

FOR IMMEDIATE RELEASE

PRESS RELEASE

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

SAN JOSE, CA (Accesswire) – 07/22/24– Avidbank Holdings, Inc. (OTC Pink: AVBH) announced net income for the second quarter of 2024 of \$3.5 million, or \$0.46 per diluted share, compared to \$5.2 million, or \$0.69 per diluted share, for the first quarter of 2024 and \$4.7 million, or \$0.63 per diluted share, for the second quarter of 2023.

Second Quarter 2024 Highlights

- Book value per share was \$21.77, an increase of \$0.36, or 2%, from March 31, 2024, and an increase of \$2.22, or 11%, from June 30, 2024.
- Loans increased \$23.6 million, or 5% annualized, from March 31, 2024, and \$66.0 million, or 4%, from December 31, 2023.
- Average deposits increased \$32.5 million, or 8% annualized, from the first quarter of 2024, and \$128.3 million, or 8%, from the second quarter of 2023.
- Period end deposits (excluding brokered deposits)⁽¹⁾ increased \$39.6 million, or 10% annualized, from March 31, 2024, and \$99.7 million, or 6%, from December 31, 2023.
- The efficiency ratio improved to 59.92% from 61.62% in the first quarter of 2024.
- Annualized net charge-offs to average loans totaled 0.0% for the second quarter and first quarter of 2024. Nonperforming assets to total assets was 0.16% as of June 30, 2024, compared to 0.06% as of March 31, 2024.
- Net income totaled \$3.5 million, a decrease of \$1.8 million from the first quarter of 2024, and a decrease of \$1.3 million from the second quarter of 2023. A \$3.0 million increase in the provision for credit losses was a primary contributor to the decrease.

“We continue to make solid progress on our overall goal for this year of strengthening our balance sheet. This included another quarter of the growth in core deposits outpacing our growth in loans. Total deposits, excluding brokered, increased approximately \$40 million while loans grew approximately \$24 million in the second quarter. Net income in the second quarter was negatively impacted by a \$2.4 million specific reserve on a nonperforming venture-backed loan. Pre-tax, pre-provision income⁽¹⁾ in the second quarter was \$7.9 million, compared to \$7.8 million in the first quarter. Overall credit quality remains solid with criticized and classified loans representing 2.0% of total loans,” said Mark Mordell, Chairman and Chief Executive Officer.

“Our new clients as well as existing clients continue to move deposits from noninterest bearing accounts to interest earning accounts. This shift was elevated in the second quarter, which negatively impacted our net interest margin,” added Mr. Mordell.

Income Statement

Taxable equivalent net interest income⁽¹⁾ totaled \$18.5 million for the second quarter of 2024, a decrease of \$360,000, or 2%, from the first quarter of 2024, and an increase of \$857,000, or 5%, from the second quarter of 2023. The taxable equivalent net interest margin was 3.39% in the second quarter of 2024, a decrease of 15 basis points compared to the first quarter of 2024, and a decrease of 3 basis points compared to the second quarter of 2023. The decrease in taxable equivalent net interest income and net interest margin compared to the prior quarter was primarily driven by a decrease in noninterest bearing deposits and an overall increase in the cost of deposits and borrowings. The increase in borrowing costs included the renewal of \$244.0 million in borrowings from the Bank Term Funding Program during the first quarter of 2024.

The yield on loans in the second quarter of 2024 was 7.37%, an increase of 9 basis points from the first quarter of 2024 and an increase of 63 basis points from the second quarter of 2023. The overall increase in loan yields compared to prior periods was primarily due to higher rates on new loans.

⁽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 cost of deposits in the second quarter of 2024 was 3.09%, an increase of 28 basis points from the first quarter of 2024 and an increase of 112 basis points from the second quarter of 2023. The cost of interest-bearing deposits in the second quarter of 2024 was 4.11% compared to 3.90% in the first quarter of 2024 and 3.18% in the second quarter of 2023.

The provision for credit losses was \$3.0 million in the second quarter of 2024, compared to \$319,000 in the first quarter of 2024 and \$1.5 million in the second quarter of 2023. The provision increased in the current quarter primarily due to the addition of a \$2.3 million nonaccrual loan. The provision for credit losses in the second quarter of 2024 included a \$3.1 million provision for credit losses on loans offset by a \$(70,000) provision for unfunded commitments.

Noninterest income was \$1.1 million in the second quarter of 2024 compared to \$1.3 million in the first quarter of 2024 and \$902,000 in the second quarter of 2023.

Noninterest expense totaled \$11.8 million for the second quarter of 2024, a decrease of \$669,000 compared to the first quarter of 2024 primarily due to a lower incentive accrual and seasonally higher FICA taxes in the previous quarter. There were 144 full-time equivalent employees on June 30, 2024, compared to 141 on March 31, 2024.

Balance Sheet

Total assets were \$2.29 billion as of June 30, 2024, compared to \$2.26 billion as of March 31, 2024, and \$2.21 billion at June 30, 2023. Cash and cash equivalents were \$111.7 million on June 30, 2024, compared to \$90.2 million on March 31, 2024, and \$104.2 million on June 30, 2023.

Period end loans on June 30, 2024, totaled \$1.81 billion, an increase of \$23.6 million, or 5% annualized, from March 31, 2024, and an increase of \$156.3 million, or 9%, from June 30, 2023. The growth in loans during the second quarter of 2024 included an increase of \$38.5 million in commercial loans, partially offset by a decrease of \$16.6 million in construction loans. Quarterly average loans for the second quarter of 2024 increased \$56.7 million, or 3%, from the first quarter of 2024 and \$224.1 million, or 14%, from the second quarter of 2023.

The allowance for credit losses on loans was \$22.4 million on June 30, 2024, representing an increase of \$3.1 million from March 31, 2024. The allowance for credit losses on loans to total loans was 1.24% on June 30, 2024, compared to 1.08% on March 31, 2024. Nonperforming loans to total loans was 0.20% on June 30, 2024, compared to 0.08% on March 31, 2024. The increase was due to the addition of one nonperforming venture-backed loan totaling \$2.3 million.

Investment securities were \$308.7 million as of June 30, 2024, compared to \$314.8 million on March 31, 2024, and \$371.8 million at June 30, 2023.

Period end deposits were \$1.74 billion on June 30, 2024, a decrease of \$19.4 million, or 1%, from March 31, 2024. The change in deposits during the second quarter of 2024 included a \$76.1 million and \$43.1 million increase in interest-bearing checking and time deposits, respectively, offset by a \$72.1 million decrease in non-interest bearing and a \$58.9 million decrease in brokered deposits. Quarterly average deposits for the second quarter of 2024 were \$1.76 billion, an increase of \$32.5 million from the first quarter of 2024, and an increase of \$128.3 million from the second quarter of 2023.

Short-term borrowings on June 30, 2024, totaled \$330.0 million, an increase of \$40.0 million, or 14%, compared to March 31, 2024. The short-term borrowings on June 30, 2024 included \$244.0 million in borrowings from the Bank Term Funding Program (BTFP).

Book value per share was \$21.77 on June 30, 2024, an increase of \$0.36 compared to \$21.41 on March 31, 2024. Total shareholders' equity was \$171.4 million on June 30, 2024, an increase of \$4.4 million compared to March 31, 2024. This included an increase in retained earnings of \$3.5 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			For the six months ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	June 30,	
						2024	2023
INCOME HIGHLIGHTS							
Net income	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
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⁾	\$ 3,466	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,685
PER SHARE DATA							
Basic earnings per share	\$ 0.47	\$ 0.71	\$ 0.04	\$ 0.74	\$ 0.65	\$ 1.18	\$ 1.52
Diluted earnings per share	0.46	0.69	0.04	0.72	0.63	1.15	1.49
Diluted earnings per share - adjusted ⁽¹⁾	0.46	0.69	0.65	0.72	0.63	1.15	1.57
Book value per share	21.77	21.41	21.27	18.83	19.55	21.77	19.55
PERFORMANCE MEASURES							
Return on average assets	0.62%	0.95%	0.05%	0.99%	0.87%	0.78%	1.03%
Return on average assets - adjusted ⁽¹⁾	0.62%	0.95%	0.89%	0.99%	0.87%	0.78%	1.09%
Return on average equity	8.35%	12.64%	0.81%	14.01%	12.32%	10.50%	14.99%
Taxable equivalent net interest margin	3.39%	3.54%	3.49%	3.36%	3.42%	3.46%	3.68%
Efficiency ratio	59.92%	61.62%	83.68%	58.75%	56.05%	60.78%	55.62%
Average loans to average deposits	103.19%	101.85%	99.41%	97.49%	97.57%	102.53%	93.00%
CAPITAL							
Tier 1 leverage ratio	9.64%	9.88%	9.77%	9.84%	9.55%	9.64%	9.55%
Common equity tier 1 capital ratio	10.08%	10.03%	9.88%	9.95%	9.88%	10.08%	9.88%
Tier 1 risk-based capital ratio	10.08%	10.03%	9.88%	9.95%	9.88%	10.08%	9.88%
Total risk-based capital ratio	12.17%	12.01%	11.86%	11.89%	11.87%	12.17%	11.87%
Tangible common equity ratio	7.50%	7.40%	7.41%	6.61%	6.83%	7.50%	6.83%
SHARES OUTSTANDING							
Number of common shares outstanding	7,876,082	7,803,900	7,770,439	7,731,404	7,712,278	7,876,082	7,712,278
Average common shares outstanding - basic	7,426,949	7,386,639	7,344,693	7,327,197	7,321,246	7,406,794	7,310,188
Average common shares outstanding - diluted	7,578,613	7,551,406	7,543,616	7,511,373	7,457,906	7,565,065	7,454,643
ASSET QUALITY							
Allowance for credit losses to total loans	1.36%	1.21%	1.22%	1.19%	1.20%	1.36%	1.20%
Nonperforming assets to total assets	0.16%	0.06%	0.06%	0.70%	0.70%	0.16%	0.70%
Nonperforming loans to total loans	0.20%	0.08%	0.08%	0.08%	0.94%	0.20%	0.94%
Net charge-offs to average loans ⁽²⁾	0.00%	0.00%	0.00%	0.00%	0.03%	0.00%	0.01%
AVERAGE BALANCES							
Loans, net of deferred loan fees	\$ 1,813,422	\$ 1,756,770	\$ 1,698,690	\$ 1,640,080	\$ 1,589,372	\$ 1,785,096	\$ 1,572,384
Investment securities	307,294	319,440	337,808	365,244	382,860	313,367	413,197
Total assets	2,265,583	2,222,778	2,191,198	2,168,443	2,171,559	2,244,180	2,168,020
Deposits	1,757,320	1,724,845	1,708,789	1,682,329	1,628,975	1,741,082	1,690,792
Shareholders' equity	166,874	166,907	148,723	153,099	153,877	166,890	149,166

(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. Second Quarter 2024 Financial Results Press Release

**AVIDBANK HOLDINGS, INC.
Consolidated Balance Sheets (Unaudited)**

(in thousands)

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Assets					
Cash and due from banks	\$ 14,062	\$ 10,268	\$ 9,754	\$ 21,157	\$ 33,849
Due from Federal Reserve Bank and interest-bearing deposits in banks	97,662	79,911	71,642	58,885	70,364
Total cash and cash equivalents	111,724	90,179	81,396	80,042	104,213
Investment securities - available for sale	308,661	314,793	325,320	345,547	371,753
Total investment securities	308,661	314,793	325,320	345,547	371,753
Loans, net of deferred loan fees	1,806,607	1,783,024	1,740,647	1,669,914	1,650,265
Allowance for credit losses on loans	(22,410)	(19,342)	(19,131)	(17,800)	(17,636)
Loans, net of allowance for credit losses on loans	1,784,197	1,763,682	1,721,516	1,652,114	1,632,629
Bank owned life insurance	12,490	12,401	12,315	33,440	33,202
Premises and equipment, net	2,810	3,061	3,297	3,558	3,774
Other real estate owned	-	-	-	14,095	-
Accrued interest receivable and other assets	67,139	72,395	86,992	73,104	62,234
Total assets	\$ 2,287,021	\$ 2,256,511	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805
Liabilities and Shareholders' Equity					
Deposits:					
Non-interest-bearing demand	\$ 405,644	\$ 477,728	\$ 472,517	\$ 490,289	\$ 593,246
Interest-bearing checking	840,839	764,766	740,902	784,757	717,116
Money market and savings	312,162	319,692	298,117	322,983	316,991
Time	99,239	56,140	46,676	30,880	46,794
Brokered	80,608	139,532	96,117	79,291	74,566
Total deposits	1,738,492	1,757,858	1,654,329	1,708,200	1,748,713
Subordinated debt, net	21,957	21,931	21,906	21,881	21,855
Short-term borrowings	330,000	290,000	360,000	300,000	264,000
Accrued interest payable and other liabilities	25,123	19,638	29,289	26,250	22,432
Total liabilities	2,115,572	2,089,427	2,065,524	2,056,331	2,057,000
Shareholders' Equity					
Common stock	105,487	104,771	104,499	104,018	103,420
Retained earnings	118,400	114,934	109,688	109,386	103,979
Accumulated other comprehensive (loss)	(52,438)	(52,621)	(48,875)	(67,835)	(56,594)
Total shareholders' equity	171,449	167,084	165,312	145,569	150,805
Total liabilities and shareholders' equity	\$ 2,287,021	\$ 2,256,511	\$ 2,230,836	\$ 2,201,900	\$ 2,207,805

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

AVIDBANK HOLDINGS, INC. Consolidated Statements of Income (Unaudited)

(in thousands, except share and per share amounts)

	Three months ended					For the six months ended	
	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	2024	2023
Interest and fees on loans	\$ 33,255	\$ 31,828	\$ 31,078	\$ 29,125	\$ 26,713	\$ 65,083	\$ 52,290
Interest on investment securities	1,801	1,824	1,979	2,009	2,058	3,624	4,670
Federal Home Loan Bank dividends ⁽¹⁾	193	190	172	171	185	384	348
Other interest income	951	819	654	662	1,196	1,770	1,824
Total interest income	36,200	34,661	33,883	31,967	30,152	70,861	59,132
Deposit interest expense	13,494	12,034	11,692	10,704	7,989	25,528	14,019
Interest on short-term borrowings	3,880	3,442	3,467	3,480	4,189	7,322	6,862
Interest on long-term debt	300	300	300	300	300	601	600
Total interest expense	17,674	15,776	15,459	14,484	12,478	33,451	21,481
Net interest income	18,526	18,885	18,424	17,483	17,674	37,410	37,651
Provision for credit losses	2,998	319	1,266	120	1,471	3,317	1,656
Net interest income after provision for credit losses	15,528	18,566	17,158	17,363	16,203	34,093	35,995
Service charges and bank fees	658	618	613	560	545	1,275	1,036
Foreign exchange income	208	251	210	53	66	460	149
Income from bank owned life insurance	137	187	201	238	230	324	455
Gain/(loss) on sale of securities	–	–	(5,399)	–	–	–	(815)
Warrant and success fee income	–	–	15	8	–	–	–
Other investment income	59	155	(116)	142	37	214	30
Loss on sale of ORE	–	–	(165)	–	–	–	–
Other income	36	72	19	62	24	108	51
Total noninterest income	1,098	1,283	(4,622)	1,063	902	2,381	906
Salaries and benefit expenses	7,980	8,794	8,137	7,460	7,021	16,774	14,975
Occupancy and equipment expenses	1,039	1,028	986	1,002	1,005	2,067	1,965
Data processing	597	564	499	538	477	1,161	1,004
Regulatory assessments	568	446	403	478	555	1,014	781
Legal and professional fees	541	611	531	483	394	1,152	825
Other operating expenses	1,033	984	994	935	960	2,016	1,894
Total noninterest expense	11,758	12,427	11,550	10,896	10,412	24,184	21,444
Income before income taxes	4,868	7,422	986	7,530	6,693	12,290	15,457
Provision for income taxes	1,402	2,176	683	2,122	1,967	3,578	4,367
Net income	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
Basic earnings per common share	\$ 0.47	\$ 0.71	\$ 0.04	\$ 0.74	\$ 0.65	\$ 1.18	\$ 1.52
Diluted earnings per common share	0.46	0.69	0.04	0.72	0.63	1.15	1.49
Weighted average shares - basic	7,426,949	7,386,639	7,344,693	7,327,197	7,321,246	7,406,794	7,310,188
Weighted average shares - diluted	7,578,613	7,551,406	7,543,616	7,511,373	7,457,906	7,565,065	7,454,643

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

Avidbank Holdings, Inc. Second 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					
	June 30, 2024			March 31, 2024		
	Average Balance	Interest Income/Expense	Yields or Rates	Average Balance	Interest Income/Expense	Yields or Rates
Assets						
Interest earning assets:						
Loans (1)	\$ 1,814,803	\$ 33,255	7.37%	\$ 1,758,201	\$ 31,828	7.28%
Fed funds sold/interest bearing deposits	70,491	951	5.43%	59,391	819	5.46%
Investment securities						
Taxable investment securities	305,492	1,778	2.34%	317,572	1,802	2.28%
Non-taxable investment securities (2)	1,802	28	6.25%	1,868	28	5.93%
Total investment securities	307,294	1,806	2.36%	319,440	1,830	2.30%
FHLB stock (3)	8,409	193	9.23%	8,409	190	9.11%
Total interest-earning assets	2,200,997	36,205	6.62%	2,145,441	34,667	6.50%
Noninterest-earning assets:						
Cash and due from banks	12,188			13,038		
All other assets (4)	52,398			64,299		
Total assets	\$ 2,265,583			\$ 2,222,778		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 783,048	\$ 8,031	4.12%	\$ 746,916	\$ 7,439	4.01%
Money market and savings	304,392	2,598	3.43%	303,593	2,270	3.01%
Time	97,430	1,035	4.27%	56,783	555	3.93%
Brokered	135,952	1,830	5.41%	134,453	1,770	5.29%
Total interest-bearing deposits	1,320,822	13,494	4.11%	1,241,745	12,034	3.90%
Short-term borrowings	295,220	3,880	5.29%	282,066	3,442	4.91%
Subordinated debt	21,944	300	5.50%	21,917	300	5.51%
Total interest-bearing liabilities	1,637,986	17,674	4.34%	1,545,728	15,776	4.10%
Noninterest-bearing liabilities:						
Demand deposits	436,498			483,100		
Accrued expenses and other liabilities	24,225			27,043		
Shareholders' equity	166,874			166,907		
Total liabilities and shareholders' equity	\$ 2,265,583			\$ 2,222,778		
Net interest spread			2.28%			2.40%
Net interest income and margin (5)		\$ 18,531	3.39%		\$ 18,891	3.54%
Non-taxable equivalent net interest margin			3.39%			3.54%
Cost of deposits	\$ 1,757,320	\$ 13,494	3.09%	\$ 1,724,845	\$ 12,034	2.81%

(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 \$409 thousand and \$455 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 \$19.8 million and \$19.1 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. Second 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					
	June 30, 2024			June 30, 2023		
	Average Balance	Interest Income/ Expense	Yields or Rates	Average Balance	Interest Income/ Expense	Yields or Rates
Assets						
Interest earning assets:						
Loans (1)	\$1,814,803	\$33,255	7.37%	\$1,590,758	\$26,713	6.74%
Fed funds sold/interest bearing deposits	70,491	951	5.43%	93,001	1,196	5.09%
Investment securities						
Taxable investment securities	305,492	1,778	2.34%	382,860	2,058	2.16%
Non-taxable investment securities (2)	1,802	28	6.25%	—	—	0.00%
Total investment securities	307,294	1,806	2.36%	382,860	2,058	2.16%
FHLB stock (3)	8,409	193	9.23%	8,361	185	8.87%
Total interest-earning assets	2,200,997	36,205	6.62%	2,074,980	30,152	5.83%
Noninterest-earning assets:						
Cash and due from banks	12,188			23,515		
All other assets (4)	52,398			73,064		
Total assets	\$2,265,583			\$2,171,559		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$783,048	\$8,031	4.12%	\$25,854	\$60	0.93%
Money market and savings	304,392	2,598	3.43%	849,549	6,699	3.16%
Time	97,430	1,035	4.27%	48,650	198	1.63%
Brokered	135,952	1,830	5.41%	83,319	1,032	4.97%
Total interest-bearing deposits	1,320,822	13,494	4.11%	1,007,372	7,989	3.18%
Short-term borrowings	295,220	3,880	5.29%	343,341	4,189	4.89%
Subordinated debt	21,944	300	5.50%	21,842	300	5.51%
Total interest-bearing liabilities	1,637,986	17,674	4.34%	1,372,555	12,478	3.65%
Noninterest-bearing liabilities:						
Demand deposits	436,498			621,603		
Accrued expenses and other liabilities	24,225			23,524		
Shareholders' equity	166,874			153,877		
Total liabilities and shareholders' equity	\$2,265,583			\$2,171,559		
Net interest spread			2.28%			2.18%
Net interest income and margin (5)		\$18,531	3.39%		\$17,674	3.42%
Non-taxable equivalent net interest margin			3.39%			3.42%
Cost of deposits	\$1,757,320	\$13,494	3.09%	\$1,628,975	\$7,989	1.97%

(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 \$409 thousand and \$347 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 \$19.8 million and \$16.8 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. Second Quarter 2024 Financial Results Press Release

**AVIDBANK HOLDINGS, INC.
Average Balance Sheets and Net Interest Margin Analysis (Unaudited)**

(dollars in thousands; taxable equivalent)

	Six months ended					
	June 30, 2024			June 30, 2023		
	Average Balance	Interest Income/ Expense	Yields or Rates	Average Balance	Interest Income/ Expense	Yields or Rates
Assets						
Interest earning assets:						
Loans (1)	\$ 1,786,502	\$ 65,083	7.33%	\$ 1,573,881	\$ 52,290	6.70%
Fed funds sold/interest bearing deposits	64,941	1,770	5.48%	74,753	1,824	4.85%
Investment securities						
Taxable investment securities	311,532	3,580	2.31%	398,533	4,406	2.23%
Non-taxable investment securities (2)	1,835	56	6.14%	14,664	334	4.59%
Total investment securities	313,367	3,636	2.33%	413,197	4,740	2.31%
FHLB stock (3)	8,409	384	9.18%	7,986	348	8.79%
Total interest-earning assets	2,173,219	70,873	6.56%	2,069,817	59,202	5.77%
Noninterest-earning assets:						
Cash and due from banks	12,613			23,255		
All other assets (4)	58,348			74,948		
Total assets	\$ 2,244,180			\$ 2,168,020		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Deposits						
Demand	\$ 764,981	\$ 15,470	4.07%	\$ 27,966	\$ 116	0.84%
Money market and savings	303,992	4,868	3.22%	884,228	12,292	2.80%
Time	77,107	1,590	4.15%	57,193	421	1.48%
Brokered	135,203	3,600	5.35%	48,442	1,190	4.95%
Total interest-bearing deposits	1,281,283	25,528	4.01%	1,017,829	14,019	2.78%
Short-term borrowings	288,643	7,322	5.10%	281,787	6,862	4.91%
Subordinated debt	21,931	601	5.51%	21,829	600	5.54%
Total interest-bearing liabilities	1,591,857	33,451	4.23%	1,321,445	21,481	3.28%
Noninterest-bearing liabilities:						
Demand deposits	459,799			672,963		
Accrued expenses and other liabilities	25,634			24,446		
Shareholders' equity	166,890			149,166		
Total liabilities and shareholders' equity	\$ 2,244,180			\$ 2,168,020		
Net interest spread			2.33%			2.49%
Net interest income and margin (5)		\$ 37,422	3.46%		\$ 37,721	3.68%
Non-taxable equivalent net interest margin			3.46%			3.67%
Cost of deposits	\$ 1,741,082	\$ 25,528	2.95%	\$ 1,690,792	\$ 14,019	1.67%

(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 amortization of deferred loan fees / (costs) of \$864 thousand and \$877 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 loan losses of \$19.5 million and \$16.5 million, respectively, is included as a contra asset.

(5) Tax equivalent net interest income divided by total interest-earning assets.

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

AVIDBANK HOLDINGS, INC. Loans and Credit Data (Unaudited) (dollars in thousands)

	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Current Quarter Change	Year over Year Change
Commercial loans	\$ 821,623	\$ 783,171	\$ 758,552	\$ 731,206	\$ 716,355	\$ 38,452	\$ 105,268
Commercial real estate							
Multi-family	198,366	198,017	194,981	184,147	193,014	349	5,352
Owner Occupied	136,357	137,426	139,059	135,950	132,078	(1,069)	4,279
Non-Owner Occupied	390,461	388,141	393,809	386,629	376,467	2,320	13,994
Construction and land	242,966	259,562	237,124	214,474	215,865	(16,596)	27,101
Residential	15,717	16,187	16,816	17,311	16,220	(470)	(503)
Total real estate loans	983,867	999,333	981,789	938,511	933,644	(15,466)	50,223
Other loans	1,117	520	306	197	266	597	851
Total loans	<u>\$1,806,607</u>	<u>\$1,783,024</u>	<u>\$1,740,647</u>	<u>\$1,669,914</u>	<u>\$1,650,265</u>	<u>\$ 23,583</u>	<u>\$ 156,342</u>
Allowance for Credit Losses on Loans							
Balance, beginning of quarter	\$ 19,342	\$ 19,131	\$ 17,800	\$ 17,636	\$ 16,389		
Provision for credit losses on loans	3,068	211	1,331	164	1,347		
Charge-offs	—	—	—	—	(100)		
Recoveries	—	—	—	—	—		
Balance, end of quarter	<u>\$ 22,410</u>	<u>\$ 19,342</u>	<u>\$ 19,131</u>	<u>\$ 17,800</u>	<u>\$ 17,636</u>		
Allowance for Credit Losses on Unfunded Commitments							
Balance, beginning of quarter	\$ 2,168	\$ 2,060	\$ 2,125	\$ 2,169	\$ 2,045		
Provision for unfunded commitments	(70)	108	(65)	(44)	124		
Balance, end of quarter	<u>\$ 2,098</u>	<u>\$ 2,168</u>	<u>\$ 2,060</u>	<u>\$ 2,125</u>	<u>\$ 2,169</u>		
Total allowance for credit losses - loans and unfunded commitments	<u>\$ 24,508</u>	<u>\$ 21,510</u>	<u>\$ 21,191</u>	<u>\$ 19,925</u>	<u>\$ 19,805</u>		
Provision for credit losses under CECL							
Provision for credit losses on loans	\$ 3,068	\$ 211	\$ 1,331	\$ 164	\$ 1,347		
Provision for unfunded commitments	(70)	108	(65)	(44)	124		
Total provision for credit losses	<u>\$ 2,998</u>	<u>\$ 319</u>	<u>\$ 1,266</u>	<u>\$ 120</u>	<u>\$ 1,471</u>		
Nonperforming Assets							
Loans accounted for on a non-accrual basis	\$ 3,686	\$ 1,370	\$ 1,378	\$ 1,385	\$ 15,485		
Loans past due 90 days or more and still accruing	—	—	—	—	—		
Nonperforming loans	3,686	1,370	1,378	1,385	15,485		
Other real estate owned	—	—	—	14,095	—		
Nonperforming assets	<u>\$ 3,686</u>	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 15,480</u>	<u>\$ 15,485</u>		
Nonperforming Loans by Type:							
Commercial	\$ 3,686	\$ 1,370	\$ 1,378	\$ 1,385	\$ 1,390		
Construction and land	—	—	—	—	14,095		
Total Nonperforming loans	<u>\$ 3,686</u>	<u>\$ 1,370</u>	<u>\$ 1,378</u>	<u>\$ 1,385</u>	<u>\$ 15,485</u>		
Asset Quality Ratios							
Allowance for credit losses on loans to total loans	1.24%	1.08%	1.10%	1.07%	1.07%		
Allowance for credit losses to total loans	1.36%	1.21%	1.22%	1.19%	1.20%		
Allowance for credit losses on loans to nonperforming loans	607.98%	1411.82%	1388.32%	1285.20%	113.89%		
Nonperforming assets to total assets	0.16%	0.06%	0.06%	0.70%	0.70%		
Nonperforming loans to total loans	0.20%	0.08%	0.08%	0.08%	0.94%		
Net quarterly charge-offs to average loans ⁽¹⁾	0.00%	0.00%	0.00%	0.00%	0.03%		
Criticized and classified loans to total loans	2.00%	1.78%	1.72%	1.70%	1.83%		

(1) Annualized

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

AVIDBANK HOLDINGS, INC.

Deposits (Unaudited)

(dollars in thousands)

Period End Deposits	June 30, 2024	March 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Current Quarter Change	Year over Year Change
Non-interest-bearing demand	\$ 405,644	\$ 477,728	\$ 472,517	\$ 490,289	\$ 593,246	\$ (72,084)	\$ (187,602)
Interest-bearing checking	840,839	764,766	740,902	784,757	717,116	76,073	123,723
Money market and savings	312,162	319,692	298,117	322,983	316,991	(7,530)	(4,829)
Time	99,239	56,140	46,676	30,880	46,794	43,099	52,445
Brokered	80,608	139,532	96,117	79,291	74,566	(58,924)	6,042
Total deposits	\$1,738,492	\$1,757,858	\$1,654,329	\$1,708,200	\$1,748,713	\$ (19,366)	\$ (10,221)
Average Deposits							
Non-interest-bearing demand	\$ 436,498	\$ 483,100	\$ 487,301	\$ 520,573	\$ 621,603	\$ (46,602)	\$ (185,105)
Interest-bearing checking	783,048	746,916	766,856	748,016	486,367	36,132	296,681
Money market and savings	304,392	303,593	305,240	296,865	389,036	799	(84,644)
Time	97,430	56,783	29,787	41,455	48,650	40,647	48,780
Brokered	135,952	134,453	119,605	75,420	83,319	1,499	52,633
Total deposits	\$1,757,320	\$1,724,845	\$1,708,789	\$1,682,329	\$1,628,975	\$ 32,475	\$ 128,345

Avidbank Holdings, Inc. Second 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			For the six months ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	June 30,	
						2024	2023
Non-GAAP adjusted net income reconciliation							
Net income - GAAP	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
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)	<u>\$ 3,466</u>	<u>\$ 5,246</u>	<u>\$ 4,902</u>	<u>\$ 5,408</u>	<u>\$ 4,726</u>	<u>\$ 8,712</u>	<u>\$ 11,685</u>
Non-GAAP adjusted net income reconciliation							
Net income - GAAP	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
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)	<u>\$ 3,466</u>	<u>\$ 5,246</u>	<u>\$ 4,902</u>	<u>\$ 5,408</u>	<u>\$ 4,726</u>	<u>\$ 8,712</u>	<u>\$ 11,685</u>
Non-GAAP adjusted diluted earnings per share reconciliation							
Diluted earnings per share - GAAP	\$ 0.46	\$ 0.69	\$ 0.04	\$ 0.72	\$ 0.63	\$ 1.15	\$ 1.49
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)	<u>\$ 0.46</u>	<u>\$ 0.69</u>	<u>\$ 0.65</u>	<u>\$ 0.72</u>	<u>\$ 0.63</u>	<u>\$ 1.15</u>	<u>\$ 1.57</u>
Non-GAAP adjusted return on average assets reconciliation							
Net income - GAAP	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
Average total assets	2,265,583	2,222,778	2,191,198	2,168,443	2,171,559	2,244,180	2,171,559
Return on average assets - GAAP	<u>0.62%</u>	<u>0.95%</u>	<u>0.05%</u>	<u>0.99%</u>	<u>0.87%</u>	<u>0.78%</u>	<u>1.03%</u>
Adjusted net income (non-GAAP)	\$ 3,466	\$ 5,246	\$ 4,902	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,685
Average total assets	2,265,583	2,222,778	2,191,198	2,168,443	2,171,559	2,244,180	2,171,559
Return on average assets - adjusted (non-GAAP)	<u>0.62%</u>	<u>0.95%</u>	<u>0.89%</u>	<u>0.99%</u>	<u>0.87%</u>	<u>0.78%</u>	<u>1.09%</u>
Non-GAAP taxable equivalent net interest income reconciliation							
Net interest income - GAAP	\$ 18,526	\$ 18,885	\$ 18,424	\$ 17,483	\$ 17,674	\$ 37,410	\$ 37,651
Taxable equivalent adjustment	5	6	2	-	-	12	70
Net interest income - taxable equivalent (non-GAAP)	<u>\$ 18,531</u>	<u>\$ 18,891</u>	<u>\$ 18,426</u>	<u>\$ 17,483</u>	<u>\$ 17,674</u>	<u>\$ 37,422</u>	<u>\$ 37,721</u>
Non-GAAP taxable equivalent net interest margin reconciliation							
Net interest margin - GAAP	3.39%	3.54%	3.49%	3.36%	3.42%	3.46%	3.67%
Impact of taxable equivalent adjustment	-	-	-	-	-	-	0.01
Net interest margin - taxable equivalent (non-GAAP)	<u>3.39%</u>	<u>3.54%</u>	<u>3.49%</u>	<u>3.36%</u>	<u>3.42%</u>	<u>3.46%</u>	<u>3.68%</u>
Non-GAAP total deposits, excluding brokered deposits							
Total period end deposits - GAAP	\$1,738,492	\$1,757,858	\$1,654,329	\$1,708,200	\$1,748,713	\$1,738,492	\$1,748,713
Brokered deposits	80,608	139,532	96,117	79,291	74,566	80,608	74,566
Total deposits, excluding brokered (non-GAAP)	<u>\$1,657,884</u>	<u>\$1,618,326</u>	<u>\$1,558,212</u>	<u>\$1,628,909</u>	<u>\$1,674,147</u>	<u>\$1,657,884</u>	<u>\$1,674,147</u>
Non-GAAP pre-tax, pre-provision net income							
Net income - GAAP	\$ 3,466	\$ 5,246	\$ 303	\$ 5,408	\$ 4,726	\$ 8,712	\$ 11,090
Provision for credit losses	2,998	319	1,266	120	1,471	3,317	1,656
Provision for income taxes	1,402	2,176	683	2,122	1,967	3,578	4,367
Non-GAAP pre-tax, pre-provision net income	<u>\$ 7,866</u>	<u>\$ 7,741</u>	<u>\$ 2,252</u>	<u>\$ 7,650</u>	<u>\$ 8,164</u>	<u>\$ 15,607</u>	<u>\$ 17,113</u>