—	0.01
Net interest margin - taxable equivalent (non-GAAP)	3.54%	3.49%	3.36%	3.42%	3.94%